B37561

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

ANNUAL FINANCIAL REPORT

2009

CITY OF LAFAYETTE

TIPPECANOE COUNTY, INDIANA

FILED

09/22/2010

TABLE OF CONTENTS

OFFICIALS

Office	Official	Term
Controller	J. Michael Jones	01-01-09 to 12-31-10
Mayor	Tony Roswarski	01-01-08 to 12-31-11
President of the Board of Public Works	Gary Henriott	01-01-09 to 12-31-10
President of the Common Council	Steven Meyer	01-01-09 to 12-31-09
	Melissa Weast-Williamson	01-01-10 to 12-31-10

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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, 2009, which collectively comprise the City's primary government basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the liabilities related to postemployment benefits, the 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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 August 5, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

STATE BOARD OF ACCOUNTS

August 5, 2010

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 5, 2010. The opinions to the financial statements are qualified due to the scope limitation resulting from the lack of actuarial information regarding the 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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

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

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

STATE BOARD OF ACCOUNTS

August 5, 2010

CITY OF LAFAYETTE
STATEMENT OF NET ASSETS
December 31, 2009

	Primary Government		
Assets	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	$ 23,015,425	$ 20,435,940	$ 43,451,365
Cash with fiscal agent	538,083	-	538,083
Receivables (net of allowances for uncollectibles):			
Interest	336,600	-	336,600
Taxes	12,113,968	-	12,113,968
Accounts	208,123	2,612,926	2,821,049
Intergovernmental	4,032,880	-	4,032,880
Loans	434,298	2,880,000	3,314,298
Internal balances	39,089	2,047,337	2,086,426
Inventories	274,506	942,487	1,216,993
Prepaid expense	19,040	330	19,370
Net pension assets	223,963	137,269	361,232
Deferred debits	1,150,658	2,279,559	3,430,217
Restricted assets:			
Cash and cash equivalents	1,598,014	2,351,319	3,949,333
Capital assets:			
Land, improvements and construction in progress	32,781,414	28,657,264	61,438,678
Other capital assets, net of depreciation	157,594,464	180,539,200	338,133,664
Total assets	234,360,525	242,883,631	477,244,156
Liabilities			
Accounts payable	2,001,237	1,393,413	3,394,650
Accrued payroll and withholdings payable	360,043	83,769	443,812
Intergovernmental payable	1,598,014	(2,645)	1,595,369
Taxes payable	-	1	1
Accrued interest payable	1,640,425	2,319,277	3,959,702
Deposit of extension refund contracts	-	700	700
Deferred revenue	14,955	-	14,955
Internal balances	2,077,870	29,141	2,107,011
Payable from restricted assets:			
Customer deposits	20,639	113,564	134,203
Revenue bonds - due within one year	3,970,000	2,566,000	6,536,000
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	795,000	-	795,000
Capital lease obligations	235,970	64,065	300,035
Notes and loans payable	4,080,827	3,220,000	7,300,827
Due in more than one year:			
General obligation bonds payable (net of discounts or premiums)	7,195,000	-	7,195,000
Revenue bonds payable (net of discounts or premiums)	48,657,448	58,645,516	107,302,964
Capital lease obligations	303,398	68,553	371,951
Notes and loans payable	417,968	51,952,244	52,370,212
Net pension obligation	25,525,181	-	25,525,181
Total liabilities	98,893,975	120,453,598	219,347,573
Net Assets			
Unrestricted	135,466,550	122,430,033	257,896,583
Total net assets	$ 135,466,550	$ 122,430,033	$ 257,896,583

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, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets, Primary Government: Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	$ 4,843,010	$ 370,755	$ -	$ 22,582	$ (4,449,673)	$ -	$ (4,449,673)
Public safety	26,054,109	121,374	975,098	-	(24,957,637)	-	(24,957,637)
Highways and streets	7,545,193	2,204,105	-	965,051	(4,376,037)	-	(4,376,037)
Sanitation	1,920,641	-	-	-	(1,920,641)	-	(1,920,641)
Economic development	7,874,160	1,277,020	(225)	26,000	(6,571,365)	-	(6,571,365)
Culture and recreation	5,717,205	24,278	2,104,332	28,560	(3,560,035)	-	(3,560,035)
Total governmental activities	53,954,318	3,997,532	3,079,205	1,042,193	(45,835,388)	-	(45,835,388)
Business-type activities:							
Water	7,127,141	7,331,670	-	-	-	204,529	204,529
Wastewater	17,894,413	21,103,192	-	-	-	3,208,779	3,208,779
Parking Garage	171,822	119,608	-	-	-	(52,214)	(52,214)
Section 108	(271)	-	-	-	-	271	271
Total business-type activities	25,193,105	28,554,470	-	-	-	3,361,365	3,361,365
Total primary government	$ 79,147,423	$ 32,552,002	$ 3,079,205	$ 1,042,193	(45,835,388)	3,361,365	(42,474,023)
General revenues:							
Property taxes					35,040,875	-	35,040,875
Intergovernmental revenues					14,183,145	-	14,183,145
Gain on sale of assets					41,396	-	41,396
Other revenues					4,463,759	23,227	4,486,986
Contributed capital					-	930,653	930,653
Unrestricted investment earnings					90,932	190,784	281,716
Transfers to enterprise funds					(10,778)	10,778	-
Total general revenues and transfers to enterprise funds					53,809,329	1,155,442	54,964,771
Change in net assets					7,973,941	4,516,807	12,490,748
Net assets - beginning					127,492,609	117,913,226	245,405,835
Net assets - ending					$ 135,466,550	$ 122,430,033	$ 257,896,583

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

CITY OF LAFAYETTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

Assets	General	Motor Vehicle	Parks and Recreation	Redevelopment Authority	Creasy TIF	Other Governmental Funds	Totals
Cash and cash equivalents	$ 414,216	$ 1,379,859	$ (145,695)	$ 6,411,577	$ 2,622,484	$ 11,442,550	$ 22,124,991
Cash with fiscal agent	-	-	-	-	-	538,083	538,083
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	336,600	-	-	336,600
Taxes	6,012,499	504,876	1,134,147	-	2,726,547	1,735,899	12,113,968
Accounts	10,486	-	11,731	-	2,098	183,808	208,123
Intergovernmental	1,778,185	398,264	32,132	-	-	1,824,299	4,032,880
Loans	-	-	-	-	-	434,298	434,298
Interfund receivable:							
Interfund services provided and used	42	971	5,518	-	2,005,756	4,026,802	6,039,089
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	1,598,014	1,598,014
Total assets	$ 8,215,428	$ 2,283,970	$ 1,037,833	$ 6,748,177	$ 7,356,885	$ 21,783,753	$ 47,426,046
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ 152,368	$ 638,997	$ 54,656	$ 413,279	$ 322,696	$ 317,099	$ 1,899,095
Accrued payroll and withholdings payable	280,338	46,536	25,375	-	-	7,794	360,043
Interfund payable:							
Interfund loans	2,000,000	-	-	-	-	-	2,000,000
Interfund services provided and used	6,038,583	(132)	6,409	32,527	-	2,000,483	8,077,870
Intergovernmental payable	-	-	-	-	-	1,598,014	1,598,014
Accrued interest payable	11,380	-	163,816	970,263	419,409	75,557	1,640,425
Deferred revenue - unavailable	1,709,507	141,053	316,790	-	507,029	1,761,014	4,435,393
Deferred revenue	7,500	-	7,455	-	-	-	14,955
Customer deposits payable	6,150	-	14,489	-	-	-	20,639
Total liabilities	10,205,826	826,454	588,990	1,416,069	1,249,134	5,759,961	20,046,434
Fund balances:							
Unreserved	(1,990,398)	1,457,516	448,843	5,332,108	6,107,751	18,023,792	29,379,612
Total fund balances	(1,990,398)	1,457,516	448,843	5,332,108	6,107,751	18,023,792	29,379,612
Total liabilities and fund balances	$ 8,215,428	$ 2,283,970	$ 1,037,833	$ 6,748,177	$ 7,356,885	$ 23,783,753	

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.	190,375,878
Current assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	123,046
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,150,658
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.	4,435,393
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.	958,792
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(65,655,611)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(25,301,218)
Net assets of governmental activities	$ 135,466,550

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

CITY OF LAFAYETTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Motor Vehicle	Parks and Recreation	Redevelopment Authority	Creasy TIF	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$ 17,702,478	$ 1,486,914	$ 3,339,340	$ -	$ 6,498,932	$ 5,171,919	$ 34,199,583
Licenses and permits	108,224	-	-	-	-	22,490	130,714
Intergovernmental	7,545,428	3,138,640	261,071	-	13,625	8,226,257	19,185,021
Charges for services	390,774	2,281	1,258,565	-	-	203,465	1,855,085
Fines and forfeits	102,881	-	-	-	-	68,174	171,055
Other	2,435,789	47,949	175,317	5,944,681	-	1,097,802	9,701,538
Total revenues	28,285,574	4,675,784	5,034,293	5,944,681	6,512,557	14,790,107	65,242,996
Expenditures:							
Current:							
General government	3,170,099	-	-	-	-	186,694	3,356,793
Public safety	24,035,019	-	-	-	-	959,054	24,994,073
Highways and streets	-	4,743,646	-	-	-	-	4,743,646
Sanitation	1,663,202	-	-	-	-	-	1,663,202
Economic development	-	-	-	5,758,314	3,565,993	8,827,139	18,151,446
Culture and recreation	-	-	5,515,200	-	-	3,280	5,518,480
Capital outlay:							
General government	2,567	-	-	-	-	2,332	4,899
Public safety	760	-	-	-	-	164,126	164,886
Highways and streets	-	159,018	-	-	-	-	159,018
Economic development	-	-	-	3,964,128	3,618,760	1,898,281	9,481,169
Culture and recreation	-	-	174,344	-	-	-	174,344
Total expenditures	28,871,647	4,902,664	5,689,544	9,722,442	7,184,753	12,040,906	68,411,956
Excess (deficiency) of revenues over (under) expenditures	(586,073)	(226,880)	(655,251)	(3,777,761)	(672,196)	2,749,201	(3,168,960)
Other financing sources:							
Loan proceeds	42,414	-	-	3,522,000	-	245,782	3,810,196
Total other financing sources and uses	42,414	-	-	3,522,000	-	245,782	3,810,196
Net change in fund balances	(543,659)	(226,880)	(655,251)	(255,761)	(672,196)	2,994,983	641,236
Fund balances - beginning	(1,446,739)	1,684,396	1,104,094	5,587,869	6,779,947	15,028,809	28,738,376
Fund balances - ending	$ (1,990,398)	$ 1,457,516	$ 448,843	$ 5,332,108	$ 6,107,751	$ 18,023,792	$ 29,379,612

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, 2009

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).	$ 641,236
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 depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,531,694
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	88,328
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(3,311,644)
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.	5,142,933
Transfers of non-current 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.	1,899
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.	(10,780)
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.	(109,725)
Change in net assets of governmental activities (Statement of Activities)	$ 7,973,941

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

CITY OF LAFAYETTE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2009

	Business-Type Activities - Enterprise Funds				
Assets	Water Utility	Wastewater Utility	Other Enterprise	Totals	Internal Service Fund
Current assets:					
Cash and cash equivalents	$ 3,338,863	$ 16,869,559	$ 113,950	$ 20,322,372	$ 890,433
Accounts receivable (net of allowance)	326,518	2,286,408	-	2,612,926	-
Loans receivable	-	-	2,880,000	2,880,000	-
Interfund receivables:					
Interfund loans	-	2,000,000	-	2,000,000	-
Interfund services provided and used	16,310	31,028	-	47,338	-
Inventories	267,900	674,586	-	942,486	170,500
Prepaid items	-	330	-	330	-
Total current assets	3,949,591	21,861,911	2,993,950	28,805,452	1,060,933
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Customer deposits	113,564	-	-	113,564	-
Revenue bond covenant accounts	-	2,208,083	143,236	2,351,319	-
Total restricted assets	113,564	2,208,083	143,236	2,464,883	-
Deferred charges	-	2,120,473	35,000	2,155,473	-
Pension benefit assets	61,410	75,859	-	137,269	-
Capital assets:					
Land, improvements to land and construction in progress	869,710	27,103,573	683,981	28,657,264	-
Other capital assets (net of accumulated depreciation)	32,163,108	145,857,505	2,518,587	180,539,200	-
Total capital assets	33,032,818	172,961,078	3,202,568	209,196,464	-
Total noncurrent assets	33,207,792	177,365,493	3,380,804	213,954,089	-
Total assets	37,157,383	199,227,404	6,374,754	242,759,541	1,060,933
Liabilities					
Current liabilities:					
Accounts payable	247,182	1,146,162	68	1,393,412	102,142
Accrued wages payable	33,277	50,492	-	83,769	-
Interfund payables:					
Interfund services provided and used	17,774	11,367	-	29,141	-
Other payables	(1,944)	-	-	(1,944)	-
Current liabilities payable from restricted assets:					
Customer deposits	113,564	-	-	113,564	-
Revenue bonds payable	740,000	1,675,000	151,000	2,566,000	-
Notes and loans payable	-	1,325,164	60,000	1,385,164	-
Capital lease obligations	-	64,065	-	64,065	-
Accrued interest payable	36,491	2,160,448	122,338	2,319,277	-
Total current liabilities	1,186,344	6,432,698	333,406	7,952,448	102,142
Noncurrent liabilities:					
Revenue bonds payable (net of unamortized discounts or premiums)	1,043,401	55,986,029	1,492,000	58,521,430	-
Notes and loans payable	-	50,937,080	2,850,000	53,787,080	-
Capital leases payable	-	68,553	-	68,553	-
Total noncurrent liabilities	1,043,401	106,991,662	4,342,000	112,377,063	-
Total liabilities	2,229,745	113,424,360	4,675,406	120,329,511	102,142
Net Assets					
Invested in capital assets, net of related debt	33,903,618	-	-	33,903,618	-
Restricted for debt service	740,000	-	-	740,000	-
Unrestricted	284,020	85,803,044	1,699,348	87,786,412	958,791
Total net assets	$ 34,927,638	$ 85,803,044	$ 1,699,348	$ 122,430,030	$ 958,791

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

CITY OF LAFAYETTE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2009

	Enterprise Funds				
	Water Utility	Wastewater Utility	Other Enterprise	Totals	Internal Service Fund
Operating revenues:					
Unmetered water revenue	$ 32,542	$ -	$ -	$ 32,542	$ -
Metered water revenue:					
Residential	3,221,012	-	-	3,221,012	-
Commercial	1,668,782	-	-	1,668,782	-
Industrial	559,419	-	-	559,419	-
Fire protection revenue	1,175,386	-	-	1,175,386	-
Other water revenue	670,954	-	-	670,954	-
Measured revenue:					
Residential	-	6,211,889	-	6,211,889	-
Commercial	-	3,914,985	-	3,914,985	-
Industrial	-	194,451	-	194,451	-
Other	-	10,798,689	119,607	10,918,296	1,134,160
Total operating revenues	7,328,095	21,120,014	119,607	28,567,716	1,134,160
Operating expenses:					
Source of supply and expense - operations and maintenance	1,008,470	-	-	1,008,470	-
Water treatment expense - operations and maintenance	348,032	-	-	348,032	-
Transmission and distribution	1,124,236	-	-	1,124,236	-
Pumping - operations and maintenance	126,419	-	-	126,419	-
Collection system - operations and maintenance	-	1,253,130	-	1,253,130	-
Treatment and disposal expense - operations and maintenance	-	2,334,916	-	2,334,916	-
Customer accounts	570,389	578,625	-	1,149,014	-
Administration and general	2,756,654	4,126,724	728	6,884,106	1,244,059
Bad debt expense	30,820	-	-	30,820	-
Depreciation and amortization	1,042,405	5,427,633	66,865	6,536,903	-
Miscellaneous expenses	8,494	25,636	-	34,130	-
Total operating expenses	7,015,919	13,746,664	67,593	20,830,176	1,244,059
Operating income	312,176	7,373,350	52,014	7,737,540	(109,899)
Nonoperating revenues (expenses):					
Interest and investment revenue	52,574	162,798	286	215,658	172
Miscellaneous revenue	9,979	-	-	9,979	-
Amortization of bond issue costs	(58,109)	(139,114)	(5,000)	(202,223)	-
Interest expense	(53,112)	(4,033,236)	(99,229)	(4,185,577)	-
Total nonoperating revenue (expenses)	(48,668)	(4,009,552)	(103,943)	(4,162,163)	172
Income (loss) before contributions and transfers	263,508	3,363,798	(51,929)	3,575,377	(109,727)
Capital contributions	109,549	821,104	-	930,653	-
Transfers in	548	19,507	-	20,055	-
Transfers out	(9,278)	-	-	(9,278)	-
Change in net assets	364,327	4,204,409	(51,929)	4,516,807	(109,727)
Total net assets - beginning	34,563,311	81,598,635	1,751,277	117,913,223	1,068,518
Total net assets - ending	$ 34,927,638	$ 85,803,044	$ 1,699,348	$ 122,430,030	$ 958,791

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, 2009

	Enterprise Funds				
	Water Utility	Wastewater Utility	Other Enterprise	Totals	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers and users	$ 7,375,553	$ 21,168,403	$ 119,607	$ 28,663,563	$ 1,134,160
Payments to suppliers	(3,768,843)	(8,611,063)	(783)	(12,380,689)	(1,259,227)
Payments to employees	(2,183,956)	(2,300,107)	-	(4,484,063)	-
Net cash provided (used) by operating activities	1,422,754	10,257,233	118,824	11,798,811	(125,067)
Cash flows from noncapital financing activities:					
Transfer to other funds	(9,278)	-	-	(9,278)	-
Transfers from other funds	548	19,507	-	20,055	-
Nonoperating revenues	6,979	(10,470)	-	(3,491)	-
Net cash provided (used) by noncapital financing activities	(1,751)	9,037	-	7,286	-
Cash flows from capital and related financing activities:					
Proceeds from capital debt (net of discount)	-	315,164	-	315,164	-
Bond issue costs	-	(126,343)	-	(126,343)	-
Purchase of capital assets	(590,424)	(11,977,531)	-	(12,567,955)	-
Principal paid on capital debt	(705,000)	(4,755,832)	(139,000)	(5,599,832)	-
Interest paid on capital debt	(99,482)	(3,065,973)	(103,020)	(3,268,475)	-
Net cash used by capital and related financing activities	(1,394,906)	(19,610,515)	(242,020)	(21,247,441)	-
Cash flows from investing activities:					
Interest received	52,574	162,798	286	215,658	172
Net cash provided by investing activities	52,574	162,798	286	215,658	172
Net increase in cash and cash equivalents	78,671	(9,181,447)	(122,910)	(9,225,686)	(124,895)
Cash and cash equivalents, January 1 (Including $112,154 and $19,710,227 for the customer deposit and bond covenant accounts, respectively, reported in restricted accounts)	3,373,756	28,259,089	380,096	32,012,941	1,015,328
Cash and cash equivalents, December 31 (Including $113,564 and $2,351,319 for the customer deposit and bond covenant accounts, respectively, reported in restricted accounts)	$ 3,452,427	$ 19,077,642	$ 257,186	$ 22,787,255	$ 890,433
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	$ 312,176	$ 7,373,350	$ 52,014	$ 7,737,540	$ (109,899)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,042,405	5,427,633	66,865	6,536,903	-
(Increase) decrease in assets:					
Accounts receivable	46,048	48,389	-	94,437	-
Interfund services provided or used	(11,989)	(18,278)	-	(30,267)	-
Interfund loans	-	(2,000,000)	-	(2,000,000)	-
Inventories	29,194	19,499	-	48,693	(17,565)
Increase (decrease) in liabilities:					
Customer deposits	1,410	-	-	1,410	-
Accounts payable	98,753	(506,011)	(55)	(407,313)	2,397
Salaries and wages payable	(78,185)	(96,234)	-	(174,419)	-
Other payables	(30,300)	-	-	(30,300)	-
Interfund services provided and used	13,242	8,885	-	22,127	-
Total adjustments	1,110,578	2,883,883	66,810	4,061,271	(15,168)
Net cash provided by operating activities	$ 1,422,754	$ 10,257,233	$ 118,824	$ 11,798,811	$ (125,067)
Noncash investing, capital and financing activities:					
Contributions of capital assets from private contractors	$ 109,549	$ 821,104	$ -		$ -

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, 2009

Assets	Pension Trust Funds	Agency Funds
Cash and cash equivalents	$ 2,017,360	$ 1,886,504
Receivables:		
Due from other funds	1,704	46,427
Taxes	337,626	-
Intergovernmental	9,544	1,305
Total receivables	348,874	47,732
Total assets	2,366,234	$ 1,934,236
Liabilities		
Accounts payable	-	$ 1,906,689
Due to other funds	-	27,547
Total liabilities	-	$ 1,934,236
Net Assets		
Held in trust for:		
Employees' pension benefits and other purposes	2,366,234	
Total net assets	$ 2,366,234	

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, 2009

Additions	Pension Trust Funds
Contributions:	
Employer	$ 1,162,862
State contributions	4,245,939
Plan members	853
Private donations	416
Total contributions	5,410,070
Total additions	5,410,070
Deductions	
Benefits	4,064,744
Administrative expense	8,222
Total deductions	4,072,966
Changes in net assets	1,337,104
Net assets - beginning	1,029,130
Net assets - ending	$ 2,366,234

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 Tippecanoe County, 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 Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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 sixty 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 motor vehicle 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 and recreation 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 consolidated fund accounts for resources derived from improvements from designated areas within the City. Funds are utilized for further improvements with 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 are 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 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 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 2009, these dates were changed to October 30 and December 11, 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 26, 2010. 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 taxes 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	NA	NA
Buildings	5,000	Straight-line	40 to 60 yrs.
Improvements other than buildings	5,000	Straight-line	40 to 60 yrs.
Machinery and equipment	5,000	Straight-line	3 to 25 yrs.
Vehicles	5,000	Straight-line	3 to 25 yrs.
Infrastructure (roads)	5,000	Straight-line	50 yrs.
Infrastructure (water and wastewater mains, manholes, inlets and culverts)	5,000	Straight-line	60 yrs.
Infrastructure (wastewater lift and pump stations)	5,000	Straight-line	45 yrs.

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 $5,398,091. Of the amount, $1,333,342 was included as part of the cost of capital assets under construction in connection with the Pearl River Lift Station, Utility Energy Efficiency Program, the Fire Station #1 remodel, and the County Road, 9th to Concord Project.

7. Compensated Absences

   a. Sick Leave – primary government employees earn sick leave at the rate of 1 day per month and 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. Deficit Fund Equity

At December 31, 2009, the following funds reported deficits in fund equity:

	Deficit
Governmental funds:	
General Fund	$ 1,990,398

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, 2009, 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 counter-party 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, 2009, the City held no investments of this type.

Interest Rate Risk

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

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, 2009, is $2,880,000 and monthly remittances are scheduled until 2018.

D. Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

Primary government	Balance	Increases	Decreases	Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 21,478,424	$ 705,825	$ 287,785	$ 21,896,464
Construction in progress	3,473,819	9,556,777	2,145,646	10,884,950
Total capital assets, not being depreciated	24,952,243	10,262,602	2,433,431	32,781,414
Capital assets, being depreciated:				
Buildings	31,298,435	403,634	201,817	31,500,252
Improvements other than buildings	7,548,588	11,200	5,600	7,554,188
Machinery and equipment	5,457,835	621,704	446,153	5,633,386
Vehicles	12,797,769	122,305	145,079	12,774,995
Infrastructure	172,222,896	3,997,665	1,573,110	174,647,451
Totals	229,325,523	5,156,508	2,371,759	232,110,272
Less accumulated depreciation for:				
Buildings	6,965,246	682,257	-	7,647,503
Improvements other than buildings	1,799,551	366,535	-	2,166,086
Machinery and equipment	4,217,919	478,583	178,800	4,517,702
Vehicles	10,096,616	1,049,248	105,119	11,040,745
Infrastructure	46,543,896	2,599,876	-	49,143,772
Totals	69,623,228	5,176,499	283,919	74,515,808
Total capital assets, being depreciated, net	159,702,295	(19,991)	2,087,840	157,594,464
Total governmental activity capital assets, net	$ 184,654,538	$ 10,242,611	$ 4,521,271	$ 190,375,878
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,968,854	$ 24,652	$ -	$ 1,993,506
Construction in progress	27,590,432	12,290,838	13,217,512	26,663,758
Total capital assets, not being depreciated	29,559,286	12,315,490	13,217,512	28,657,264
Capital assets, being depreciated:				
Buildings	17,138,845	40,710	-	17,179,555
Improvements other than buildings	145,950	-	-	145,950
Machinery and equipment	72,667,081	234,278	196,890	72,704,469
Vehicles	2,274,474	138,427	99,005	2,313,896
Infrastructure	113,625,285	14,424,201	394,000	127,655,486
Totals	205,851,635	14,837,616	689,895	219,999,356

Primary government	Balance	Increases	Decreases	Balance
Business-type activities (continued):				
Capital assets, being depreciated:				
(continued)				
Less accumulated depreciation for:				
Buildings	2,385,008	370,489	-	2,755,497
Improvements other than buildings	46,345	6,707	-	53,052
Machinery and equipment	16,002,287	3,595,384	43,903	19,553,768
Vehicles	1,613,362	196,762	99,005	1,711,119
Infrastructure	13,129,159	2,367,561	110,000	15,386,720
Totals	33,176,161	6,536,903	252,908	39,460,156
Total capital assets, being depreciated, net	172,675,474	8,300,713	436,987	180,539,200
Total business-type activity capital assets, net	$ 202,234,760	$ 20,616,203	$ 13,654,499	$ 209,196,464

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

Governmental activities:	
General government	$ 381,639
Public safety	1,003,397
Public works, including depreciation of general infrastructure assets	2,730,254
Sanitation	267,080
Economic development	4,500
Culture and recreation	789,623
Total depreciation expense - governmental activities	$ 5,176,493
Business-type activities:	
Water	$ 1,042,405
Wastewater	5,427,633
Other	66,865
Total depreciation expense - business-type activities	$ 6,536,903

E. Construction Commitments

Construction work in progress is composed of the following:

CITY OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Project	Total Project Authorized	Expended to December 31, 2009	Committed	Required Future Funding
Governmental activities:				
Lafayette State/Earl Traffic Signal	$ 767,700	$ 247,047	$ 520,653	$ -
Streetscape Project	730,000	726,552	3,448	-
515 Columbia Street	676,751	223,028	453,723	-
2009 Annexation	6,000	5,398	602	-
Bridgeway Apartments	3,914,222	2,114,148	1,800,074	-
Parking Garage Equipment	77,000	76,379	621	-
Fire Station #3 Phase II	550,000	67,994	482,006	-
Fire Station #1 Renovation I	280,853	254,501	26,352	-
Fire Infrastructure Grants	75,000	73,371	1,629	-
Neighborhood Stabilization Program	1,150,000	1,000	1,149,000	-
Zoo Renovations Phase II	12,000	11,712	288	-
Quiet Zone	98,800	6,896	91,904	-
Munger Park/Greenbush St. Trails	885,850	606,869	278,981	-
Concord Road Reconstruction	822,970	684,488	138,482	-
Maple Point Extension	693,200	381,412	311,788	-
CR 350 Widening 9th to Concord	5,190,791	4,429,585	761,206	-
Creasy Lane/SR26 Land Acquisition	50,369	2,021	48,348	-
Park East Extension	1,000	914	86	-
Main St. & Everett St. Vacant Lot	300	294	6	-
Sidewalks Nth 26th Cason to Union	65,600	52,290	13,310	-
Park East Blvd/Commerce Traffic Signal	260,000	254,945	5,055	-
Creasy Lane Emergency Sewer Repair	665,000	664,106	894	-
Totals governmental activities	$ 16,973,406	$ 10,884,950	$ 6,088,456	$ -

Project	Total Project Authorized	Expended to December 31, 2009	Committed	Required Future Funding
Business-type activities:				
Utility Service Area 21	$ 10,060,790	$ 128,525	$ 9,932,265	$ -
New Wellfield Investigation	455,000	332,997	122,003	-
Glick Wellfield Generator	16,856	16,856	-	-
Onsite Chlorine Generation - Glick	355,000	69,297	285,703	-
Nth 8th St. Watermain Replacement Phase I	167,000	166,134	866	-
Nth 8th St. Watermain Replacement Phase II	140,000	139,218	782	-
2008 Compound Meter Change Out	120,000	119,735	265	-
Rome Drive Land	40,000	1,928	38,072	-
Creasy Lane Emergency Sewer Repair	1,500	1,477	23	-
CSO LCTP	291,783	281,565	10,218	-
Utility Energy Efficiency Program	4,860,000	4,859,081	919	-
Aeration Blower System-SRF #3 Project	1,091,000	220,089	870,911	-
Wea Creek Bank Stabilization Project	84,160	51,639	32,521	-
Pearl River CSO Tunnel	22,120,952	20,203,123	1,917,829	-
Sewer Rehab - Orchard Heights Area	35,000	28,791	6,209	-
Drainage Valley Street	1,500,000	43,303	1,456,697	-
Totals business-type activities	$ 41,339,041	$ 26,663,758	$ 14,675,283	$ -

F. 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, 2009, are as follows:

	Governmental Activities	Business-type Activities
2010	$ 259,616	$ 72,659
2011	259,616	72,660
2012	57,284	-
Total minimum lease payments	576,516	145,319
Less amount representing interest	37,148	12,701
Present value of net minimum lease payments	$ 539,368	$ 132,618

G. 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%	$ 3,395,000
Park and recreation bonds of 2001	3.8758% to 5%	2,290,000
Park and recreation bonds of 2003	3% to 4.3%	1,950,000
County option income tax infrastructure bonds of 2003	3% to 3.6%	355,000
Total		$ 7,990,000

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

Year Ended	Governmental Activities	
December 31	Principal	Interest
2010	$ 795,000	$ 352,790
2011	825,000	318,768
2012	795,000	282,608
2013	750,000	248,135
2014	790,000	213,037
2015-2019	4,035,000	472,031
Totals	$ 7,990,000	$ 1,887,369

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%	$ 1,643,000
Wastewater improvement revenue bonds of 2002	4% to 5.15%	2,105,000
Water refunding revenue bonds of 2003	2% to 3.8%	1,850,000
Sewer works refunding revenue bonds of 2006	3.5% to 4.5%	25,890,000
Sewer works revenue bonds of 2006	4% to 4.75%	26,205,000
Wastewater revenue bonds of 2008	3.5% to 4.0%	4,735,000
Total		62,428,000
Less: Net of bond discounts and premiums		1,216,484
Revenue bonds, net		$ 61,211,516

Revenue bonds debt service requirements to maturity are as follows:

Year Ended	Business-Type Activities	
December 31	Principal	Interest
2009	$ 2,566,000	$ 2,591,564
2010	2,690,000	2,483,661
2011	2,335,000	2,372,268
2012	2,085,000	2,279,658
2013	2,176,000	2,191,178
2014-2018	11,926,000	9,455,483
2019-2023	21,540,000	6,641,660
2024-2027	17,110,000	968,038
Totals	$ 62,428,000	$ 28,983,510

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%	$ 1,215,000
1996 Redevelopment Authority refunding bonds	5.4% to 5.6%	4,025,000
1997 Redevelopment Authority refunding bonds	3.75% to 5.35%	1,765,000
1998 Redevelopment Authority refunding bonds	4.1% to 4.8%	3,520,000
1999 Redevelopment Authority refunding bonds	4.1% to 4.8%	6,205,000
2001 Redevelopment Authority lease rental bonds - N. 9th St.	4.25% to 4.5%	2,550,000
2001 Redevelopment Authority lease rental bonds - Fire Station	4.375% to 4.5%	3,640,000
2002 Redevelopment Authority lease rental bonds - Twychenham	3.0% to 5.0%	6,640,000
2003 Redevelopment Authority refunding bonds	3.0% to 3.9%	3,435,000
2003 Redevelopment Authority refunding bonds	1.2% to 3.75%	720,000
2004 Redevelopment Authority lease rental bonds - Brady Lane	3.25% to 4.1%	5,040,000
2004 Renaissance Place Series A bonds	5.50%	2,025,000
2004 Renaissance Place Series B bonds	5.50%	805,000
2005 Redevelopment Authority refunding bonds - Greenbush	3.0% to 4.1%	8,150,000
2006 Redevelopment Authority revenue bonds - Lafayette Pavilions	6.00%	2,940,000
Total		52,675,000
Less: Net of bond discounts and premiums		47,552
TIF bonds, net		$ 52,627,448

TIF bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities Principal	Interest
2010	$ 3,970,000	$ 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	4,810,000	1,660,253
2015-2019	21,645,000	4,829,451
2020-2024	7,845,000	1,214,907
2025-2029	1,210,000	59,824
Totals	$ 52,675,000	$ 16,318,355

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, 2001, and 2009 loans are $59,630,000, $12,000,000, and $1,509,000, respectively. At December 31, 2009, the principal balances for the 2000, 2001, and 2009 loans were $43,270,000, $8,677,080, and $315,164, 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 current principal 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
2010	$ 1,720,000	$ 1,097,712
2011	3,335,000	1,919,202
2012	3,460,000	1,799,697
2013	3,585,000	1,675,616
2014	3,715,000	1,546,968
2015-2019	22,700,000	5,354,651
2020-2024	16,657,244	1,165,416
Totals	$ 55,172,244	$ 14,559,262

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
2010	$ 4,102,997
2011	207,179
2012	158,329
2013	67,721
Totals	4,536,226
Less interest	37,431
Total	$ 4,498,795

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, 2009, were considered defeased:

	Amount
Primary government:	
1991 Redevelopment Authority lease rental - $5,000,000	$ 905,000
1993 Redevelopment Authority refunding issue - $4,855,000	715,000
1994 Redevelopment Authority lease rental - $9,365,000	5,520,000
1994 Redevelopment Authority lease rental - $15,000,000	9,125,000
1994 Redevelopment Authority lease rental - $5,665,000	3,225,000
1995 Redevelopment Authority lease rental - $8,200,000	5,120,000
1995 Redevelopment Authority lease rental - $3,360,000	2,630,000
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, 2009, was as follows:

Primary government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	$ 8,750,000	$ -	$ 760,000	$ 7,990,000	$ 795,000
Redevelopment Authority	56,345,000	-	3,670,000	52,675,000	3,970,000
Less deferred amount on refunding	47,437	115	-	47,552	(115)
Total bonds payable	65,047,563	(115)	4,430,000	60,617,448	4,764,885
Capital leases	790,967	-	251,599	539,368	235,970
Notes payable	1,163,066	3,817,782	482,053	4,498,795	4,080,827
Net pension obligation	25,525,181	-	-	25,525,181	-
Total governmental activities long-term liabilities	$ 92,526,777	$ 3,817,667	$ 5,163,652	$ 91,180,792	$ 9,081,682

Primary government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds payable:					
Water Utility	$ 2,555,000	$ -	$ 705,000	$ 1,850,000	$ 740,000
Wastewater Utility	60,520,000	-	1,585,000	58,935,000	1,675,000
District parking facility	1,782,000	-	139,000	1,643,000	151,000
Less deferred amount on refunding	1,411,896	-	195,412	1,216,484	-
Total revenue bonds payable	63,445,104	-	2,233,588	61,211,516	2,566,000
Loans payable	57,967,080	315,164	3,110,000	55,172,244	1,720,000
Notes payable	-	-	-	-	-
Capital Leases	193,450	-	60,832	132,618	64,065
Total business-type activities long-term liabilities	$ 121,605,634	$ 315,164	$ 5,404,420	$ 116,516,378	$ 4,350,065

H. 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 2009:

Beginning balance, January 1	$ 6,396,954
New loans	1,164,428
Amounts forgiven	(1,869,125)
Principal amount paid on loans	(62,071)
Ending balance, December 31	$ 5,630,186

I. Restricted Assets

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

Customer deposits	$ 113,564
Revenue bond operations and maintenance account	2,351,319
Total restricted assets	$ 2,464,883

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 3 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:

	2009	2008
Unpaid claims, beginning of fiscal year	$ -	$ -
Incurred claims	590,730	581,773
Claim payments	590,730	581,773
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:

	2009	2008
Unpaid claims, beginning of fiscal year	$ -	$ -
Incurred claims	441,618	162,572
Claim payments	441,618	162,572
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:

	2009	2008
Unpaid claims, beginning of fiscal year	$ -	$ -
Incurred claims	106,619	65,035
Claim payments	106,619	65,035
Unpaid claims, end of fiscal year	$ -	$ -

B. 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 current principal balance of the loan at December 31, 2009, is $2,910,000.

C. 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 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, 2009, the sole series of bonds outstanding had an aggregate principal amount payable of $1,780,000.

D. 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, 2009, the Southeast Industrial TIF Fund had $542,704 held for these capital projects.

The City has established a liability account within the TIF Allocation McCarty Lane 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, 2009, the TIF County's South East Fund had $1,598,014 held for these capital projects.

E. 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, thirty 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, 2009, expenditures of $14,000 for general government and $2,700 for enterprise funds were recognized for postemployment benefits

F. 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, 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:			
Government	5.75%	0%	1,125%
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)	07-01-97	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

PERF

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-07	$ 731,050	90%	$ (426,645)
06-30-08	767,290	91%	(361,232)
06-30-09	801,664	96%	(330,571)

1925 Police Officers' Pension Plan

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-07	$ 1,527,500	121%	$ 1,507,502
12-31-08	1,459,800	73%	1,895,306
12-31-09	1,668,800	131%	1,386,277

1937 Firefighters' Pension Plan

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-07	$ 2,910,200	66%	$ 3,803,860
12-31-08	2,732,700	48%	5,217,397
12-31-09	2,443,400	132%	4,428,556

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)
07-01-07	$ 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%)
07-01-09	13,273,099	15,460,528	(2,187,429)	86%	13,628,273	(16%)

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)
01-01-04	$ 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%	-	NA
01-01-09	470,188	22,762,300	(22,292,112)	2%	-	NA

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)
01-01-04	$ 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%)
01-01-09	558,942	33,879,700	(33,320,758)	2%	-	NA

NA - No covered payroll

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	Percentage of ARC Contributed 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	Percentage of ARC Contributed 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
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at December 31, 2009:

Motor Vehicle	$	588,383
Parks And Recreation		602,056
Redevelopment		150,029
Economic Revitalization		18,392
DUI Taskforce		10,111
Home Community Development		18,909
CDBG		16,705
Weed And Seed Grant Fund		11,346
Lafayette Re-Enter Housing		14,646
CDRD Grants		11,224
Inventory/Purchasing		83,064

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)

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON 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, 2009. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON 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 more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

STATE BOARD OF ACCOUNTS

August 5, 2010

CITY OF LAFAYETTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

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 Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B07-MC-18008	$ 423,525
		B08-MC-18008	280,593
Total for program			704,118
Community Development Block Grant ARRA Entitlement Grants	14.253	B-09-MY-18-0008	87
Total for cluster			704,205
HOME Investment Partnerships Program	14.239	MO3-DC-180212	83,109
		MO4-DC-180212	106,798
		MO5-DC-180212	206,439
		MO6-DC-180212	306,832
		MO7-DC-180212	232,916
		MO8-DC-180212	153,604
		MO9-DC-180212	61,668
Pass-Through Indiana Housing and Community Development Authority			
HOME Investment Partnerships Program		TB-008-001	131,826
Total for program			1,283,192
Community Development Block Grant - State-Administered Small Cities Program Cluster			
Community Development Block Grants/State's Program	14.228	NSP1-009-015	25,170
Shelter Plus Care	14.238	SC-008-006	126,758
Total for federal grantor agency			2,139,325
U.S. DEPARTMENT OF INTERIOR			
Pass-Through Indiana Department of Natural Resources			
Historic Preservation Fund Grants-in-Aid	15.904	18-07-22618-CA-5	483
Save America's Treasures	15.929	18-08-AP-4011	2,800
Total for federal grantor agency			3,283

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

CITY OF LAFAYETTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009
(Continued)

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 JUSTICE			
Direct Grant			
Community Capacity Development Office	16.595	2008-WS-QX-0171	146,103
Public Safety Partnership and Community Policing Grants - ARRA	16.710	2009RKWX0353	38,638
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1007	10,475
		2009-SB-B9-1634	95,000
Total for program			105,475
Total for federal grantor agency			290,216
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	K4-2009-08-01-19	34,986
		PT-10-04-04-31	11,892
		PT-09-04-01-37	45,759
		K8-2009-03-02-07	68,354
		K4-2010-03-02-09	2,735
		K8-2009-03-03-29	28,329
		K8-2010-03-03-29	5,433
Total for federal grantor agency			197,488
ENVIRONMENTAL PROTECTION AGENCY			
Pass-Through Indiana Department of Environmental Protection			
Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-00E73001-0	72,150
Capitalization Grants for Clean Water State Revolving Funds - ARRA		2W-00E73001-0	115,134
Total for federal grantor agency			187,284
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-Through United Way of America			
Emergency Food and Shelter Program Cluster			
Emergency Food and Shelter National Board Program (ARRA)	97.114	279400-013 Phase AR	65
Total federal awards expended			$ 2,817,661

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 I. 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 II. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2009:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	$ 126,289
HOME Investment Partnership Program	14.239	336,940

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?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnership 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

No matters are reportable.

CITY OF
LAFAYETTE
OFFICE OF CONTROLLER

July 1, 2010

Corrective Action Plan Follow Up

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 Plan:

The corrective action required for this finding was to implement a time keeping system that will document any time spent by the administrator on his grant duties. It was decided that the Grant Administrator would log all reimbursable hours either in a paper or electronic calendar system. In the interim, the Administrator concluded that it would be much simpler to not take any administrative time but use those grant funds for FACT field work only, which has the required documentation. To date that is what has taken place.

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 August 5, 2010, with J. Michael Jones, Controller; Tony Roswarski, Mayor; Cindy L. Murray, City Clerk; Gary Henriott, President of the Board of Public Works; and Melissa Weast-Williamson, President of the Common Council. The official response has been made a part of this report and may be found on page 56.

CITY OF
LAFAYETTE
OFFICE OF CONTROLLER

August 25, 2010

Mr. Bruce Hartman, CPA
Chief Examiner
State Board of Accounts
302 W. Washington Street Rm E 418
Indianapolis, IN 46204-2765

RE: OFFICIAL RESPONSE

Dear Mr. Hartman:

The City of Lafayette wanted to write a short response to the findings from the 2009 examination. The City would like to point out that the overdrawn fund balances were due to circumstances beyond the control of City.

The City of Lafayette, in 2009, did not receive timely tax draws. In fact the City as of December 31, 2009 had only received 72% of the DLGF approved tax levy for 2009. This situation, which existed in 2007 and 2008 as well, caused the City to borrow funds internally to maintain operations in the general fund. Those operations include Police, Fire and Sanitation. Unfortunately we were unable on December 31st to repay all amounts as the tax draw was less than expected. All internal borrowings were completed with the arrival of the draw in February 2010. We at the City firmly believe that with timely tax draw settlements the situation with the overdrawn funds will not repeat itself.

Thank you for your consideration.

Sincerely,

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