

Comprehensive Annual Financial Report



CITY OF WEST LAFAYETTE INDIANA

Year Ended December 31, 2006

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST LAFAYETTE, INDIANA

Year Ended December 31, 2006

Prepared By:

Judy Rhodes, IAMC, CMC, CPFA, Clerk-Treasurer

INTRODUCTORY SECTION

INTRODUCTORY SECTION

INTRODUCTORY SECTION

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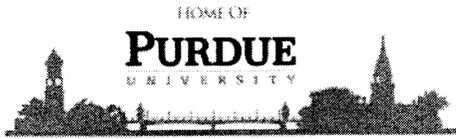
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CITY OF
WEST LAFAYETTE

City Hall
609 West Navajo Street
West Lafayette IN 47906

www.city.west-lafayette.in.us

Mayor Phone 765-775-5100

Clerk-Treasurer Phone 765-775-5150

September 21, 2007

Dear Citizens of West Lafayette and Interested Persons:

I am pleased to present to you the 2006 Comprehensive Annual Financial Report, as well as a summary of all of the services, projects and activities that make West Lafayette a leading "knowledge-centered" community.

West Lafayette is fortunate to be the home of Purdue University, one of the world's pre-eminent centers of research and innovation. The presence of Purdue University, faculty, staff and students in our city bring extraordinary educational, cultural and diversity benefits to our community. Our city is enriched by the presence of two outstanding school corporations and both county and city library facilities.

The City of West Lafayette provides a full range of city services. These include public safety, streets and highways, sanitation and recycling services, public improvements, planning and zoning administration, parks and recreation, general administration and wastewater utility services. Our goal is to provide efficient, cost-effective and quality services that enhance our commitment to vital and safe neighborhoods and make our community the place of choice for businesses to thrive and for people to live, work, learn and raise families.

West Lafayette can take pride that since 1996 our Comprehensive Annual Financial Reports have earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, the highest form of recognition in the area of governmental financial reporting. In addition, Clerk-Treasurer Judy Rhodes earned the Award of Financial Reporting Achievement as the city official primarily responsible for preparing the CAFR. This year's report is prepared in the same tradition of openness, accuracy and clarity in financial reporting. It is my hope that the continued sharing of information, through documents such as this comprehensive report, will enhance communications between City government and all members of our community. We encourage your comments and questions on this report.

Sincerely,

Jan H. Mills, Mayor



September 21, 2007

Members of the City of West Lafayette Common Council:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of West Lafayette, Indiana for the fiscal year ended December 31, 2006. This is the ninth CAFR prepared by the City for submission for the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The CAFR is presented as part of a continuing effort to provide the citizens of West Lafayette with the highest standards of financial accountability and disclosure.

We believe the information as presented is accurate in all material aspects. Responsibility for the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City.

OVERVIEW

Profile of the Government

The City of West Lafayette was incorporated as a municipality in 1928, the community having been governed as the Town of West Lafayette since 1888. It is located about 65 miles northwest of Indianapolis and 120 miles southeast of Chicago. The City extends for 7.67 square miles from the banks of the Wabash River to the north and west. Together with its sister City Lafayette across the Wabash River, West Lafayette is one of the top ten fastest growing regions in the State of Indiana. West Lafayette's population was 28,778 in the 2000 census, a growth rate of 11%.

West Lafayette is the proud home to Purdue University, a public land

City Hall
609 West Navajo street
West Lafayette, IN 47906-1995

grant school founded in 1869 by the Indiana State Legislature with a gift from Lafayette merchant and entrepreneur John Purdue. Purdue University is a pre-eminent center of research and innovation enrolling 39,000 undergraduate and graduate students and employing 13,831. Purdue is the predominant force in West Lafayette's history. The presence of Purdue has contributed to a cosmopolitan yet friendly atmosphere. There are 54 different nationalities within the city, and 27 different languages spoken in our educational system.

The City is proud of its safe neighborhoods, outstanding parks and recreation facilities, strong knowledge-centered economy, nationally recognized educational excellence for K – 12, and high quality of life.

The City of West Lafayette is comprised of executive, legislative, and juridical branches. The City is governed pursuant to Indiana statute for municipalities of its population class. The executive branch is organized under two elected officials. The Mayor serves as the head of the executive branch. The Clerk-Treasurer's serves as the City's fiscal officer and clerk. Both are elected to four-year terms of office. The Common Council serves as the legislative branch with the Mayor as presiding officer. It is comprised of seven members, five of whom represent individual council districts and two who represent the City at-large. All serve four-year terms. The Council meets once a month to conduct business. The Council enacts all ordinances and resolutions, and approves the budget, and established funds of the City. The West Lafayette City Court is the judicial branch. The City Judge is an elected official of the City, also serving a four-year term.

The administrative body of the City is the Board of Public Works and Safety. The Board of Works is comprised of three members, the Mayor and two members appointed by her. The Board of Works meets weekly with the Mayor as presiding officer. The Board of Works also serves as the administrative body of the Wastewater Treatment Utility.

The City provides services in the following areas: public safety (police, fire, communications and animal control), community development (planning, neighborhood revitalization, code enforcement and economic development), parks and recreation (recreation, community center, senior citizens, city beautification), solid waste (recycling, trash disposal), transportation (streets, sidewalks, bicycle paths), engineering (building permits and inspection), city court, and general administrative services. In addition, the City provides wastewater utility services.

Certain financing and economic functions are provided by the West Lafayette Equipment Leasing Corporation, the West Lafayette Redevelopment Authority, and the West Lafayette Building Corporation. Although these are legally separate entities, they provide service exclusively to the City, and are therefore included as an integral part of the City's financial statements. Additional information is in Note 1.A. in the Notes to the Financial Statements.

FACTORS AFFECTING FINANCIAL CONDITION

The Information presented in the financial statements may be better understood when economic and related environmental factors specifically impacting the City of West Lafayette are considered. The following sections provide brief summaries of certain key factors related to the local economy, long term financial planning, cash management, risk management, and other matters intended to assist readers of this report in assessing the City's financial condition.

Economic Outlook and Condition

Our City is growing and our economy is strengthening because we have worked cooperatively to market our community as a great place to live, and because we are continuing to focus on collaboration and efficiency in providing great services to our residents. The City of West Lafayette together with the Lafayette Metropolitan area was recognized by several organizations and publications as one of the best communities in which to live and locate a business. Expansion Magazine Management gave us a 5-Star ranking as Best Places in the U.S. to Locate a company and Quality of Life Quotient, one of just 72 in the county. Forbes listed us as one of the "150 Cheapest (and Greatest) Places To Live." Kiplinger's ranked us as 30th in its "Smart Places to Live." Entrepreneur Magazine and the National Policy Research Council named us 98th hottest U.S. spot for entrepreneurs.

The unemployment rate for Tippecanoe County has been stable and among the lowest in the state of Indiana. In 2006, the unemployment

rate was 3.5% compared to the state rate at 4.8% and the U.S. rate at 4.5%. County-wide, the economy benefits from a diversified employment base, a strong manufacturing sector which is poised for over 1,000 new jobs with the addition of Toyota vehicle production at the Subaru of Indiana Automotive, Inc. plant, and the presence of a world-class Big 10 University, Purdue. West Lafayette is home to the 751-acre Purdue Research Park, the first Certified Technology Park in the state and home to 44 companies employing more than 3000 people. In 2006, West Lafayette had the most venture capital investment in the state at \$90 million. In conjunction with a successful \$1.5 B private funding campaign, Purdue has invested over \$426 million in new building projects since 2003 and has over \$170 million more planned in new facilities and renovations. While home sales declined by 16% in West Lafayette in 2006, following national trends of a slowing real estate market, the average sale price increased from \$157,494 to \$178,414.

Our community has seen the successful integration this year of the chamber, economic development, downtown and visioning activities into a single resource, the Lafayette-West Lafayette Development Corporation. The members include local governments, industries, businesses and educators, all working collaboratively for economic growth. That collaborative single resource is one of the reasons for the recognition the community has received. That type of cooperation is rare around the state and across the nation.

Our partnerships with local governments and Purdue University continue to be strong and important. 2006 saw the establishment of the 1st municipal insurance consortium in the state, between West Lafayette and Lafayette, making more affordable healthcare and a national network of physicians available to our employees and their families.

The City grew by a third with the annexation of 1173 acres north of the City limits. We began the long-term Perimeter Parkway Transportation Project with Purdue University and Tippecanoe County. Strategic planning for the conservation and development of the Wabash River Corridor began with the City of Lafayette, the county and Purdue University. All of these ongoing cooperative efforts serve to enhance the quality of life in our community.

Collaboration and partnership with Purdue University continued not only on infrastructure projects, but also to strengthen neighborhoods through the Community Partnerships Committee, and with a memorandum of agreement for police and fire service in the area of

campus bordered by University, Stadium, Waldron and State Streets.

The great working partnership with the Purdue Research Foundation and Purdue University is responsible for the continued business growth in the Purdue Research Park. This year's growth was evident in the expansion of the workforce of Cook Biotech; the expansion of the business growth-acceleration services of the Purdue Research Foundation; the acquisition of an entire building by SSCI, and then the acquisition of SSCI by Aptuit; innovation in research awards for Quadraspec, Griffin Analytical Technologies and Imaginestics; the merger of Griffin Analytical Technologies with ICx; the opening of the 65,000 sf International Technology Center and an office of the Schneider Corporation; and the recruitment of mPlexus, a new software developer, to the Purdue Technology Center.

In 2006, we moved to make all public places in West Lafayette smoke-free, ensuring not only better health for our residents, but also assisting our economic development efforts.

Streets and sidewalks were again a major focus in 2006 with projects like Phase I of the Salisbury Safety Improvement Project (\$1.2 million), construction on Indian Trail of sidewalk and universal access ramps (\$40,000), Tapawingo South construction, spot sidewalk repairs city-wide, Sycamore Lane traffic calming (HES grant of \$550,000) and the resurfacing of 2.56 miles of city streets (\$349,969). A new street inventory will help prioritize future resurfacing projects based on pavement condition.

The Engineering and Wastewater Utility Departments also collaborated on major wastewater and stormwater projects in 2006. The first pipe for the Western Interceptor Sewer was laid in November and construction will continue through 2007; the engineering design for the renovation of the 2 digesters at the wastewater plant was completed; engineering design began for renovation of both the Green Meadows and BarBarry lift stations; an agreement was reached with American Suburban establishing future service areas; and an evaluation was done of the efficacy of the North River Road interceptor. Work continued on implementation of new stormwater regulations, drainage concerns with the Sagamore Pond and with the Boes Ditch.

The utility secured an \$8.3 million State Revolving Fund loan for the plant upgrades that will save the City \$2 million in interest, and a \$950,000 STAG grant for the renovation of the lift stations. The utility was also recognized with an IDEM Plant Safety Award and a national

EPA PISCES award (the only award given in Indiana) for performance and innovation for the Fats/Oils/Grease component of the digester design. The Western Interceptor and digester renovation are the final pieces of the City's long-term control plan for clean water.

Supporting the wastewater and stormwater activities, the Street and Sanitation Department collected 344 tons of sand, dirt and debris from our 82 miles of roads in 2006, helping to keep the Wabash River clean. Six employees collected 1177 tons of leaves. West Lafayette residents recycled 2144 tons of recyclable material in 2006, saving the City \$70,209 in tipping fees and generating \$111,984 in revenue. Together, recyclables, composted leaves and yard waste saved the City \$149,000 in tipping fees.

The 3rd year of the Sagamore West Implementation Project brought new light poles and banners on the parkway; 86 trees planted in the midway, with 20 additional trees and 1500 bushes to be added in the spring; and the filing of permits with INDOT for gateway construction and landscaping in the spring. Private investment along the corridor increased with the opening of Camille's, Spacibo, Jos. A. Bank Clothier and the expansion of KitchenArt.

Neighborhood residents also enjoyed the renovation of several parks this year. Drainage improvements were completed in Lommel Park, and new playground equipment installed. Landscaping was added in both Dubois and Lommel Parks. A kiosk and additional landscaping were part of the improvements in the Northwest Greenway Trailhead Park, and the Wabash Pond Park was completed and landscaped. Safety berms were also added along the edges of the soccer fields on Salisbury Street.

Construction began on the Lincoln Street neighborhood park, and the Tapawingo Park Plaza received necessary repairs on the pedestrian bridge access, and the wonderful addition of the Sonya Margerum Fountain. Community festivals like Dancing in the Streets and Riverfest continue to utilize the great space in Tapawingo Park and bring those fine events to our side of the river.

There was a great deal of activity in the Celery Bog Nature Area this year with the completion of wetland plantings as part of the Wildlife Habitat Improvement Project; the planting of 20 trees along the nature area boundary by Wal-Mart; prairie and savannah restoration plantings in the fall; the reseeding of the berms along the Nature Center drive with native grasses; and the completion of the 1.4 mile

footpath and 2 wildlife viewing platforms at the edge of the bog.

Residents enjoyed the new deck at the municipal pool through the summer, and the City experienced a record-setting skating season this winter.

Our much enjoyed trail system increased this year with the completion of a one-mile extension of the Northwest Greenway Trail to the Payless Shopping Center. That linkage allows residents of several neighborhoods and senior living centers to have safe and convenient access to the Sagamore Parkway.

Public safety continues to be a priority in West Lafayette. 2006 saw the hiring of 2 new officers and the 1st Citizens Police Academy. Officers participated in training programs with firearms, K-9, the Special Response Team and an Introduction to Spanish. We initiated a program targeting internet sexual predators and continued enforcement efforts in seatbelt use, driving under the influence and the red light program.

A Memorandum of Understanding was signed with Purdue University that changes the provision of police and fire service in the "island" area of campus to Purdue's jurisdiction. That change will allow consistency of service on campus and allow West Lafayette to focus more efforts in our neighborhoods.

The Fire Department has had an especially busy year of study and planning for the purchase of 2 new fire engines, and for the construction of a new station to better serve the annexed area. The department has again made training and education a high priority, including training on vehicle extrication, terrorism and bird flu preparation, evaluating performance based design and NIMS compliance. 30 firefighters attended the instructor's conference in Indianapolis and many participated in a table-top exercise for District 4 with 30 other emergency services departments.

Grants paid for \$43,000 of new fire equipment through Homeland Security – a dispatch radio for station #3, new portable radios for 3 new firefighters, plus additional radio equipment and a backup generator.

The City intends to proceed with several major projects in 2007:

- The completion of Tapawingo South

- Construction of the 1st phase of the Western Sewer Interceptor
- Preliminary engineering for the rebuilding of Cumberland Avenue
- The separation of the Salisbury combined sewers
- Replacement of the BarBarry and Green Meadows lift stations
- Completion of the 1st phase of the Salisbury Safety Improvement Project and ROW acquisition and design of phase 2
- Engineering design of Sycamore Lane and Yeager Road improvements
- Preliminary design of fire station #3

Financial Planning

A three-year financial plan was prepared for the City in 2005 to assist in managing operating needs and funding police and fire pension benefits for the older pension plans that are paid directly by the City. The financial plan provides a framework for evaluating budget priorities, identifying possible funding sources, and estimating the financial impact of budgetary options.

A significant increase in pension benefit expense is expected with the retirement of the remaining members of the 1937 Firefighter's Pension Fund in the 2007 to 2008 time period. The City has increased additions to the Fire Pension Fund and expects to meet its pension benefit obligation without detriment to planned General Fund operating expenditures.

An annexation Fiscal Plan detailing the plan for organization and extension of city services, costs of planned services, methods of financing was approved by the Common Council in January 2006. The City expects to utilize on tax increment financing for building and equipping a third fire station in 2007. Existing resources, primarily in the General Fund, will be used to fund extension of city services in the short-term. An appeal for an increase in the property tax levy to fund a portion of extending city services to the annexation area is anticipated within two years. Given projected growth for the annexation area, annexation is forecast to have a long-term impact of stabilizing and lowering the city tax rate.

Internal Controls

The management of the City of West Lafayette is responsible for establishing and maintaining a system of internal financial controls. The purpose of the internal financial controls is to ensure that the assets of the City are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the efficient preparation of financial statements in conformance with generally accepted accounting principles. The internal control structure must provide reasonable assurance that these objectives are met within appropriate cost benefit performance. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be received; and that the evaluation of cost and benefits requires estimates and judgments by management. It is the assessment of City management that the internal control structure does meet these criteria. The City consults with the Indiana State Board of Accounts, not only during the audit, but also regularly throughout the year as needed.

Budgetary Controls

In accordance with Indiana statute, the City maintains budgetary controls integrated within the accounting system. The objective of these budgetary controls is to ensure compliance with the annual appropriated budget adopted by the City Council and as approved by the Department of Local Government Finance. The annual budget includes the General Fund, the Parks and Recreation Fund, the Police and Fire Pension Funds, the Cumulative Capital Development Fund, the Cumulative Capital Improvement Fund, the Cumulative Building and Firefighting Equipment Fund, the Fire Truck Lease Fund, the Local Road and Street Fund, the Motor Vehicle Highway Fund, the LOHUT Fund, the Economic Development Income Tax Fund, the Law Enforcement Continuing Education Fund, the Firefighting Fund and the Parks Nonreverting Capital - Pool Fund. The Park Board approves the annual budget for the Parks Nonreverting Operating Fund. The Redevelopment Commission approves the budgets for the Sagamore Parkway TIF Fund, the Levee/Village Redevelopment Commission Fund, and the KCB Redevelopment Commission Fund.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major budget classification within a fund, and in the general fund, within a department. The Common Council maintains budgetary control on all funds approved in the annual budget with the exception

of the Parks and Recreation Fund, the Nonreverting Capital-Pool Fund and the Nonreverting Operating Fund for which budgetary control is maintained by the Park Board. The Common Council or Park Board may transfer appropriations from one major budget classification to another within a department or fund by ordinance or resolution as long as the annual budget for that department or fund is not exceeded. The Common Council maintains another measure of budgetary control by requiring all transfers within major budget classifications, as well as between major classifications, to be approved by ordinance or resolution. Additional appropriations in excess of the original budget must be approved by the Common Council and subsequently submitted for approval to the Department of Local Government Finance.

The City also maintains an encumbrances account system as one technique of accomplishing budgetary control. Encumbered amounts for goods or services for which delivery or invoicing is not complete can be carried over to the subsequent year as part of the subsequent year net appropriation.

The annual budget is prepared from June through August taking into consideration Council priorities and the City's strategic plan objectives.

Department heads prepare draft budgets in June for presentation to the Council in a series of public work sessions. A budget ordinance is prepared under the Mayor's direction for introduction to the Common Council at its first meeting in August. The budget is advertised per Indiana statute and a public hearing is held prior to final adoption in September. The Clerk-Treasurer's office provides a comprehensive budget packet on prior expenditures, revenues, and estimated fund cash balance forecasts and tax rates for public review which is made available at Council meetings, at the public library, and on the Internet. The Common Council has the power to decrease any major category proposed by the Mayor, but may not increase any budget. Subsequent to Common Council adoption of the budget, the Department of Local Government Finance holds a final budget hearing review and revision in October prior to issuing a final budget approval order by February.

The budgetary process for the Wastewater Treatment Utility is different than from that of the Civil City. The Board of Public Works is the oversight body for utility operations. In December, the Board of Works reviews and approves the utility budget. Budget revisions are approved through the Board of Works. An annual financial review of

utility rates is presented to the Common Council in the first half of the year.

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund this comparison is presented on page 70. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report beginning on page 80-81.

Pension Trust and Agency Funds

The City of West Lafayette has 5 pension plans for its employees. All full time employees, with the exception of public safety officers, are members of the Public Employees' Retirement Fund of Indiana (PERF), the public employment retirement system for government employees in the State of Indiana. PERF is clarified as a multiple-employer defined benefit retirement system acting as a common investment and administrative agent for government units in Indiana. The City makes required annual contributions at the level set by PERF. As of July 1, 2006, the City's PERF account has an accrued actuarial liability of \$4,207,818, and has an excess of assets of \$361,845.

Police and fire department officers hired subsequent to April 30, 1977 are members of the 1977 Police Officers and Firefighters' Pension Fund administered by PERF. This plan is a cost-sharing, multiple-employer defined benefit plan. The City makes required annual contributions at the level set by state statute. Financial reports are available from the State.

Police officers hired prior to May 1, 1977 are members of the Police Pension Fund established in 1925 by the State of Indiana. Firefighters hired prior to May 1, 1977 are members of the Fire Pension Fund established in 1937 by the State of Indiana. Both plans are single employer defined benefit plans administered by the City of West Lafayette. They are funded on a pay-as-you-go basis, with actuarial accrued liabilities currently totaling \$18,629,400 as of January 1, 2006, and has a deficit of assets of \$17,856,588.

Additional information on funding policies and pension costs is in Note IV C in the Notes to the Financial Statements and Required Supplementary Information.

Cash Management

All cash temporarily idle in 2006 was invested by the City in short-term investments with maturities of two years or less in conformance with Indiana statute 5-13-4 et seq. governing investment of public funds and the City's investment policy. Investments authorized by statute are certificates of deposit at local financial institutions that are qualified as depositories for public funds, U.S. Treasury securities, and U.S. agency securities backed by the full faith and credit of the U.S. government, and certain AAA money market funds with permissible U.S. government securities investments.

The City's investment portfolio in 2006 included overnight repurchase agreements collateralized by U.S. Treasury securities and deposit accounts tied to federal fund rates. The City also holds police and fire pension relief funds in an external investment pool, the Pension Relief Fund, managed by the Public employees' Retirement Fund of Indiana (PERF.) Information related to this investment pool is provided in Note III B.

Risk Management

The City carries traditional insurance for workers' compensation, automobile liability and physical damage, general liability, public officials liability, property and casualty, inland marine and boiler coverage, crime insurance coverage, law enforcement liability and also builders risk and flood insurance for the Wastewater Treatment Utility. A city-wide safety committee meets monthly to review all on-the-job injuries and develop recommendations for injury prevention. The City achieved a workers compensation experience modification rating of 0.94 for 2006, indicating safety experience superior to the state average.

Annual Audit

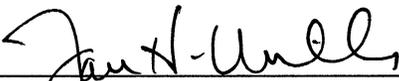
Indiana statute (IC 5-13-1) requires an annual independent audit of the financial records and transactions of the City to be made by the Indiana State Board of Accounts. Their audit met the requirements of state statutes and was conducted in accordance with generally accepted auditing standards and government auditing standards. The State Board of Accounts concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of West Lafayette's financial statements for the year ended

December 31, 2006 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As a recipient of federal and state financial assistance, the City is also required to undergo a single audit in conformity with the provisions of the single audit act of 1984 and the U.S. Office of Management and Budget Circular, A-133. Information related to this single audit is included in this report on pages 105-114.

ACKNOWLEDGMENTS

The preparation of the report has been accomplished with support from the Mayor, Department Heads, and Common Council. We would like to thank the Indiana State Board of Accounts for their excellent professional work with special recognition to John D. Irelan, CPA, Field Supervisor, Marilyn Rudolf, CPA, Special Projects and CAFR Supervisor, and Lead Auditor Gary W. Roberts, and Auditors Leann Tinsley, CPA, and Charlene Quednow. We also acknowledge the assistance of James W. Treat, CPA, partner, with the accounting firm of O. W. Krohn and Associates, LLP.



Jan H. Mills, Mayor



Judy Rhodes, Clerk Treasurer

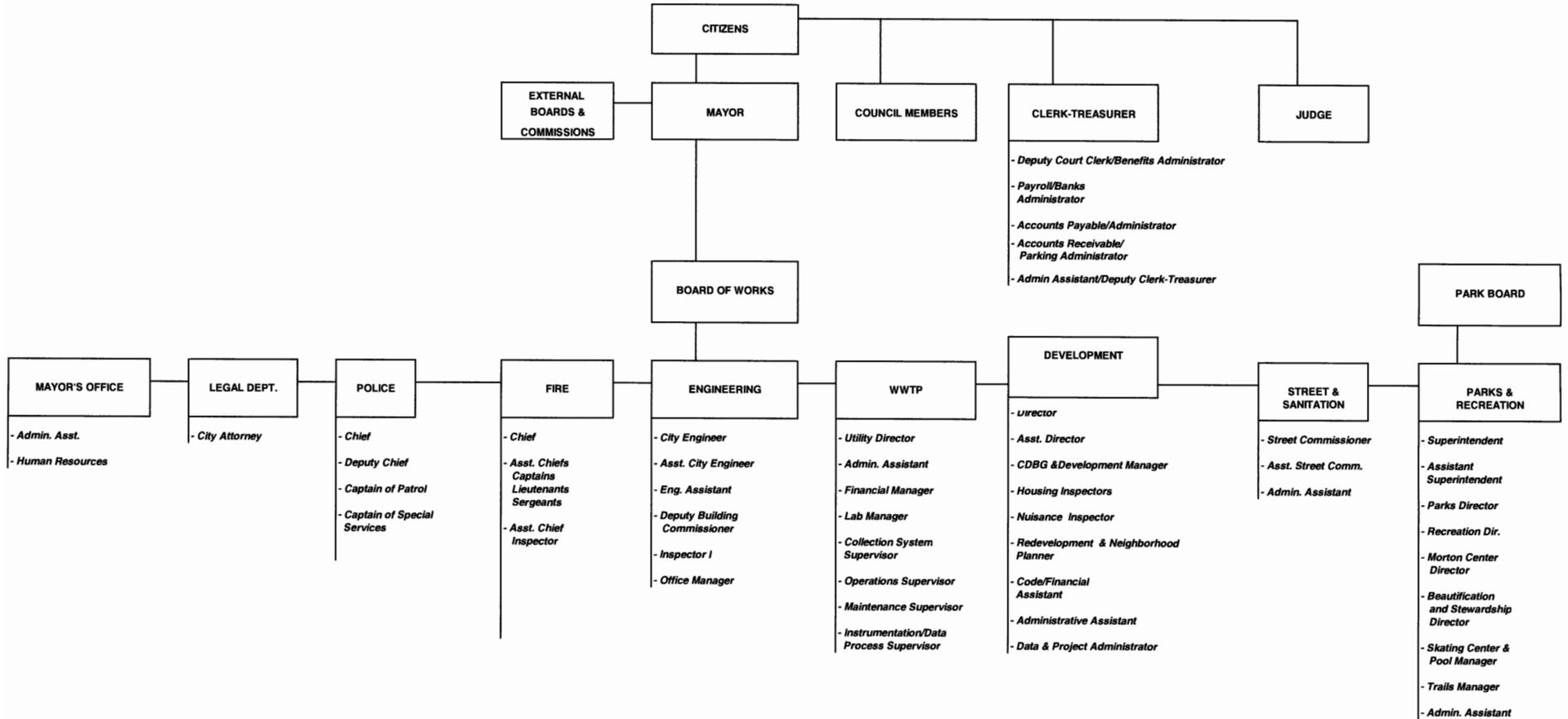
WEST LAFAYETTE CITY OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|------------------------------------|---------------------|
| Mayor | Jan H. Mills | 1/01/04 to 12/31/07 |
| Clerk-Treasurer | Judy Rhodes | 1/01/04 to 12/31/07 |
| Judge | Lori Stein Sabol | 1/01/04 to 12/31/07 |
| Common Council Members | District 1 - Matthew Plomin | 1/01/04 to 7/8/07 |
| | District 1 – William Ross McMullin | 7/13/07 to 12/31/07 |
| | District 2 - Carl D. Griffin | 1/01/04 to 12/31/07 |
| | District 3 - Ann Hunt | 1/01/04 to 12/31/07 |
| | District 4 - Gilbert T. Satterly | 1/01/04 to 12/31/07 |
| | District 5 - Gerry J. Keen | 1/01/04 to 12/31/07 |
| | At Large - Patti O’Callaghan | 1/01/04 to 12/31/07 |
| | At Large - Randy Truitt | 1/01/04 to 12/31/07 |
| President of the Board of Public Works | Jan H. Mills | 1/01/04 to 12/31/07 |
| Members of the Board of Public Works | Janet L. Broyles | Appointed |
| | Gilbert T. Satterly | Appointed |

WEB SITE: www.city.west-lafayette.in.us

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CITY OF WEST LAFAYETTE ORGANIZATION CHART



CITY OF WEST LAFAYETTE**DEPARTMENTAL SERVICES AND RESPONSIBILITIES****POLICE DEPARTMENT****POLICE CHIEF: Dan Marvin**

The West Lafayette Police Department provides around-the-clock safety, security and police protection throughout the City. The Department is staffed by 45 officers, 19 civilians, 7 crossing guards and 4 volunteers. Police officers also provide bicycle patrols in the Village near Purdue University. One D.A.R.E. officer works in the schools during the school year and also provides informational tours of the department to all age groups. Besides routine police patrolling and community presence, West Lafayette police respond to about 16,000 calls for service a year.

FIRE DEPARTMENT**FIRE CHIEF: Philip Drew**

The West Lafayette Fire Department operates two fire stations and provides 24-hour services. The department is staffed by 37 highly trained firefighters, including a chief, a fire inspector/investigator and three assistant chiefs. City fire equipment includes a 95 foot platform truck, two pumper trucks, a one-ton service vehicle and service vehicle with foam generating capabilities. The department takes all fire, hazard and first-responder medical emergency calls for West Lafayette. Its runs total about 1,300 a year of which approximately 900 are first responder.

ENGINEERING DEPARTMENT**CITY ENGINEER: David M. Buck, P.E.**

The Engineering Department is responsible for the enforcement of the City's ordinances, standards, and codes with regard to zoning, signage, building construction, occupancy, drainage, road and street design/construction, and sanitary and storm sewer design/construction. The department reviews plans for all new construction and renovation projects for any permanent structure or facility. Various permits are required for construction, including Improvement Location Permits, Sign Permits, Storm Water Permits and Excavation Permits. When planning a project, the department staff can answer questions regarding permits and applicable codes.

WASTEWATER TREATMENT UTILITY**PUBLIC WORKS DIRECTOR: David A. Downey**

The Wastewater Treatment Department operates a 9.0-million gallon/day activated sludge secondary treatment facility. An expansion and upgrade of the plant was completed and dedicated in 1997. The department collects and transports wastewater from residential, commercial, industrial and institutional sources. The collection system includes 15 lift stations and 117.3 miles of sewers. The treatment plant operates an on-site lab, performing more than 15,000 tests each year. The department employs a staff of 27.

CITY OF WEST LAFAYETTE

DEPARTMENTAL SERVICES AND RESPONSIBILITIES (continued)

DEPARTMENT OF DEVELOPMENT

DIRECTOR: Jesse C. Andrew III

West Lafayette's Development Department oversees City-wide strategic and long-range planning and economic and business development, retention and expansion. The department manages the City's three Tax Increment Financing (TIF) Districts for the Redevelopment Commission and is responsible for tax abatements granted by the Economic Development Commission. The department also oversees long-range capital budgets and projects for the City, as well as fair housing, housing code enforcement and inspection of more than 7,000 rental units in the City. The department also administers federal funds received from Community Development Block Grants, as well as landscape review.

STREET, SANITATION AND RECYCLING DEPARTMENT

PUBLIC WORKS DIRECTOR: David A. Downey

The services of the Street, Sanitation and Recycling Department include street, curb and sidewalk maintenance, traffic signal maintenance, snow and ice removal, street cleaning and vehicle maintenance. Weekly trash, yard waste and bi-weekly recyclables pick-up services provide full curbside service. This department operates the City's 24-hour recycling center drop off center that collects over 25 recyclable materials.

PARKS AND RECREATION DEPARTMENT

SUPERINTENDENT: Joe Payne

The mission of the department is to improve the quality of life for all residents by providing a wide variety of leisure activities, special events, facilities and services that encourage health, relaxation enjoyment, cultural enrichments and learning, as well as providing opportunities for community involvement. The City's 14 parks encompass more than 400 acres of recreational areas, picnic grounds, nature trails and ADA accessible playgrounds. Facilities include softball fields, tennis, volleyball and basketball courts, Morton Community Center, Lilly Nature Center, Riverside Skating Center, a paved trails network, footpaths, picnic shelters, a municipal pool and neighborhood parks. Major parks include Celery Bog Nature Area and Happy Hollow, Cumberland, Lommel, University Farm and Tapawingo Parks. Global Fest, a celebration of our community's diversity, is held each Labor Day weekend at Morton Community Center. Tapawingo Parks hosts Art on the Wabash, Riverfest, Taste of Tippecanoe and Dancing in the Street Festivals. The department has 19 full time and more than 75 seasonal and part-time employees.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Lafayette Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

FINANCIAL SECTION

FINANCIAL SECTION

FINANCIAL SECTION



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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Lafayette (City), as of and for the year ended December 31, 2006, which collectively comprise the City's primary government basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2006, 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 Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities and Budgetary Comparison Schedules, 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)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and the budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated May 16, 2007, 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.

STATE BOARD OF ACCOUNTS

May 16, 2007



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Lafayette (City), as of and for the year ended December 31, 2006, and have issued our report thereon dated May 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING 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 grants, 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 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

May 16, 2007

CITY OF WEST LAFAYETTE
Management's Discussion and Analysis
For the Year Ended December 31, 2006

The discussion and analysis of the City of West Lafayette's financial performance for the year ended December 31, 2006 provides an overview of the City's financial activities. The information presented here should be read in conjunction with our letter of transmittal, the basic financial statements, and the notes to the basic financial statements.

Financial Highlights

1. Assets exceeded liabilities at year end 2006 by \$80.7 M (net assets). Of this amount, \$9.23 M is unrestricted assets which may be used to meet the City's ongoing obligations to citizens and creditors. The growth of resources that are restricted for specific governmental functions compared to those available to support general government activities has resulted in a -\$2.35 M balance in unrestricted net assets for governmental activities. In contrast, unrestricted assets for the city's business-type activity, the wastewater treatment utility, increased to a record \$11.6 M. Restricted assets and assets invested in capital assets for the entire city increased to nearly \$71.5 M.
2. The City's total net assets increased by \$8.59 M or 12% in 2006, continuing the pace of growth in the prior year. Both the City's governmental activities and business-type activities showed similar rates of increase.
3. Total revenues decreased \$7.3 M or 23.8%, reflecting a decline in capital grants and contributions for governmental activities, and in contributions and gifts for business-type activities. The trend of decreasing revenues since 2004 is due to the dominant impact of grants and contributions related to capital projects. Revenues from charges for services, taxes, interest, and miscellaneous sources increased over 5% or \$1.309 M in 2006 compared to 2005.
4. Total expenses decreased to \$22.5 M, a decrease of \$7.51 M or 25.9% from the prior year. Over 91% of the decrease was due to absence of new economic development expense for debt compared to the prior year.
5. Fund balances for governmental funds declined by 3.2% to \$18.7 M. The General Fund year-end unreserved balance declined by 23.3% to \$1.83 M, continuing at nearly the same rate of decrease as reported for 2005. At year end, the General Fund's unreserved fund balance was 18% of the 2006 General Fund expenditures.
6. The City's long-term liabilities at year end totaled \$54.96 M, a decrease of \$1.81 M or 3.12%. The decrease reflects principal payment on revenue debt and changes in actuarial estimates of pension expense.

Overview of the Financial Statements

The discussion and analysis is an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. In addition to the basic financial statements, this Comprehensive Annual financial Report (CAFR) includes other Required Supplementary Information, Supplementary Information, and the Statistical Section.

Government-wide financial statements

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

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

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

The statement of net assets reports all City assets and liabilities as of December 31, 2006, serving the purpose of a balance sheet. The difference between total assets and total liabilities is reported as net assets. Net assets are presented separately for the governmental and business-type activities. Over time, increases or decreases in net assets are one indicator of whether the City's financial position is improving or deteriorating. [Refer to Figure 1, page 20.]

The statement of activities presents information on total City revenues and expenses, serving the purpose of an income statement. In this statement, governmental activities and business-type are listed as separate programs. Net program expense is reported as program expense less program revenue. General revenues are subtracted from net expenses to report the change in net assets for the year. Since program revenue (revenue generated by specific programs through charges for services, grants, and contributions) is separated from general revenue (revenue provided by taxes and other sources not tied to a particular program), this statement shows to what extent each program has to rely on taxes and other general sources for funding. The statement of activities is accrual-based accounting, so that all of the year's revenues and expenses are taken into account regardless of when the cash is received or paid. Thus, revenue and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g. uncollected taxes, and earned, but unused, vacation balances.)

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

The government-wide financial statements are found on pages 27 and 29 of this report.

Fund financial statements

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

Governmental funds

The City carries out its governmental functions and accounts for its activities using many individual funds. Governmental funds use the modified accrual method of accounting, which measures cash and all other financial assets that can be

readily converted to cash. The governmental fund financial statements focus on financial resources that can be spent in the near future to finance City activities, and provide information on cash flows into and out of funds, and balances of unrestricted resources available at year-end for future spending. Capital assets and other long-term liabilities, are not presented in fund financial statements, only in the citywide financial statements.

Two types of governmental fund statements are provided: the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. Reconciliation schedules are provided to facilitate comparisons between the governmental fund balance sheet and the statement of net assets; and between the statement of revenues, expenditures and changes in fund balances of governmental funds and the statement of activities. The basic governmental fund financial statements can be found on pages 30-33 of this report. Combining balance sheets are provided for nonmajor funds in the Supplementary Information section, beginning on page 84.

A third type of fund-based financial statement is provided to demonstrate another aspect of fund accounting, which is budgetary control. Budgets for governmental funds are established in accordance with Indiana statute, and are adopted on a fund level, except for the General Fund, which is adopted on a departmental level. Budgets are adopted on a cash basis. Budgetary comparison schedules are provided for the General Fund on page 70 and for major special revenue funds on page 71 as part of Required Supplementary Information, and in combining statements for all other funds as part of Supplementary Information. Budgetary variances for the General Fund and major funds are discussed in some detail later in this section.

Proprietary funds

Proprietary funds are used to account for business-type activities, both for services provided primarily to outside customers (enterprise funds) and within the city to internal units (internal service funds). The City has one business-type activity, the wastewater treatment utility, and it utilizes an enterprise fund to report this activity. The City has no internal service funds. The proprietary fund statements consist of the statement of net assets, the statement of revenues, expenses, and other changes in fund net assets, and the statement of cash flows. The proprietary fund statements use the economic resources measurement focus, accrual basis of accounting, just like the government-wide statements. The basic proprietary fund statements can be found on pages 34-36.

Fiduciary funds

Fiduciary funds are funds held by a governmental unit as an agent or a trustee. They are not reflected in the government-wide financial statements because these resources can only be used for designated beneficiaries and are not available to finance the City's own operations. The City holds two types of fiduciary funds: pension trust funds and agency funds. Pension trust funds are used to account for pension plans held by the City on behalf of its employees. The City uses pension trust funds to report the 1925 Police Officers' Pension and the 1937 Firefighters' Pension. Agencies funds are used to account for monies held by the City for an external party. The City uses agency funds to report payroll, sales tax, insurance payments, city court costs, and court collections funds. The basic fiduciary financial statements can be found on pages 37-38 of this report. Additional information on pension plans is found in several places in the financial section, specifically Note III.C. to the Notes to Financial Statements (pages 60-67), and the Schedules of Funding Progress in the Required Supplementary Information (pages 73).

Notes to financial statements

The notes are a required part of the financial statements that provide necessary information for the understanding of the City's financial report. Notes to the basic financial statements can be found on pages 39-67 of this report, and notes to Required Supplementary Information are found on pages 74-76.

Other information

The City is also required to provide more detailed information about certain issues disclosed in required supplementary information (RSI) schedules. The City's RSI schedules include: Budgetary Schedules for the General Fund and Major Special Revenue funds, the Schedules of Funding Progress, and Schedules of Contributions from the Employer and Other Contributing Entities. The RSI schedules and integral notes can be found on pages 69-76 of this report. Combining financial statements for the non-major governmental funds are provided in Supplementary Information beginning on page 84.

Government-wide financial analysis

Statement of net assets

The City's primary government assets exceed liabilities by \$80.7 M at the close of 2006. [Figure 1 and Statement of Net Assets, page 27.] The City's net assets increased by \$8.6 M or 12% during 2006. [Figure 2 and Statement of Activities,

page 29.] Both the City's business-type activities and the city's governmental activities showed similar rates of increase, contributing \$3.93 M and \$4.65 M increases, respectively, in net assets.

Investments in capital assets comprise are the largest portion of the City's net assets (total assets less total liabilities) at \$57 M. Investment in capital assets (e.g. land; infrastructure including sewers, roads and trails; buildings and improvements; machinery and equipment; and construction in progress), less any debt to acquire these assets that is still outstanding, continue to constitute about 70% of total net assets. The City's capital assets are used to provide services to citizens. These capital assets are not liquid and are not available for future spending. The debt associated with these capital assets must be paid from sources other than capital assets themselves because the capital assets themselves cannot be used to liquidate these liabilities.

The remainder of the City's net assets are designated as restricted or unrestricted. The restricted portion, \$14.5 M or 18%, are dollars that are subject to external restrictions and cannot be spent on everyday operations. The unrestricted portion, \$9.23 M, or 11%, may be used by the City to meet ongoing obligations. While restricted and unrestricted assets comprise the same proportion of net assets as in the prior year, about 30%, there has been a significant shift within governmental activities and significant growth in business-type activities. In governmental activities, restricted assets increased \$2.1 M while unrestricted net assets decreased by \$2.3 M resulting in a deficit balance for unrestricted assets of -\$2.35 M. The major factors in the change in the governmental activities unrestricted net assets were increasing growth in restricted funding in relation to the General Fund, revealing the deficit in unrestricted assets that is primarily due to the net pension obligation.

In business-type activities, unrestricted assets grew 27% in 2006 to \$11.6 M, an 8-fold increase over the past three years. Cash and cash equivalents increased \$2.0 M to \$6.3 M, a 46% increase from 2005. This growth reflects accumulation of rate revenues in excess of expenses resulting from revised timelines and redesign for the \$12.38 M Western Interceptor and the \$8.345 M Digester Renovation and Alternate Power projects now underway, and the rehabilitation lift station/force main facilities at Green Meadows (\$1.68 M) and Bar Barry Heights (\$0.995 M). [Refer to Note D to the Financial Statements]

Statement of activities

Total City revenues were \$30.1 M in 2006, a 1.4% decrease from 2005. Governmental activities provided \$21.1 M, or 70% of revenues while business-type activities provided about \$9 M or 30%.

Total expenses were \$21.5 M, a 26% decrease from the prior year. Governmental activities resulted in \$16.5 M of expense or 77% and wastewater treatment utility expenses were \$5.04 M or 23% of total. [Figure 4]

Governmental activities revenues and expenses

In 2006, 64% of revenue for governmental activities was derived from general revenues and 36% from program revenues. Total governmental activities revenues declined 3% over the prior year due to a reduction in grants and contributions in program revenues related to the timing and extent of grant support for capital projects. General revenues increased over \$0.5 M or 4%. Property taxes collected from the City's levies and from tax increment finance districts have now recovered to just above (1.3%) the levels that were collected in 2003 prior to State-mandated changes to property assessment and school general fund levies that negatively impacted revenue generation for the City. Charges for services revenue increased 16% or \$0.7 M, reflecting new Major Moves road funding and use of general governmental resources in the Rainy Day Fund to pay public safety pension benefits outside the pension trust funds. [Figure 3]

Expenses for governmental activities decreased \$4.5 M or 19%. The reduction is due to two one-time events, the post-year impact of prior year \$4.1 M expense related to asset disposal as part of an economic development incentive financing; and revision of actuarial assumptions that decreased the annual pension cost by \$0.7 M. [Figure 4 and discussion of long-term liabilities on page 16 in this section.]

Public safety expense is the top program expense at \$6.2 M. Expense for highways and streets and general government are in the second tier, \$3.05 M and at the same level as the prior year. This represents sustained highway and street construction at record levels, 3-fold higher than in 2004. Culture and recreation expense at \$1.75 M is at the third tier and along with economic development program at \$0.8 M, decreased due to timing of capital projects. Sanitation expense grew \$0.1 M or 16% due to increased operation expense.

Business-type activities revenues and expenses

Revenue to the wastewater treatment utility rose 12% in 2006 to \$8.97 M, primarily due to growth in general revenue from contributions and gifts, and from unrestricted investment earnings. Revenue from charges for service increased only 1.7% in contrast to forecasts of a 10.8% increase based on the 10% rate increase that was effective July 1, 2006 and an anticipated increase in flow reported by the utility's major customer, Purdue University. Billable flow from Purdue University actually declined by 18%. Revenue from other customers increased over 13% from the prior year.

The wastewater treatment utility was awarded a reimbursement grant from the U.S. Environmental Protection Agency for \$781,165 for the Bar Barry Heights/Green Meadows Lift Station Improvements, and utilized about 9% of the grant in 2006.

Expenses for the wastewater treatment utility were nearly unchanged from the prior year at \$5.037 M. Operating expenses apart from depreciation increased about \$0.3 M or 11%, but this increase was offset by declines in depreciation expense, resulting in a total operating expense increase of less than \$30,000.

Financial Analysis of the Government's Funds

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

Government funds

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

The City's governmental year end fund balance in 2006 totaled \$18.74 M, a decline of \$0.6 M or 3% from the prior year. [Figure 5 and Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds, page 32]

Approximately one-third of fund balance resources are in the designated major funds. The City's chief operating fund is the General Fund. At the end of 2006, the General Fund balance was \$1.83 M, a reduction of \$0.55 M or 30% decrease. Since the City's record General Fund balance of \$3.14 M at year end 2004, the City has been utilizing its available cash balance to support a higher level of expenditures in the General Fund and at the same time reserve proportionally more of the City's property tax levy for growing public safety pension expense and parks expense. The General Fund year end balance is 18% of 2006 General Fund expenditures.

Fund balances for all major funds declined in 2006. Fund balances were used to undertake scheduled capital projects in the Roads Fund and the Economic Development Income Tax Fund. The use of fund balances in Parks and Recreation was both to sustain operating expenses in excess of operating revenue, and to utilize funds collected for capital projects.

Among the projects were the Margerum Fountain and Plaza, Celery Bog viewing decks, and extensive urban forest and parks plantings were completed in 2006.

The non-major governmental funds have a combined fund balance of \$12.6 M.

Proprietary funds

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

Net assets at year end in the City's proprietary wastewater treatment utility fund were \$35.75 M. Net assets invested in capital assets, net of related debt, comprise 65% of the total net assets. Restricted assets for debt service constitute about 2.3% of net assets at \$855,000, similar to prior years. Operating income rose 11% to \$3.25 M. [Refer to Statement of Net Assets, Proprietary Funds, page 34.]

Budgetary Analysis

General fund budgetary highlights

Total budgetary expenditures in the General Fund increased 5.9% over the prior year, reaching \$10.15 M in 2006. Public safety continues to be both the largest expenditure category and fastest growing category. The overall increase in expenditures of 6.4% in 2006 matched the prior year's rate. Amendments to the original budget resulted in increased expenditure authority of 2.8%, the prime need being to authorize greater expenditures for public safety. [Refer to Budgetary Comparison Schedule, page 70 and Schedule of Expenditures – Budget and Actual – General Fund, pages 80-81]

Over the past four years, the average budget reversion, or under-expenditure, for the General Fund has been 4.4%. This year, actual expenditures were nearly \$470,000 lower than budget resulting in a 4.4% reversion. Under-expenditures in the other services and charges category contributed almost half of reversions, and personal services contributed about 27%.

General Fund revenues were \$9.6 M, an increase of approximately \$150,00 or 1.6%, compared to a 3% and 2.4% annual growth rate in the prior two years. The total revenue variance was positive, and within \$10,500 of budget. Property tax

revenue from ad valorem levies is the major revenue source for the General Fund, averaging about \$1.3 of property tax to every \$1 from other revenue sources. In 2006, property tax totaled \$5.42 M and revenue from other sources totaled \$4.21 M. The allocation of property tax to the General Fund is 8.5% higher in 2006 than in 2003, however the growth of expenditures in the General Fund has been 15% in the same period.

The single largest non-property tax source of revenue to the General Fund is the county option income tax (COIT). The City's share of Income tax revenue has not grown in the past three years, averaging about \$1.4 M per year. Income tax is levied on a taxpayer basis countywide and is then distributed to civil jurisdictions based on the proportionate share of the City's eligible property tax levy compared to the total eligible property levies in the county. Although the amount of COIT distributed throughout the county has risen 6.7% in the past three years, the relatively higher growth rate and magnitude of other levies compared to the City's levy, particularly the County Child & Family Welfare Levy, has continued to reduce the City's proportionate share of income tax. The City's plan to impose an additional levy in 2008 to cover the cost of services provided to a major annexation area will provide some offset to the decline in the City's income tax share, but the trend will continue.

Other major funds budgetary highlights

Roads Funds are comprised of a grouping of special revenue funds that receive state distributions of fuel tax, excise tax, and local option highway user tax. The Roads Funds are the sole source for operating and maintenance expenses for roads, and also provide significant funds for capital improvement of City roads, sidewalks, and traffic signals.

Revenues for Roads funds increased \$0.27 M or 16% over the prior year. The increase is largely due to the first of two annual special distributions from the State's Major Moves initiative. The Major Moves revenue is earmarked for additional road work for the reconstruction of Cumberland Avenue programmed for 2007 and 2008. Expenditures increased \$0.9 M or 69% reflecting major construction activities on the Salisbury Street Safety Improvement Project and the Tapawingo South Extension. Projects are scheduled on the City's master road capital improvement plan taking into account the most advantageous times for projects to come on line in conjunction with public and private investments and availability of funding sources.

Parks and Recreation Funds are comprised of one fund which is mostly funded by property tax and a grouping of special revenue funds that receive recreation fee revenue, donations, and grants. The Parks and Recreation Funds are the base

source for operating and maintenance funds for parks facilities, but increasingly maintenance expenses are funded by the property-tax based Cumulative Capital Development Fund. Major capital improvements are funded out of the Economic Development Income Tax Fund, and the Redevelopment Commission Levee/Village and KCB Tax Increment Funds.

Revenues to the Parks and Recreation Funds increased \$0.1M or 6.4% in 2006 to about \$1.74 M due to an increase in the allocation of property tax revenue from the City levy. Expenditures increased 15.5% to \$1.995 M, with a 9-fold increase in capital outlay for parks facility improvements and equipment.

Economic Development Income Tax fund revenue, which is almost entirely dependent on distributions of the local option economic development income tax (EDIT), increased 11.2% over the prior year. The increase reflects recovery of EDIT distribution back to the levels seen in 2003. While total EDIT distribution to Tippecanoe County has increased approximately 14% since 2003, West Lafayette's allocation has increased just 1.4% over the same period, indicative of the same factors influencing distribution of COIT discussed previously in relation to General Fund revenues.

Economic Development Income tax Fund expenditures increased to \$1.6 M an increase or 22% primarily due to Wabash riverfront land acquisition costs for the joint City/Purdue Rowing Club recreational venue.

[Refer to Budgetary Comparisons Schedule, Major Special Revenue Funds on page 71 of Required Supplementary Information.]

Capital Asset and Debt Administration

Capital assets

Capital assets includes land; infrastructure including sewers, trails, and roads; buildings and improvements; machinery and equipment; and construction in progress. The City's primary government's capital assets at year end totaled \$103.2 M, net of accumulated depreciation, with 53% allocated to governmental activities and 47% to wastewater utility. Capital assets increased \$5.0 M or 5.1% over the prior year. Increases in capital assets for governmental activities reflect land acquisition for road projects, primarily the Tapawingo South Extension project, the completion of the renovation of the basement of City Hall, and the completion of several major infrastructure projects including Clamberer Road Phase 2, Brown Street reconstruction and the Brown Street Overlook, trail extensions for the City's 22 mile network, and the

reconstruction the Tapawingo Plaza to site the new Margerum Fountain venue. Investments in depreciable capital assets for the wastewater treatment utility increased \$1.7 M or 3.5%.

[Figure 6; and Section III, Notes C and D to Notes to Financial Statements, page 50-55; for readers desiring more detailed information on capital asset activities.)

Long-term liabilities

The City's long-term liabilities totaled \$54.96 M at year end, comprised of bonded debt and other long-term liabilities which include pension obligations and compensated absences. The largest class of long-term liabilities is bonded debt at \$46.3 M, comprised 45% of revenue bonds payable for City general governmental activities and 55% of loans payable for the wastewater treatment utility. [Figure 7]

Revenue bond debt for the City was \$20.9 M at year end, a decrease of \$1.2 M or 5% reflecting scheduled debt repayment. No new revenue bond debt was incurred in 2006. Approximately 75% of the debt is payable through lease obligations to blended component units: the West Lafayette Redevelopment Authority, the West Lafayette Building Corporation, and the West Lafayette Equipment Leasing Corporation. The remainder is an obligation of the Redevelopment Commission. Tax Increment Financing revenue is utilized for debt service on 80% of the outstanding bond debt, the only exceptions being use of economic development income tax for the debt on the Police Station and a general property tax levy for the Fire Truck debt.

Loan payables for the wastewater treatment utility which totaled \$25.4 M are entirely from the State Revolving Fund. These obligations are paid from the revenues earned by the utility. Additional loan draws of \$1.8 M were made for the Western Interceptor project construction and design; and the Digester Renovation and Alternate Power project design as these projects proceeded. Increased indebtedness for these projects was offset by loan repayments, resulting in a year end loan payables balance only about \$0.2 M higher than the prior year. Detailed information on long-term debt activity is available in the Notes to the Financial Statements in Section III, Note F pages 56-59]

Other long-term liabilities of \$8.6 M are primarily pension obligations. Net pension liability declined 10% from the prior year due to changes in actuarial assumptions and a fresh amortization period for calculating annual required contribution in the 1925 Police Officers' Pension and the 1937 Firefighters' Pension. These changes were approved by the Indiana State Pension Oversight Management Commission. These changes had a corresponding impact on the unfunded

actuarial accrued liability for these pensions. As of January 1, 2006, the unfunded actuarial liability for all pensions is \$18,218,453, a decrease of over \$0.5 M from the prior year. [Refer to Schedules of Funding Progress, page 72.] Fiduciary net assets available for the 1925 Police Officers' Pension and the 1937 Firefighters' Pension increased 65% to \$1.28 M in 2006 due to increased allocation of property tax to the pension funds and use of the Rainy Day Fund to pay 40% of pension benefits. The building of assets in the pension funds is part of the City's strategic plan to eliminate or mitigate the need for property tax increase to fund over \$0.5 M in additional pension benefit payments over the next two years due to increased retirements.

The City's most recent revenue debt bond rating in 2001 was AA- from Standard and Poor's rating service.

Economic Factors and the Next Year's Budgets and Rates

West Lafayette's focus is growing as a "Knowledge Centered Community." West Lafayette is a place people want to live, drawn from around the world to be part of a diverse and creative community that is the hometown of one of the world's preeminent universities, Purdue University. In 2006, the West Lafayette-Lafayette area was named a 5-Star Best Places in the U.S. to Locate a Company and 5-Star Quality of Life Quotient by Expansion Magazine, 30th in Kiplinger's Personal finance list of 50 smartest cities to live, and 98th hottest U.S. spot for entrepreneurs by the Entrepreneur Magazine and National Policy Research Council, among other national recognition.

The largest annexation in the history of the City was effective in 2006. The City annexed 1,173 acres to the north of the City, an increase of nearly 30% in the area of the City. This annexation provides 377 acres for the Phase III Expansion of the successful Purdue Research Park, increasing its area 2.7-fold. Area was also provided for residential development, with an estimated 2,500 homes by 2020. By August 2007, the City is obligated to provide city services to the newly annexed area. The City will be hiring three additional police officers and three additional fire fighters in 2007. A third fire station will be constructed and equipped, including acquisition of a new fire truck. Economic development income tax funds and the KCB tax increment finance funds will be used for building and equipment costs, and operating expenses will be paid from the General Fund. In accordance with the City's fiscal plan for annexation, a determination will be made in 2007 as part of the FY 2008 budget process for an annexation levy appeal to provide permanent funding for a portion of the increased costs of extending services to the annexed area. This increase in levy must be approved by the Local Government Property Tax Control Board.

The City also expects to continue public/private partnerships with in-fill development within the City. In 2007, the City plans to replace an older fire apparatus with a new fire truck stationed at historic Fire Station No. 1 in Village area to meet first responder and fire protection needs in the area proximate to Purdue University. Funding for the fire truck will come from the Levee/Village tax increment finance district. The City will undertake in 2007 the North Salisbury Sewer Rehabilitation/Separation project in conjunction with the private \$25 M Chauncey Square urban mixed-used development in the Village. The wastewater treatment utility will fund this project to provide sewer capacity for higher density development in the traditional commercial center of the City. Along Sagamore Parkway West, the City anticipates the \$8.5 M Wabash Commons commercial subdivision at the 10 acre former K-Mart site to begin in 2007, and be included in the City's Sagamore Parkway Improvement planning funded by the Sagamore Parkway tax increment finance district.

The State project to construct a new segment of US 231 to the west and realign SR 26 with US 231, bypassing the campus and City core, will have a significant impact on the City's plans for both surface transportation, sewer infrastructure, and future annexation. This project will link the south end of the City with the northwest, providing high capacity access from the south and west to the City and Purdue. Delay of construction until 2008 will cause some phasing of the Western Interceptor project, but at this point will not for affect other City projects in 2007.

Completion of the two major roads projects is scheduled for 2007, \$5.4 M Tapawingo South Extension and the \$1.24 M Salisbury Street Safety Improvement. Tapawingo South is a new arterial that will link the Wabash Landing and Riverfront development areas to US 231 South, and is the first segment of the Master Purdue Transportation plan for reconfigured campus access. The Salisbury Street Safety Improvement project provided roadway, sidewalk, and signal improvements to the main north-south arterial in the City core. Planning for Cumberland Avenue Reconstruction with extensive community participation will extend throughout 2007, with construction programmed for 2008.

The wastewater treatment utility will fund approximately \$2.75 for capital improvements on the collection system and for National Pollution Discharge Elimination System Phase II Stormwater implementation in 2007. No rate increases are planned.

2007 will be the first year for implementation of trending in property assessment, which is supposed to adjust property values based on changes in market value since assessment was last done effective for taxes payable in 2004. This valuation is carried out through the Wabash Assessor in conjunction with countywide reassessment activity. Tippecanoe

County is among the first counties in Indiana to have completed the trending process and the impact on property tax bills will not be known until tax rates are certified in the spring of 2007.

A new homestead credit for property taxes, funded by a 0.1% increase in the economic development income tax, will be allocated in 2007 to homeowners to neutralize the impact of removal of inventory assessed valuation from computation of the property tax rate. The impact on property taxes in West Lafayette is expected to be minimal as West Lafayette has less than \$14.3 M in inventory assessed valuation compared to net assessed valuation (March 1, 2006) for tax purposes of \$1,050,204,880.

In 2006, the Redevelopment Commission approved release of \$18 M in assessed valuation to overlapping jurisdictions in 2007 from the KCB tax increment finance district. This action will increase the assessed valuation for purposes of calculating tax rates for the city, schools, libraries, and other overlapping jurisdictions. Tax increment property tax collection will be reduced in this TIF district but will not impede planned expenditures or impair debt service obligations because of the magnitude of collections in this district.

The City of West Lafayette has joined with the City of Lafayette to form the Lafayette-West Lafayette Insurance Consortium to jointly purchase comprehensive medical insurance in 2007 for employees of both cities, the first such initiative by municipalities in the State of Indiana. The goal is to realize premium savings and enhanced benefits by purchasing health insurance for a 800-member group, which is a more than a 4-fold increase in the census compared to West Lafayette's prior position in the health care market.

Municipal elections will be held in 2007. The offices of Mayor, Clerk-Treasurer, City Judge and City Council will be on the ballot.

Request For Information

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

Figure 1
City of West Lafayette
Net Assets

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Assets | | | | | | |
| Current and other assets | \$ 20,968,922 | \$ 22,000,742 | \$ 12,645,999 | \$ 10,178,223 | \$ 33,614,921 | \$ 32,178,965 |
| Capital assets | 54,491,383 | 51,102,085 | 48,745,437 | 47,084,101 | 103,236,820 | 98,186,186 |
| Total assets | <u>75,460,305</u> | <u>73,102,827</u> | <u>61,391,436</u> | <u>57,262,324</u> | <u>136,851,741</u> | <u>130,365,151</u> |
| Liabilities | | | | | | |
| Long-term liabilities | 27,547,449 | 29,662,829 | 23,760,323 | 23,617,745 | 51,307,772 | 53,280,574 |
| Other liabilities | 2,963,302 | 3,142,003 | 1,876,338 | 1,824,037 | 4,839,640 | 4,966,040 |
| Total liabilities | <u>30,510,751</u> | <u>32,804,832</u> | <u>25,636,661</u> | <u>25,441,782</u> | <u>56,147,412</u> | <u>58,246,614</u> |
| Net assets | <u>\$ 44,949,554</u> | <u>\$ 40,297,995</u> | <u>\$ 35,754,775</u> | <u>\$ 31,820,542</u> | <u>\$ 80,704,329</u> | <u>\$ 72,118,537</u> |
| Invested in capital assets, net of related debt | 33,637,831 | 28,862,717 | 23,325,547 | 21,857,502 | 56,963,378 | 50,720,219 |
| Restricted | 13,660,921 | 11,534,608 | 855,000 | 825,000 | 14,515,921 | 12,359,608 |
| Unrestricted | (2,349,198) | (99,330) | 11,574,228 | 9,138,040 | 9,225,030 | 9,038,710 |
| Total net assets | <u>\$ 44,949,554</u> | <u>\$ 40,297,995</u> | <u>\$ 35,754,775</u> | <u>\$ 31,820,542</u> | <u>\$ 80,704,329</u> | <u>\$ 72,118,537</u> |

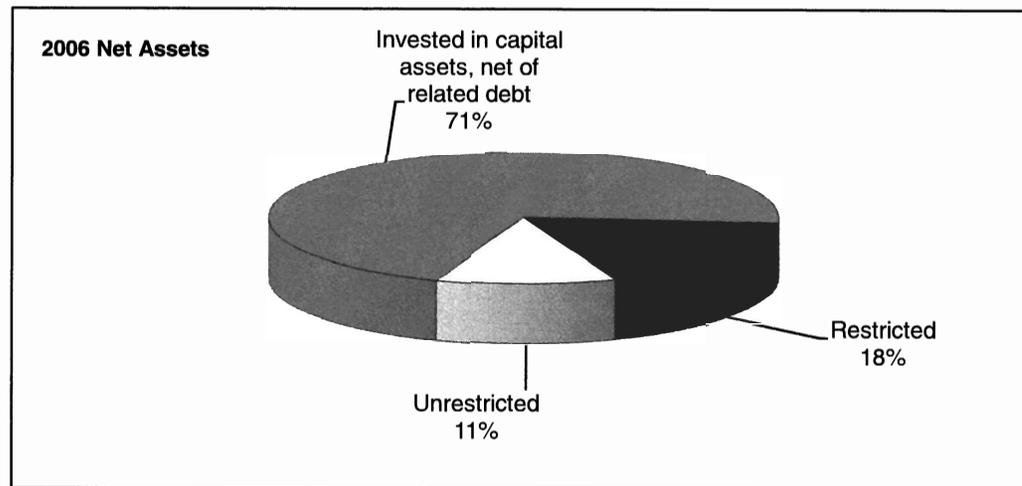


Figure 2
City of West Lafayette
Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,415,248 | \$ 4,268,819 | \$ 7,557,104 | \$ 7,431,354 | \$ 12,972,352 | \$ 11,700,173 |
| Operating grants and contributions | 409,280 | 766,642 | - | - | 409,280 | 766,642 |
| Capital grants and contributions | 989,026 | 3,713,518 | - | - | 989,026 | 3,713,518 |
| General revenues: | | | | | | |
| Property taxes | 10,362,021 | 9,948,214 | - | - | 10,362,021 | 9,948,214 |
| Other state taxes | 705,606 | 714,911 | - | - | 705,606 | 714,911 |
| Other local taxes | 1,286,702 | 1,326,741 | - | - | 1,286,702 | 1,326,741 |
| Franchise Fees | | 130,326 | | | | 130,326 |
| Contributions and gifts | 659,862 | - | 853,522 | 471,464 | 1,513,384 | 471,464 |
| Miscellaneous receipts, net of interest | 516,818 | 983,369 | - | - | 516,818 | 983,369 |
| Unrestricted investment earnings | 817,893 | 535,325 | 560,116 | 295,773 | 1,378,009 | 831,098 |
| Total revenues | 21,162,456 | 22,387,865 | 8,970,742 | 8,198,591 | 30,133,198 | 30,586,456 |
| Expenses: | | | | | | |
| General government | 3,053,118 | 2,968,387 | - | - | 3,053,118 | 2,968,387 |
| Public safety | 6,189,724 | 6,780,190 | - | - | 6,189,724 | 6,780,190 |
| Highways and streets | 3,048,988 | 3,099,739 | - | - | 3,048,988 | 3,099,739 |
| Sanitation | 690,388 | 590,396 | - | - | 690,388 | 590,396 |
| Health and welfare | - | - | - | - | - | - |
| Economic development | 801,230 | 7,638,977 | - | - | 801,230 | 7,638,977 |
| Culture and recreation | 1,753,442 | 2,073,079 | - | - | 1,753,442 | 2,073,079 |
| Interest Expense | 974,007 | 902,509 | - | - | 974,007 | 902,509 |
| Wastewater | | | 5,036,509 | 5,006,664 | 5,036,509 | 5,006,664 |
| Total expenses | 16,510,897 | 24,053,277 | 5,036,509 | 5,006,664 | 21,547,406 | 29,059,941 |
| Increase (decrease) in net assets before transfer | 4,651,559 | (1,665,412) | 3,934,233 | 3,191,927 | 8,585,792 | 1,526,515 |
| Transfers | | 278,121 | | (278,121) | | - |
| Increase (decrease) in net assets | 4,651,559 | (1,387,291) | 3,934,233 | 2,913,806 | 8,585,792 | 1,526,515 |
| Net assets - January 1 | 40,297,995 | 41,685,286 | 31,820,542 | 28,906,736 | 72,118,537 | 70,592,022 |
| Net assets - December 31 | \$ 44,949,554 | \$ 40,297,995 | \$ 35,754,775 | \$ 31,820,542 | \$ 80,704,329 | \$ 72,118,537 |

Figure 3
City of West Lafayette
Governmental Activities Revenues

| | Governmental Revenues | |
|----------------------------------|-----------------------|----------------------|
| | 2006 | 2005 |
| Property Taxes | \$ 10,362,021 | \$ 9,948,214 |
| Charges for Services | 5,415,248 | 4,677,266 |
| Capital Grants & Contributions | 989,026 | 3,713,518 |
| Intergovernmental | 1,992,308 | 2,041,652 |
| Miscellaneous | 516,818 | 983,369 |
| Operating Grants & Contributions | 409,280 | 766,642 |
| Unrestricted Investment Earnings | 817,893 | 535,325 |
| Contributions and Gifts | 659,862 | - |
| Totals | \$ 21,162,456 | \$ 22,665,986 |

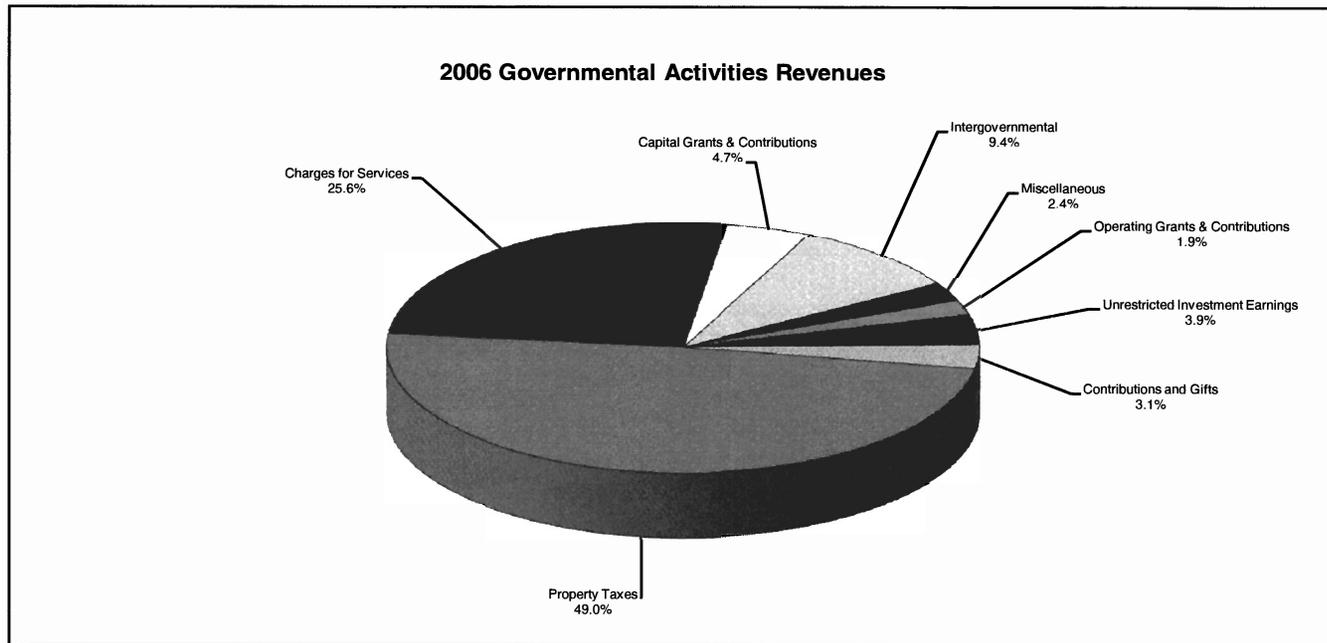


Figure 4
City of West Lafayette
Primary Government Program Expenses

| | Governmental Expenses | |
|----------------------|-----------------------|----------------------|
| | 2006 | 2005 |
| Public Safety | \$ 6,189,724 | \$ 6,780,190 |
| Wastewater | 5,036,509 | 5,006,664 |
| General Government | 3,053,118 | 2,968,387 |
| Highways & Streets | 3,048,988 | 3,099,739 |
| Culture & Recreation | 1,753,442 | 2,073,079 |
| Interest Expense | 974,007 | 902,509 |
| Economic Development | 801,230 | 7,638,977 |
| Sanitation | 690,388 | 590,396 |
| Totals | \$ 21,547,406 | \$ 29,059,941 |

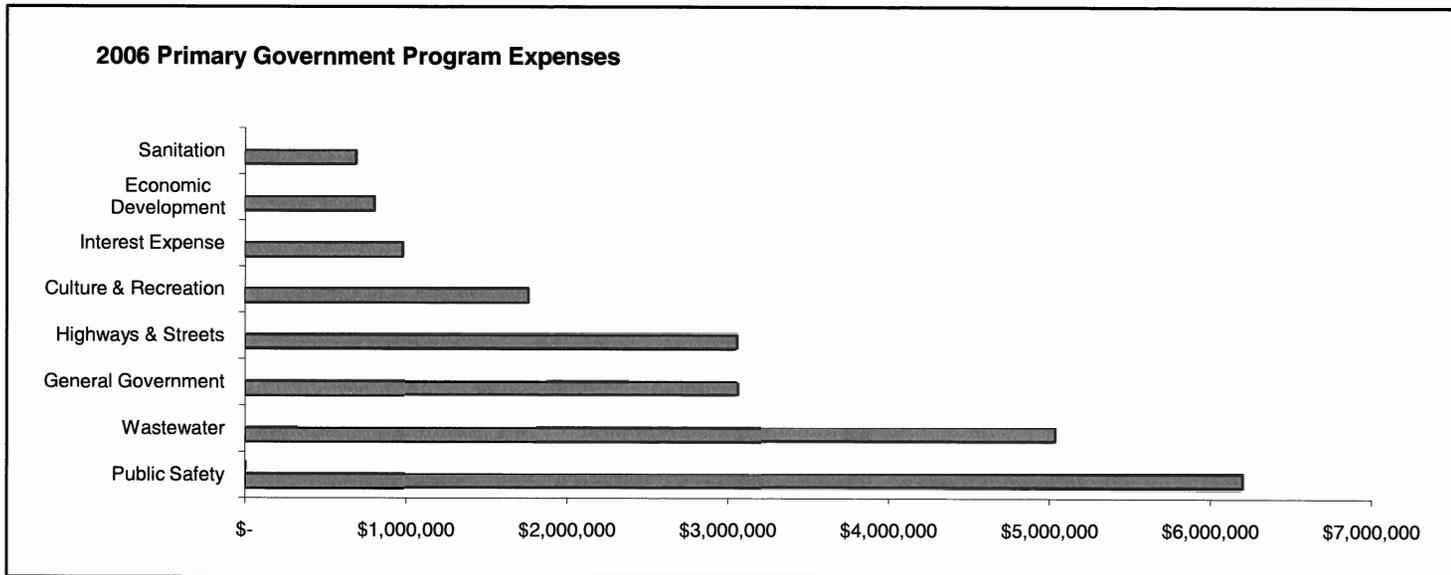


Figure 5
City of West Lafayette
Governmental Fund Balances at Year-End

| | Year End Fund Balances | |
|---------------------------------|------------------------|----------------------|
| | 2006 | 2005 |
| General | \$ 1,830,324 | \$ 2,385,003 |
| Economic Development Income Tax | 1,852,378 | 2,047,411 |
| Road Funds | 1,709,100 | 1,926,746 |
| Parks and Recreation Funds | 779,800 | 928,646 |
| Redevelopment Commission 2005 | | 9,056 |
| Nonmajor Governmental Funds | 12,573,015 | 12,065,488 |
| Totals | \$ 18,744,617 | \$ 19,362,350 |

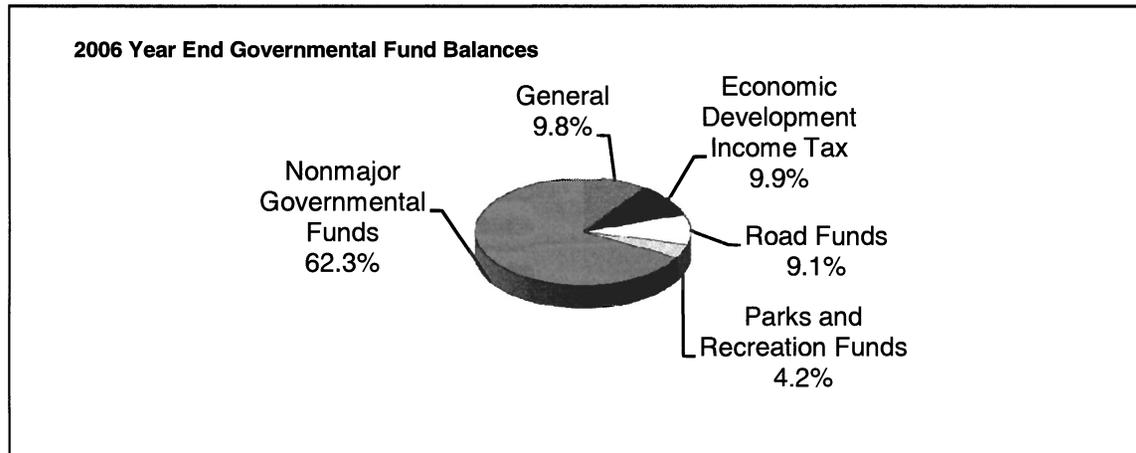


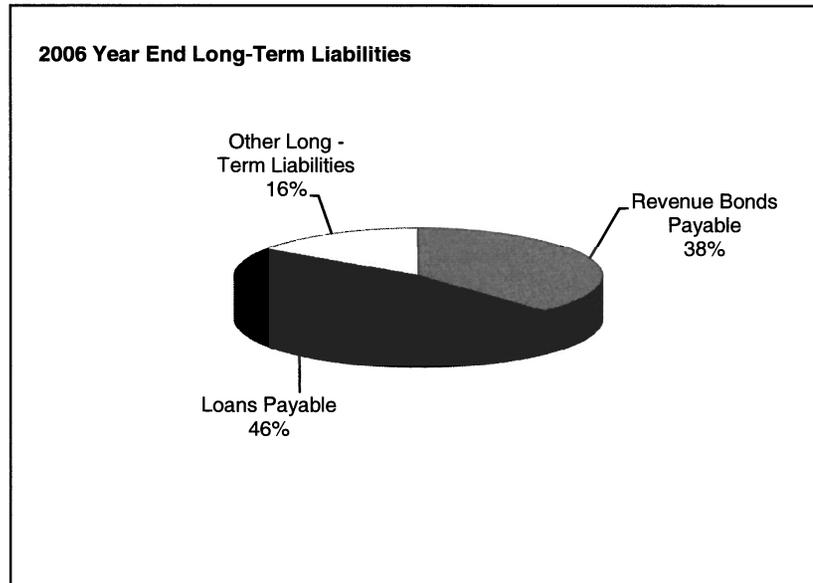
Figure 6
City of West Lafayette
Capital Assets At Year-End
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | \$ 14,009,735 | \$ 12,543,013 | \$ 593,385 | \$ 593,385 | \$ 14,603,120 | \$ 13,136,398 |
| Construction in progress | 2,969,367 | 3,255,212 | 2,388,826 | 605,478 | 5,358,193 | 3,860,690 |
| Buildings | 11,724,526 | 11,880,897 | 18,880,013 | 19,156,849 | 30,604,539 | 31,037,746 |
| Improvements other than buildings | 3,122,827 | 2,153,618 | 24,572,105 | 24,457,380 | 27,694,932 | 26,610,998 |
| Machinery and equipment | 2,055,744 | 2,010,377 | 2,311,108 | 2,271,009 | 4,366,852 | 4,281,386 |
| Infrastructure being depreciated | 20,609,184 | 19,258,968 | - | - | 20,609,184 | 19,258,968 |
| Totals | \$ 54,491,383 | \$ 51,102,085 | \$ 48,745,437 | \$ 47,084,101 | \$ 103,236,820 | \$ 98,186,186 |

Land and Construction in Progress are not depreciated.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenue Bonds Payable (net of discount) | \$ 20,915,934 | \$ 22,142,904 | \$ - | \$ - | \$ 20,915,934 | \$ 22,142,904 |
| Loans Payable | - | - | 25,419,890 | 25,226,599 | 25,419,890 | 25,226,599 |
| Total Bonded Debt | <u>20,915,934</u> | <u>22,142,904</u> | <u>25,419,890</u> | <u>25,226,599</u> | <u>46,335,824</u> | <u>47,369,503</u> |
| Capital Leases | - | - | - | - | - | - |
| Pension Obligation | 7,746,117 | 8,637,850 | - | - | 7,746,117 | 8,637,850 |
| Compensated Absences | 748,720 | 641,075 | 129,239 | 123,764 | 877,959 | 764,839 |
| Other Long -Term Liabilities | <u>8,494,837</u> | <u>9,278,925</u> | <u>129,239</u> | <u>123,764</u> | <u>8,624,076</u> | <u>9,402,689</u> |
| Total Long-Term Liabilities | <u>\$ 29,410,771</u> | <u>\$ 31,421,829</u> | <u>\$ 25,549,129</u> | <u>\$ 25,350,363</u> | <u>\$ 54,959,900</u> | <u>\$ 56,772,192</u> |



CITY OF WEST LAFAYETTE
STATEMENT OF NET ASSETS
December 31, 2006

| <u>Assets</u> | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Cash and cash equivalents | \$ 12,807,964 | \$ 12,081,362 | \$ 24,889,326 |
| Cash with fiscal agent | 6,412,046 | - | 6,412,046 |
| Receivables (net of allowances for uncollectibles): | | | |
| Interest | 77,077 | 55,338 | 132,415 |
| Taxes | 135,767 | - | 135,767 |
| Accounts | 250,337 | 386,964 | 637,301 |
| Intergovernmental | 608,548 | - | 608,548 |
| Internal balances | 72,884 | (72,884) | - |
| Inventories | 117,183 | 122,879 | 240,062 |
| Deferred debits | 319,841 | - | 319,841 |
| Capital assets: | | | |
| Land and construction in progress | 16,979,102 | 2,982,211 | 19,961,313 |
| Other capital assets, net of depreciation | 37,512,281 | 45,763,226 | 83,275,507 |
| Net pension asset | 167,275 | 72,340 | 239,615 |
| Total assets | 75,460,305 | 61,391,436 | 136,851,741 |
| <u>Liabilities</u> | | | |
| Accounts payable | 365,786 | 33,390 | 399,176 |
| Accrued payroll and withholdings payable | 320,339 | 54,142 | 374,481 |
| Accrued interest payable | 413,855 | - | 413,855 |
| Noncurrent liabilities: | | | |
| Amounts due within one year: | | | |
| Notes and loans payable | - | 1,705,000 | 1,705,000 |
| Revenue bonds - due within one year | 1,250,000 | - | 1,250,000 |
| Compensated absences | 613,323 | 83,806 | 697,129 |
| Amounts due beyond one year: | | | |
| Notes and loans payable | - | 23,714,890 | 23,714,890 |
| Revenue bonds payable (net of discount) | 19,665,934 | - | 19,665,934 |
| Compensated absences | 135,397 | 45,433 | 180,830 |
| Net pension obligation | 7,746,117 | - | 7,746,117 |
| Total liabilities | 30,510,751 | 25,636,661 | 56,147,412 |
| <u>Net assets</u> | | | |
| Invested in capital assets, net of related debt | 33,637,831 | 23,325,547 | 56,963,378 |
| Restricted for: | | | |
| Highways and streets | 6,449,920 | - | 6,449,920 |
| Culture and recreation | 5,876,996 | - | 5,876,996 |
| Debt service | 1,334,005 | 855,000 | 2,189,005 |
| Unrestricted | (2,349,198) | 11,574,228 | 9,225,030 |
| Total net assets | \$ 44,949,554 | \$ 35,754,775 | \$ 80,704,329 |

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

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CITY OF WEST LAFAYETTE
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 3,053,118 | \$ 816,863 | \$ - | \$ - | \$ (2,236,255) | \$ - | \$ (2,236,255) |
| Public safety | 6,189,724 | 357,908 | 24,973 | - | (5,806,843) | - | (5,806,843) |
| Highways and streets | 3,048,988 | 3,024,744 | - | 72,674 | 48,430 | - | 48,430 |
| Sanitation | 690,388 | 480,862 | 25,683 | - | (183,843) | - | (183,843) |
| Economic development | 801,230 | 116,606 | 297,148 | 850,701 | 463,225 | - | 463,225 |
| Culture and recreation | 1,753,442 | 618,265 | 61,476 | 65,651 | (1,008,050) | - | (1,008,050) |
| Interest expense | 974,007 | - | - | - | (974,007) | - | (974,007) |
| Total governmental activities | 16,510,897 | 5,415,248 | 409,280 | 989,026 | (9,697,343) | - | (9,697,343) |
| Business-type activities: | | | | | | | |
| Wastewater | 5,036,509 | 7,557,104 | - | - | - | 2,520,595 | 2,520,595 |
| Total business-type activities | 5,036,509 | 7,557,104 | - | - | - | 2,520,595 | 2,520,595 |
| Total primary government | \$ 21,547,406 | \$ 12,972,352 | \$ 409,280 | \$ 989,026 | (9,697,343) | 2,520,595 | (7,176,748) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 10,362,021 | - | 10,362,021 |
| Other state taxes - Unrestricted | | | | | 705,606 | - | 705,606 |
| Other local taxes - Unrestricted | | | | | 1,286,702 | - | 1,286,702 |
| Contributions and gifts | | | | | 659,862 | 853,522 | 1,513,384 |
| Miscellaneous receipts (net of interest) | | | | | 516,818 | - | 516,818 |
| Unrestricted investment earnings | | | | | 817,893 | 560,116 | 1,378,009 |
| Total general revenues | | | | | 14,348,902 | 1,413,638 | 15,762,540 |
| Change in net assets | | | | | 4,651,559 | 3,934,233 | 8,585,792 |
| Net assets - beginning | | | | | 40,297,995 | 31,820,542 | 72,118,537 |
| Net assets - ending | | | | | \$ 44,949,554 | \$ 35,754,775 | \$ 80,704,329 |

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

CITY OF WEST LAFAYETTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

| <u>Assets</u> | <u>General</u> | <u>Roads Funds</u> | <u>Parks and Recreation Funds</u> | <u>Economic Development Income Tax</u> | <u>Nonmajor Governmental Funds</u> | <u>Totals</u> |
|---|----------------------------|----------------------------|---------------------------------------|--|--|-----------------------------|
| Cash and cash equivalents | \$ 2,032,783 | \$ 1,577,011 | \$ 823,450 | \$ 1,875,668 | \$ 6,499,052 | \$ 12,807,964 |
| Cash with fiscal agent | - | - | - | - | 6,412,046 | 6,412,046 |
| Receivables (net of allowances for uncollectibles): | | | | | | |
| Interest | 9,016 | 7,865 | 3,918 | 8,584 | 47,694 | 77,077 |
| Taxes | 71,100 | - | 12,150 | - | 52,517 | 135,767 |
| Accounts | 247,739 | - | - | - | 2,598 | 250,337 |
| Intergovernmental | 153,155 | 163,263 | 10,195 | 216,471 | 65,464 | 608,548 |
| Interfund receivable | 72,884 | - | - | - | - | 72,884 |
| Total assets | <u>\$ 2,586,677</u> | <u>\$ 1,748,139</u> | <u>\$ 849,713</u> | <u>\$ 2,100,723</u> | <u>\$ 13,079,371</u> | <u>\$ 20,364,623</u> |
| <u>Liabilities and fund balances</u> | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 279,330 | \$ 24,248 | \$ 13,241 | \$ 22,372 | \$ 26,595 | \$ 365,786 |
| Accrued payroll and withholdings payable | 261,719 | 14,791 | 34,327 | 9,502 | - | 320,339 |
| Accrued interest payable | - | - | - | - | 413,855 | 413,855 |
| Deferred revenue: | | | | | | |
| Unavailable | 215,304 | - | 22,345 | 216,471 | 65,906 | 520,026 |
| Total liabilities | <u>756,353</u> | <u>39,039</u> | <u>69,913</u> | <u>248,345</u> | <u>506,356</u> | <u>1,620,006</u> |
| Fund balances: | | | | | | |
| Unreserved, reported in: | | | | | | |
| General fund | 1,830,324 | - | - | - | - | 1,830,324 |
| Special revenue funds | - | 1,709,100 | 779,800 | 1,852,378 | 3,544,121 | 7,885,399 |
| Debt service funds | - | - | - | - | 1,203,625 | 1,203,625 |
| Capital projects funds | - | - | - | - | 7,825,269 | 7,825,269 |
| Total fund balances | <u>1,830,324</u> | <u>1,709,100</u> | <u>779,800</u> | <u>1,852,378</u> | <u>12,573,015</u> | <u>18,744,617</u> |
| Total liabilities and fund balances | <u>\$ 2,586,677</u> | <u>\$ 1,748,139</u> | <u>\$ 849,713</u> | <u>\$ 2,100,723</u> | <u>\$ 13,079,371</u> | <u>\$ 20,364,623</u> |

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

CITY OF WEST LAFAYETTE
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
December 31, 2006

| | | |
|---|-------------------|----------------------|
| Total fund balances for governmental funds | | \$ 18,744,617 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Inventories of materials and supplies held at year end are recorded on the statement of activities as expenditures when consumed rather than when purchased. Inventories are recorded as expenditures when purchased rather than consumed in the fund statements. | | 117,183 |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of: | | |
| Land | \$ 14,009,735 | |
| Construction in progress | 2,969,367 | |
| Buildings, net of \$4,074,631 accumulated depreciation | 11,724,526 | |
| Improvements other than buildings, net of \$1,075,110 accumulated depreciation | 3,122,827 | |
| Machinery and equipment, net of \$4,362,119 accumulated depreciation | 2,055,744 | |
| Infrastructure being depreciated, net of \$12,143,532 accumulated depreciation | <u>20,609,184</u> | |
| Total capital assets | | 54,491,383 |
| Bond issuance costs associated with debt issued by the City were reported as expenditures in the governmental funds when the debt was issued, whereas bond issuance costs are deferred in the statement of net assets. Deferred bond issuance costs are amortized, over the life of the debt issued, as an adjustment to interest expense in the statement of activities. | | 319,841 |
| Some city tax collections related to 2006 will be collected beyond the 60 day period used to record revenue in the fund statements. Revenue and a corresponding receivable for this amount are included in the government-wide statements. | | 135,767 |
| State shared revenue appropriated during the State of Indiana's fiscal year ended June 30, 2006, will be collected by the City in calendar year 2007. Revenue and a corresponding receivable for the amount appropriated but not received by December 31, 2006, are included in the government-wide statements. | | 384,259 |
| Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and therefore, are not reported in the funds. All liabilities, both current and long-term, are reported in the statement of net assets. The discount or premium received when the City issued debt was reported in the governmental funds when the debt was issued, whereas these amounts are deferred and amortized, over the remaining life of the new debt, as an adjustment to interest expense in the statement of activities. Balances at December 31, 2006, are: | | |
| Bonds payable | (21,095,000) | |
| Unamortized premium | 179,066 | |
| Compensated absences payable | <u>(748,720)</u> | |
| Total long-term liabilities | | (21,664,654) |
| Net pension assets and obligations, including the 1925 Police Officers' Pension Plan, 1937 Firefighters' Pension Plan and the Public Employees Retirement Fund are not due and payable in the current period and therefore, are not reported in the funds, but are included in the government-wide statements. | | <u>(7,578,842)</u> |
| Total net assets of governmental activities | | <u>\$ 44,949,554</u> |

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

CITY OF WEST LAFAYETTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

| | General | Roads Funds | Parks and Recreation Funds | Economic Development Income Tax | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-------------------------------|---------------------------------------|-----------------------------------|--------------------------------|
| Revenues: | | | | | | |
| Taxes | \$ 5,420,099 | \$ - | \$ 926,195 | \$ - | \$ 4,003,570 | \$ 10,349,864 |
| Licenses and permits | 84,023 | - | - | - | 1,235 | 85,258 |
| Intergovernmental | 2,254,157 | 1,668,411 | 133,251 | 1,303,903 | 1,297,943 | 6,657,665 |
| Charges for services | 1,060,119 | 7,770 | 544,126 | - | 28,529 | 1,640,544 |
| Fines and forfeits | 477,748 | - | - | - | 9,593 | 487,341 |
| Other | 313,946 | 306,529 | 137,861 | 103,746 | 543,463 | 1,405,545 |
| Total revenues | 9,610,092 | 1,982,710 | 1,741,433 | 1,407,649 | 5,884,333 | 20,626,217 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 2,572,319 | - | - | - | 6,512 | 2,578,831 |
| Public safety | 6,316,843 | - | - | - | 710,341 | 7,027,184 |
| Highways and streets | 267,977 | 2,200,356 | - | 1,122,682 | - | 3,591,015 |
| Sanitation | 631,727 | - | - | - | - | 631,727 |
| Economic development | 275,905 | - | - | - | 310,389 | 586,294 |
| Culture and recreation | - | - | 1,890,279 | - | 4,040 | 1,894,319 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 1,240,000 | 1,240,000 |
| Interest | - | - | - | - | 974,007 | 974,007 |
| Capital outlay | - | - | - | - | 2,720,573 | 2,720,573 |
| Total expenditures | 10,064,771 | 2,200,356 | 1,890,279 | 1,122,682 | 5,965,862 | 21,243,950 |
| Excess (deficiency) of revenues over (under) expenditures | (454,679) | (217,646) | (148,846) | 284,967 | (81,529) | (617,733) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | 6,902,836 | 6,902,836 |
| Transfers out | (100,000) | - | - | (480,000) | (6,322,836) | (6,902,836) |
| Total other financing sources (uses) | (100,000) | - | - | (480,000) | 580,000 | - |
| Net change in fund balances | (554,679) | (217,646) | (148,846) | (195,033) | 498,471 | (617,733) |
| Fund balances - beginning | 2,385,003 | 1,926,746 | 928,646 | 2,047,411 | 12,074,544 | 19,362,350 |
| Fund balances - ending | \$ 1,830,324 | \$ 1,709,100 | \$ 779,800 | \$ 1,852,378 | \$ 12,573,015 | \$ 18,744,617 |

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

CITY OF WEST LAFAYETTE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

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). | \$ (617,733) |
| 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. | 2,769,576 |
| Net change in revenues that do not provide current financial resources. Revenues are reported on the statement of activities in the year accrued and in the funds when the financial resources are provided. | (123,622) |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 2,003,071 |
| Governmental funds do not report the gains or losses resulting from the retirement or deletion of capital assets. However, in the statement of activities, these gains or losses are computed as the net difference between the net book value of the asset (original cost of the asset less accumulated depreciation) and the value received for the deleted asset. This amount is the net loss on the assets deleted during the year. | (40,140) |
| Governmental funds do not report the contributions of capital assets. However, in the statement of activities, these contributions are reported as capital contributions. | 659,862 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | <u>545</u> |
| Change in net assets of governmental activities (statement of activities) | <u>\$ 4,651,559</u> |

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

CITY OF WEST LAFAYETTE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2006

| <u>Assets</u> | <u>Business-type Activity - Enterprise Fund Wastewater Utility</u> |
|--|--|
| Current assets: | |
| Cash and cash equivalents - unrestricted | \$ 6,314,253 |
| Interest receivable | 27,662 |
| Accounts receivable (net of allowance for uncollectibles) | 386,964 |
| Inventories | 122,879 |
| Restricted assets: | |
| Cash and cash equivalents - restricted | 5,767,109 |
| Interest receivable - restricted | <u>27,676</u> |
| Total current assets | <u>12,646,543</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land, improvements to land and construction in progress | 2,982,211 |
| Other capital assets (net of accumulated depreciation) | 45,763,226 |
| Net pension asset | <u>72,340</u> |
| Total noncurrent assets | <u>48,817,777</u> |
| Total assets | <u>61,464,320</u> |
| <u>Liabilities</u> | |
| Current liabilities: | |
| Accounts payable | 33,390 |
| Accrued payroll and withholdings payable | 54,142 |
| Interfund payable | <u>72,884</u> |
| Total current liabilities | <u>160,416</u> |
| Noncurrent liabilities: | |
| Amounts due within one year: | |
| Loans payable | 1,705,000 |
| Compensated absences | 83,806 |
| Amounts due beyond one year: | |
| Loans payable | 23,714,890 |
| Compensated absences payable | <u>45,433</u> |
| Total noncurrent liabilities | <u>25,549,129</u> |
| Total liabilities | <u>25,709,545</u> |
| <u>Net assets</u> | |
| Invested in capital assets, net of related debt | 23,325,547 |
| Restricted for: | |
| Debt service | 855,000 |
| Unrestricted | <u>11,574,228</u> |
| Total net assets | <u>\$ 35,754,775</u> |

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

CITY OF WEST LAFAYETTE
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2006

| | Business-type Activity - <u>Enterprise Fund</u> Wastewater <u>Utility</u> |
|---|---|
| Operating revenues: | |
| Residential sales | \$ 7,311,949 |
| Other | <u>245,155</u> |
| Total operating revenues | <u>7,557,104</u> |
| Operating expenses: | |
| Collection system - operations and maintenance | 412,156 |
| Treatment and disposal expense - operations and maintenance | 1,368,532 |
| Customer accounts | 158,741 |
| Administration and general | 1,128,193 |
| Depreciation and amortization | <u>1,240,841</u> |
| Total operating expenses | <u>4,308,463</u> |
| Operating income | <u>3,248,641</u> |
| Nonoperating revenues (expenses): | |
| Interest and investment revenue | 560,116 |
| Loss on sale of assets | (33,165) |
| Interest expense | <u>(694,881)</u> |
| Total nonoperating revenue (expenses) | <u>(167,930)</u> |
| Income before contributions | 3,080,711 |
| Capital contributions | <u>853,522</u> |
| Change in net assets | 3,934,233 |
| Total net assets - beginning | <u>31,820,542</u> |
| Total net assets - ending | <u>\$ 35,754,775</u> |

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

CITY OF WEST LAFAYETTE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2006

| | Business-type Activity - <u>Enterprise Fund</u> Wastewater <u>Utility</u> |
|---|---|
| Cash flows from operating activities: | |
| Receipts from customers and users | \$ 7,486,285 |
| Payments to suppliers | (1,819,436) |
| Payments to employees | <u>(1,210,946)</u> |
| Net cash provided by operating activities | <u>4,455,903</u> |
| Cash flows from capital and related financing activities: | |
| Proceeds from capital debt | 237,162 |
| Capital contributions | 73,678 |
| Acquisition and construction of capital assets | (546,785) |
| Principal paid on capital debt | (1,650,000) |
| Interest paid on capital debt | (694,881) |
| Proceeds from sale of capital assets | <u>2,814</u> |
| Net cash used by capital and related financing activities | <u>(2,578,012)</u> |
| Cash flows from investing activities: | |
| Proceeds from sales and maturities of investments | 150,000 |
| Interest received | <u>540,558</u> |
| Net cash used by investing activities | <u>690,558</u> |
| Net decrease in cash and cash equivalents | 2,568,449 |
| Cash and cash equivalents, January 1 | <u>9,512,913</u> |
| Cash and cash equivalents, December 31 | <u>\$ 12,081,362</u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 3,248,641 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation expense | 1,240,841 |
| (Increase) decrease in assets: | |
| Accounts receivable | (70,819) |
| Inventories | 1,202 |
| Prepaid items | 40,676 |
| Net pension assets | (7,473) |
| Increase (decrease) in liabilities: | |
| Accounts payable | (14,864) |
| Accrued payroll and withholdings payable | 5,579 |
| Compensated absence payable | 5,475 |
| Due to other funds | <u>6,645</u> |
| Total adjustments | <u>1,207,262</u> |
| Net cash provided by operating activities | <u>\$ 4,455,903</u> |
| Noncash investing, capital and financing activities: | |
| Capital assets acquired through letter of credit drawdowns | \$ 1,606,129 |
| Long-term debt incurred through letter of credit drawdowns | 1,606,129 |
| Contributions of capital assets | 779,844 |
| Capital assets acquired through accounts payable | 5,398 |

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

CITY OF WEST LAFAYETTE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2006

| | <u>Pension Trust Funds</u> | <u>Agency Funds</u> |
|------------------------------|------------------------------------|-------------------------|
| <u>Assets</u> | | |
| Cash and cash equivalents | \$ 563,436 | \$ 200,415 |
| Investments | 685,835 | - |
| Receivables: | | |
| Interest and dividends | 50,987 | - |
| Taxes | 6,126 | - |
| Intergovernmental | <u>5,140</u> | <u>-</u> |
| Total assets | <u>1,311,524</u> | <u>\$ 200,415</u> |
| <u>Liabilities</u> | | |
| Payroll withholdings payable | - | 173,658 |
| Trust payable | <u>-</u> | <u>26,757</u> |
| Total liabilities | <u>-</u> | <u>\$ 200,415</u> |
| <u>Net assets</u> | | |
| Held in trust for: | | |
| Employees' pension benefits | <u>\$ 1,311,524</u> | |

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

CITY OF WEST LAFAYETTE
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 For The Year Ended December 31, 2006

| <u>Additions</u> | <u>Pension Trust Funds</u> |
|---|------------------------------------|
| Contributions: | |
| Employer | \$ 1,101,572 |
| Plan members | 4,190 |
| Net investment income: | |
| Interest | <u>79,194</u> |
| Total additions | <u>1,184,956</u> |
| <u>Deductions</u> | |
| Benefits and refunds paid to plan members and beneficiaries | 639,072 |
| Administrative expenses | <u>7,172</u> |
| Total deductions | <u>646,244</u> |
| Changes in net assets | 538,712 |
| Net assets - beginning | <u>772,812</u> |
| Net assets - ending | <u>\$ 1,311,524</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Units

The West Lafayette Redevelopment Authority (Authority) is a significant blended component unit of the primary government. The primary government appoints a voting majority of the Authority's board and a financial benefit/burden relationship exists between the primary government and the Authority. Although it is legally separate from the primary government, the Authority is reported as if it were a part of the primary government because it provides services entirely or almost entirely to the City through the issuance of debt to finance construction of capital assets for the City.

The West Lafayette Equipment Leasing Corporation and the West Lafayette Building Corporation (Corporations) are significant blended component units of the primary government. The primary government appoints a voting majority of these Corporations' boards and a financial benefit/burden relationship exists between the primary government and each Corporation. Although they are legally separate from the primary government, the Corporations are reported as if they were a part of the primary government because they provide services entirely or almost entirely to the City, financing and constructing facilities for the City.

B. Government-Wide and Fund Financial Statements

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 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 fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The primary government reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Roads Funds (special revenue) accounts for the financial resources and expenses for construction, operation and maintenance of the local and arterial roads and street system. The Motor Vehicle Highway, Local Roads and Streets, Lindberg-McCormick Road, and Kalberer Road Improvement funds have been combined to form the Roads Funds.

The Parks and Recreation Funds (special revenue) account for the financial resources and expenses for the construction, operation and maintenance of the local public parks system. The Park and Recreation, Park Nonreverting Operating, Wabash Heritage Corridor, Park Gift, Celery Bog, and Park Nonreverting Capital – Pool funds have been combined to form the Parks and Recreation Funds.

Economic Development Income Tax Fund (special revenue) accounts for revenues received from the County Economic Development Income Tax (CEDIT) and is used for construction of projects funded by these revenues.

The primary government reports the following major proprietary fund:

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

Additionally, the primary government reports the following fund types:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The primary government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the primary government to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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

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

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

2. Interfund Transactions and Balances

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statutes (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the primary government prior to December 31 of the year collected. Delinquent property taxes outstanding at year end for governmental and/or proprietary funds, net of allowances for uncollectible accounts, are recorded as a receivable on the statement of net assets and are recognized as tax revenue on the statement of activities. The net amounts are recognized as receivables on the funds financial statements with an offset to deferred revenue, since these amounts are not considered available.

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 |
|-------------------------------------|-----------------------------|------------------------|--------------------------|
| Governmental activities: | | | |
| Land | \$ 5,000 | N/A | N/A |
| Buildings | 5,000 | Straight-line | 50 |
| Improvements other than buildings | 5,000 | Straight-line | 5-45 |
| Machinery and equipment | 5,000 | Straight-line | 5-20 |
| Infrastructure | 5,000 | Straight-line | 10-50 |
| Business-type activities (Utility): | | | |
| Land | 5,000 | N/A | N/A |
| Buildings | 5,000 | Straight-line | 25-50 |
| Improvements other than buildings | 5,000 | Straight-line | 50 |
| Machinery and equipment | 5,000 | Straight-line | 10-50 |

N/A = Not applicable

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

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

7. Compensated Absences

- a. Sick Leave – primary government employees earn sick leave at the rate of ten days per year. Unused sick leave may be accumulated to a maximum of ninety days. Upon termination, the City will pay for one-half of the employee's accumulated sick leave up to forty-five days, for employees hired after May 1986. Employees hired prior to May 1986 will be compensated in full for the first thirty days and one-half pay for the next thirty days.
- b. Vacation Leave – primary government employees earn vacation leave at rates from ten to twenty days per year based upon the number of years of service. No more than five days of accumulated vacation can be carried over from year to year. Accumulated vacation leave is paid to employees through cash payments upon termination.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

- c. Personal Leave – primary government employees earn personal leave at the rate of two days per year. Personal leave does not accumulate from year to year.

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

8. Long-Term Obligations

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

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

9. Fund Equity

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

On or before August 31, the City Clerk-Treasurer submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. In September of each year, the Common Council, through the passage of an ordinance, approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Clerk-Treasurer receives approval of the Indiana Department of Local Government Finance.

The primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. The Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may be at risk. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. All bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2006, the City had the following investments:

| Investment Type | Primary Government Fair Value | Investment Maturities (in Years) | | Duration |
|--------------------------------|--|----------------------------------|----------------|----------|
| | | Less Than 1 | More Than 2 | |
| Pension Relief Investment Pool | \$ 480,085 | \$ - | \$ - | 3.6 |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

At the option of the City, an additional distribution in a prior year of police and fire pension relief funds was held for investment in an external investment pool (Pension Relief Fund) by the Public Employees' Retirement Fund of Indiana (PERF). These deferred amounts invested in the fund are available to participating cities and towns at their request. The Pension Relief Fund is invested to a target of 70% fixed income debt instruments and 30% domestic stock. The fair value of the City's investment in the Fund is the same as the value of the pool shares. Domestic stock fair value as of December 31, 2006, was \$205,751. Responsibility of regulatory oversight for the pool is assumed by the PERF governing board, under direction by statute to "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." Utilizing external investment managers, the PERF Board diversifies such investments in accordance with prudent investment standards.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments that are uninsured and (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name. The City held no investments of this type.

Interest Rate Risk

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

Interest rate risk of the Pension Relief Fund's fixed income portfolio, using the duration approach, is 3.6.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

| Standard and Poor's Rating | Moody's Rating | <u>City's Investments</u> Pension Relief Investment Pool |
|----------------------------------|-------------------|--|
| AAA | Aaa | \$ 324,056 |
| AA | Aa | 26,885 |
| A | A | 76,814 |
| BBB | Baa | 49,449 |
| Unrated | Unrated | 2,881 |
| Total | | \$ 480,085 |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

C. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

| <u>Primary Government</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|----------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 12,543,013 | \$ 1,466,722 | \$ - | \$ 14,009,735 |
| Construction in progress | <u>3,255,212</u> | <u>4,775,478</u> | <u>5,061,323</u> | <u>2,969,367</u> |
| Total capital assets, not being depreciated | <u>15,798,225</u> | <u>6,242,200</u> | <u>5,061,323</u> | <u>16,979,102</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 15,426,823 | 372,334 | - | 15,799,157 |
| Improvements other than buildings | 3,060,100 | 1,137,837 | - | 4,197,937 |
| Machinery and equipment | 6,144,400 | 507,472 | 234,009 | 6,417,863 |
| Infrastructure being depreciated | <u>30,368,894</u> | <u>2,383,822</u> | <u>-</u> | <u>32,752,716</u> |
| Total capital assets, being depreciated | <u>55,000,217</u> | <u>4,401,465</u> | <u>234,009</u> | <u>59,167,673</u> |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

| <u>Primary Government</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| Capital assets, being depreciated (continued): | | | | |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,545,926 | 528,705 | - | 4,074,631 |
| Improvements other than buildings | 906,482 | 168,628 | - | 1,075,110 |
| Machinery and equipment | 4,134,023 | 441,925 | 213,829 | 4,362,119 |
| Infrastructure being depreciated | <u>11,109,926</u> | <u>1,033,606</u> | <u>-</u> | <u>12,143,532</u> |
| Total accumulated depreciation | <u>19,696,357</u> | <u>2,172,864</u> | <u>213,829</u> | <u>21,655,392</u> |
| Total capital assets, being depreciated, net | <u>35,303,860</u> | <u>2,228,601</u> | <u>20,180</u> | <u>37,512,281</u> |
| Total governmental activities capital assets, net | <u>\$ 51,102,085</u> | <u>\$ 8,470,801</u> | <u>\$ 5,081,503</u> | <u>\$ 54,491,383</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 593,385 | \$ - | \$ - | \$ 593,385 |
| Construction in progress | <u>605,478</u> | <u>1,783,348</u> | <u>-</u> | <u>2,388,826</u> |
| Total capital assets, not being depreciated | <u>1,198,863</u> | <u>1,783,348</u> | <u>-</u> | <u>2,982,211</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 21,158,876 | - | - | 21,158,876 |
| Improvements other than buildings | 30,102,505 | 794,021 | - | 30,896,526 |
| Machinery and equipment | <u>4,628,739</u> | <u>360,787</u> | <u>79,417</u> | <u>4,910,109</u> |
| Total capital assets, being depreciated | <u>55,890,120</u> | <u>1,154,808</u> | <u>79,417</u> | <u>56,965,511</u> |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

| <u>Primary Government</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Business-type activities (continued): | | | | |
| Capital assets, being depreciated (continued): | | | | |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,002,027 | 276,836 | - | 2,278,863 |
| Improvements other than buildings | 5,645,125 | 679,296 | - | 6,324,421 |
| Machinery and equipment | <u>2,357,730</u> | <u>284,709</u> | <u>43,438</u> | <u>2,599,001</u> |
| Total accumulated depreciation | <u>10,004,882</u> | <u>1,240,841</u> | <u>43,438</u> | <u>11,202,285</u> |
| Total capital assets, being depreciated, net | <u>45,885,238</u> | <u>(86,033)</u> | <u>35,979</u> | <u>45,763,226</u> |
| Total business-type activities capital assets, net | <u>\$ 47,084,101</u> | <u>\$ 1,697,315</u> | <u>\$ 35,979</u> | <u>\$ 48,745,437</u> |

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

| | |
|---|-------------------------|
| Governmental activities: | |
| General government | \$ 376,387 |
| Public safety | 281,548 |
| Highways and streets, including depreciation of general infrastructure assets | 922,548 |
| Sanitation | 52,738 |
| Culture and recreation | 516,095 |
| Economic development | <u>23,548</u> |
| Total depreciation expense - governmental activities | <u>\$ 2,172,864</u> |
| Business-type activities: | |
| Wastewater | <u>\$ 1,240,841</u> |
| Total depreciation expense - business-type activities | <u>\$ 1,240,841</u> |

D. Construction Commitments

Construction work in progress is composed of the following:

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

| Project | Total Project Authorized | Expended to December 31, 2006 | Committed | Required Future Funding |
|-------------------------------|--------------------------------|-------------------------------------|---------------------|-------------------------------|
| Governmental activities: | | | | |
| Tapawingo South Road | \$ 1,121,429 | \$ 864,146 | \$ 257,283 | \$ - |
| Sagamore West Phase II | 593,216 | 508,327 | 84,889 | - |
| Salisbury Street Phase I | 1,233,128 | 983,569 | 249,559 | - |
| Salisbury Street Phase II | 85,100 | 681 | 84,419 | - |
| Night Hawk Trail | 14,760 | 5,226 | 9,534 | - |
| Celery Bog Nature Enhancement | 71,726 | 47,489 | 24,237 | - |
| Celery Bog Deck and Boardwalk | 59,510 | 59,302 | 208 | - |
| Lincoln Park | 65,047 | 54,817 | 10,230 | - |
| Lindberg Road | 401,894 | 262,081 | 139,813 | - |
| Purdue Transportation Plan | 6,589 | 6,589 | - | - |
| Sycamore Lane | 14,999 | 14,999 | - | - |
| Wabash Landing Sculpture | 3,159 | 3,159 | - | - |
| Wabash Landing Garage Rehab | 195,350 | 7,500 | 187,850 | - |
| Cumberland Avenue Phase I | 159,735 | 9,735 | 150,000 | - |
| Fire Station #1 Rehab | 46,309 | 46,309 | - | - |
| Chauncey Square | 265,486 | 56,820 | 208,666 | - |
| Midway Landscape | 37,446 | 34,528 | 2,918 | - |
| City Hall Parking Lot | 2,750 | 2,750 | - | - |
| Heritage Trail Trolley Trail | 53,358 | 1,340 | 52,018 | - |
| Perimeter Parkway | 643,150 | - | 643,150 | - |
| Totals | <u>\$ 5,074,141</u> | <u>\$ 2,969,367</u> | <u>\$ 2,104,774</u> | <u>\$ -</u> |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

| <u>Project</u> | <u>Total Project Authorized</u> | <u>Expended to December 31, 2006</u> | <u>Committed</u> | <u>Required Future Funding</u> |
|-------------------------------|---|--|---------------------|--|
| Business-type activities: | | | | |
| Wastewater: | | | | |
| Western Interceptor | \$ 3,410,972 | \$ 1,505,761 | \$ 1,905,211 | \$ - |
| Digester | 1,138,888 | 784,860 | 354,028 | - |
| Northwestern Ave Improvement | 6,068 | 6,068 | - | - |
| Impervious Area Analysis | 15,870 | 13,059 | 2,811 | - |
| Green Meadows Lift Station | 77,900 | 16,130 | 61,770 | - |
| Barbarry Heights Lift Station | <u>70,000</u> | <u>62,948</u> | <u>7,052</u> | <u>-</u> |
| Totals | <u>\$ 4,719,698</u> | <u>\$ 2,388,826</u> | <u>\$ 2,330,872</u> | <u>\$ -</u> |

E. Interfund Balances

The composition of interfund balances as of December 31, 2006, is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|------------------|
| General | Wastewater Utility | <u>\$ 72,884</u> |

Interfund balances resulted from the time lag between the dates that (1) interfund loans are repaid; (2) interfund goods and services are provided or reimbursable expenditures occur; (3) transactions are recorded in the accounting system; and (4) payments between funds are made.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Interfund Transfers

Interfund transfers at December 31, 2006, were as follows:

| <u>Transfer From</u> | <u>Transfer To Nonmajor Governmental</u> | <u>Total</u> |
|---------------------------------|--|-------------------------|
| General Fund | \$ 100,000 | \$ 100,000 |
| Economic Development Income Tax | 480,000 | 480,000 |
| Nonmajor governmental | <u>6,322,836</u> | <u>6,322,836</u> |
| Totals | <u>\$ 6,902,836</u> | <u>\$ 6,902,836</u> |

The primary government typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the general fund to the debt service fund for current-year debt service requirements.

F. Long-Term Liabilities

1. Revenue Bonds

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

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Outstanding Principal</u> | <u>Bond Discount</u> | <u>Revenue Bonds, Net</u> |
|---|---------------------------|----------------------------------|--------------------------|-------------------------------|
| Parking garage - WL Redevelopment Authority | 4.00% to 5.25% | \$ 6,405,000 | \$ 78,798 | \$ 6,326,202 |
| Fire truck - WL Equipment Leasing Corporation | 3.2% to 4.5% | 355,000 | 4,628 | 350,372 |
| Infrastructure - WL Redevelopment Authority | 3.375% to 4.75% | 5,075,000 | 45,065 | 5,029,935 |
| Ross Enterprise Center - Redevelopment Commission | 4.00% to 5.10% | 3,930,000 | 50,575 | 3,879,425 |
| Police station - WL Building Corporation | 4.00% | <u>5,330,000</u> | <u>-</u> | <u>5,330,000</u> |
| Totals | | <u>\$ 21,095,000</u> | <u>\$ 179,066</u> | <u>\$ 20,915,934</u> |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

| Year Ended December 31 | <u>Governmental Activities</u> | |
|---------------------------|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2007 | \$ 1,250,000 | \$ 956,079 |
| 2008 | 1,300,000 | 902,685 |
| 2009 | 1,360,000 | 848,188 |
| 2010 | 1,425,000 | 787,400 |
| 2011 | 1,445,000 | 727,568 |
| 2012-2016 | 7,960,000 | 2,639,780 |
| 2017-2021 | 5,385,000 | 960,234 |
| 2021-2023 | <u>970,000</u> | <u>47,744</u> |
| Totals | <u>\$ 21,095,000</u> | <u>\$ 7,869,678</u> |

2. Loans Payable

The City has entered into five loans from the State Revolving Loan Fund for the expansion and renovation of wastewater facilities. Under the terms of the loans, funds are loaned to the City as planned construction costs are accrued to the maximum allowed under the loan. The 1994 loan established a maximum draw of \$19,950,000, the 1998 loan established a maximum draw of \$9,170,000, the 2001 loan established a maximum draw of \$7,000,000, the 2004 loan established a maximum draw of \$12,380,000 and the 2006(B) loan established a maximum draw of \$8,345,000. At December 31, 2006, the 1994 loan had been fully drawn and had an outstanding principal balance of \$11,445,000; the 1998 loan had drawn \$8,669,611 and had an outstanding principal balance of \$6,444,611; the 2001 loan had been fully drawn and had an outstanding principal balance of \$5,900,000; the 2004 loan had drawn \$1,414,100 and had an outstanding balance of \$1,414,100; and the 2006(B) loan had drawn \$216,179 and had an outstanding balance of \$216,179. Annual debt service requirements for the 1994 and 2001 loans are as follows. Annual debt service requirements for the 1998, 2004, and 2006(B) loans will not be determined until planned construction projects are completed.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

| Year Ended December 31 | Proprietary Activities | |
|---------------------------|------------------------|---------------------|
| | Principal | Interest |
| 2007 | \$ 1,295,000 | \$ 514,450 |
| 2008 | 1,335,000 | 475,895 |
| 2009 | 1,370,000 | 436,150 |
| 2010 | 1,410,000 | 395,360 |
| 2011 | 1,455,000 | 353,380 |
| 2012-2016 | 7,940,000 | 1,091,350 |
| 2014-2018 | 2,085,000 | 250,705 |
| 2019-2023 | 455,000 | 13,195 |
| Totals | <u>\$ 17,345,000</u> | <u>\$ 3,530,485</u> |

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

| <u>Primary Government</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|------------------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds | \$ 22,335,000 | \$ - | \$ 1,240,000 | \$ 21,095,000 | \$ 1,250,000 |
| Pension obligation | 8,637,850 | 1,245,700 | 2,137,433 | 7,746,117 | - |
| Compensated absences | 641,075 | 635,396 | 527,751 | 748,720 | 613,323 |
| Total governmental activities long-term liabilities | <u>\$ 31,613,925</u> | <u>\$ 1,881,096</u> | <u>\$ 3,905,184</u> | <u>\$ 29,589,837</u> | <u>\$ 1,863,323</u> |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

| <u>Primary Government</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|-------------------------|-------------------------|---------------------------|------------------------------------|
| Business-type activities: | | | | | |
| Loans payable | \$ 25,226,599 | \$ 1,843,291 | \$ 1,650,000 | \$ 25,419,890 | \$ 1,295,000 |
| Compensated absences | <u>123,764</u> | <u>106,367</u> | <u>100,892</u> | <u>129,239</u> | <u>83,806</u> |
| Total business-type activities long-term liabilities | <u>\$ 25,350,363</u> | <u>\$ 1,949,658</u> | <u>\$ 1,750,892</u> | <u>\$ 25,549,129</u> | <u>\$ 1,378,806</u> |

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

G. Restricted Assets

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

| | |
|---|-------------------------|
| Bond and interest - cash and cash equivalents | \$ 855,000 |
| Reserve - cash and cash equivalents | 2,633,355 |
| Equipment replacement - cash and cash equivalents | 2,278,754 |
| Interest receivable | <u>27,676</u> |
| Total restricted assets | <u>\$ 5,794,785</u> |

IV. Other Information

A. Risk Management

The primary government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Job Related Illnesses or Injuries to Employees

During 2004, the City joined with other governmental entities to participate in the Indiana Public Employers Plan, a public entity risk pool currently operating as a common risk management and insurance program for 860 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses and injuries. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Holding Corporation

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

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

C. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

The primary government contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute.

The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan. As provided by state statute, all administrative costs are paid from the fund.

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plans

| | <u>PERF</u> | <u>1925 Police Officers' Pension</u> | <u>1937 Firefighters' Pension</u> |
|---|---------------------|--|---|
| Annual required contribution | \$ 198,571 | \$ 661,000 | \$ 790,700 |
| Interest on net pension obligation | (15,577) | 477,500 | 498,100 |
| Adjustment to annual required contribution | <u>17,752</u> | <u>(578,300)</u> | <u>(603,300)</u> |
| Annual pension cost | 200,746 | 560,200 | 685,500 |
| Contributions made | <u>225,498</u> | <u>522,525</u> | <u>428,408</u> |
| Increase (decrease) in net pension obligation | (24,752) | 37,675 | 257,092 |
| Net pension obligation, beginning of year | <u>(214,862)</u> | <u>2,549,233</u> | <u>4,902,117</u> |
| Net pension obligation, end of year | <u>\$ (239,614)</u> | <u>\$ 2,586,908</u> | <u>\$ 5,159,209</u> |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

| | PERF | 1925 Police Officers' Pension | 1937 Firefighters' Pension |
|------------------------------------|--|--|--|
| Contribution rates: | | | |
| City | 5.75% | 2,387% | 305% |
| Plan members | 3% | 6% | 6% |
| Actuarial valuation date | 07-01-05 | 01-01-05 | 01-01-05 |
| 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 | 30 years | 30 years |
| Amortization period (from date) | 07-01-97 | 01-01-06 | 01-01-06 |
| Asset valuation method | 75% of expected actuarial value plus 25% of market value | 4 year phase in of unrealized and realized capital | 4 year phase in of unrealized and realized capital |

d. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

| <u>Assets</u> | 1925 Police Officers' Pension | 1937 Firefighters' Pension |
|---|-------------------------------------|----------------------------------|
| Cash and cash equivalents | \$ 148,194 | \$ 415,242 |
| Investments | 407,330 | 278,505 |
| Receivables: | | |
| Interest and dividends | 29,470 | 21,517 |
| Taxes | 2,967 | 3,159 |
| Intergovernmental | 2,489 | 2,651 |
| Total Assets | <u>\$ 590,450</u> | <u>\$ 721,074</u> |
| <u>Net Assets</u> | | |
| Held in trust for pension benefit obligations | <u>\$ 590,450</u> | <u>\$ 721,074</u> |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Statements of Changes in Fiduciary Net Assets:

| <u>Additions</u> | <u>1925 Police Officers' Pension</u> | <u>1937 Firefighters' Pension</u> |
|--|--|---|
| Contributions: | | |
| Employer | \$ 583,621 | \$ 517,951 |
| Plan members | - | 4,190 |
| Investment income: | | |
| Interest | <u>43,130</u> | <u>36,064</u> |
| Total additions | <u>626,751</u> | <u>558,205</u> |
| <u>Deductions</u> | | |
| Benefits and refunds paid to plan members and beneficiaries | 483,051 | 156,021 |
| Administrative expenses | <u>2,738</u> | <u>4,434</u> |
| Total deductions | <u>485,789</u> | <u>160,455</u> |
| Changes in net assets | 140,962 | 397,750 |
| Net assets - beginning | <u>449,488</u> | <u>323,324</u> |
| Net assets - ending | <u>\$ 590,450</u> | <u>\$ 721,074</u> |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

| Year Ending | PERF | | Net Pension Obligation |
|-------------|---------------------------------|-------------------------------------|------------------------------|
| | Annual Pension Cost (APC) | Percentage of APC Contributed | |
| 06-30-04 | 189,378 | 113% | (181,704) |
| 06-30-05 | 190,904 | 117% | (214,862) |
| 06-30-06 | 200,746 | 118% | (239,614) |

| Year Ending | 1925 Police Officers' Pension Plan | | Net Pension Obligation |
|-------------|------------------------------------|-------------------------------------|------------------------------|
| | Annual Pension Cost (APC) | Percentage of APC Contributed | |
| 12-31-03 | 728,100 | 112% | 2,289,388 |
| 12-31-04 | 705,900 | 63% | 2,549,233 |
| 12-31-05 | 560,200 | 93% | 2,586,908 |

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

| 1937 Firefighters' Pension Plan | | | |
|---------------------------------|---------------------------------|-------------------------------------|------------------------------|
| Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 12-31-03 | 873,600 | 59% | 4,308,489 |
| 12-31-04 | 859,500 | 31% | 4,902,117 |
| 12-31-05 | 685,500 | 62% | 5,159,209 |

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2006, was comprised of the following:

| | 1925 Police Officers' Pension | 1937 Firefighters' Pension |
|---|-------------------------------------|----------------------------------|
| Retires and beneficiaries currently receiving benefits | 30 | 20 |
| Current active employees | - | 4 |

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$714,403, \$690,817, and \$648,706, respectively, equal to the required contributions for each year.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST LAFAYETTE
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2006

| | General Fund | | | |
|---------------------------------|---------------------|---------------------|-----------------------------|------------------------------------|
| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 5,494,089 | \$ 5,494,089 | \$ 5,420,099 | \$ (73,990) |
| Licenses and permits | 86,420 | 86,545 | 84,023 | (2,522) |
| Intergovernmental | 2,108,841 | 2,304,904 | 2,277,780 | (27,124) |
| Charges for services | 1,006,680 | 1,012,656 | 1,052,049 | 39,393 |
| Fines and forfeits | 474,600 | 416,335 | 467,965 | 51,630 |
| Other | <u>235,975</u> | <u>303,554</u> | <u>326,655</u> | <u>23,101</u> |
| Total revenues | <u>9,406,605</u> | <u>9,618,083</u> | <u>9,628,571</u> | <u>10,488</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,790,880 | 2,780,628 | 2,576,857 | 203,771 |
| Public safety | 6,277,580 | 6,561,053 | 6,400,577 | 160,476 |
| Highways and streets | 293,570 | 302,313 | 265,344 | 36,969 |
| Sanitation | 680,690 | 688,778 | 631,137 | 57,641 |
| Urban redevelopment and housing | <u>282,220</u> | <u>285,978</u> | <u>275,180</u> | <u>10,798</u> |
| Total expenditures | <u>10,324,940</u> | <u>10,618,750</u> | <u>10,149,095</u> | <u>469,655</u> |
| Net change in fund balance | (918,335) | (1,000,667) | (520,524) | 480,143 |
| Fund balance - beginning | <u>2,553,307</u> | <u>2,553,307</u> | <u>2,553,307</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 1,634,972</u> | <u>\$ 1,552,640</u> | <u>\$ 2,032,783</u> | <u>\$ 480,143</u> |

The notes to required supplementary information are an integral part of required supplementary information.

CITY OF WEST LAFAYETTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2006

| | Roads Funds | | | | Parks and Recreation Funds | | | | Economic Development Income Tax | | | |
|-----------------------------|------------------|--------------|-------------------|------------------------|----------------------------|------------|-------------------|-------------|---------------------------------|--------------|-------------------|------------|
| | Budgeted Amounts | | Actual | Variance | Budgeted Amounts | | Actual | Variance | Budgeted Amounts | | Actual | Variance |
| | Original | Final | (Budgetary Basis) | Positive (Negative) | Original | Final | (Budgetary Basis) | (Negative) | Original | Final | (Budgetary Basis) | (Negative) |
| Revenues: | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 938,838 | \$ 938,838 | \$ 926,196 | \$ (12,642) | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 1,379,010 | 1,627,959 | 1,647,505 | 19,546 | 75,779 | 121,174 | 133,251 | 12,077 | 1,298,828 | 1,307,997 | 1,313,051 | 5,054 |
| Charges for services | 7,770 | 7,770 | 7,770 | - | 550,900 | 555,880 | 544,126 | (11,754) | - | - | - | - |
| Other | 201,000 | 276,038 | 305,451 | 29,413 | 17,800 | 111,547 | 137,631 | 26,084 | 60,000 | 91,021 | 104,357 | 13,336 |
| Total revenues | 1,587,780 | 1,911,767 | 1,960,726 | 48,959 | 1,583,317 | 1,727,439 | 1,741,204 | 13,765 | 1,358,828 | 1,399,018 | 1,417,408 | 18,390 |
| Expenditures: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| Highways and streets: | | | | | | | | | | | | |
| Personal services | 565,840 | 558,743 | 460,025 | 98,718 | - | - | - | - | 300,560 | 289,560 | 280,510 | 9,050 |
| Supplies | 439,500 | 443,169 | 350,951 | 92,218 | - | - | - | - | - | - | - | - |
| Other services and charges | 643,750 | 440,194 | 213,115 | 227,079 | - | - | - | - | 1,052,500 | 1,366,477 | 971,492 | 394,985 |
| Capital outlay | 533,193 | 938,515 | 1,190,080 | (251,565) | - | - | - | - | 45,000 | 485,532 | 349,630 | 135,902 |
| Culture and recreation: | | | | | | | | | | | | |
| Personal services | - | - | - | - | 1,088,630 | 1,046,630 | 1,025,078 | 21,552 | - | - | - | - |
| Supplies | - | - | - | - | 112,930 | 119,145 | 113,522 | 5,623 | - | - | - | - |
| Other services and charges | - | - | - | - | 552,940 | 1,128,935 | 550,903 | 578,032 | - | - | - | - |
| Capital outlay | - | - | - | - | 84,200 | 218,715 | 305,547 | (86,832) | - | - | - | - |
| Total expenditures | 2,182,283 | 2,380,621 | 2,214,171 | 166,450 | 1,838,700 | 2,513,425 | 1,995,050 | 518,375 | 1,398,060 | 2,141,569 | 1,601,632 | 539,937 |
| Net change in fund balances | (594,503) | (468,854) | (253,445) | 215,409 | (255,383) | (785,986) | (253,846) | 532,140 | (39,232) | (742,551) | (184,224) | 558,327 |
| Fund balances - beginning | 1,830,456 | 1,830,456 | 1,830,456 | - | 1,077,296 | 1,077,296 | 1,077,296 | - | 2,059,892 | 2,059,892 | 2,059,892 | - |
| Fund balances - ending | \$ 1,235,953 | \$ 1,361,602 | \$ 1,577,011 | \$ 215,409 | \$ 821,913 | \$ 291,310 | \$ 823,450 | \$ 532,140 | \$ 2,020,660 | \$ 1,317,341 | \$ 1,875,668 | \$ 558,327 |

The notes to the required supplementary information are an integral part of required supplementary information.

CITY OF WEST 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) | Unfunded AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|---|
| 07-01-04 | \$ 3,450,947 | \$ 3,805,859 | \$ (354,912) | 91% | \$ 3,302,701 | (11%) |
| 07-01-05 | 3,628,477 | 3,991,563 | (363,086) | 91% | 3,406,947 | (11%) |
| 07-01-06 | 3,845,973 | 4,207,818 | (361,845) | 91% | 3,788,451 | (10%) |

1925 Police Officers' Pension Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|---|
| 01-01-01 | \$ 409,075 | \$ 11,269,300 | \$ (10,860,225) | 4% | \$ 39,700 | (27,356%) |
| 01-01-02 | 379,149 | 9,459,600 | (9,080,451) | 4% | 41,100 | (22,094%) |
| 01-01-03 | 826,463 | 9,255,100 | (8,428,637) | 9% | 41,900 | (20,116%) |
| 01-01-04 | 728,217 | 9,287,200 | (8,558,983) | 8% | 43,000 | (19,905%) |
| 01-01-05 | 559,340 | 9,164,100 | (8,604,760) | 6% | 44,400 | (19,380%) |
| 01-01-06 | 449,488 | 8,987,500 | (8,538,012) | 5% | - | No Covered Payroll |

1937 Firefighters' Pension Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|---|
| 01-01-01 | \$ 409,175 | \$ 10,026,400 | \$ (9,617,225) | 4% | \$ 317,400 | (3,030%) |
| 01-01-02 | 295,192 | 10,235,200 | (9,940,008) | 3% | 328,500 | (3,026%) |
| 01-01-03 | 614,940 | 10,233,900 | (9,618,960) | 6% | 377,000 | (2,551%) |
| 01-01-04 | 523,030 | 10,120,100 | (9,597,070) | 5% | 302,000 | (3,178%) |
| 01-01-05 | 337,773 | 10,128,500 | (9,790,727) | 3% | 311,100 | (3,147%) |
| 01-01-06 | 323,324 | 9,641,900 | (9,318,576) | 3% | 272,000 | (3,426%) |

The notes to required supplementary information are an integral part of required supplementary information.

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

1925 Police Officers' Pension Plan

| Year Ending | Annual Required Contribution (ARC) | Percentage of ARC Contributed | |
|----------------|---|----------------------------------|-------|
| | | City | State |
| 12-31-00 | \$ 1,100,700 | 45% | 25% |
| 12-31-01 | 1,146,500 | 21% | 27% |
| 12-31-02 | 1,000,200 | 34% | 71% |
| 12-31-03 | 1,022,500 | 12% | 67% |
| 12-31-04 | 1,071,600 | 12% | 30% |
| 12-31-05 | 661,000 | 24% | 55% |

1937 Firefighters' Pension Plan

| Year Ending | Annual Required Contribution (ARC) | Percentage of ARC Contributed | |
|----------------|---|----------------------------------|-------|
| | | City | State |
| 12-31-00 | \$ 1,060,700 | 24% | 19% |
| 12-31-01 | 1,088,300 | 11% | 20% |
| 12-31-02 | 1,149,100 | 9% | 25% |
| 12-31-03 | 1,169,900 | 2% | 31% |
| 12-31-04 | 1,234,800 | 3% | 19% |
| 12-31-05 | 790,700 | 13% | 21% |

The notes to required supplementary information are an integral part of required supplementary information.

CITY OF WEST LAFAYETTE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2006

Note 1. Legal Compliance – Budgets

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

- A. The City Clerk-Treasurer submits to the Common Council a proposed operating budget for all city budgeted funds, except the Park Nonreverting Operating, the Levee/Village Redevelopment Commission and the KCB Redevelopment Commission funds, for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Prior to adoption, the city budgeted funds are advertised and public hearings are conducted by the Common Council to obtain taxpayer comments.
- C. In September of each year, the city budgeted funds for the next year are approved by the Common Council through the passage of an ordinance.
- D. In November of each year, the Park Board approves the budget of the Park Nonreverting Operating fund.
- E. The Redevelopment Commission authorizes the expenditures of the Levee/Village Redevelopment Commission and KCB Redevelopment Commission funds through additional appropriations adopted throughout the ensuing year.
- F. Copies of the budget ordinance for the city budgeted funds and the advertisements for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Clerk-Treasurer receives approval of the Indiana Department of Local Governmental Finance. The City's maximum tax levy is restricted by Indiana Law, with certain adjustments and exceptions. If the advertised budget, for funds for which property taxes are levied or for which highway use taxes are received, exceeds the spending and tax limits of the state control laws, an excess levy may be granted by the Indiana Department of Local Government Finance upon appeal by the City.
- G. The legal level of budgetary control is by object and department within the fund for the General Fund, and by object within the fund for all other budgeted funds. The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the relevant governing board. Any revisions to the appropriations for any fund or any department of the General Fund must be approved by the Common Council and, in some instances, by the Indiana Department of Local Government Finance.

CITY OF WEST LAFAYETTE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2006
(Continued)

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

Major Funds:

General Fund

Special revenue funds:

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

Nonmajor funds:

Special revenue funds:

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

Debt service funds:

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

Capital projects funds:

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

Pension trust funds:

Police Officers' Pension, Firefighters' Pension

I. Budgeted amounts are originally adopted or amended by the Common Council and approved by the Indiana Department of Local Government Finance for funds for which property taxes are levied or for which highway use taxes are received. The net effect of individual amendments to the budget increased the original appropriations by \$7,404,155. The final budgeted amounts were adjusted by the amounts of beginning and ending encumbrances in order to be comparable to the actual budget basis expenditures.

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

CITY OF WEST LAFAYETTE
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2006
 (Continued)

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

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

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

| | <u>General</u> | <u>Roads Funds</u> | <u>Parks and Recreation Funds</u> | <u>Economic Development Income Tax</u> |
|--|-------------------------|-------------------------|---|--|
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) | \$ (520,524) | \$ (253,445) | \$ (253,846) | \$ (184,224) |
| Adjustments: | | | | |
| To adjust revenues for accruals | (18,479) | 21,984 | 230 | (9,759) |
| To adjust expenditures for accruals | <u>(15,676)</u> | <u>13,815</u> | <u>104,770</u> | <u>(1,050)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (GAAP basis) | <u>\$ (554,679)</u> | <u>\$ (217,646)</u> | <u>\$ (148,846)</u> | <u>\$ (195,033)</u> |

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

SUPPLEMENTARY INFORMATION

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Major Governmental Funds

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

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

General Government:

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

Public Safety:

Fire Department
Police Department
Police Merit Commission

Highways and Streets:

City Engineer

Sanitation:

Sanitation Department

Urban Redevelopment and Housing:

Economic Development

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

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

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

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

CITY OF WEST LAFAYETTE
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
 GENERAL FUND
 For The Year Ended December 31, 2006

| Function and Department | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance- Positive (Negative) |
|----------------------------|--------------------|------------------|-----------------------------|-------------------------------------|
| General government: | | | | |
| Mayor: | | | | |
| Personal services | \$ 140,460 | \$ 140,460 | \$ 137,613 | \$ 2,847 |
| Other services and charges | 54,200 | 63,453 | 60,874 | 2,579 |
| Capital outlay | 1,000 | 1,000 | - | 1,000 |
| City Council: | | | | |
| Personal services | 34,080 | 34,080 | 34,080 | - |
| Other services and charges | 2,000 | 2,000 | - | 2,000 |
| Clerk-Treasurer: | | | | |
| Personal services | 1,513,170 | 1,374,484 | 1,335,750 | 38,734 |
| Supplies | 5,000 | 6,325 | 5,284 | 1,041 |
| Other services and charges | 374,900 | 368,371 | 277,064 | 91,307 |
| Capital outlay | 11,000 | 16,842 | 11,290 | 5,552 |
| City Hall: | | | | |
| Personal services | 24,100 | 24,100 | 23,275 | 825 |
| Supplies | 25,350 | 31,493 | 28,731 | 2,762 |
| Other services and charges | 113,000 | 145,582 | 129,782 | 15,800 |
| Capital outlay | 3,000 | 4,949 | 3,151 | 1,798 |
| City Court: | | | | |
| Personal services | 47,860 | 47,860 | 47,643 | 217 |
| Supplies | 1,300 | 2,143 | 1,629 | 514 |
| Other services and charges | 500 | 630 | 420 | 210 |
| City Attorney: | | | | |
| Personal services | 18,510 | 18,807 | 18,807 | - |
| Other services and charges | 66,250 | 125,250 | 121,228 | 4,022 |
| Capital outlay | 200 | 200 | - | 200 |
| City Services: | | | | |
| Other services and charges | 355,000 | 347,856 | 315,493 | 32,363 |
| Other General: | | | | |
| Other disbursements | - | 24,743 | 24,743 | - |
| Total general government | <u>2,790,880</u> | <u>2,780,628</u> | <u>2,576,857</u> | <u>203,771</u> |
| Public Safety: | | | | |
| Fire Department: | | | | |
| Personal services | 2,258,690 | 2,268,692 | 2,235,480 | 33,212 |
| Supplies | 34,900 | 40,218 | 33,088 | 7,130 |
| Other services and charges | 103,600 | 107,246 | 75,526 | 31,720 |
| Capital outlay | 15,500 | 37,399 | 34,794 | 2,605 |
| Police Department: | | | | |
| Personal services | 3,478,450 | 3,501,142 | 3,473,166 | 27,976 |
| Supplies | 175,400 | 203,648 | 183,364 | 20,284 |
| Other services and charges | 128,100 | 144,708 | 125,895 | 18,813 |
| Capital outlay | 65,500 | 112,274 | 106,318 | 5,956 |

Continued on next page

CITY OF WEST LAFAYETTE
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND
For The Year Ended December 31, 2006
(Continued)

| Function and Department | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance- Positive (Negative) |
|--|----------------------|----------------------|-----------------------------|-------------------------------------|
| Public Safety (continued): | | | | |
| Police Merit Commission: | | | | |
| Personal services | 2,040 | 2,059 | 2,040 | 19 |
| Supplies | 700 | 700 | 199 | 501 |
| Other services and charges | 14,700 | 42,967 | 30,707 | 12,260 |
| Other Public Safety: | | | | |
| Other disbursements - rainy day transfer | - | 100,000 | 100,000 | - |
| Total public safety | <u>6,277,580</u> | <u>6,561,053</u> | <u>6,400,577</u> | <u>160,476</u> |
| Highways and Streets: | | | | |
| City Engineer: | | | | |
| Personal services | 241,520 | 245,520 | 237,417 | 8,103 |
| Supplies | 11,250 | 11,634 | 5,546 | 6,088 |
| Other services and charges | 30,300 | 31,467 | 18,690 | 12,777 |
| Capital outlay | 10,500 | 13,692 | 3,691 | 10,001 |
| Total highways and streets | <u>293,570</u> | <u>302,313</u> | <u>265,344</u> | <u>36,969</u> |
| Sanitation: | | | | |
| Sanitation Department: | | | | |
| Personal services | 357,490 | 351,490 | 334,410 | 17,080 |
| Supplies | 59,500 | 101,500 | 92,706 | 8,794 |
| Other services and charges | 263,700 | 235,788 | 204,021 | 31,767 |
| Total sanitation | <u>680,690</u> | <u>688,778</u> | <u>631,137</u> | <u>57,641</u> |
| Urban Redevelopment and Housing: | | | | |
| Economic Development: | | | | |
| Personal services | 219,820 | 219,820 | 219,820 | - |
| Supplies | 8,500 | 9,621 | 8,095 | 1,526 |
| Other services and charges | 49,900 | 52,537 | 43,771 | 8,766 |
| Capital outlay | 4,000 | 4,000 | 3,494 | 506 |
| Total urban redevelopment and housing | <u>282,220</u> | <u>285,978</u> | <u>275,180</u> | <u>10,798</u> |
| Total general fund | <u>\$ 10,324,940</u> | <u>\$ 10,618,750</u> | <u>\$ 10,149,095</u> | <u>\$ 469,655</u> |

Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

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

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

Rainy Day – to account for transfers of funds representing unexpended appropriations of other funds. Funds are appropriated and expended for any purpose permitted by state statutes for other revenues of the City.

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

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

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

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

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

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

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

DHS Firefighter Assistance Grant – to account for U.S. Department of Homeland Security assistance to firefighters grant awards for fire safety purposes.

Nonmajor Governmental Funds

(Continued)

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

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

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

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

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

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

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

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

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

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

Police Building Construction – to account for expenditures related to the constructing and equipping of a new police station. Funding is provided from the sale of city property and accumulated earnings.

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

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

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

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

CITY OF WEST LAFAYETTE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2006

| <u>Assets</u> | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Totals |
|---|--------------------------------------|-----------------------------------|---------------------------------------|----------------------|
| Cash and cash equivalents | \$ 3,550,498 | \$ 40,909 | \$ 2,907,645 | \$ 6,499,052 |
| Cash with fiscal agent | - | 1,454,298 | 4,957,748 | 6,412,046 |
| Receivables (net of allowances for uncollectibles): | | | | |
| Interest | 7,648 | 5,911 | 34,135 | 47,694 |
| Taxes | - | 1,027 | 51,490 | 52,517 |
| Accounts | 2,598 | - | - | 2,598 |
| Intergovernmental | - | 862 | 64,602 | 65,464 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 3,560,744</u> | <u>\$ 1,503,007</u> | <u>\$ 8,015,620</u> | <u>\$ 13,079,371</u> |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 16,623 | \$ - | \$ 9,972 | \$ 26,595 |
| Accrued interest payable | - | 297,493 | 116,362 | 413,855 |
| Deferred revenue: | | | | |
| Unavailable | - | 1,889 | 64,017 | 65,906 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>16,623</u> | <u>299,382</u> | <u>190,351</u> | <u>506,356</u> |
| Fund balances: | | | | |
| Unreserved, reported in: | | | | |
| Special revenue funds | 3,544,121 | - | - | 3,544,121 |
| Debt service funds | - | 1,203,625 | - | 1,203,625 |
| Capital projects funds | - | - | 7,825,269 | 7,825,269 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>3,544,121</u> | <u>1,203,625</u> | <u>7,825,269</u> | <u>12,573,015</u> |
| Total liabilities and fund balances | <u>\$ 3,560,744</u> | <u>\$ 1,503,007</u> | <u>\$ 8,015,620</u> | <u>\$ 13,079,371</u> |

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Totals |
|--|--------------------------------------|-----------------------------------|---------------------------------------|----------------------|
| Revenues: | | | | |
| Taxes | \$ - | \$ 3,516,192 | \$ 487,378 | \$ 4,003,570 |
| Licenses and permits | 1,235 | - | - | 1,235 |
| Intergovernmental | 984,250 | 6,097 | 307,596 | 1,297,943 |
| Charges for services | 28,529 | - | - | 28,529 |
| Fines and forfeits | 9,593 | - | - | 9,593 |
| Other | 98,863 | 64,747 | 379,853 | 543,463 |
| Total revenues | 1,122,470 | 3,587,036 | 1,174,827 | 5,884,333 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 6,512 | - | - | 6,512 |
| Public safety | 708,441 | 1,900 | - | 710,341 |
| Economic development | 305,708 | 4,681 | - | 310,389 |
| Culture and recreation | - | 4,040 | - | 4,040 |
| Debt service: | | | | |
| Principal | - | 1,025,000 | 215,000 | 1,240,000 |
| Interest | - | 713,627 | 260,380 | 974,007 |
| Capital outlay | - | - | 2,720,573 | 2,720,573 |
| Total expenditures | 1,020,661 | 1,749,248 | 3,195,953 | 5,965,862 |
| Excess (deficiency) of revenues (over) under expenditures | 101,809 | 1,837,788 | (2,021,126) | (81,529) |
| Other financing sources (uses): | | | | |
| Transfers in | 3,543,876 | 1,619,188 | 1,739,772 | 6,902,836 |
| Transfers out | (2,878,960) | (3,437,867) | (6,009) | (6,322,836) |
| Total other financing sources (uses) | 664,916 | (1,818,679) | 1,733,763 | 580,000 |
| Net change in fund balances | 766,725 | 19,109 | (287,363) | 498,471 |
| Fund balances - beginning | 2,777,396 | 1,184,516 | 8,112,632 | 12,074,544 |
| Fund balances - ending | \$ 3,544,121 | \$ 1,203,625 | \$ 7,825,269 | \$ 12,573,015 |

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2006

| <u>Assets</u> | Clerk's Records Perpetuation | Fire Fighting | Community Development Block Grant | 500 Brown Street Brownfields Grant | Local Law Enforcement Block Grant | Public Safety | Law Enforcement Continuing Education |
|---|------------------------------------|------------------|---|--|---|------------------|--|
| Cash and cash equivalents | \$ 16,177 | \$ 54,517 | \$ 2,001 | \$ 255 | \$ 244 | \$ 10,046 | \$ 10,163 |
| Receivables (net of allowances for uncollectibles): | | | | | | | |
| Interest | 75 | 254 | - | 1 | 1 | 56 | 44 |
| Accounts | 1,176 | - | - | - | - | - | 1,422 |
| Total assets | \$ 17,428 | \$ 54,771 | \$ 2,001 | \$ 256 | \$ 245 | \$ 10,102 | \$ 11,629 |
| <u>Liabilities and Fund Balances</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 14,060 | \$ - | \$ - | \$ 43 | \$ 2,520 |
| Total liabilities | - | - | 14,060 | - | - | 43 | 2,520 |
| Fund balances: | | | | | | | |
| Unreserved, reported in: | | | | | | | |
| Special revenue funds | 17,428 | 54,771 | (12,059) | 256 | 245 | 10,059 | 9,109 |
| Total liabilities and fund balances | \$ 17,428 | \$ 54,771 | \$ 2,001 | \$ 256 | \$ 245 | \$ 10,102 | \$ 11,629 |

Continued on next page

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2006
 (Continued)

| <u>Assets</u> | Police Unclaimed Property | Donation | Credit Card Fees | Rainy Day | 426 Brown Street Brownfields Grant | Police Station Nonreverting | Levee/Village Allocation |
|---|---------------------------------|-------------|---------------------|-------------|--|-----------------------------------|-----------------------------|
| Cash and cash equivalents | \$ 2,302 | \$ - | \$ 583 | \$ - | \$ 105 | \$ 85,345 | \$ 1,183,693 |
| Receivables (net of allowances for uncollectibles): | | | | | | | |
| Interest | 11 | - | - | - | - | 397 | 1,297 |
| Accounts | - | - | - | - | - | - | - |
| Total assets | \$ 2,313 | \$ - | \$ 583 | \$ - | \$ 105 | \$ 85,742 | \$ 1,184,990 |
| <u>Liabilities and Fund Balances</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total liabilities | - | - | - | - | - | - | - |
| Fund balances: | | | | | | | |
| Unreserved, reported in: | | | | | | | |
| Special revenue funds | 2,313 | - | 583 | - | 105 | 85,742 | 1,184,990 |
| Total liabilities and fund balances | \$ 2,313 | \$ - | \$ 583 | \$ - | \$ 105 | \$ 85,742 | \$ 1,184,990 |

Continued on next page

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2006
 (Continued)

| <u>Assets</u> | KCB Allocation | Certified Technology Park | Certified Technology Grant | Fire Safety | DHS Firefighter Assistance Grant | Totals |
|---|----------------------------|---------------------------------|----------------------------------|------------------------|-------------------------------------|----------------------------|
| Cash and cash equivalents | \$ 1,475,030 | \$ 704,804 | \$ 357 | \$ 4,876 | \$ - | \$ 3,550,498 |
| Receivables (net of allowances for uncollectibles): | | | | | | |
| Interest | 2,205 | 3,282 | 2 | 23 | - | 7,648 |
| Accounts | - | - | - | - | - | 2,598 |
| Total assets | <u>\$ 1,477,235</u> | <u>\$ 708,086</u> | <u>\$ 359</u> | <u>\$ 4,899</u> | <u>\$ -</u> | <u>\$ 3,560,744</u> |
| <u>Liabilities and Fund Balances</u> | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 16,623 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>16,623</u> |
| Fund balances: | | | | | | |
| Unreserved, reported in: | | | | | | |
| Special revenue funds | 1,477,235 | 708,086 | 359 | 4,899 | - | 3,544,121 |
| Total liabilities and fund balances | <u>\$ 1,477,235</u> | <u>\$ 708,086</u> | <u>\$ 359</u> | <u>\$ 4,899</u> | <u>\$ -</u> | <u>\$ 3,560,744</u> |

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2006

| <u>Assets</u> | <u>Fire Truck Acquisition</u> | <u>Wabash Landing Parking Garage Bonds</u> | <u>Infrastructure Bonds</u> | <u>Redevelopment Commission 2005</u> | <u>Totals</u> |
|---|-----------------------------------|--|---------------------------------|--|----------------------------|
| Cash and cash equivalents | \$ 40,909 | \$ - | \$ - | \$ - | \$ 40,909 |
| Cash with fiscal agent | 54,725 | 676,874 | 662,039 | 60,660 | 1,454,298 |
| Receivables (net of allowances for uncollectibles): | | | | | |
| Interest | 276 | 2,722 | 2,670 | 243 | 5,911 |
| Taxes | 1,027 | - | - | - | 1,027 |
| Intergovernmental | 862 | - | - | - | 862 |
| Total assets | <u>\$ 97,799</u> | <u>\$ 679,596</u> | <u>\$ 664,709</u> | <u>\$ 60,903</u> | <u>\$ 1,503,007</u> |
| <u>Liabilities and Fund Balances</u> | | | | | |
| Liabilities: | | | | | |
| Accrued interest payable | \$ 6,929 | \$ 130,374 | \$ 93,090 | \$ 67,100 | \$ 297,493 |
| Deferred revenue: | | | | | |
| Unavailable | 1,889 | - | - | - | 1,889 |
| Total liabilities | <u>8,818</u> | <u>130,374</u> | <u>93,090</u> | <u>67,100</u> | <u>299,382</u> |
| Fund balances: | | | | | |
| Unreserved, reported in: | | | | | |
| Debt service funds | 88,981 | 549,222 | 571,619 | (6,197) | 1,203,625 |
| Total liabilities and fund balances | <u>\$ 97,799</u> | <u>\$ 679,596</u> | <u>\$ 664,709</u> | <u>\$ 60,903</u> | <u>\$ 1,503,007</u> |

CITY OF WEST LAFAYETTE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2006

| <u>Assets</u> | Sagamore Parkway TIF | Build Indiana Wabash Landing | Cumulative Building and Fire Fighting Equipment | Cumulative Capital Improvement | Police Building Construction | Levee Village Redevelopment Commission | KCB Redevelopment Commission | Cumulative Capital Development | West Lafayette Building Corporation | Totals |
|---|-------------------------|---------------------------------|--|--------------------------------------|------------------------------------|--|------------------------------------|--------------------------------------|---|---------------------|
| Cash and cash equivalents | \$ 405,796 | \$ 52,754 | \$ 53,025 | \$ 99,084 | \$ - | \$ - | \$ - | \$ 2,296,986 | \$ - | \$ 2,907,645 |
| Cash with fiscal agent | - | - | - | - | - | 1,092,146 | 3,590,129 | - | 275,473 | 4,957,748 |
| Receivables (net of allowances for uncollectibles): | | | | | | | | | | |
| Interest | 2,030 | 246 | 230 | 461 | - | 5,090 | 15,401 | 10,399 | 278 | 34,135 |
| Taxes | 1,924 | - | 372 | - | - | 19,474 | 25,623 | 4,097 | - | 51,490 |
| Intergovernmental | - | - | 313 | 8,776 | - | 49,544 | - | 5,969 | - | 64,602 |
| Total assets | \$ 409,750 | \$ 53,000 | \$ 53,940 | \$ 108,321 | \$ - | \$ 1,166,254 | \$ 3,631,153 | \$ 2,317,451 | \$ 275,751 | \$ 8,015,620 |
| <u>Liabilities and Fund Balances</u> | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 837 | \$ 2,041 | \$ - | \$ - | \$ - | \$ 7,094 | \$ - | \$ 9,972 |
| Accrued interest payable | - | - | - | - | - | - | - | - | 116,362 | 116,362 |
| Deferred revenue: | | | | | | | | | | |
| Unavailable | 1,924 | - | 685 | 8,776 | - | 19,474 | 25,623 | 7,535 | - | 64,017 |
| Total liabilities | 1,924 | - | 1,522 | 10,817 | - | 19,474 | 25,623 | 14,629 | 116,362 | 190,351 |
| Fund balances: | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Capital projects funds | 407,826 | 53,000 | 52,418 | 97,504 | - | 1,146,780 | 3,605,530 | 2,302,822 | 159,389 | 7,825,269 |
| Total liabilities and fund balances | \$ 409,750 | \$ 53,000 | \$ 53,940 | \$ 108,321 | \$ - | \$ 1,166,254 | \$ 3,631,153 | \$ 2,317,451 | \$ 275,751 | \$ 8,015,620 |

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2006

| | Clerk's Records Perpetuation | Fire Fighting | Community Development Block Grant | 500 Brown Street Brownfields Grant | Local Law Enforcement Block Grant | Public Safety | Law Enforcement Continuing Education |
|--|------------------------------------|------------------|---|--|---|------------------|--|
| Revenues: | | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,235 |
| Intergovernmental | - | - | 297,148 | - | - | 11,160 | - |
| Charges for services | 1,054 | 14,309 | - | - | - | - | 7,032 |
| Fines and forfeits | 1,176 | - | - | - | - | - | 8,417 |
| Other | 773 | 2,583 | - | 23 | 12 | 14,492 | 482 |
| Total revenues | 3,003 | 16,892 | 297,148 | 23 | 12 | 25,652 | 17,166 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | 27,189 | 18,930 |
| Economic development | - | - | 305,708 | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Total expenditures | - | - | 305,708 | - | - | 27,189 | 18,930 |
| Excess (deficiency) of revenues over (under) expenditures | 3,003 | 16,892 | (8,560) | 23 | 12 | (1,537) | (1,764) |
| Other financing sources: | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - | - | - |
| Net change in fund balances | 3,003 | 16,892 | (8,560) | 23 | 12 | (1,537) | (1,764) |
| Fund balances - beginning | 14,425 | 37,879 | (3,499) | 233 | 233 | 11,596 | 10,873 |
| Fund balances - ending | \$ 17,428 | \$ 54,771 | \$ (12,059) | \$ 256 | \$ 245 | \$ 10,059 | \$ 9,109 |

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2006
 (Continued)

| | Police Unclaimed Property | Donation | Credit Card Fees | Rainy Day | 426 Brown Street Brownfields Grant | Police Station Nonreverting | Levee/Village Allocation |
|--|------------------------------|-------------|---------------------|------------------|--|-----------------------------------|-----------------------------|
| Revenues: | | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | 6,134 | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Other | 230 | 575 | - | 6,290 | 6 | 7,962 | 14,774 |
| Total revenues | 230 | 575 | 6,134 | 6,290 | 6 | 7,962 | 14,774 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | 6,512 | - | - | - | - |
| Public safety | 2,095 | 575 | - | 427,116 | - | 230,332 | - |
| Economic development | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Total expenditures | 2,095 | 575 | 6,512 | 427,116 | - | 230,332 | - |
| Excess (deficiency) of revenues over (under) expenditures | (1,865) | - | (378) | (420,826) | 6 | (222,370) | 14,774 |
| Other financing sources: | | | | | | | |
| Transfers in | - | - | - | 100,000 | - | 6,009 | 1,484,574 |
| Transfers out | - | - | - | - | - | - | (1,288,450) |
| Total other financing sources | - | - | - | 100,000 | - | 6,009 | 196,124 |
| Net change in fund balances | (1,865) | - | (378) | (320,826) | 6 | (216,361) | 210,898 |
| Fund balances - beginning | 4,178 | - | 961 | 320,826 | 99 | 302,103 | 974,092 |
| Fund balances - ending | \$ 2,313 | \$ - | \$ 583 | \$ - | \$ 105 | \$ 85,742 | \$ 1,184,990 |

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2006
 (Continued)

| | KCB Allocation | Certified Technology Park | Certified Technology Grant | Fire Safety | DHS Firefighter Assistance Grant | Totals |
|--|---------------------|---------------------------------|----------------------------------|-----------------|-------------------------------------|---------------------|
| Revenues: | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,235 |
| Intergovernmental | - | 675,942 | - | - | - | 984,250 |
| Charges for services | - | - | - | - | - | 28,529 |
| Fines and forfeits | - | - | - | - | - | 9,593 |
| Other | 24,314 | 22,066 | 19 | 4,262 | - | 98,863 |
| Total revenues | 24,314 | 698,008 | 19 | 4,262 | - | 1,122,470 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | 6,512 |
| Public safety | - | - | - | 2,101 | 103 | 708,441 |
| Economic development | - | - | - | - | - | 305,708 |
| Culture and recreation | - | - | - | - | - | - |
| Total expenditures | - | - | - | 2,101 | 103 | 1,020,661 |
| Excess (deficiency) of revenues over (under) expenditures | 24,314 | 698,008 | 19 | 2,161 | (103) | 101,809 |
| Other financing sources: | | | | | | |
| Transfers in | 1,953,293 | - | - | - | - | 3,543,876 |
| Transfers out | (1,590,510) | - | - | - | - | (2,878,960) |
| Total other financing sources | 362,783 | - | - | - | - | 664,916 |
| Net change in fund balances | 387,097 | 698,008 | 19 | 2,161 | (103) | 766,725 |
| Fund balances - beginning | 1,090,138 | 10,078 | 340 | 2,738 | 103 | 2,777,396 |
| Fund balances - ending | \$ 1,477,235 | \$ 708,086 | \$ 359 | \$ 4,899 | \$ - | \$ 3,544,121 |

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2006

| | Fire Truck Acquisition | Wabash Landing Parking Garage Bonds | Infrastructure Bonds | Redevelopment Commission 2005 | Totals |
|---|---------------------------|---|-------------------------|-------------------------------------|---------------------|
| Revenues: | | | | | |
| Taxes | \$ 78,325 | \$ 1,484,574 | \$ 1,953,293 | \$ - | \$ 3,516,192 |
| Intergovernmental | 6,097 | - | - | - | 6,097 |
| Other | 2,779 | 29,847 | 29,418 | 2,703 | 64,747 |
| Total revenues | <u>87,201</u> | <u>1,514,421</u> | <u>1,982,711</u> | <u>2,703</u> | <u>3,587,036</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public safety | 1,900 | - | - | - | 1,900 |
| Economic development | - | 2,125 | - | 2,556 | 4,681 |
| Culture and recreation | - | - | 4,040 | - | 4,040 |
| Debt service: | | | | | |
| Principal | 70,000 | 280,000 | 375,000 | 300,000 | 1,025,000 |
| Interest | 15,903 | 316,631 | 227,993 | 153,100 | 713,627 |
| Total expenditures | <u>87,803</u> | <u>598,756</u> | <u>607,033</u> | <u>455,656</u> | <u>1,749,248</u> |
| Excess of revenues over expenditures | <u>(602)</u> | <u>915,665</u> | <u>1,375,678</u> | <u>(452,953)</u> | <u>1,837,788</u> |
| Other financing sources: | | | | | |
| Transfers in | - | 586,180 | 595,308 | 437,700 | 1,619,188 |
| Transfers out | - | (1,484,574) | (1,953,293) | - | (3,437,867) |
| Total other financing uses | <u>-</u> | <u>(898,394)</u> | <u>(1,357,985)</u> | <u>437,700</u> | <u>(1,818,679)</u> |
| Net change in fund balances | <u>(602)</u> | <u>17,271</u> | <u>17,693</u> | <u>(15,253)</u> | <u>19,109</u> |
| Fund balances - beginning | <u>89,583</u> | <u>531,951</u> | <u>553,926</u> | <u>9,056</u> | <u>1,184,516</u> |
| Fund balances - ending | <u>\$ 88,981</u> | <u>\$ 549,222</u> | <u>\$ 571,619</u> | <u>\$ (6,197)</u> | <u>\$ 1,203,625</u> |

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2006

| | Sagamore Parkway TIF | Build Indiana Wabash Landing | Cumulative Building and Fire Fighting Equipment | Cumulative Capital Improvement | Police Building Construction | Levee Village Redevelopment Commission | KCB Redevelopment Commission | Cumulative Capital Development | West Lafayette Building Corporation | Totals |
|--|-------------------------|---------------------------------|--|--------------------------------------|------------------------------------|--|------------------------------------|--------------------------------------|---|---------------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 146,664 | \$ - | \$ 28,393 | \$ - | \$ - | \$ - | \$ - | \$ 312,321 | \$ - | \$ 487,378 |
| Intergovernmental | - | - | 2,210 | 102,810 | - | 174,759 | - | 27,817 | - | 307,596 |
| Other | 28,135 | 2,689 | 2,483 | 23,008 | 23 | 62,092 | 156,326 | 101,672 | 3,425 | 379,853 |
| Total revenues | 174,799 | 2,689 | 33,086 | 125,818 | 23 | 236,851 | 156,326 | 441,810 | 3,425 | 1,174,827 |
| Expenditures: | | | | | | | | | | |
| Debt service: | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | 215,000 | 215,000 |
| Interest | - | - | - | - | - | - | - | - | 260,380 | 260,380 |
| Capital outlay | 265,387 | - | 17,133 | 154,207 | - | 1,663,426 | 337,552 | 235,485 | 47,383 | 2,720,573 |
| Total expenditures | 265,387 | - | 17,133 | 154,207 | - | 1,663,426 | 337,552 | 235,485 | 522,763 | 3,195,953 |
| Excess (deficiency) of revenues over (under) expenditures | (90,588) | 2,689 | 15,953 | (28,389) | 23 | (1,426,575) | (181,226) | 206,325 | (519,338) | (2,021,126) |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | - | - | - | - | - | 702,270 | 557,502 | - | 480,000 | 1,739,772 |
| Transfers out | - | - | - | - | (6,009) | - | - | - | - | (6,009) |
| Total other financing sources (uses) | - | - | - | - | (6,009) | 702,270 | 557,502 | - | 480,000 | 1,733,763 |
| Net change in fund balances | (90,588) | 2,689 | 15,953 | (28,389) | (5,986) | (724,305) | 376,276 | 206,325 | (39,338) | (287,363) |
| Fund balances - beginning | 498,414 | 50,311 | 36,465 | 125,893 | 5,986 | 1,871,085 | 3,229,254 | 2,096,497 | 198,727 | 8,112,632 |
| Fund balances - ending | \$ 407,826 | \$ 53,000 | \$ 52,418 | \$ 97,504 | \$ - | \$ 1,146,780 | \$ 3,605,530 | \$ 2,302,822 | \$ 159,389 | \$ 7,825,269 |

CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

| | Fire Fighting | | | | Community Development Block Grant | | | | Law Enforcement Continuing Education | | | |
|-----------------------------|------------------|-----------|-----------------------------|------------------------------------|-----------------------------------|-------------|-----------------------------|------------------------------------|--------------------------------------|----------|-----------------------------|------------------------------------|
| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) |
| | Original | Final | | | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - | - | - | 400 | 700 | 1,235 | 535 |
| Intergovernmental | - | - | - | - | - | 297,148 | 297,148 | - | - | - | - | - |
| Charges for services | 14,000 | 14,309 | 14,309 | - | - | - | - | - | 5,950 | 5,650 | 7,032 | 1,382 |
| Fines and forfeits | - | - | - | - | - | - | - | - | 8,000 | 8,700 | 6,995 | (1,705) |
| Other | 900 | 1,988 | 2,470 | 482 | - | - | - | - | 300 | 435 | 478 | 43 |
| Total revenues | 14,900 | 16,297 | 16,779 | 482 | - | 297,148 | 297,148 | - | 14,650 | 15,485 | 15,740 | 255 |
| Expenditures: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| Public safety | | | | | | | | | | | | |
| Supplies | - | - | - | - | - | - | - | - | 600 | 600 | - | 600 |
| Other services and charges | - | - | - | - | - | - | - | - | 17,000 | 17,050 | 16,410 | 640 |
| Capital outlay | 6,000 | 6,000 | - | 6,000 | - | - | - | - | - | - | - | - |
| Economic Development | | | | | | | | | | | | |
| Personal services | - | - | - | - | - | 39,903 | 39,903 | - | - | - | - | - |
| Supplies | - | - | - | - | - | 8 | 8 | - | - | - | - | - |
| Other services and charges | - | - | - | - | 52,240 | 298,585 | 281,668 | 16,917 | - | - | - | - |
| Total expenditures | 6,000 | 6,000 | - | 6,000 | 52,240 | 338,496 | 321,579 | 16,917 | 17,600 | 17,650 | 16,410 | 1,240 |
| Net change in fund balances | 8,900 | 10,297 | 16,779 | 6,482 | (52,240) | (41,348) | (24,431) | 16,917 | (2,950) | (2,165) | (670) | 1,495 |
| Fund balances - beginning | 37,738 | 37,738 | 37,738 | - | 26,432 | 26,432 | 26,432 | - | 10,833 | 10,833 | 10,833 | - |
| Fund balances - ending | \$ 46,638 | \$ 48,035 | \$ 54,517 | \$ 6,482 | \$ (25,808) | \$ (14,916) | \$ 2,001 | \$ 16,917 | \$ 7,883 | \$ 8,668 | \$ 10,163 | \$ 1,495 |

| | Police Station Nonreverting | | | | Rainy Day | | | | Fire Truck Acquisition | | | |
|-----------------------------|-----------------------------|-----------|-----------------------------|------------------------------------|------------------|-----------|-----------------------------|------------------------------------|------------------------|-----------|-----------------------------|------------------------------------|
| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) |
| | Original | Final | | | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 79,397 | \$ 79,397 | \$ 78,325 | \$ (1,072) |
| Intergovernmental | - | - | - | - | - | - | - | - | 6,408 | 6,408 | 6,097 | (311) |
| Other | - | 14,869 | 14,869 | - | 4,000 | 107,868 | 107,483 | (385) | 1,200 | 2,308 | 2,739 | 431 |
| Total revenues | - | 14,869 | 14,869 | - | 4,000 | 107,868 | 107,483 | (385) | 87,005 | 88,113 | 87,161 | (952) |
| Expenditures: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| Public safety: | | | | | | | | | | | | |
| Other services and charges | - | 350,633 | 272,633 | 78,000 | 320,000 | 427,500 | 427,116 | 384 | 86,742 | 89,039 | 89,039 | - |
| Total expenditures | - | 350,633 | 272,633 | 78,000 | 320,000 | 427,500 | 427,116 | 384 | 86,742 | 89,039 | 89,039 | - |
| Net change in fund balances | - | (335,764) | (257,764) | 78,000 | (316,000) | (319,632) | (319,633) | (1) | 263 | (926) | (1,878) | (952) |
| Fund balances - beginning | 343,109 | 343,109 | 343,109 | - | 319,633 | 319,633 | 319,633 | - | 97,512 | 97,512 | 97,512 | - |
| Fund balances - ending | \$ 343,109 | \$ 7,345 | \$ 85,345 | \$ 78,000 | \$ 3,633 | \$ 1 | \$ - | \$ (1) | \$ 97,775 | \$ 96,586 | \$ 95,634 | \$ (952) |

CITY OF WEST LAFAYETTE
BUDGETARY COMPARISON SCHEDULES
OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

| | Infrastructure Bonds | | | | Cumulative Capital Development | | | |
|---|----------------------|--------------------|-----------------------------|------------------------------------|--------------------------------|---------------------|-----------------------------|------------------------------------|
| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ 1,953,293 | \$ 1,953,293 | \$ - | \$ 316,585 | \$ 316,585 | \$ 312,322 | \$ (4,263) |
| Intergovernmental | - | - | - | - | 1,318,698 | 1,324,088 | 1,322,845 | (1,243) |
| Other | - | 28,654 | 28,654 | - | 35,000 | 91,000 | 94,326 | 3,326 |
| Total revenues | - | 1,981,947 | 1,981,947 | - | 1,670,283 | 1,731,673 | 1,729,493 | (2,180) |
| Expenditures: | | | | | | | | |
| General government | | | | | | | | |
| Personal services | - | - | - | - | 48,000 | 60,548 | 60,487 | 61 |
| Supplies | - | - | - | - | 84,000 | 52,771 | 37,313 | 15,458 |
| Other services and charges | - | 612,697 | 612,697 | - | 173,570 | 236,586 | 200,198 | 36,388 |
| Culture and recreation | | | | | | | | |
| Capital outlay | - | 181,808 | - | 181,808 | - | - | - | - |
| Total expenditures | - | 794,505 | 612,697 | 181,808 | 305,570 | 349,905 | 297,998 | 51,907 |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | 595,308 | 595,308 | - | - | - | - | - |
| Transfers out | - | (1,953,293) | (1,953,293) | - | - | - | - | - |
| Total other financing sources (uses) | - | (1,357,985) | (1,357,985) | - | - | - | - | - |
| Net change in fund balances | - | (170,543) | 11,265 | 181,808 | 1,364,713 | 1,381,768 | 1,431,495 | 49,727 |
| Fund balances - beginning | 650,774 | 650,774 | 650,774 | - | 865,491 | 865,491 | 865,491 | - |
| Fund balances - ending | \$ 650,774 | \$ 480,231 | \$ 662,039 | \$ 181,808 | \$ 2,230,204 | \$ 2,247,259 | \$ 2,296,986 | \$ 49,727 |

Fiduciary Funds

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

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

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

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

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

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

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

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

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

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 December 31, 2006

| <u>Assets</u> | Pension Trust Funds | | |
|-----------------------------|---------------------|--------------------------|--------------|
| | Police Pension | Firefighter's Pension | Totals |
| Cash and cash equivalents | \$ 148,194 | \$ 415,242 | \$ 563,436 |
| Investments | 407,330 | 278,505 | 685,835 |
| Receivables: | | | |
| Interest and dividends | 29,470 | 21,517 | 50,987 |
| Taxes | 2,967 | 3,159 | 6,126 |
| Intergovernmental | 2,489 | 2,651 | 5,140 |
| Total assets | 590,450 | 721,074 | 1,311,524 |
| <u>Net assets</u> | | | |
| Held in trust for: | | | |
| Employees' pension benefits | \$ 590,450 | \$ 721,074 | \$ 1,311,524 |

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2006

| | Agency Funds | | | | | Totals |
|---------------------------|--------------|-----------|-----------------------|---------------------|----------------------|------------|
| | Payroll | Sales Tax | Insurance Payments | City Court Costs | Court Collections | |
| <u>Assets</u> | | | | | | |
| Cash and cash equivalents | \$ 173,658 | \$ 586 | \$ - | \$ 15,373 | \$ 10,798 | \$ 200,415 |
| <u>Liabilities</u> | | | | | | |
| Payroll withholdings | \$ 173,658 | \$ - | \$ - | \$ - | \$ - | \$ 173,658 |
| Trust payable | - | 586 | - | 15,373 | 10,798 | 26,757 |
| Total liabilities | \$ 173,658 | \$ 586 | \$ - | \$ 15,373 | \$ 10,798 | \$ 200,415 |

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2006

| <u>Additions</u> | <u>Police Pension</u> | <u>Firefighter's Pension</u> | <u>Totals</u> |
|---|---------------------------|----------------------------------|---------------------|
| Contributions: | | | |
| Employer | \$ 583,621 | \$ 517,951 | \$ 1,101,572 |
| Plan members | - | 4,190 | 4,190 |
| Investment income: | | | |
| Interest | <u>43,130</u> | <u>36,064</u> | <u>79,194</u> |
| Total additions | <u>626,751</u> | <u>558,205</u> | <u>1,184,956</u> |
| <u>Deductions</u> | | | |
| Benefits and refunds paid to plan members and beneficiaries | 483,051 | 156,021 | 639,072 |
| Administrative expenses | <u>2,738</u> | <u>4,434</u> | <u>7,172</u> |
| Total deductions | <u>485,789</u> | <u>160,455</u> | <u>646,244</u> |
| Changes in net assets | 140,962 | 397,750 | 538,712 |
| Net assets - beginning | <u>449,488</u> | <u>323,324</u> | <u>772,812</u> |
| Net assets - ending | <u>\$ 590,450</u> | <u>\$ 721,074</u> | <u>\$ 1,311,524</u> |

CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 BUDGETED PENSION TRUST FUNDS
 For The Year Ended December 31, 2006

| | Police Pension | | | | Fireman's Pension | | | |
|------------------------------------|-------------------|-------------------|-----------------------------|------------------------------------|-------------------|-------------------|-----------------------------|------------------------------------|
| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) | Budgeted Amounts | | Actual (Budgetary Basis) | Variance Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Taxes | \$ 229,251 | \$ 229,251 | \$ 226,164 | \$ (3,087) | \$ 244,138 | \$ 244,138 | \$ 240,850 | \$ (3,288) |
| Intergovernmental | 353,504 | 355,151 | 354,251 | (900) | 266,705 | 275,400 | 274,443 | (957) |
| Other | 18,000 | 21,569 | 21,971 | 402 | 19,100 | 18,648 | 23,901 | 5,253 |
| Total revenues | 600,755 | 605,971 | 602,386 | (3,585) | 529,943 | 538,186 | 539,194 | 1,008 |
| Expenditures: | | | | | | | | |
| Personal services | 2,580 | 2,580 | 2,573 | 7 | 6,670 | 6,670 | 2,610 | 4,060 |
| Supplies | 100 | 100 | | 100 | 200 | 200 | 82 | 118 |
| Other services and charges | 518,560 | 518,560 | 483,216 | 35,344 | 375,430 | 374,456 | 157,982 | 216,474 |
| Capital outlay | - | - | - | - | 250 | 250 | - | 250 |
| Total expenditures | 521,240 | 521,240 | 485,789 | 35,451 | 382,550 | 381,576 | 160,674 | 220,902 |
| Net change in fund balances | 79,515 | 84,731 | 116,597 | 31,866 | 147,393 | 156,610 | 378,520 | 221,910 |
| Fund balances - beginning | 438,927 | 438,927 | 438,927 | - | 315,227 | 315,227 | 315,227 | - |
| Fund balances - ending | \$ 518,442 | \$ 523,658 | \$ 555,524 | \$ 31,866 | \$ 462,620 | \$ 471,837 | \$ 693,747 | \$ 221,910 |

CITY OF WEST LAFAYETTE
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For The Year Ended December 31, 2006

| | Payroll | Sales Tax | Insurance Payments | City Court Costs | Court Collections | Totals |
|---|-------------------|---------------|-----------------------|---------------------|----------------------|-------------------|
| Assets: | | | | | | |
| Cash and cash equivalents - January 1, 2006 | \$ 167,750 | \$ 463 | \$ 282 | \$ 18,448 | \$ 10,802 | \$ 197,745 |
| Additions | 2,783,495 | 1,695 | 14,511 | 219,016 | 60,461 | 3,079,178 |
| Deductions | <u>2,777,587</u> | <u>1,572</u> | <u>14,793</u> | <u>222,091</u> | <u>60,465</u> | <u>3,076,508</u> |
| Cash and cash equivalents - December 31, 2006 | <u>173,658</u> | <u>586</u> | <u>-</u> | <u>15,373</u> | <u>10,798</u> | <u>200,415</u> |
| Total assets - December 31, 2006 | <u>\$ 173,658</u> | <u>\$ 586</u> | <u>\$ -</u> | <u>\$ 15,373</u> | <u>\$ 10,798</u> | <u>\$ 200,415</u> |
| Liabilities: | | | | | | |
| Payroll withholdings - January 1, 2006 | \$ 167,750 | \$ - | \$ - | \$ - | \$ - | \$ 167,750 |
| Additions | 2,783,495 | - | - | - | - | 2,783,495 |
| Deductions | <u>2,777,587</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,777,587</u> |
| Payroll withholdings - December 31, 2006 | <u>173,658</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>173,658</u> |
| Trust payable - January 1, 2006 | - | 463 | 282 | 18,448 | 10,802 | 29,995 |
| Additions | - | 1,695 | 14,511 | 219,016 | 60,461 | 295,683 |
| Deductions | <u>-</u> | <u>1,572</u> | <u>14,793</u> | <u>222,091</u> | <u>60,465</u> | <u>298,921</u> |
| Trust payable - December 31, 2006 | <u>-</u> | <u>586</u> | <u>-</u> | <u>15,373</u> | <u>10,798</u> | <u>26,757</u> |
| Total liabilities - December 31, 2006 | <u>\$ 173,658</u> | <u>\$ 586</u> | <u>\$ -</u> | <u>\$ 15,373</u> | <u>\$ 10,798</u> | <u>\$ 200,415</u> |

CITY OF WEST LAFAYETTE
EXIT CONFERENCE

The contents of this report were discussed on May 16, 2007, with Jan Mills, Mayor; Judith Rhodes, Clerk-Treasurer; and David Downey and Loraine Wilkins, Utility Representatives. Our audit disclosed no material items that warrant comment at this time.

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STATISTICAL SECTION

STATISTICAL SECTION

Statistical Section

This part of the City of West Lafayette comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 107 - 111 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source , property tax. | 112 - 115 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue | 116 - 121 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 122 - 124 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 125 - 127 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information

CITY OF WEST LAFAYETTE

Net Assets by Component

As of December 31,

| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities: | | | | |
| Invested in capital assets, net of related debt | \$ 33,637,831 | \$ 28,862,717 | \$ 30,001,473 (1) | \$ 17,365,591 |
| Restricted | 13,660,921 | 11,534,608 | 12,011,256 | 11,274,461 |
| Unrestricted | <u>(2,349,198)</u> | <u>(99,330)</u> | <u>(454,291)</u> | 1,218,533 |
| Total governmental activities net assets | <u>\$ 44,949,554</u> | <u>\$ 40,297,995</u> | <u>\$ 41,558,438</u> | <u>\$ 29,858,585</u> |
| Business - Type Activities: | | | | |
| Invested in capital assets, net of related debt | \$ 23,325,547 | \$ 21,857,502 | \$ 20,988,211 | \$ 18,744,886 |
| Restricted | 855,000 | 825,000 | 838,673 | 5,409,661 |
| Unrestricted | <u>11,574,228</u> | <u>9,138,040</u> | <u>7,024,996 (2)</u> | <u>1,457,253</u> |
| Total business - type activities net assets | <u>\$ 35,754,775</u> | <u>\$ 31,820,542</u> | <u>\$ 28,851,880</u> | <u>\$ 25,611,800</u> |
| Primary government: | | | | |
| Invested in capital assets, net of related debt | \$ 56,963,378 | \$ 50,720,219 | \$ 50,989,684 | \$ 36,110,477 |
| Restricted | 14,515,921 | 12,359,608 | 12,849,929 | 16,684,122 |
| Unrestricted | <u>9,225,030</u> | <u>9,038,710</u> | <u>6,570,705</u> | <u>2,675,786</u> |
| Total primary government net assets | <u>\$ 80,704,329</u> | <u>\$ 72,118,537</u> | <u>\$ 70,410,318</u> | <u>\$ 55,470,385</u> |

The City of West Lafayette implemented GASB 34 for the fiscal year ended December 31, 2003. Information prior to the implementation of GASB 34 is not available.

(1) The increase is due to \$10.9 M in contributions and gifts for major capital projects that were recognized as completed, as projects were accounted for under GASB 34.

(2) The increase is due to reclassification of equipment replacement funds as unrestricted and the increase in the improvement fund due to higher revenue from a rate increase and reduced expense from delay in scheduled capital projects.

CITY OF WEST LAFAYETTE
Changes in Net Assets
For the years ended December 31,

| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Expenses: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 3,053,118 | \$ 2,968,387 | \$ 2,572,974 | \$ 3,117,831 |
| Public safety | 6,189,724 | 6,780,190 | 8,173,328 | 6,547,564 |
| Highways and streets | 3,048,988 | 3,099,739 | 1,071,057 | 529,086 |
| Sanitation | 690,388 | 590,396 | 621,448 | 648,167 |
| Economic development | 801,230 | 7,638,977 (1) | 1,226,720 | 1,470,227 |
| Culture and recreation | 1,753,442 | 2,073,079 | 1,587,540 | 3,135,924 |
| Interest Expense | 974,007 | 902,509 | 902,862 | - |
| Total governmental activities expenses | <u>16,510,897</u> | <u>24,053,277</u> | <u>16,155,929</u> | <u>15,448,799</u> |
| Business-Type Activities: | | | | |
| Wastewater | 5,036,509 | 5,006,664 | 4,271,050 | 4,095,213 |
| Total business-type activities expenses | <u>5,036,509</u> | <u>5,006,664</u> | <u>4,271,050</u> | <u>4,095,213</u> |
| Total primary government expenses | <u>21,547,406</u> | <u>29,059,941</u> | <u>20,426,979</u> | <u>19,544,012</u> |
| Program Revenues: | | | | |
| Governmental Activities: | | | | |
| Charges for services: | | | | |
| General Government | 816,863 | 436,486 | 992,117 | 599,780 |
| Public Safety | 357,908 | 35,655 | 39,570 | 284,188 |
| Highways and streets | 3,024,744 | 2,602,247 | 2,302,092 | 2,340,915 |
| Sanitation | 480,862 | 469,577 | 466,781 | 458,291 |
| Economic development | 116,606 | 123,552 | 102,123 | 122,216 |
| Culture and recreation | 618,265 | 601,302 | 635,737 | 665,920 |
| Operating grants and contributions | | | | |
| Public Safety | 24,973 | 43,709 | 54,918 | 80,733 |
| Highways and streets | - | 9,148 | - | - |
| Sanitation | 25,683 | - | 41,500 | 40,000 |
| Economic development | 297,148 | 550,704 | 513,095 | 595,898 |
| Culture and recreation | 61,476 | 163,081 | 136,677 | 93,384 |
| Capital grants and contributions | | | | |
| Public Safety | - | 139,899 | - | - |
| Highways and streets | 72,674 | 1,383,177 | 47,716 | 176,080 |
| Economic development | 850,701 | 2,171,456 | 5,617 | 44,358 |
| Culture and recreation | 65,651 | 18,986 | 93,001 | 3,534 |
| Total governmental activities revenues | <u>6,813,554</u> | <u>8,748,979</u> | <u>5,430,944</u> | <u>5,505,297</u> |
| Business-Type Activities: | | | | |
| Wastewater: | | | | |
| Charges for services (1) | 7,557,104 | 7,431,354 | 6,624,041 | 5,646,531 |
| Total business-type activities revenues | <u>7,557,104</u> | <u>7,431,354</u> | <u>6,624,041</u> | <u>5,646,531</u> |
| Total primary government revenues | <u>14,370,658</u> | <u>16,180,333</u> | <u>12,054,985</u> | <u>11,151,828</u> |

(1) The increase is due to a \$4.1 M charge for loss on disposal of the Ross Enterprise Center and \$2.155 M expense to Purdue Research Park for business incubator and fiber optics infrastructure.

CITY OF WEST LAFAYETTE
 Changes in Net Assets
 For the years ended December 31,
 (continued)

| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|--|---------------------|---------------------|----------------------|---------------------|
| Net Revenues (expenses): | | | | |
| Governmental activities | (9,697,343) | (15,304,298) | (10,724,985) | (9,943,502) |
| Business-type activities | 2,520,595 | 2,424,690 | 2,352,991 | 1,551,318 |
| Total net revenues (expenses): | <u>(7,176,748)</u> | <u>(12,879,608)</u> | <u>(8,371,994)</u> | <u>(8,392,184)</u> |
| Taxes: | | | | |
| Property Taxes | 10,362,021 | 9,948,214 | 9,450,977 | 10,226,118 |
| Intergovernmental revenue | - | - | - | 2,230,014 (2) |
| Other state taxes - unrestricted | 705,606 | 714,911 | 758,882 | - |
| Other local taxes - unrestricted | 1,286,702 | 1,326,741 | 1,651,753 | - |
| Franchise fees | - | 130,326 | 123,765 | 116,645 |
| Contributions and gifts | 659,862 | - | 10,900,464 (3) | - |
| Loss on capital assets | - | - | (2,248,328) (4) | - |
| Miscellaneous receipts (net of interest) | 516,818 | 983,369 | 1,211,355 | 368,586 |
| Unrestricted investment earnings | 817,893 | 535,325 | 233,694 | 225,666 |
| Transfers | - | 278,121 | 249,656 | 208,095 |
| Total Governmental activities: | <u>14,348,902</u> | <u>13,917,007</u> | <u>22,332,218</u> | <u>13,375,124</u> |
| Business - Type activities: | | | | |
| Contributions and gifts | 853,522 | 471,464 | 1,085,305 | 687,640 |
| Miscellaneous receipts (net of interest) | - | - | - | (780) |
| Loss on capital assets | - | - | (77,650) | - |
| Unrestricted investment earnings | 560,116 | 295,773 | 129,090 | 102,417 |
| Transfers | - | (278,121) | (249,656) | (208,095) |
| Total Business - Type activities: | <u>1,413,638</u> | <u>489,116</u> | <u>887,089</u> | <u>581,182</u> |
| Total Primary Government | <u>15,762,540</u> | <u>14,406,123</u> | <u>23,219,307</u> | <u>13,956,306</u> |
| Change in net assets | | | | |
| Governmental activities | 4,651,559 | (1,387,291) | 11,607,233 | 3,431,622 |
| Business-type activities | 3,934,233 | 2,913,806 | 3,240,080 | 2,132,500 |
| Total primary government | <u>\$ 8,585,792</u> | <u>\$ 1,526,515</u> | <u>\$ 14,847,313</u> | <u>\$ 5,564,122</u> |

The City of West Lafayette implemented GASB 34 for the fiscal year ended December 31, 2003. Information prior to the implementation of GASB 34 is not available.

- (1) The increase in revenues in the past 4 years is due to a phased-in rate increase.
- (2) In 2004, income tax was reclassified from intergovernmental to other state and local taxes-unrestricted.
- (3) The increase in contributions and gifts is for major capital projects that were recognized as completed, as projects were accounted for under GASB 34.
- (4) The loss on capital assets reflects the \$4.1 M charge for loss on disposal of the Ross Enterprise Center from a Redevelopment Commission real estate transaction designed to pay for the Purdue Research Foundation's rehabilitation of the facility.

CITY OF WEST LAFAYETTE
Fund Balances of Government Funds
As of December 31,

| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Reserved * | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 1,830,324 | 2,385,003 | 3,141,412 | 2,493,526 |
| Total general fund | <u>\$ 1,830,324</u> | <u>\$ 2,385,003</u> | <u>\$ 3,141,412</u> | <u>\$ 2,493,526</u> |
| All other governmental funds: | | | | |
| Reserved * | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | |
| Special revenue funds | 7,885,399 | 7,689,255 | 5,447,494 | 4,795,092 |
| Debt service funds | 1,203,625 | 621,534 | 1,901,043 | 2,538,745 |
| Capital projects funds | 7,825,269 | 8,666,558 | 8,907,381 | 8,383,640 |
| Total all other governmental funds | <u>\$ 16,914,293</u> | <u>\$ 16,977,347</u> | <u>\$ 16,255,918</u> | <u>\$ 15,717,477</u> |

Note: The City of West Lafayette has elected to present only four years of data for this schedule.

* The City reauthorizes encumbrances from prior years as additions to appropriations at the beginning of the current year, therefore, they did not have reserved funds at the end of the year.

CITY OF WEST LAFAYETTE
 Changes in Fund Balances of Governmental Funds
 For the years ended December 31,

| | 2006 | 2005 | 2004 | 2003 |
|--|---------------------|--------------------|---------------------|-----------------------|
| Revenues | | | | |
| Taxes | \$ 10,349,864 | \$ 9,972,944 | \$ 9,552,713 | \$ 10,096,475 |
| License and Permits | 85,258 | 84,378 | 91,851 | 70,631 |
| Intergovernmental | 6,657,665 | 8,900,814 | 6,761,469 | 6,006,376 |
| Charges for Services | 1,640,544 | 1,323,149 | 1,571,105 | 1,491,197 |
| Fines and Forfeits | 487,341 | 244,082 | 453,557 | 385,680 |
| Other | 1,405,545 | 1,679,523 | 866,677 | 725,136 |
| Total Revenues | 20,626,217 | 22,204,890 | 19,297,372 | 18,775,495 |
| Expenditures | | | | |
| General Government | 2,578,831 | 2,492,825 | 2,283,607 | 2,363,606 |
| Public Safety | 7,027,184 | 6,394,626 | 5,629,836 | 5,564,439 |
| Highways and Streets | 3,591,015 | 2,863,265 | 2,551,682 | 3,069,212 |
| Sanitation | 631,727 | 583,970 | 634,384 | 642,844 |
| Economic development | 586,294 | 7,175,420 (1) | - | - |
| Culture and Recreation | 1,894,319 | 1,849,818 | 1,899,417 | 1,779,476 |
| Urban redevelopment and housing | - | - | 842,798 | 898,939 |
| Capital Outlay | 2,720,573 | 3,575,558 | 3,748,138 | 8,868,257 |
| Debt Service: | | | | |
| Principal | 1,240,000 | 910,000 | 295,000 | 165,000 |
| Interest | 974,007 | 902,509 | 366,913 | 372,696 |
| Total Expenditures | 21,243,950 | 26,747,991 | 18,251,775 | 23,724,469 |
| Excess (deficiency) of revenues over (under) expenditures | (617,733) | (4,543,101) | 1,045,597 | (4,948,974) |
| Other Financing Sources (Uses) | | | | |
| Financing by capital lease | - | - | 140,730 | 214,491 |
| Transfers in | 6,902,836 | 7,508,958 | 3,493,741 | 556,738 |
| Transfers out | (6,902,836) | (7,230,837) | (3,493,741) | (556,738) |
| Issuance of debt | - | 4,230,000 | - | - |
| Total other financing sources (uses) | - | 4,508,121 | 140,730 | 214,491 |
| Net change in fund balance | \$ (617,733) | \$ (34,980) | \$ 1,186,327 | \$ (4,734,483) |
| Debt service as a percentage of noncapital expenditures | 12.0% | 7.8% | 4.6% | 3.6% |

Note: The City of West Lafayette has elected to present only four years of data for this schedule.

(1) The increase is due to a \$4.1 M charge for loss on disposal of the Ross Enterprise Center and \$2.155 M expense to Purdue Research Park for business incubator and fiber optic infrastructure.

CITY OF WEST LAFAYETTE
 Assessed Value and True Tax Value of Taxable Property
 Last Ten Fiscal Years

| | Real Property | | | | Total Real and Personal Property | Less Tax Increment District | Total | | Total Direct Tax Rate |
|------|--|--------------|------------------------|----------------------|--|-----------------------------------|-----------------------|-----------------------|--------------------------|
| | Residential, Commercial and Industrial | Utilities | Total Real Property | Personal Property | | | Assessed Value (1) | True Tax Value (2) | |
| 2006 | \$ 364,714,027 | \$ 4,648,483 | \$ 369,362,510 | \$ 21,616,753 | \$ 390,979,263 | \$ 59,752,783 | \$ 331,226,480 | \$ 993,679,439 | \$ 0.7387 |
| 2005 | 369,607,698 | 7,628,413 | 377,236,111 | 21,979,223 | 399,215,334 | 66,120,427 | 333,094,907 | 999,284,722 | 0.7088 |
| 2004 | 369,788,422 | 5,825,993 | 375,614,415 | 22,283,563 | 397,897,978 | 65,897,323 | 332,000,655 | 996,001,964 | 0.6802 |
| 2003 | 353,610,277 | 5,603,410 | 359,213,687 | 27,932,053 | 387,145,740 | 50,221,503 | 336,924,237 | 1,010,772,710 | 0.7046 |
| 2002 | 195,778,435 | 6,498,910 | 202,277,345 | 24,913,343 | 227,190,688 | 19,706,880 | 207,483,808 | 622,451,424 | 0.9811 |
| 2001 | 189,723,555 | 5,927,780 | 195,651,335 | 23,998,800 | 219,650,135 | 16,329,030 | 203,321,105 | 609,963,315 | 2.8436 |
| 2000 | 185,469,155 | 5,791,400 | 191,260,555 | 22,928,280 | 214,188,835 | 13,915,620 | 200,273,215 | 600,819,645 | 2.7656 |
| 1999 | 182,383,415 | 5,968,270 | 188,351,685 | 22,097,410 | 210,449,095 | 12,647,830 | 197,801,265 | 593,403,795 | 2.6658 |
| 1998 | 180,078,380 | 5,445,780 | 185,524,160 | 22,153,750 | 207,677,910 | 12,680,810 | 194,997,100 | 584,991,300 | 2.5902 |
| 1997 | 172,627,760 | 5,299,190 | 177,926,950 | 20,076,470 | 198,003,420 | 8,856,140 | 189,147,280 | 567,441,840 | 2.5042 |

(1) Property reassessments were effective in 1997 and 2003.

(2) True tax value is 3 times assessed value. Beginning in 2002, tax rates were based upon \$100 of true tax value. In prior years, the rate was per \$100 of assessed value.

Source: Tippecanoe County Auditor's Office - Total Assessed and true tax values by category are from the abstracts. The County was unable to provide a more detailed historical breakdown by classification of real property. In the future, the City plans to work with the County to extract assessed value by class of real property and report that information in this statement.

CITY OF WEST LAFAYETTE
 Direct and Overlapping Property Tax Rates (A)
 Last Ten Fiscal Years

| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| City Direct Rates | | | | | | | | | | |
| City General | \$ 0.5536 | \$ 0.5552 | \$ 0.5273 | \$ 0.5001 | \$ 0.6951 | \$ 2.1414 | \$ 1.8660 | \$ 1.9489 | \$ 1.9593 | \$ 1.7777 |
| Police Pension | 0.0231 | 0.0150 | 0.0120 | 0.0118 | 0.0493 | 0.1062 | 0.2210 | 0.1608 | 0.0601 | 0.1224 |
| Fire Pension | 0.0246 | 0.0150 | 0.0035 | 0.0033 | 0.0265 | 0.0529 | 0.1139 | 0.0633 | 0.0168 | 0.0776 |
| Park & Recreation | 0.0946 | 0.0805 | 0.0934 | 0.1005 | 0.1572 | 0.4030 | 0.4246 | 0.3527 | 0.4139 | 0.3994 |
| Tax Increment Replacement | - | - | - | 0.0411 | - | - | - | - | - | - |
| Cum Cap Development | 0.0319 | 0.0319 | 0.0319 | 0.0319 | 0.0424 | 0.1271 | 0.1271 | 0.1271 | 0.1271 | 0.1271 |
| Cum Fire Special | 0.0029 | 0.0029 | 0.0043 | 0.0043 | 0.0043 | 0.0130 | 0.0130 | 0.0130 | 0.0130 | - |
| Fire Truck Lease | 0.0080 | 0.0083 | 0.0078 | 0.0116 | 0.0063 | - | - | - | - | - |
| Total Direct Rate | \$ 0.7387 | \$ 0.7088 | \$ 0.6802 | \$ 0.7046 | \$ 0.9811 | \$ 2.8436 | \$ 2.7656 | \$ 2.6658 | \$ 2.5902 | \$ 2.5042 |
| Overlapping Rates: | | | | | | | | | | |
| State Rate | 0.0024 | 0.0024 | 0.0024 | 0.0033 | 0.0033 | 0.0100 | 0.0100 | 0.0100 | 0.0100 | 0.0100 |
| County Rate | 0.4098 | 0.3549 | 0.3419 | 0.3283 | 0.4024 | 1.3425 | 1.2317 | 1.7110 | 1.7357 | 1.4331 |
| Solid Waste | 0.0025 | 0.0025 | 0.0023 | 0.0023 | 0.0023 | 0.0035 | - | - | - | - |
| Township Rates | 0.0023 | 0.0023 | 0.0006 | 0.0006 | 0.0009 | 0.0059 | 0.0060 | 0.0059 | 0.0059 | 0.0058 |
| Library Rates (B) | 0.1284 | 0.1562 | 0.1457 | 0.1456 | 0.0813 | 0.2324 | 0.2283 | 0.2116 | 0.2076 | 0.1959 |
| School Rates (B) | 1.6189 | 0.1549 | 1.4894 | 0.1419 | 2.1954 | 6.5673 | 6.4317 | 6.2526 | 5.8054 | 5.5187 |

(A) For the period 2006 - 2002 tax rates are based upon the true tax value which is three times assessed value. Prior to 2002, tax rates were based upon \$100 of assessed value.

(B) Library and School Districts represent weighted average rates.

Source: Tippecanoe County Auditor's Office

CITY OF WEST LAFAYETTE

Principal Taxpayers
Current and Nine Years Ago

| Taxpayer | 2006 | | | 1997 | | |
|---|----------------------|------|--|----------------------|------|--|
| | Assessed Value | Rank | Percent of Total City Assessed Value * | Assessed Value | Rank | Percent of Total City Assessed Value * |
| Purdue Research Foundation | \$ 11,559,637 | 1 | 3.49% | \$ 2,629,650 | 4 | 1.39% |
| Basham, John R. II, Connie L. | 7,106,830 | 2 | 2.15% | | | |
| McCormick Place Apartment Acquisitions LLC Etal | 6,844,967 | 3 | 2.07% | | | |
| SH Pool A Williamsburg on the Wabash LLC | 6,745,143 | 4 | 2.04% | | | |
| State Farm Mutual Auto Insurance Co. | 6,117,570 | 5 | 1.85% | 5,265,900 | 1 | 2.78% |
| KMF Purdue LLC | 6,044,220 | 6 | 1.82% | | | |
| Wal-Mart real Estate Business Trust | 4,942,333 | 7 | 1.49% | | | |
| Weida, Jerry M., Patti A. | 4,795,067 | 8 | 1.45% | 2,041,210 | 6 | 1.08% |
| Bioanalytical Systems Inc. | 4,505,490 | 9 | 1.36% | 1,558,330 | 9 | 0.82% |
| River Market Development LLC | 3,811,787 | 10 | 1.15% | | | |
| CTS Corporation | | | | 4,673,100 | 2 | 2.47% |
| William M. Fleischhauer | | | | 3,309,380 | 3 | 1.75% |
| PSI Energy, Inc, | | | | 2,047,900 | 5 | 1.08% |
| General Telephone Company | | | | 1,637,660 | 7 | 0.87% |
| Peppermill Village Oxford Assoc. | | | | 1,596,060 | 8 | 0.84% |
| James L., Sheila A. Cochran | | | | 1,553,550 | 10 | 0.82% |
| | <u>\$ 62,473,044</u> | | <u>18.86%</u> | <u>\$ 26,312,740</u> | | <u>13.91%</u> |

Source: Tippecanoe County Auditor's Office

* Based on City's assessed values as reported on assessed value table.

CITY OF WEST LAFAYETTE
 Property Tax Levies and Collections
 Last Ten Years

| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Property Taxes Levied (A) | <u>\$ 7,331,075</u> | <u>\$ 6,777,909</u> | <u>\$ 6,634,773</u> | <u>\$ 6,387,821</u> | <u>\$ 5,631,766</u> | <u>\$ 5,450,218</u> | <u>\$ 4,841,408</u> | <u>\$ 4,813,874</u> | <u>\$ 4,864,262</u> | <u>\$ 4,342,073</u> |
| Property Taxes Collected (B) | <u>\$ 7,232,347</u> | <u>\$ 6,760,564</u> | <u>\$ 6,491,012</u> | <u>\$ 6,428,897</u> | <u>\$ 5,597,203</u> | <u>\$ 5,449,539</u> | <u>\$ 4,873,707</u> | <u>\$ 4,848,877</u> | <u>\$ 4,884,436</u> | <u>\$ 4,363,005</u> |
| Percent Collection | <u>98.65%</u> | <u>99.74%</u> | <u>97.83%</u> | <u>100.64%</u> | <u>99.39%</u> | <u>99.99%</u> | <u>100.67%</u> | <u>100.73%</u> | <u>100.41%</u> | <u>100.48%</u> |

(A) Source: Annual Budget Order
 (B) Source: West Lafayette Cities & Towns Annual Report

Note: Tippecanoe County Auditor's Office system is not set-up to track collections by year levied. The amount collected includes any delinquent payment plus any penalty or interest applicable. As of the end of 2006, total delinquent property tax due to the City for 2006 and all prior years was approximately \$150,589.

CITY OF WEST LAFAYETTE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Governmental Activities | | | | | | | | | | |
|-------------------------|--------------------------------|--------------|------------------------|----------------|---------------|-------------------------------------|-------------------------|-----------------------------|--|---------------------------------|
| | Property Tax | | Revenue Bonds | | | Total Governmental Activities | Business Activities | | Percentage of Personal Income ¹ | Debt per Capita ¹ |
| | Equipment Lease Corporation | EDIT Bonds | Tax Increment Bonds | Capital Leases | Notes Payable | | Sewage Revenue Bonds | Total Primary Government | | |
| 2006 | \$ 355,000 | \$ 5,330,000 | \$ 15,410,000 | \$ - | \$ - | \$ 21,095,000 | \$ 25,419,890 | \$ 46,514,890 | 7.77% | \$ 1,604 |
| 2005 | 425,000 | 5,545,000 | 16,365,000 | - | - | 22,335,000 | 25,226,599 | 47,561,599 | 8.21% | 1,661 |
| 2004 | 495,000 | 5,750,000 | 12,770,000 | 180,903 | - | 19,195,903 | 26,514,851 | 45,710,754 | 8.04% | 1,597 |
| 2003 | 555,000 | 5,950,000 | 13,360,000 | 254,354 | - | 20,119,354 | 27,803,066 | 47,922,420 | 8.54% | 1,662 |
| 2002 | 615,000 | 5,950,000 | 13,465,000 | 224,372 | - | 20,254,372 | 27,964,070 | 48,218,442 | 8.81% | 1,681 |
| 2001 | 615,000 | - | 7,295,000 | 64,767 | - | 7,974,767 | 24,683,837 | 32,658,604 | 6.18% | 1,156 |
| 2000 | - | - | 6,500,000 | 63,146 | - | 6,563,146 | 21,119,133 | 27,682,279 | 5.25% | 962 |
| 1999 | - | - | - | 72,237 | - | 72,237 | 19,832,893 | 19,905,130 | 3.89% | 699 |
| 1998 | - | - | - | 100,548 | 1,300,000 | 1,400,548 | 19,207,688 | 20,608,236 | 4.15% | 731 |
| 1997 | - | - | - | 138,030 | 1,300,000 | 1,438,030 | 17,545,958 | 18,983,988 | 3.94% | 680 |

¹ Population and personal income data can be found in the Demographics and Economic Schedule

CITY OF WEST LAFAYETTE
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

| | <u>Equipment Lease Corp Bonds</u> | <u>Ratio of Net Bonded Debt to Assessed Value *</u> | <u>Net Bonded Debt Per Capita *</u> |
|------|---------------------------------------|---|---|
| 2006 | \$ 355,000 | 0.11% | \$ 12 |
| 2005 | 425,000 | 0.13% | 15 |
| 2004 | 495,000 | 0.15% | 17 |
| 2003 | 555,000 | 0.16% | 19 |
| 2002 | 615,000 | 0.30% | 21 |
| 2001 | 615,000 | 0.30% | 22 |
| 2000 | - | N/A | - |
| 1999 | - | N/A | - |
| 1998 | - | N/A | - |
| 1997 | - | N/A | - |

* The City's population can be found in the Demographics and Economics Schedule and the assessed value can be found on the Assessed Value Schedule.

Notes: This debt does not appear on the calculation of legal debt margin schedule because these bonds are structured as a lease bond which, in the State of Indiana, are not subjected to the 2% legal margin.

CITY OF WEST LAFAYETTE
Direct and Overlapping Debt
At December 31, 2006

| <u>Governmental Unit</u> | <u>Outstanding Debt</u> | <u>Percent Applicable to West Lafayette</u> | <u>Amount Applicable to West Lafayette</u> |
|--|-------------------------|---|--|
| Direct Debt: | | | |
| City of West Lafayette | \$ 21,095,000 | 100.00% | \$ 21,095,000 |
| Overlapping Debt Paid with Property Taxes: | | | |
| Tippecanoe School Corporation | 110,995,000 | 2.76% | 3,063,462 |
| West Lafayette Community School Corp | 26,621,059 | 99.45% | 26,474,643 |
| Tippecanoe County Library | 4,910,000 | 3.44% | 168,904 |
| West Lafayette Library | 10,260,000 | 100.00% | 10,260,000 |
| Tippecanoe County | 12,220,000 | 13.46% | 1,644,812 |
| Other Overlapping Debt: | | | |
| Income Tax Supported Debt | | | |
| Tippecanoe County Economic Development Income Tax Bonds | 8,125,000 | 13.46% | 1,093,625 |
| Subtotal Overlapping Debt | \$ 173,131,059 | | \$ 42,705,446 |
| Total Direct and Overlapping Debt | | | \$ 63,800,446 |

Notes: (1) The percentage of overlapping debt applicable is estimated using assessed values. The percentages are calculated by determining the portion of another governmental unit's assessed value that is within the City's corporate boundaries and dividing it by each unit total assessed value.

(2) Overlapping governments are those that coincide, as least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF WEST LAFAYETTE

Legal Debt Margin
December 31, 2006

Legal Debt Margin Calculation for Fiscal Year 2006

| | |
|-----------------------------------|---------------------|
| Assessed value | \$ 331,226,480 |
| Debt Limit (2% of assessed value) | 6,624,530 |
| Debt applicable to limit | <u>-</u> |
| Legal debt margin | \$ <u>6,624,530</u> |

| | <u>Debt Limit</u> | <u>Total net debt applicable to limit</u> | <u>Legal debt margin</u> | <u>Total net debt applicable to the limit as a percentage of debt limit</u> |
|------|-------------------|---|--------------------------|---|
| 2006 | \$ 6,624,530 | \$ - | \$ 6,624,530 | 0.00% |
| 2005 | 6,661,898 | - | 6,661,898 | 0.00% |
| 2004 | 6,640,013 | - | 6,640,013 | 0.00% |
| 2003 | 6,738,485 | - | 6,738,485 | 0.00% |
| 2002 | 4,149,676 | - | 4,149,676 | 0.00% |
| 2001 | 4,066,422 | - | 4,066,422 | 0.00% |
| 2000 | 4,005,464 | - | 4,005,464 | 0.00% |
| 1999 | 3,956,025 | - | 3,956,025 | 0.00% |
| 1998 | 3,899,942 | - | 3,899,942 | 0.00% |
| 1997 | 3,782,946 | - | 3,782,946 | 0.00% |

(A) All outstanding debt of the City is structured as lease transactions or tax increment district bonds. Neither of these types of obligations are subject to the City's 2% limitation shown above.

CITY OF WEST LAFAYETTE
 Governmental Activities Pledged Revenue Coverage
 Last Ten Fiscal Years

| | <u>Tax Increment Bonds</u> | | | | <u>Economic Development Income Tax Bonds</u> | | | |
|------|------------------------------|---------------------|-----------------|-----------------|--|---------------------|-----------------|-----------------|
| | <u>Tax Increment Revenue</u> | <u>Debt Service</u> | | <u>Coverage</u> | <u>EDIT Revenue</u> | <u>Debt Service</u> | | <u>Coverage</u> |
| | | <u>Principal</u> | <u>Interest</u> | | | <u>Principal</u> | <u>Interest</u> | |
| 2006 | \$ 3,437,867 | \$ 940,000 | \$ 702,458 | 2.09 | \$ 1,303,903 | \$ 220,000 | \$ 256,080 | 2.74 |
| 2005 | 3,071,796 | 810,000 | 623,561 | 2.14 | 1,172,192 | 210,000 | 264,580 | 2.47 |
| 2004 | 2,966,788 | 625,000 | 590,776 | 2.44 | 1,233,869 | 200,000 | 272,680 | 2.61 |
| 2003 | 3,505,904 | 385,000 | 608,620 | 3.53 | 1,288,713 | 100,000 | 278,680 | 3.40 |
| 2002 | 1,628,802 | - | 550,131 | 2.96 | 1,518,616 | - | 164,112 | 9.25 |
| 2001 | 1,329,408 | 6,500,000 (1) | 536,250 | 0.19 | - | - | - | N/A |
| 2000 | 1,161,914 | - | - | N/A | - | - | - | N/A |
| 1999 | 1,132,199 | - | - | N/A | - | - | - | N/A |
| 1998 | 1,024,818 | - | - | N/A | - | - | - | N/A |
| 1997 | 933,037 | - | - | N/A | - | - | - | N/A |

(1) The 2000 TIF Bonds were issued for \$6.5 million and repaid in 2001 with new bonds with significantly lower interest rates.

Source: Pledged revenue data is based upon actual annual tax Increment and EDIT distributions to the City. Since there was no scheduled debt service or outstanding revenue bonds in 1997 - 2000, the coverage test is not applicable.

CITY OF WEST LAFAYETTE
 Business - Type Activities Pledged Revenue Coverage
 Last Ten Fiscal Years

| | <u>Gross Revenue (1)</u> | <u>Direct Operating Expenses (2)</u> | <u>Net Revenue Available for Debt Service</u> | <u>Sewage Revenue Bond Debt Service Requirements</u> | | | <u>Coverage</u> | <u>Monthly Rate Base (3)</u> | <u>Rate per 1000 Gallons (3)</u> |
|------|--------------------------|--------------------------------------|---|--|-----------------|--------------|-----------------|------------------------------|----------------------------------|
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | | | |
| 2006 | \$ 7,557,104 | \$ 3,067,622 | \$ 4,489,482 | \$ 1,650,000 | \$ 694,881 | \$ 2,344,881 | 1.91 | \$ 16.83 | \$ 5.61 |
| 2005 | 7,431,351 | 2,768,680 | 4,662,671 | 1,605,000 | 765,956 | 2,370,956 | 1.97 | 15.33 | 5.11 |
| 2004 | 6,624,041 | 2,559,997 | 4,064,044 | 1,560,000 | 800,362 | 2,360,362 | 1.72 | 13.68 | 4.56 |
| 2003 | 5,646,531 | 2,363,917 | 3,282,614 | 1,515,000 | 836,072 | 2,351,072 | 1.40 | 12.21 | 4.07 |
| 2002 | 5,030,722 | 2,480,989 | 2,549,733 | 1,215,000 | 780,944 | 1,995,944 | 1.28 | 11.10 | 3.70 |
| 2001 | 4,570,678 | 2,266,867 | 2,303,811 | 1,185,000 | 658,439 | 1,843,439 | 1.25 | 8.67 | 2.89 |
| 2000 | 4,647,754 | 2,018,675 | 2,629,079 | 810,000 | 517,650 | 1,327,650 | 1.98 | 8.25 | 2.75 |
| 1999 | 4,426,015 | 2,135,385 | 2,290,630 | 785,000 | 541,575 | 1,326,575 | 1.73 | 8.01 | 2.67 |
| 1998 | 3,822,617 | 2,205,560 | 1,617,057 | 765,000 | 494,363 | 1,259,363 | 1.28 | 7.62 | 2.54 |
| 1997 | 3,980,610 | 2,345,328 | 1,635,282 | 740,000 | 536,428 | 1,276,428 | 1.28 | 7.62 | 2.54 |

(1) Gross Revenues include sewage works operating.

(2) Operating Expenses include all sewage works expenses except interest on debt, depreciation and amortization.

(3) The City has implemented phased in sewer rate increases over the past nine years to fund increasing debt service and operating costs. This schedule shows the change in rates over the past ten years. The base rate assumes a minimum usage of 3,000 gallons.

CITY OF WEST LAFAYETTE
Demographic and Economic Statistics
Last Ten Years

| | <u>City of West Lafayette</u> | | | | | <u>Tippecanoe County (3)</u> | | | | |
|------|-------------------------------|----------------------------------|----------------------------------|--|---|------------------------------|--|---|--|--|
| | <u>Population (1)</u> | <u>School Enrollment (2)</u> | <u>Unemployment Rate (3)</u> | <u>Personal Income (millions of dollars) (4)</u> | <u>Per Capita Personal Income (4)</u> | <u>Population</u> | <u>Personal Income (millions of dollars)</u> | <u>Per Capita Personal Income</u> | | |
| 2006 | 28,997 | 2,001 | 3.5% | \$ 598.8 | \$ 20,650 | 156,169 | 4,411.0 | 28,639 | | |
| 2005 | 28,626 | 2,048 | 4.0% | 579.6 | 20,246 | 154,024 | 4,169.2 | 27,406 | | |
| 2004 | 28,625 | 1,994 | 4.4% | 568.2 | 19,849 | 152,129 | 3,921.6 | 25,931 | | |
| 2003 | 28,840 | 1,980 | 4.4% | 561.2 | 19,459 | 151,230 | 3,795.5 | 25,292 | | |
| 2002 | 28,688 | 2,044 | 4.0% | 547.3 | 19,078 | 150,066 | 3,690.2 | 24,647 | | |
| 2001 | 28,247 | 1,993 | 3.2% | 528.3 | 18,704 | 149,721 | 3,614.1 | 24,228 | | |
| 2000 | 28,778 | 1,876 | 2.4% | 527.7 | 18,337 | 148,955 | 3,345.4 | 22,638 | | |
| 1999 | 28,491 | 1,940 | 2.6% | 512.0 | 17,970 | 142,475 | 3,265.3 | 22,338 | | |
| 1998 | 28,204 | 2,037 | 2.5% | 496.7 | 17,611 | 141,274 | 3,024.3 | 20,855 | | |
| 1997 | 27,917 | 2,060 | 2.8% | 481.8 | 17,259 | 138,535 | 2,856.5 | 19,800 | | |

Sources:

- 1) Population for 1997 through 1999 is trended from the actual 1990 census level based upon City Officials' assumption of even annual growth during this period. Estimated population for 2001 - 2006 is from the U.S. Census Bureau.
- 2) State of Indiana, Department of Education for students attending West Lafayette School Corporation schools.
- 3) State of Indiana, Department of Workforce Development (IDWD). Tippecanoe County Personal Income and Per Capita Income figures are for the prior calendar year.
- 4) Personal Income and per capita income statistics are not maintained by the State for municipalities. In order to provide personal income data for the required ratios outlined in GASB 44, we have used 2000 census data as the baseline for this table. The 2000 census reported per capita personal income for the City was \$18,337. We have assumed a 2% annual growth rate in personal income to estimate per capita income for 2001 - 2006 and from 1999 - 1997.

CITY OF WEST LAFAYETTE
Principal Employers
Current year and nine years ago

| <u>Employer</u> | <u>2006</u> | | | <u>1997</u> | | |
|---------------------------------------|------------------|-------------|--|------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment *</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment *</u> |
| Purdue University ** | 13,831 | 1 | 97.74% | 12,250 | 1 | 88.96% |
| State Farm Mutual Auto Insurance Co. | 692 | 2 | 4.89% | 605 | 2 | 4.39% |
| Bioanalytical Systems Inc. ** | 380 | 3 | 2.69% | | | |
| West Lafayette School Corporation | 215 | 4 | 1.52% | 300 | 6 | 2.18% |
| City of West Lafayette | 200 | 5 | 1.41% | | | |
| Wal-Mart | 200 | 6 | 1.41% | 212 | 7 | 1.54% |
| Pay Less Supermarket | 190 | 7 | 1.34% | 190 | 8 | 1.38% |
| Chemtura | 150 | 8 | 1.06% | | | |
| Purdue Employees Federal Credit Union | 150 | 9 | 1.06% | | | |
| Marsh Supermarket | 144 | 10 | 1.02% | 150 | 9 | 1.09% |
| Whirlpool Corporation | | | | 425 | 3 | 3.09% |
| Great Lakes Chemical | | | | 310 | 4 | 2.25% |
| CTS Corporation | | | | 309 | 5 | 2.24% |
| K-Mart | | | | 110 | 10 | 0.80% |

* Total employment as used above represents the total employment of all employers located within City limits. Total Employment for 2006 and 1997 was 14,151 and 13,770 respectively.

** The numbers of employees reported above is employment total however, not all of the entity is within the City's jurisdiction.

Source: Lafayette/West Lafayette Development Corporation, employers and Stats Indiana

CITY OF WEST LAFAYETTE
 Full-Time-Equivalent City Government Employees by Function/Program
 Last Five Years

| | Full-time Equivalent Employees as of December 31, | | | | |
|-------------------------------|--|--------------|--------------|--------------|--------------|
| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
| General government | | | | | |
| Mayor | 4 | 4 | 4 | 5 | 5 |
| Clerk-Treasurer | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 |
| Court | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| City Hall | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Engineering | 6 | 6 | 3 | 5 | 5 |
| Development | 6 | 6 | 6 | 6 | 8 |
| Public Safety | | | | | |
| Police | | | | | |
| Officers | 43 | 45 | 45 | 43 | 40 |
| Civilians | 15.6 | 15.6 | 15.6 | 15.6 | 15.6 |
| Fire | | | | | |
| Firefighters and Officers | 38 | 37 | 35 | 35 | 35 |
| Highway and Streets | 7.9 | 7.7 | 9.2 | 8.3 | 7.7 |
| Sanitation | 9 | 7 | 8 | 8.5 | 7.8 |
| Culture and Recreation | 20 | 23 | 21 | 20 | 20 |
| Economic Development | 4 | 4 | 3 | 3 | 2 |
| Wastewater | 24.6 | 26.1 | 27.1 | 29.4 | 27.4 |
| TOTAL | <u>184.8</u> | <u>188.1</u> | <u>183.6</u> | <u>185.5</u> | <u>180.2</u> |

NOTE: This schedule was not presented prior to 2006. Data was not readily available before 2002. Table will be expanded with future reports to eventually display ten years.

CITY OF WEST LAFAYETTE
Operating Indicators by Function/Program
Last Three Years

| | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|---|---------------|---------------|---------------|
| General Government | | | |
| Engineering | | | |
| Building Permits Issued: | | | |
| Residential (Single/Multi Families) | 79 | 168 | 174 |
| Commercial | 303 | 242 | 267 |
| Estimated Property Value of Building Permits Issued | \$ 43,262,293 | \$ 33,174,022 | \$ 48,978,122 |
| Number of Building Inspections | 1,481 | 1,532 | 1,574 |
| Development (code enforcement) | | | |
| Rental Units Inspected | 952 | 744 | 696 |
| Nuisance Inspections | 515 | 505 | 583 |
| Neighborhood Associations | 16 | 14 | 14 |
| City Court | | | |
| Court Cases Filed | 2,635 | 2,509 | 2,019 |
| Clerk-Treasurer | | | |
| Number of W-2s Issued | 350 | 339 | 331 |
| Number of 1099-Rs Issued | 51 | 53 | 54 |
| Number of Claims Processed | 9,420 | 9,406 | 8,693 |
| Number of Receipts Issued | 10,085 | 10,154 | 10,541 |
| Public Safety | | | |
| Police | | | |
| Calls for Service | 15,637 | 16,639 | 17,953 |
| Parking Enforcement Tickets | 16,826 | 19,841 | 20,940 |
| Traffic Enforcement Arrests and Warnings | 13,556 | 13,945 | 14,959 |
| Criminal Arrests | 2,155 | 2,193 | 2,098 |
| Juvenile Arrests | 50 | 89 | 89 |
| Fire | | | |
| Runs | 1,339 | 1,381 | 1,380 |
| Fire Inspections | 573 | 609 | 630 |
| Sanitation | | | |
| Trash Collected (Tons) | 4,226 | 4,090 | 5,045 |
| Recycling (Tons) | 2,147 | 1,638 | 2,128 |
| Highways and Street | | | |
| Street Sweeping (Tons) | 376 | 338 | 479 |
| Asphalt Pothole Repair (Tons) | 118 | 116 | 96 |
| Culture and Recreation | | | |
| Municipal Pool Attendance | 22,282 | 24,018 | 21,420 |
| Riverside Skating Center Attendance | 15,324 | 14,262 | 11,983 |
| Recreation Class Participants | 6,799 | 7,019 | 7,913 |
| Wastewater Treatment Utility | | | |
| Plant Design Capacity (MGAL) | 3,285 | 3,285 | 3,294 |
| Actual Flow (MGAL) | 3,216 | 3,156 | 3,533 |

NOTE: This schedule was not presented prior to 2006. Data was not readily available before 2004. Table will be expanded with future reports to eventually display ten years.

CITY OF WEST LAFAYETTE
 Capital Asset Statistics by Function/Program
 Last Three Fiscal Years

| | 2006 | 2005 | 2004 |
|---------------------------------------|-------------|-------------|-------------|
| Engineering | | | |
| Capital Projects Managed | 11 | 11 | 7 |
| Capital Projects Completed | 3 | 4 | 1 |
| Police | | | |
| K-9 Units | 1 | 1 | 1 |
| Squad Patrol Cars | 12 | 12 | 12 |
| Parking Control Vehicles | 3 | 3 | 3 |
| Police Stations | 1 | 1 | 1 |
| Fire | | | |
| Fire Truck Apparatus | 3 | 3 | 3 |
| Fire Stations | 2 | 2 | 2 |
| Economic Development | | | |
| Tax Abatements | 3 | 1 | 4 |
| TIF Increment | \$3,584,531 | \$3,212,379 | \$3,061,700 |
| Sanitation | | | |
| Sanitation Packer Trucks | 4 | 4 | 4 |
| Recycling Trucks | 2 | 2 | 2 |
| Highways and Street | | | |
| Contracted Street Resurfacing (Miles) | 2.56 | 2.25 | 2.33 |
| Miles of Streets | 82 | 82 | 82 |
| Culture and Recreation | | | |
| City Parks | 14 | 13 | 13 |
| Community Center | 1 | 1 | 1 |
| Municipal Pool | 1 | 1 | 1 |
| Park Acreage | 409.5 | 409 | 409 |
| Wastewater Treatment Utility | | | |
| Wastewater Treatment Plant | 1 | 1 | 1 |
| Lift Stations | 15 | 14 | 14 |

NOTE: This schedule was not presented prior to 2006. Data was not readily available before 2004. Table will be expanded with future reports to eventually display ten years.

CITY OF WEST LAFAYETTE
Ten Largest Wastewater Customers
Last Three Fiscal Years

| | 2006 | | 2005 | | 2004 | |
|-------------------------------------|--------------|--------------------------|--------------|--------------------------|--------------|--------------------------|
| | Charges | Percentage of Revenue | Charges | Percentage of Revenue | Charges | Percentage of Revenue |
| Purdue University | \$ 2,474,222 | 33.90% | \$ 2,394,273 | 33.46% | \$ 1,910,276 | 29.93% |
| Indiana Veterans Home | 147,105 | 2.02% | 151,029 | 2.11% | 121,505 | 1.90% |
| Regency Williamsburg LTD | 85,927 | 1.18% | 92,575 | 1.29% | 68,970 | 1.08% |
| Beau Jardin Apartments | 62,222 | 85.00% | 93,799 | 1.31% | 54,939 | 86.00% |
| Sagamore Ridge Apts/Purdue Prop. | 58,575 | 80.00% | 62,781 | 88.00% | 52,667 | 83.00% |
| Westminster Village | 46,026 | 63.00% | 42,945 | 60.00% | 43,886 | 69.00% |
| University Inn LLC | 44,970 | 62.00% | 37,394 | 52.00% | 35,341 | 55.00% |
| Wabash Valley Hospital | 38,904 | 53.00% | 44,119 | 62.00% | 49,162 | 77.00% |
| Brookman Inc. (Levee Tan & Laundry) | 37,145 | 51.00% | 36,985 | 52.00% | 33,011 | 52.00% |
| Franciscan Hm (George Davis Manor) | 32,651 | 45.00% | - | 0.00% | - | 0.00% |
| University Place | 30,040 | 41.00% | - | 0.00% | - | 0.00% |
| Friendship House | - | 0.00% | 24,896 | 0.35% | 22,967 | 0.36% |

Source: West Lafayette Wastewater Treatment Utility, Billing Department

SUPPLEMENTAL AUDIT OF FEDERAL AWARDS SECTION

SUPPLEMENTAL AUDIT OF FEDERAL AWARDS SECTION

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of West Lafayette (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2006. The City's major federal program is 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 its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

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

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

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is 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 disclose 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, 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

May 16, 2007

CITY OF WEST LAFAYETTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2006

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended |
|---|---------------------------|--|-------------------------------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | |
| Direct Grant | | | |
| CDBG - Entitlement and (HUD Administered) Small Cities Cluster | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | |
| | | B-04-MC-18-0009 | \$ 41,312 |
| | | B-05-MC-18-0009 | 213,226 |
| | | B-06-MC-18-0009 | <u>67,042</u> |
| Total for program | | | <u>321,580</u> |
| Total for cluster | | | <u>321,580</u> |
| Total for federal grantor agency | | | <u>321,580</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Pass-Through Indiana Department of Transportation | | | |
| Highway Planning and Construction Cluster | | | |
| Highway Planning and Construction | 20.205 | | |
| | | STP-9979(018) | 3,506 |
| | | BRO-9936(009) | <u>174,759</u> |
| Total for program | | | <u>178,265</u> |
| Total for cluster | | | <u>178,265</u> |
| Pass-Through Indiana Criminal Justice Institute | | | |
| Highway Safety Cluster | | | |
| Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants | 20.601 | | |
| | | PT-06-04-07-51 | 9,955 |
| | | J8-06-04-04-01 | 4,950 |
| Pass-Through City of Lafayette | | | |
| Highway Safety Cluster | | | |
| Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants | 20.601 | | |
| | | PT-07-04-01-47 | 11,947 |
| | | K8-07-03-61-20 | 728 |
| | | 154AL-06-03-03-22 | 5,903 |
| | | 154AL-07-02-02-04 | 420 |
| | | 157IN-06-04-06-03 | <u>28,277</u> |
| Total for program | | | <u>62,180</u> |
| Total for cluster | | | <u>62,180</u> |
| Total for federal grantor agency | | | <u>240,445</u> |

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

CITY OF WEST LAFAYETTE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2006
 (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>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | |
| Pass-Through Indiana Department of Environmental Management Congressionally Mandated Projects | 66.202 | XP-97560501-0 | <u>73,680</u> |
| Total for program | | | <u>73,680</u> |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | CS 182075-01 CS 182400-01 CS 182400-02 | 233,306 483,274 <u>95,205</u> |
| Total for program | | | <u>811,785</u> |
| Total for federal grantor agency | | | <u>885,465</u> |
| Total federal awards expended | | | <u>\$ 1,447,490</u> |

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

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

Note I. Basis of Presentation

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

Note II. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2006:

| Program Title | Federal CFDA Number | Amount Provided to Subrecipients |
|---|---------------------------|--|
| Community Development Block Grants/Entitlement Grants | 14.218 | \$ 68,984 |

CITY OF WEST LAFAYETTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

| | |
|--|------|
| Material weaknesses identified? | no |
| Significant deficiencies identified that are not considered to be material weaknesses? | none |

| | |
|---|----|
| Noncompliance material to financial statements noted? | no |
|---|----|

Federal Awards:

Internal control over major programs:

| | |
|--|------|
| Material weaknesses identified? | no |
| Significant deficiencies identified that are not considered to be material weaknesses? | none |

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 |
|----------------|---|
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds |

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

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF WEST LAFAYETTE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.