

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST LAFAYETTE, INDIANA

Year Ended December 31, 2004

Prepared By:

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

INTRODUCTORY SECTION

INTRODUCTORY SECTION

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City Hall
609 West Navajo Street
West Lafayette, Indiana 47906-1995

Mayor Phone 765-775-5100
 Fax 765-775-5248
 E-mail www.city.west-lafayette.in.us

May 10, 2005

Dear Citizens of West Lafayette and Interested Persons:

I am pleased to present to you the 2004 Comprehensive Annual Financial Report, as well as a summary of all of the services, projects and activities that make West Lafayette a growing, and "knowledge-centered" community.

West Lafayette is fortunate to be the host city for Purdue University. The presence of Purdue University, faculty, staff and students in our city provide a rich educational, cultural and diverse community. The West Lafayette Community School Corporation attracts many fine students as it regularly sends over 95% of its graduates to college.

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. The goal of the provision of city services is to provide efficient, cost-effective and quality services. To this end, department heads strive to provide up-to-date equipment, planning and continuous training for all employees in order to provide good city services.

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,

A handwritten signature in black ink that reads "Jan H. Mills". The signature is written in a cursive style.

Jan H. Mills, Mayor



May 10, 2005

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, 2004. This is the eighth 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

Explanation of CAFR Sections

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section contains the transmittal letters, list of elected officials, organization chart and department descriptions. The financial section includes the State Board of Accounts opinion, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Financial Statements, Required Supplementary Information and Combining and Individual Fund Statements and Schedules. In addition, the financial section includes the State Board of Accounts report on compliance with the provisions of the U.S. Office of Management

City Hall
609 West Navajo Street
West Lafayette, Indiana 47906-1995

Mayor Phone 765-775-5100
 Fax 765-775-5248
 E-mail www.city.west-lafayette.in.us

and Budget Circular, A-133. The statistical section contains a number of financial, statistical, and demographic exhibits.

Generally Accepted Accounting Principals require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is found immediately following the report of the independent auditors.

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 4.7 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 has grown to an estimated 29,000, over 11% in the past ten years.

West Lafayette is the proud home to Purdue University, a public land grant school founded in 1869 with an enrollment of over 38,000 undergraduate and graduate students. 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 serve 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 I.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

Tippecanoe County has sustained lower than average unemployment rate of 4.2% in 2004, compared to the state average of 5.2%, and has served as a regional employment magnet. The work force numbers over 102,000, with approximately 20% commuting from surrounding counties.

The City of West Lafayette continues to build on its strength as a the knowledge-centered community. The highest concentration of workers within West Lafayette is within management, profession, and related occupations (53%). Approximately 70% of the residents of West Lafayette have a four year college degree or higher. Both occupation sector and level of educational attainment greatly exceed state and national averages, and are related to the presence of Purdue and its influence in the growth of high-technology businesses.

The founding of Purdue in 1869 by the Indiana State Legislature with a gift from Lafayette merchant and entrepreneur John Purdue has shaped the history of West Lafayette. Purdue is the City's largest employer with 13,831 employees. The 650-acre Purdue Research Park was Indiana's first-ever designated Certified Technology Park. It is home to more than 100 high-tech companies with 2,500 employees, specializing in life sciences, information technology and advanced manufacturing. In 2004, the Purdue Research Park was named the #1 University-Affiliated Research Park in the nation. It offers an interactive environment, world-class researchers, and a business incubator complex that nurtures start-up firms. The 50-acre expansion of the Research Park in 2003 was supported by a \$2.4 M investment in infrastructure by the City.

Selection of the Purdue Research Park as the new engineering design center for Butler International, Inc. targeted for Sikorsky Aircraft Corporation was announced in 2004. Over 40 engineers were on staff by the end of 2004 and over 200 are expected by the end of 2005.

The City's emphasis on downtown and riverfront development with the award-winning Wabash Landing urban retail, entertainment, and residential complex has met with continued success. In 2004, the Wabash Landing project earned the Howland Gold Award from the National League of Cities. This public-private partnership has resulted in over \$57 M of investment in the Levee area along the Wabash River. The City partnered with the City of Lafayette and Tippecanoe County and Purdue University in 2004 to create the Wabash River Enhancement Corporation to support and guide development and conservation along the Wabash River corridor. A \$500,000 grant from North Central Health Services is targeted to public-private partnerships that foster riverfront recreational development.

The city's trail network now includes over 14 miles of trails linking the population recreational facilities, Purdue University, Purdue Research Park, commercial areas, and neighborhoods. The trail system is very popular among walkers, runners, cyclists, and nature enthusiasts. It is key to West Lafayette's strategy to provide the amenities that attract investment in quality of life and high-technology lifestyle development.

Long Term Financial Planning

The City of West Lafayette's long-term vision is to be a leading knowledge-centered community of the 21st century. The City's Strategic Development Plan has served as a guide to the development of priorities, to energize public-private-university partnerships, and to ensure emerging issues are proactively addressed. At three and four-year intervals since 1986, the City has convened its civic leaders and interested citizens to review the community's economic progress and the quality of life. The most recent Strategic Development Plan update was completed in May, 2005. Four major quality of life priorities have been targeted for improvement in 2005 to 2007: Housing/Neighborhood Vitality, School Vitality, Civic Vitality and City Services improvements.

The City retained financial advisors in 2004 to assist with the development of a three-year financial plan. The purpose of this effort is to provide a framework for evaluating budget priorities, identifying possible funding sources, and estimating the financial impact of budgetary options.

In 2004, the City achieved significant progress in its ongoing initiatives in transportation planning, parks and recreation, and Sagamore Parkway redevelopment. Among the highlights are:

- Adoption of the Purdue Transportation Plan by the Area Plan Commission and City Council. This 30-year master plan was

jointly developed by the City and Purdue. It provides for a ring-road system for improved access to campus, with an emphasis on pedestrian and bus transit within campus and university-proximate neighborhoods.

- Design and right-of-way acquisition finalized for the Tapawingo South extension, the first link in the Purdue Transportation Plan. Tapawingo South is new connector linking SR 26 with US 231, opening an undeveloped riverfront area for commercial development and continuing the economic expansion led by the Wabash Landing development. This project will be financed 80% by federal and state highway funds and the remainder from Economic Development Income Tax and Cumulative Capital Development Funds.
- Construction of Kalberer Road Phase II improvement, a major arterial and extension of the city trail system on the north of City coincident with major residential development. The project will be funded 80% by federal and state highway funds, and the remainder by a combination of property assessments and Cumulative Capital Development Funds.
- Expansion of the Purdue Technology Center business incubator facility at the Purdue Research Park in conjunction with the announcement of awards of \$1.875 M of state Certified Technology Park Grants for this project.
- Implementation of Phase 1 of the Sagamore West project to promote the economic potential of the Sagamore Parkway-US 231 corridor as the major North and West gateway to the City. Tax Increment financing revenues were used to construct sidewalks and design gateway enhancements. Further sidewalk expansion is planned for 2005.
- Completion of the streetscape enhancements to the Columbia and Chauncey Street block where the \$12.5 M, 42,000 sq. ft. West Lafayette Public Library and \$1.0 M parking garage have joined the historic Morton Community Center to create a new urban center in the Village near Purdue University.
- Expansion of the trail network into Phase 1 of the Research Park. The 14-mile trail network is an important component of the City's economic development strategy to provide enhanced transportation and recreation city-wide, as well as support neighborhood development.
- Design and initial construction of the Wabash River Overlook at the historical Brown Street abutment adding an scenic venue to the Wabash Heritage Trail Expansion.
- Approval for \$12.38 M of State Revolving Fund loans for the

Western Interceptor, which will complete the City's Combined Sewer Overflow plan. West Lafayette is in the forefront of meeting National Pollution Discharge Elimination System to protect the environment. The City also began design on replacement of the digesters at the WWTU Plant in order to upgrade capacity . As of December 31, 2004, the City had \$26,514,851 in outstanding State Revolving Loan bonds to finance WWTU plant and collection system upgrades since 1994.

- Public safety continues to receive budget focus with the addition of one police officer position in 2004 and the budgeting for two new firefighters in 2005.

The City plans to proceed with several major projects in 2005 including:

- Construction of Tapawingo South.
- Approval for design and State Revolving Fund Financing of WWTU Treatment Plant upgrades including Digester Renovation and Alternate Power Source.
- Extension of the city trail system to connect the entire Purdue Research Park and Sagamore West.
- Continued riverfront recreational and economic development with development of Wabash Pond Trailside Park and brownfield redevelopment.

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 to ensure compliance with the annual appropriated budgets adopted by the statutory designated authorizing body, as approved by the Department of Local Government Finance. 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 authorizing body 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. Additional appropriations in excess of the original budget must be approved by the authorizing body and subsequently submitted for approval to the Department of Local Government Finance.

The primary budgetary authority of the City is the Common Council. In addition, specific budgetary authority is designated by statute to the Park Board, West Lafayette Redevelopment Commission, West Lafayette Equipment Leasing Corporation, West Lafayette Redevelopment Authority, and West Lafayette Building Corporation.

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 second quarter following the fiscal year end.

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 64. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report beginning on page 65 and 87-90.

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.

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.

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 \$19,407,000 as of January 1, 2004.

Additional information on funding policies and pension costs is in Note IV.D in the notes to the financial statements.

Cash Management

All cash temporarily idle in 2004 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 2004 included overnight repurchase agreements collateralized by U.S. Treasury securities, deposit accounts tied to federal fund rates, and U.S. Agency Securities.

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.

Annual Audit

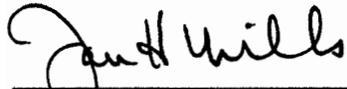
Indiana statute (IC 5-13-1) requires an annual independent audit of the financial records and transactions of the City to be made by the Indiana State Board of Accounts. Their audit met the requirements of state statutes and was conducted in accordance with generally accepted auditing standards and government 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, 2004 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 97-106.

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, Larry Tippin, CPA, CIA, CMA, CGFM, Office Supervisor, and lead auditor Gary W. Roberts, and auditors Ronda Conrad, CPA, Mary Jane Swindle, 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



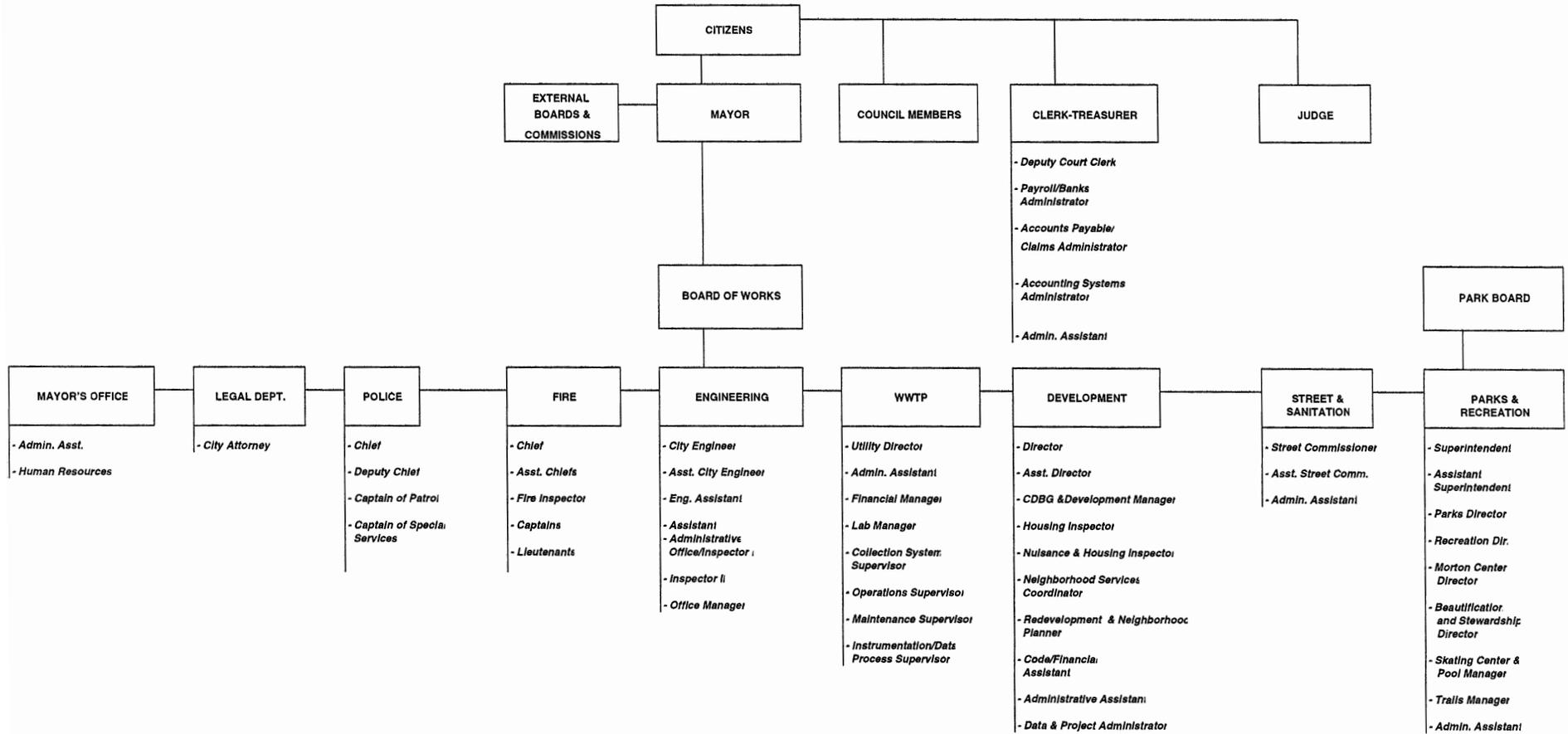
Judy Rhodes, Clerk Treasurer

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 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

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 18,000 calls for service a year.

FIRE DEPARTMENT

FIRE CHIEF: Phillip Drew

The West Lafayette Fire Department operates two fire stations and provides 24-hour services. The department is staffed by 35 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, 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 14 lift stations and 93 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 and Tapawingo Parks. Global Fest, a celebration of our community's diversity, is held each Labor Day weekend at Morton Community Center. The department has 17 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, 2003

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.



Nancy L. Zjelle

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION

FINANCIAL SECTION



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

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

TO: THE OFFICIALS OF THE CITY OF 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, 2004, 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The 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 a required part 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 taken as a whole. 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 10, 2005, 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 10, 2005



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ROOM E418
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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 City of West Lafayette (City), as of and for the year ended December 31, 2004, and have issued our report thereon dated May 10, 2005. 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.

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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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)

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 10, 2005

CITY OF WEST LAFAYETTE
Management's Discussion and Analysis
For the Year Ended December 31, 2004

The discussion and analysis of the City of West Lafayette's financial performance for the year ended December 31, 2004 provides an overview of the City's financial activities.

Financial Highlights

1. Assets exceeded liabilities at year end 2004 by \$70.4 M. Of this amount, \$6.6 M is considered unrestricted and are used to support day-to-day operations.
2. The City's total net assets increased by \$14.9 M or 27% in 2004. Of that increase, \$11.7 M came from the City's governmental activities, a 40% increase from 2003. Net assets of the City's business-type activities increased \$3.2 M or 13% from 2003.
3. At the end of 2004, the City's governmental funds reported a combined ending fund balance of \$19.4 M. The combined governmental funds' balance increased by \$1.2 M from the prior year's ending fund balance.
4. At the end of 2004, the City's unreserved fund balance for the General fund was \$3.1 M or 34% of the 2004 General fund expenditures.
5. The City's total long-term debt decreased \$0.2 M or .04% due to a reduction in long-term bonded debt.

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 supplementary information along with the statistical section.

Government-wide financial statements

The government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting, in a manner similar to private-sector businesses. The accrual basis of accounting requires that revenues be reported when they are earned and expenses reported when goods and

services are received, regardless of the timing of cash flows. The government-wide financial statements are composed of two statements: the statement of net assets and the statement of activities.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Net assets are then broken down between governmental and business-type activities. Over time, increase or decreases in net assets will show the fluctuation in the City's financial position.

The statement of activities presents information on all of the City's revenues and expenses, showing how the government's net assets changed in 2004. In this statement, expenses less the program revenues equal net expenses for the most recent fiscal year. General revenues are then subtracted from net expenses to get the change in net assets. Since program revenue (revenue generated by specific programs through charges for services, grants, and contribution) is separated from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. 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 leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (referred to as governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges for services (referred to as business-type activities). The governmental activities of the City include general government, public safety, highways and streets, economic development, and culture and recreation. The only business-type activity of the City is the wastewater treatment utility.

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 government-wide financial statements are found on pages 24-26 of this report.

Fund financial statements

A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, with its 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 monies set aside to a specific purpose. 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

Governmental funds are used to account for most of the City's basic services. These funds generally do not provide enough revenue to completely cover their expenses. Therefore, they need taxes, fees, interest or other intergovernmental revenue to help support them. These funds use the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. Governmental fund financial statements focus on near-term inflows and outflows of unrestricted resources as well as balances of unrestricted resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The difference of results in the governmental fund statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement. The basic governmental fund financial statements can be found on pages 27-30 of this report.

The City maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provision of the annual appropriated budget. 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. A budgetary comparison statement is provided for the General fund and all special revenue and capital funds, to demonstrate compliance with the budget. Major fund budgetary variance statements are included with the basic financial statements. All non-major fund budget variances follow the notes to the financial statements. Budgetary variances for the General fund are discussed in some detail later in this section.

Proprietary funds

When the City charges a fee to cover the entire cost of an operation, whether to outside customers or to other units of the City, these services are generally classified as a proprietary fund. There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type

activities in the government-wide financial statements. These funds are completely self-supporting by providing services to outside customers of the City. The City uses an enterprise fund to account for its wastewater treatment utility operations. Internal service funds are used to report activities that provide services and supplies for other City departments. The City has no internal service funds. The basic proprietary fund statements can be found on pages 31-35.

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 the resources of those funds are not available to support the City's own programs. 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 used pension trust funds to report the police pension and the firefighter's 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 36-37 of this report.

Notes to financial statements

The notes are a required part of the basic financial statements that provide necessary information for the understanding of the City's financial report. The notes to the financial statements can be found on pages 38-63 of this report.

Other information

The City is also required to provide more detailed information about certain issues disclosed in required supplementary information (RSI) schedules. The City's RSI schedules include: Budgetary Schedules for the General Fund and Major Special Revenue funds, the Schedules of Funding Progress, and Schedules of Contributions From the Employer and Other Contributing Entities. The RSI schedules can be found on pages 64-70 of this report.

Government-wide financial analysis

Statement of net assets

The City's primary government assets exceed liabilities by \$70.4 M at the close of 2004. [Figure 1] Of the City's net assets (total assets less total liabilities) the largest portion, \$51 M or 72%, reflects its investment in capital assets (e.g. land, distribution and collections, roads, buildings and improvements, machinery and equipment, and construction in progress), less any debt to acquire these assets that is still outstanding. The City's capital assets are used to provide services to citizens. 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, \$12.8 M or 18%, are dollars that are subject to an external restrictions and cannot be spent on everyday operations. The unrestricted portion, \$6.6 M, or 10%, may be used by the City for normal operations. The unrestricted net assets of the City's governmental activities are -\$454,291, reflecting the inclusion of updated actuarial determinations for the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan. These pension obligations are considered an obligation of the governmental funds. The unrestricted net assets of the City's business-type activities are \$7.0 M.

Statement of activities

The City's net assets increased by \$14.9 M, or 27%, during 2004. [Figure 2] Seventy-eight percent of the growth or \$11.6 M was in net assets of governmental activities. The net assets of business-type activities increased \$3.2 M or 13%.

Total revenues for the City were \$37.6 M in 2004, growing \$12.5 M or 50% from 2003. Governmental activities provided \$29.8 M or 79% while business-type activities provided \$7.8 M or 21%.

Expenses for the year totaled \$20.4 M, an increase of 4.5% from 2003. [Figure 3]

Governmental Activities

Governmental activities are responsible for \$11.6 M or 78% of the total growth in net assets. Within governmental activities, the primary source of growth in revenues was in governmental activities resulting from recognition of \$10.9 M in contributions and gifts for major capital projects were recognized as completed this year. Tax revenue accounted for \$9.45M of total revenue sources. Intergovernmental revenue contributed \$2.4 M. The remaining 12% of revenue was provided by franchise fees, miscellaneous receipts, and investment earnings. [Figure 4] For all governmental activities with the exception of highways and streets, expenditures exceed program revenues, making these activities dependent on general revenues. Highways and streets relies on state gasoline tax and economic development income tax distributions.

Property taxes are the most stable source of funds for governmental activities. There was a decrease in property tax collection in 2004 of nearly \$1M (\$961,628) or 5% largely due to appeals of commercial property assessments following the State of Indiana 2003 reassessment.

Loss on capital assets of \$2.2M reflects the book entry of retirement of mostly infrastructure and land assets prior to restatement of asset valuation.

The predominant influence on expenditures was completion of capital projects in general government, public safety and culture and recreation, which contributed to a decrease of \$2.3 M or 14%. The decrease in expenditures was partially offset by the increase in interest expenses for long-term debt related to these projects and recognition of Cumulative Capital Development expenditures for Highways and Streets.

Public safety continues to be the largest governmental program with expenses of \$8.2 M. General government expenses were the next largest at \$2.6 M. Parks and culture and recreation expenses declined to third largest in 2004, at \$2.6 M, reflecting completion of major parks and trails capital projects. These three programs together account for 76% of total governmental expenses. [Figure 3.] The remaining governmental expenses are in economic development at \$1.2 M, highways and streets at \$1.1 M, and sanitation at \$0.6 M.

Business-type Activities

The business-type activities of the City increased net assets by \$3.2 M or 13% of the total increase in net assets.

Increased commercial revenues for the wastewater utility from both greater flow and a 12% rate increase on July 1 are responsible for nearly \$1M in revenue growth, a 17% increase over 2003. Acceptance of residential subdivision collection systems into the system contributed an additional \$1.1 M, a 55% increase. The remainder of revenues is investment earnings.

Expenditures for business-type activities increased approximately \$176,000 or 4% reflecting increased operating and maintenance expense.

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.

At the end of 2004, the City's governmental funds reported combined ending fund balances of \$19.4 M. [Figure 5] Fund balances showed a increase of \$1.1 M in comparison with the prior year. [Figure 5] The increase reflects the reduction in one-time revenue bond proceeds designated for construction of the new Police Station, Purdue Research Park Infrastructure, and the Northwest Greenway Trails project.

The largest governmental fund is the General Fund, the City's chief operating fund. At the end of 2004, the General Fund had a fund balance of \$3.1 M. As a measure of the General Fund's liquidity, a comparison can be made between the total fund balance and the fund expenditures. The General Fund expenditures for 2004 were \$9.0 M. The year end fund balance represents 35% of General Fund expenditures.

The General Fund balance increased by \$0.6 M or 26% during the 2004 fiscal year. The maintenance of the General Fund cash reserves continued to be a key component of the budget strategy for 2004 in anticipation of development of the next 5-year financial plan for the City. The allocation of higher levels of property tax to the General Fund in 2004, along with increased intergovernmental and miscellaneous revenue, combined with a 1.3% growth in expenditures to result in increased year end balances.

The City has designated six other major funds: Roads Funds; Parks and Recreation Funds; Economic Development Income Tax; Infrastructure Bonds; Cumulative Capital Development; and West Lafayette Building Corporation. The combined fund balance for these six other major funds is \$9.8 M. The fund balance of the City's major funds decreased by \$0.6 M during 2004 due to ongoing planned capital expenditures and transfers if infrastructure assets to non-major

Redevelopment Commission funds. fund. The non-major governmental funds have a combined fund balance of \$6.4 M. The non-major fund balance increased \$1.1 M primarily due to asset transfer from major funds.

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 of the City's proprietary fund at the end of 2004 were \$28.9 M. Restricted net assets are \$0.8 M, invested in capital assets are \$21 M, and unrestricted net assets are \$7 M. Net assets increased \$3.2 M over the prior year, primarily due to operating income of \$3.15 M.

General Fund Budgetary Highlights

The differences between the original adopted budget and the final amended budget were minimal, with only a \$96,311 or a 1% net increase from the original budget. Increases in public safety, general government and highways and streets totaled \$99,040. Decreases totaled \$2,729 in sanitation and urban development and housing.

Actual expenditures were \$359,435 lower than budget. All functions showed positive variances. Reversion of budgets were similar to the prior year for charges for services, supplies, and personnel services. Lower than expected operating costs were responsible for nearly half of the budget under expenditure with charges for services lower than budgeted by \$171,378 and supplies lower by \$36,392. Under expenditure of personnel services totaled \$142,497 mainly due to reduced costs related to position vacancies. Under expenditure in capital outlay totaled \$9,168, a 10-fold decrease from 2003, largely due to greater expenditure of capital budgets for police and sanitation.

Actual revenues were nearly identical to 2003, and only \$35,245 lower than budgeted. The largest variance was under collection of taxes by \$114,044 or 2.% due to appeals of commercial properties following the 2003 reassessment. Fines and forfeits also declined \$52,008 due to weather-related reductions in parking enforcement. These decreases were almost entirely offset by \$131,807 in increased collections for licenses and permits, intergovernmental revenues, and charges for services.

Capital Asset and Debt Administration

Capital Assets

The City's primary government's capital assets as of December 31, 2004 total \$96.7 M (net of accumulated depreciation.) [Figure 6] Capital assets includes land; roads; buildings and improvements; machinery and equipment; and construction in progress. The total increase in the City's capital assets for the current fiscal year was \$12.7 M or 13%. Capital assets for governmental activities increased \$11.7 M or 31%, at the same pace as 2003 reflecting ongoing major capital projects for parks, infrastructure, and roads during this period. Business-type activities increased nearly \$1 M or 2%, which is about half the rate of increase from last year. The decreased growth rate in capital assets for the wastewater utility reflect the lower level of expenditure associated with several major collection system projects that are nearly complete.

Governmental activities

Capital assets for the governmental activities total \$66.9 M with an accumulated depreciation of \$17.7 M for a net book value of \$49.2 M. During 2003 \$21.4 M in construction in progress was transferred to capital assets including major projects such as the Police Station, the Northwest Greenway Trails, the Purdue Research Park Infrastructure, Lindberg Road, and Wabash Landing Enhancement. At year end, the balance in construction in progress reflects capital projects in various stages of completion including the Brown Street Overlook, Sagamore Parkway West Improvement, Riverfront Development, and Trail Extensions.

Business-type activities

Capital assets for the business-type activities total \$56 M with an accumulated depreciation figure of \$8.5 M for a net book value of \$47.5 M. The amount also includes \$11.3 M in construction in progress for projects including the Happy Hollow Interceptor Rehabilitation, Wet Weather Treatment Facility, Prophet's Ridge Lift Station and Arbor Chase Lift Station.

Long-term debt

The City's long-term liabilities totaled \$54.7 M at the end of 2004, a decrease of \$230,343 from 2003. It is comprised of revenue bonds, loans payables, capital leases, pension obligations, and compensated absences. The decrease is primarily due to reductions in principal on revenue bonds and wastewater utility state revolving loans, as well as reductions in capital leases. [Figure 7]

The largest component is bonded debt comprised of the revenue bonds and the wastewater utility State Revolving Fund loan payables. On December 31, 2004, the City's primary government had total bonded debt outstanding of \$45.5 M or

86% of total long-term debt, the same proportion as the prior year. Of this amount, \$19 M is classified as revenue bonds. The City is responsible to pay this debt through lease payments made to blended component units, the West Lafayette Redevelopment Authority, the West Lafayette Building Corporation, and the West Lafayette Equipment Leasing Corporation. The remaining \$26.5 M of long-term debt is are classified as loans payable from the State Revolving Fund that are paid from the revenues earned by the business-type fund, the wastewater treatment utility.

The City's total debt for revenue bonds, loans payable and capital leases decreased by \$2 M during 2004. Debt additions were comprised of \$0.7 M in loans payable for the wastewater treatment utility. Reductions in debt totaled \$4.9 M and resulted from principal payments of \$1.56 M from the wastewater treatment utility for State Revolving Fund loans, \$60,000 from the West Lafayette Equipment Leasing Corporation and \$590,000 from the West Lafayette Redevelopment Authority, \$200,000 from the West Lafayette building Corporation, as well s reduction in capital leases of \$214,182.

The City of West Lafayette currently maintains an AA- rating for its revenue debt from Standard and Poor's rating service.

In addition to the debt outlined above, the City's long-term debt also includes public safety pension obligations and compensated absences. The net increase in the City's pension obligation reported in 2004 was \$2.0 M or 32% of the prior available balance of December 31, 2002. The actuarial update is for the two-year period from 2001 through 2003. The unfunded actuarial accrued liability as of January 1, 2004 is \$19,407,000. The ongoing growth in pension obligations is expected to continue in the short-term since the remaining members in the 1937 Firefighters' Pension Plan are expected to be retired by 2008. The City's recognizes this ongoing obligation as a key factor in financial planning.

Detailed information on long-term debt activity is available in the Notes to the Financial Statements in Section III, Notes E and F (pages 51-52) and Section IV, Note D (pages 56-67).

Economic Factors and the Next Year's Budgets and Rates

Tippecanoe County continues as one of the State of Indiana's top growth areas. The City has benefited from the stable employment rate of its major employer, Purdue University as well as growth in the high technology sector in Purdue Research Park. The unemployment rate for Tippecanoe County in 2004 was 4.2% compared to the State of Indiana rate of 5.2%.

The City expects to complete its second 5-year financial plan in 2005. Planning for personnel increases, capital maintenance and public safety pension obligations are top priorities. The City expects to add two firefighters, one police officer, and one Assistant City Engineer to sustain high quality City services in 2005.

The City's Strategic Plan, first implemented in 1986, will be updated at its 3-year community review in 2005. Over 100 citizens have been involved in the process. The City's vision as a "Knowledge Centered Community" continues with focus on four Quality of Life issues: Housing/Neighborhood Vitality, School Vitality, City Vitality and City Services.

The Purdue Research Park was named the #1 University Research Park in the nation and Phase 2 Expansion is ready for occupancy. The Research Park is home to 90 companies employing over 2,500. Butler International, Inc. announced plans to establish an engineering design center here employing over 200 engineers by the end of 2005.

The City Council authorized up to \$27 in state revolving loans for the wastewater utility, with the first loan for \$12.38 M closing on December 29, 2004. Beginning in 2005, loans will be incurred for the Western Interceptor Project. Future loans will be designated for the Wastewater Treatment Plant Digester Renovation and Alternate Power Source projects, and for North River Road Interceptor rehabilitation. A 12% rate increase is scheduled for July 1, 2005 and a 10% increase for July 1, 2006. An annual review of the wastewater treatment utility financial status is presented to the Common Council in conjunction with any rate request.

Gateway and pedestrian access investment along the City's northern commercial district, Sagamore Parkway West, is expected to complement major commercial investment in 2005.

Completion of streetscape improvements integrated with the new \$12.5 M West Lafayette Public Library complex, and new commercial and residential development is expected to spur development in the Village, the unique urban area adjacent to Purdue University.

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	
	2004	2003	2004	2003	2004	2003
Assets						
Current and other assets	\$ 21,164,913	\$ 20,457,132	\$ 8,047,639	\$ 7,488,046	\$ 29,212,552	\$ 27,945,178
Capital assets	49,197,376	37,484,945	47,503,062	46,547,952	96,700,438	84,032,897
Total assets	70,362,289	57,942,077	55,550,701	54,035,998	125,912,990	111,978,075
Liabilities						
Long-term liabilities	26,308,475	25,329,674	24,953,036	26,284,335	51,261,511	51,614,009
Other liabilities	2,495,376	2,753,818	1,745,785	2,139,863	4,241,161	4,893,681
Total liabilities	28,803,851	28,083,492	26,698,821	28,424,198	55,502,672	56,507,690
Net assets	\$ 41,558,438	\$ 29,858,585	\$ 28,851,880	\$ 25,611,800	\$ 70,410,318	\$ 55,470,385
Invested in capital assets, net of related debt	\$ 30,001,473	\$ 17,365,591	\$ 20,988,211	\$ 18,744,866	\$ 50,989,684	\$ 36,110,457
Restricted	12,011,256	11,274,461	838,673	1,215,040	12,849,929	12,489,501
Unrestricted	(454,291)	1,218,533	7,024,996	5,651,874	6,570,705	6,870,407
Total net assets	\$ 41,558,438	\$ 29,858,585	\$ 28,851,880	\$ 25,611,800	\$ 70,410,318	\$ 55,470,385

Figure 2
City of West Lafayette
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services	\$ 4,538,420	\$ 4,471,310	\$ 6,624,041	\$ 5,646,531	\$ 11,162,461	\$ 10,117,841
Operating grants and contributions	746,190	810,015	-	-	746,190	810,015
Capital grants and contributions	146,334	223,972	-	-	146,334	223,972
General revenues:	-	-	-	-	-	-
Property taxes	9,450,977	10,226,118	-	-	9,450,977	10,226,118
Intergovernmental revenues	2,410,635	2,230,014	-	-	2,410,635	2,230,014
Franchise fees	123,765	116,645	-	-	123,765	116,645
Contributions and gifts	10,900,464	-	1,085,305	687,640	11,985,769	687,640
Miscellaneous receipts (net of interest)	1,211,355	368,586	-	(780)	1,211,355	367,806
Unrestricted investment earnings	233,694	225,666	129,090	102,417	362,784	328,083
Total revenues	29,761,834	18,672,326	7,838,436	6,435,808	37,600,270	25,108,134
Expenses:						
General government	2,572,974	3,117,831	-	-	2,572,974	3,117,831
Public safety	8,173,328	6,547,564	-	-	8,173,328	6,547,564
Highways and streets	1,071,057	529,086	-	-	1,071,057	529,086
Sanitation	621,448	648,167	-	-	621,448	648,167
Health and welfare	-	-	-	-	-	-
Economic development	1,226,720	1,470,227	-	-	1,226,720	1,470,227
Culture and recreation	1,587,540	3,135,924	-	-	1,587,540	3,135,924
Interest Expense	902,862	-	-	-	902,862	-
Wastewater	-	-	4,271,050	4,095,213	4,271,050	4,095,213
Total expenses	16,155,929	15,448,799	4,271,050	4,095,213	20,426,979	19,544,012
Increase in net assets before transfers and special items	13,605,905	3,223,527	3,567,386	2,340,595	17,173,291	5,564,122
Transfers	249,656	208,095	(249,656)	(208,095)	-	-
Loss on capital assets	(2,248,328)	-	(77,650)	-	(2,325,978)	-
Increase in net assets	11,607,233	3,431,622	3,240,080	2,132,500	14,847,313	5,564,122
Net assets - January 1	29,951,205	26,519,583	25,611,800	23,479,300	55,563,005	49,998,883
Net assets - December 31	\$ 41,558,438	\$ 29,951,205	\$ 28,851,880	\$ 25,611,800	\$ 70,410,318	\$ 55,563,005

Figure 3
City of West Lafayette
Program Expenses

	Governmental Expenses	
	2004	2003
Public Safety	\$ 8,173,328	\$ 6,547,564
Wastewater	4,271,050	4,095,213
General Government	2,572,974	3,117,831
Culture & Recreation	1,587,540	3,135,924
Economic Development	1,226,720	1,470,227
Highways & Streets	1,071,057	529,086
Sanitation	621,448	648,167
Interest Expense	902,862	-
Totals	\$ 20,428,979	\$ 19,544,012

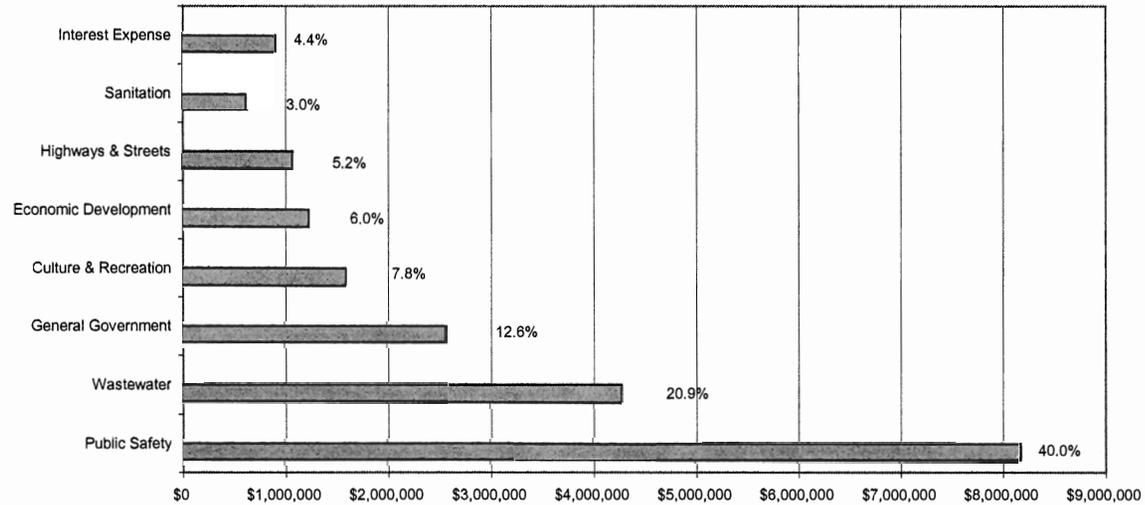


Figure 4
City of West Lafayette
Governmental Revenues

	Governmental Revenues	
	2004	2003
Charges for Services	\$ 4,538,420	\$ 4,471,310
Operating Grants & Contributions	746,190	810,015
Capital Grants & Contributions	146,334	223,972
Property Taxes	9,450,977	10,226,118
Intergovernmental Revenues	2,410,635	2,230,014
Franchise Fees	123,765	116,645
Contributions and Gifts	10,900,464	-
Miscellaneous	1,211,355	368,586
Unrestricted Investment Earnings	233,694	225,666
Transfers	249,656	# 208,095
Totals	\$ 30,011,490	\$ 18,880,421

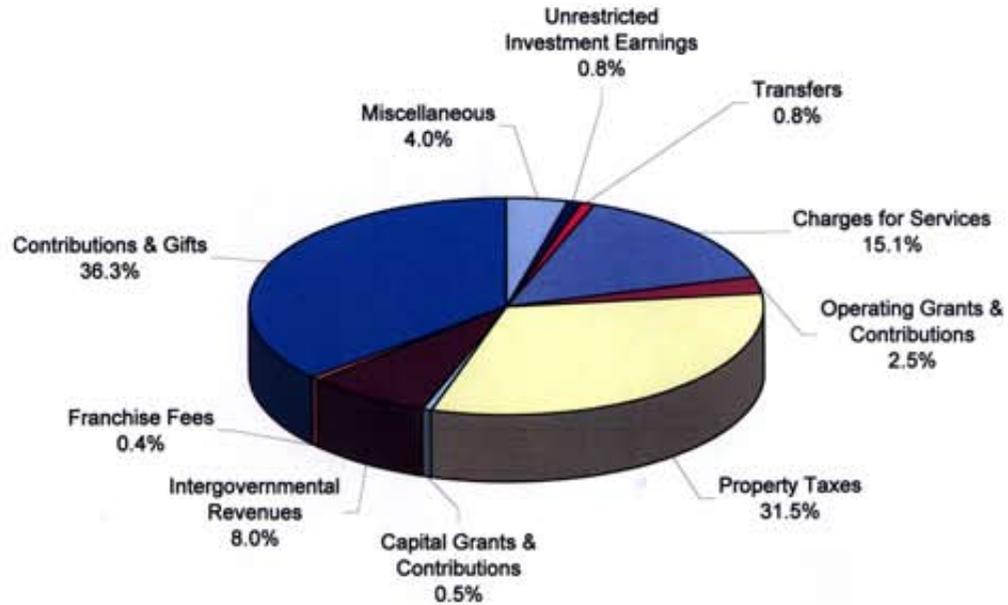


Figure 5
City of West Lafayette
Governmental Fund Balances at Year-End

	Fund Balances at Year-End	
	2004	2003
General	\$ 3,141,412	\$ 2,493,526
Road Funds	1,558,106	1,516,387
Parks and Recreation Funds	1,128,301	1,250,428
Economic Development Income Tax	2,057,420	1,927,524
Infrastructure Bonds	2,463,660	3,018,125
Cumulative Capital Development	2,427,248	2,331,957
West Lafayette Building Corporation	191,105	355,641
Nonmajor Governmental Funds	6,430,078	5,317,415
Totals	\$ 19,397,330	\$ 18,211,003

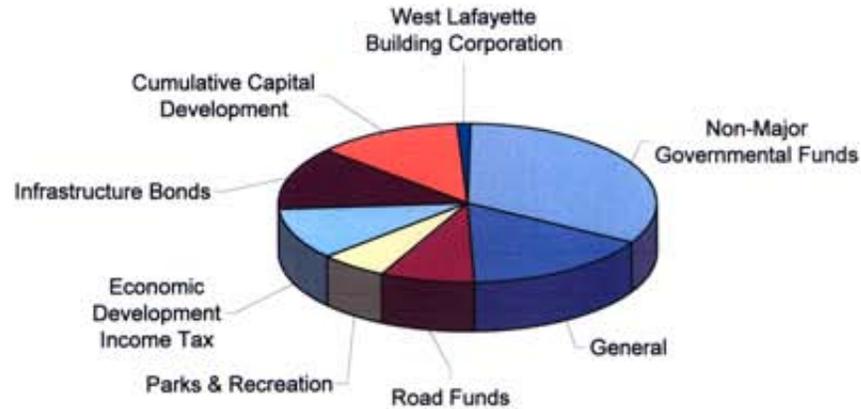


Figure 6
City of West Lafayette
Capital Assets At Year-End
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Land	\$ 10,792,583	\$ 6,648,443	\$ 593,385	\$ 593,385	\$ 11,385,968	\$ 7,241,828
Construction in progress	1,495,742	13,088,565	11,370,690	10,560,820	12,866,432	23,649,385
Buildings	12,335,502	7,235,702	13,120,859	13,276,119	25,456,361	20,511,821
Improvements other than buildings	2,155,057	1,972,004	19,998,903	19,418,378	22,153,960	21,390,382
Machinery and equipment	2,164,199	1,986,385	2,419,225	2,699,250	4,583,424	4,685,635
Infrastructure being depreciated	20,254,293	6,553,846	-	-	20,254,293	6,553,846
Totals	\$ 49,197,376	\$ 37,484,945	\$ 47,503,062	\$ 46,547,952	\$ 96,700,438	\$ 84,032,897

Land and Construction in Progress are not depreciated.

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

	Governmental Activities		Business-Type Activities		Total	
	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03
Revenue Bonds Payable	\$ 19,015,000	\$ 19,865,000	\$ -	\$ -	\$ 19,015,000	\$ 19,865,000
Loans Payable	-	-	26,514,851	27,803,066	26,514,851	27,803,066
Total Bonded Debt	19,015,000	19,865,000	26,514,851	27,803,066	45,529,851	47,668,066
Capital Leases	180,903	254,354	-	-	180,903	254,354
Pension Obligation	8,296,200	6,299,838	-	-	8,296,200	6,299,838
Compensated Absences	576,991	576,362	108,926	124,595	685,917	700,957
Total Long -Term Liabilities	9,054,094	7,130,554	108,926	124,595	9,163,020	7,255,149
Total Long-Term Debt	\$ 28,069,094	\$ 26,995,554	\$ 26,623,777	\$ 27,927,661	\$ 54,692,871	\$ 54,923,215

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CITY OF WEST LAFAYETTE
STATEMENT OF NET ASSETS
December 31, 2004

<u>Assets</u>	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 11,543,644	\$ 6,416,071	\$ 17,959,715
Cash with fiscal agent	7,807,502	-	7,807,502
Investments	-	1,261,763	1,261,763
Receivables (net of allowances for uncollectibles):			
Interest	28,059	11,188	39,247
Taxes	148,340	-	148,340
Accounts	475,156	280,624	755,780
Intergovernmental	729,305	-	729,305
Internal balances	65,782	(65,782)	-
Inventories	92,328	117,439	209,767
Prepaid expense	-	26,336	26,336
Deferred debits	274,797	-	274,797
Capital assets:			
Land and construction in progress	12,288,325	11,964,075	24,252,400
Other capital assets, net of depreciation	<u>36,909,051</u>	<u>35,538,987</u>	<u>72,448,038</u>
Total assets	<u>70,362,289</u>	<u>55,550,701</u>	<u>125,912,990</u>

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

Continued on next page

CITY OF WEST LAFAYETTE
STATEMENT OF NET ASSETS
December 31, 2004
(Continued)

<u>Liabilities</u>	Primary Government		
	Governmental Activities	Business-type Activities	Total
Accounts payable	298,192	13,655	311,847
Accrued payroll and withholdings payable	262,555	47,369	309,924
Retainage payable	-	14,020	14,020
Accrued interest payable	379,038	-	379,038
Noncurrent liabilities:			
Amounts due within one year:			
Capital lease obligations	180,903	-	180,903
Notes and loans payable	-	1,605,000	1,605,000
Revenue bonds - due within one year	910,000	-	910,000
Compensated absences	464,688	65,741	530,429
Amounts due beyond one year:			
Notes and loans payable	-	24,909,851	24,909,851
Revenue bonds payable (net of discount)	17,899,972	-	17,899,972
Compensated absences	112,303	43,185	155,488
Net pension obligation	8,296,200	-	8,296,200
Total liabilities	28,803,851	26,698,821	55,502,672
 <u>Net Assets</u>			
Invested in capital assets, net of related debt	30,001,473	20,988,211	50,989,684
Restricted for:			
Highways and streets	4,580,336	-	4,580,336
Culture and recreation	5,412,518	-	5,412,518
Debt service	2,018,402	824,653	2,843,055
Construction retainage	-	14,020	14,020
Unrestricted	(454,291)	7,024,996	6,570,705
Total net assets	\$ 41,558,438	\$ 28,851,880	\$ 70,410,318

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

CITY OF WEST LAFAYETTE
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,572,974	\$ 992,117	\$ -	\$ -	\$ (1,580,857)	\$ -	\$ (1,580,857)
Public safety	8,173,328	39,570	54,918	-	(8,078,840)	-	(8,078,840)
Highways and streets	1,071,057	2,302,092	-	47,716	1,278,751	-	1,278,751
Sanitation	621,448	466,781	41,500	-	(113,167)	-	(113,167)
Economic development	1,226,720	102,123	513,095	5,617	(605,885)	-	(605,885)
Culture and recreation	1,587,540	635,737	136,677	93,001	(722,125)	-	(722,125)
Interest expense	902,862	-	-	-	(902,862)	-	(902,862)
Total governmental activities	<u>16,155,929</u>	<u>4,538,420</u>	<u>746,190</u>	<u>146,334</u>	<u>(10,724,985)</u>	<u>-</u>	<u>(10,724,985)</u>
Business-type activities:							
Wastewater	<u>4,271,050</u>	<u>6,624,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,352,991</u>	<u>2,352,991</u>
Total business-type activities	<u>4,271,050</u>	<u>6,624,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,352,991</u>	<u>2,352,991</u>
Total primary government	<u>\$ 20,426,979</u>	<u>\$ 11,162,461</u>	<u>\$ 746,190</u>	<u>\$ 146,334</u>	<u>(10,724,985)</u>	<u>2,352,991</u>	<u>(8,371,994)</u>
General revenues:							
Property taxes					9,450,977	-	9,450,977
Other state taxes					758,882	-	758,882
Other local taxes					1,651,753	-	1,651,753
Franchise fees					123,765	-	123,765
Contributions and gifts					10,900,464	1,085,305	11,985,769
Loss on capital assets					(2,248,328)	(77,650)	(2,325,978)
Miscellaneous receipts (net of interest)					1,211,355	-	1,211,355
Unrestricted investment earnings					233,694	129,090	362,784
Transfers					<u>249,656</u>	<u>(249,656)</u>	<u>-</u>
Total general revenues and transfers					<u>22,332,218</u>	<u>887,089</u>	<u>23,219,307</u>
Change in net assets					11,607,233	3,240,080	14,847,313
Net assets - beginning					<u>29,951,205</u>	<u>25,611,800</u>	<u>55,563,005</u>
Net assets - ending					<u>\$ 41,558,438</u>	<u>\$ 28,851,880</u>	<u>\$ 70,410,318</u>

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

CITY OF WEST LAFAYETTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

<u>Assets</u>	<u>General</u>	<u>Roads Funds</u>	<u>Parks and Recreation Funds</u>	<u>Economic Development Income Tax</u>	<u>Infrastructure Bonds</u>	<u>Cumulative Capital Development</u>	<u>West Lafayette Building Corporation</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 2,661,599	\$ 1,451,980	\$ 1,168,768	\$ 2,097,711	\$ -	\$ 2,414,450	\$ -	\$ 1,749,136	\$ 11,543,644
Cash with fiscal agent	-	-	-	-	2,565,965	-	328,797	4,912,740	7,807,502
Receivables (net of allowances for uncollectibles):									
Interest	4,429	2,759	1,331	4,279	1,962	4,731	123	8,445	28,059
Taxes	79,961	-	14,163	-	25,943	4,837	-	23,436	148,340
Accounts	460,739	6,754	6,829	-	-	-	-	834	475,156
Intergovernmental	317,433	157,803	11,141	206,870	-	19,778	-	16,280	729,305
Interfund receivable	73,897	-	-	-	-	-	-	-	73,897
Total assets	\$ 3,598,058	\$ 1,619,296	\$ 1,202,232	\$ 2,308,860	\$ 2,593,870	\$ 2,443,796	\$ 328,920	\$ 6,710,871	\$ 20,805,903
 <u>Liabilities and Fund Balances</u>									
Liabilities:									
Accounts payable	\$ 87,666	\$ 45,075	\$ 18,025	\$ 37,579	\$ -	\$ 7,940	\$ 11,920	89,987	\$ 298,192
Accrued payroll and withholdings payable	208,747	16,115	30,702	6,991	-	-	-	-	262,555
Interfund payable	-	-	-	-	-	-	-	8,115	8,115
Accrued interest payable	-	-	-	-	104,267	-	125,895	148,876	379,038
Deferred revenue:									
Unavailable	160,233	-	25,204	206,870	25,943	8,608	-	33,815	460,673
Total liabilities	456,646	61,190	73,931	251,440	130,210	16,548	137,815	280,793	1,408,573
 Fund balances:									
Unreserved, reported in:									
General fund	3,141,412	-	-	-	-	-	-	-	3,141,412
Special revenue funds	-	1,558,106	1,128,301	2,057,420	-	-	-	703,667	5,447,494
Debt service funds	-	-	-	-	-	-	-	1,901,043	1,901,043
Capital projects funds	-	-	-	-	2,463,660	2,427,248	191,105	3,825,368	8,907,381
Total fund balances	3,141,412	1,558,106	1,128,301	2,057,420	2,463,660	2,427,248	191,105	6,430,078	19,397,330
Total liabilities and fund balances	\$ 3,598,058	\$ 1,619,296	\$ 1,202,232	\$ 2,308,860	\$ 2,593,870	\$ 2,443,796	\$ 328,920	\$ 6,710,871	\$ 20,805,903

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, 2004

Total fund balances for governmental funds		\$ 19,397,330
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 as expenditures when consumed rather than when purchased on the statement of activities. Inventories are recorded as expenditures when purchased rather than consumed in the fund statements.		92,328
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Those assets consist of:		
Land	\$ 10,792,583	
Construction in progress	1,495,742	
Buildings, net of \$3,036,390 accumulated depreciation	12,335,502	
Improvements other than buildings, net of \$768,818 accumulated depreciation	2,155,057	
Machinery and equipment, net of \$3,743,298 accumulated depreciation	2,164,199	
Infrastructure being depreciated, net of \$10,114,601 accumulated depreciation	20,254,293	
Total capital assets		49,197,376
Bond issuance costs associated with new debt issued by the City in 2002 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.		274,797
City tax collections related to 2005 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.		148,340
State shared revenue appropriated during the State of Indiana's fiscal year ended June 30, 2004, will be collected by the City in calendar year 2005. Revenue and a corresponding receivable for the amount appropriated but not received by December 31, 2004, are included in the government-wide statements.		312,333
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, 2004, are:		
Bonds payable	(19,015,000)	
Unamortized premium	205,028	
Leases payable	(180,903)	
Compensated absences payable	(576,991)	
Total long-term liabilities		(19,567,866)
Net pension obligations, including the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan, 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.		(8,296,200)
Total net assets of governmental activities		\$ 41,558,438

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, 2004

	General	Roads Funds	Parks and Recreation Funds	Economic Development Income Tax	Infrastructure Bonds	Cumulative Capital Development	West Lafayette Building Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:									
Taxes	\$ 5,149,256	\$ -	\$ 912,082	\$ -	\$ 1,670,683	\$ 311,514	\$ -	\$ 1,509,178	\$ 9,552,713
Licenses and permits	91,461	-	-	-	-	-	-	390	91,851
Intergovernmental	2,474,016	1,152,995	83,757	1,233,869	-	45,541	719,000	1,052,291	6,761,469
Charges for services	974,336	9,713	556,488	-	-	-	-	30,568	1,571,105
Fines and forfeits	445,526	-	-	-	-	-	-	8,031	453,557
Other	330,771	152,494	178,314	52,798	15,082	33,000	1,651	102,567	866,677
Total revenues	9,465,366	1,315,202	1,730,641	1,286,667	1,685,765	390,055	720,651	2,703,025	19,297,372
Expenditures:									
Current:									
General government	2,278,049	-	-	-	-	-	-	5,558	2,283,607
Public safety	5,569,563	-	-	-	-	-	-	60,273	5,629,836
Highways and streets	250,650	1,144,261	-	1,156,771	-	-	-	-	2,551,682
Sanitation	634,384	-	-	-	-	-	-	-	634,384
Culture and recreation	-	-	1,899,417	-	-	-	-	-	1,899,417
Urban redevelopment and housing	278,915	-	-	-	-	-	-	563,883	842,798
Debt service:									
Principal	-	-	-	-	-	-	-	295,000	295,000
Interest	-	-	-	-	-	-	-	366,913	366,913
Capital outlay	-	-	-	-	682,317	423,986	885,187	1,756,648	3,748,138
Total expenditures	9,011,561	1,144,261	1,899,417	1,156,771	682,317	423,986	885,187	3,048,275	18,251,775
Excess (deficiency) of revenues over (under) expenditures	453,805	170,941	(168,776)	129,896	1,003,448	(33,931)	(164,536)	(345,250)	1,045,597
Other financing sources (uses):									
Transfers in	100,000	-	-	-	-	129,222	-	3,264,519	3,493,741
Transfers out	-	(129,222)	-	-	(1,557,913)	-	-	(1,806,606)	(3,493,741)
Capital leases	94,081	-	46,649	-	-	-	-	-	140,730
Total other financing sources (uses)	194,081	(129,222)	46,649	-	(1,557,913)	129,222	-	1,457,913	140,730
Net change in fund balances	647,886	41,719	(122,127)	129,896	(554,465)	95,291	(164,536)	1,112,663	1,186,327
Fund balances - beginning	2,493,526	1,516,387	1,250,428	1,927,524	3,018,125	2,331,957	355,641	5,317,415	18,211,003
Fund balances - ending	\$ 3,141,412	\$ 1,558,106	\$ 1,128,301	\$ 2,057,420	\$ 2,463,660	\$ 2,427,248	\$ 191,105	\$ 6,430,078	\$ 19,397,330

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, 2004

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)	\$ 1,186,327
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.	2,919,565
Governmental funds do not report capital assets acquired as the result of contributions as revenues. However, in the statement of activities, these acquisitions are reported as contributions and gifts. This amount represents the value of capital assets contributed to the City.	10,900,464
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.	(186,346)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(964,157)
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.	(2,248,328)
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>(292)</u>
Change in net assets of governmental activities (statement of activities)	<u>\$ 11,607,233</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, 2004

<u>Assets</u>	<u>Business-type Activity - Enterprise Fund Wastewater Utility</u>
Current assets:	
Cash and cash equivalents	\$ 2,517,334
Interest receivable	11,188
Accounts receivable (net of allowance for uncollectibles)	280,624
Inventories	117,439
Prepaid expenses	<u>26,336</u>
Total current assets	<u>2,952,921</u>
Restricted assets:	
Cash and cash equivalents	3,898,737
Investments	<u>1,261,763</u>
Total restricted assets	<u>5,160,500</u>
Noncurrent assets:	
Capital assets:	
Land, improvements to land and construction in progress	11,964,075
Other capital assets (net of accumulated depreciation)	<u>35,538,987</u>
Total noncurrent assets	<u>47,503,062</u>
Total assets	<u>55,616,483</u>

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

Continued on next page

CITY OF WEST LAFAYETTE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004
(Continued)

<u>Liabilities</u>	Business-type Activity - <u>Enterprise Fund</u> Wastewater Utility
Current liabilities:	
Accounts payable	13,655
Accrued payroll and withholdings payable	47,369
Due to other funds	65,782
Retainage payable	<u>14,020</u>
Total current liabilities	<u>140,826</u>
Noncurrent liabilities:	
Amounts due within one year:	
Loans payable	1,605,000
Compensated absences	65,741
Amounts due beyond one year:	
Loans payable	24,909,851
Compensated absences payable	<u>43,185</u>
Total noncurrent liabilities	<u>26,623,777</u>
Total liabilities	<u>26,764,603</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	20,988,211
Restricted for:	
Debt service	824,653
Construction retainage	14,020
Unrestricted	<u>7,024,996</u>
Total net assets	<u>\$ 28,851,880</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, 2004

	Business-type Activity - Enterprise Fund
	Wastewater Utility
Operating revenues:	
Residential sales	\$ 6,381,993
Other	242,048
Total operating revenues	6,624,041
Operating expenses:	
Collection system - operations and maintenance	381,440
Treatment and disposal expense - operations and maintenance	1,246,314
Customer accounts	137,822
Administration and general	794,421
Depreciation and amortization	910,691
Total operating expenses	3,470,688
Operating income	3,153,353
Nonoperating revenues (expenses):	
Interest and investment revenue	129,090
Loss on sale of assets	(77,650)
Interest expense	(800,362)
Total nonoperating revenue (expenses)	(748,922)
Income before contributions and transfers	2,404,431
Capital contributions	1,085,305
Payments in lieu of taxes	(249,656)
Change in net assets	3,240,080
Total net assets - beginning	25,611,800
Total net assets - ending	\$ 28,851,880

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, 2004

	Business-type Activity - Enterprise Fund
	Wastewater Utility
Cash flows from operating activities:	
Receipts from customers and users	\$ 6,648,619
Payments to suppliers	(1,962,397)
Payments to employees	(1,266,492)
Net cash provided by operating activities	3,419,730
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(586,408)
Principal paid on capital debt	(1,560,000)
Interest paid on capital debt	(800,362)
Proceeds from sale of capital assets	47
Net cash used by capital and related financing activities	(2,946,723)
Cash flows from investing activities:	
Purchase of investments	(1,261,763)
Interest received	123,226
Net cash used by investing activities	(1,138,537)
Net decrease in cash and cash equivalents	(665,530)
Cash and cash equivalents, January 1	7,081,601
Cash and cash equivalents, December 31	\$ 6,416,071

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

Continued on next page

CITY OF WEST LAFAYETTE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2004
(Continued)

	Business-type Activity - <u>Enterprise Fund</u> Wastewater <u>Utility</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 3,153,353
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	910,691
Transfers to governmental funds	(249,656)
(Increase) decrease in assets:	
Accounts receivable	24,578
Inventories	(31,293)
Prepaid items	(16,563)
Increase (decrease) in liabilities:	
Accounts payable	(632)
Accrued payroll and withholdings payable	9,119
Compensated absence payable	(15,669)
Due to other funds	(4,109)
Retainage payable	<u>(360,089)</u>
Total adjustments	<u>266,377</u>
Net cash provided by operating activities	<u>\$ 3,419,730</u>
Noncash investing, capital and financing activities:	
Capital assets acquired through letter of credit drawdowns	\$ 271,785
Long-term debt incurred through letter of credit drawdowns	271,785
Contributions of capital assets	1,085,305

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, 2004

<u>Assets</u>	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ 897,113	\$ 198,600
Receivables:		
Interest and dividends	29,174	-
Taxes	2,350	-
Intergovernmental	<u>1,832</u>	<u>-</u>
Total assets	<u>930,469</u>	<u>\$ 198,600</u>
 <u>Liabilities</u>		
Payroll withholdings payable	-	\$ 171,068
Trust payable	<u>-</u>	<u>27,532</u>
Total liabilities	<u>-</u>	<u>\$ 198,600</u>
 <u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits	<u>\$ 930,469</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, 2004

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Employer	\$ 710,000
Plan members	5,710
Private donations	1,052
Investment income:	
Interest	<u>81,025</u>
Total additions	<u>797,787</u>
 <u>Deductions</u>	
Benefits and refunds paid to plan members and beneficiaries	1,118,412
Administrative expenses	<u>8,055</u>
Total deductions	<u>1,126,467</u>
Changes in net assets	(328,680)
Net assets - beginning	<u>1,259,149</u>
Net assets - ending	<u><u>\$ 930,469</u></u>

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

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 primary government.

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 the 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 primary government.

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. 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 plans' funded status and funding progress, and contributions of the employer are disclosed in the required supplementary schedules. This reporting helps assess whether the plans' 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 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 are used for construction of projects funded by these revenues.

Infrastructure bonds fund (capital projects) accounts for revenues received from the sale of the Economic Development Lease Rental Bonds of 2002 and are used for the construction of projects funded by these revenues.

Cumulative capital development fund (capital projects) accounts for expenditures relating to the purchase or lease of capital improvements in the City.

West Lafayette building corporation fund (capital projects) accounts for revenues received from the sale of the First Mortgage Bonds of 2002, used for the construction of a new police station.

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.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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).

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

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

The City has invested \$623,545 in an external investment pool administered by the Public Employee's Retirement Board of Trustees in accordance with IC 5-11-10.3-4.7. The fair value of the position in the pool is the same as the value of the pool shares. There is no regulatory oversight of the pool.

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statutes (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). 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 taxes revenues on the statement of activities. The net amounts are recognized as receivables on the funds financial statements with an offset to deferred revenue since the amounts are not considered available.

4. Inventories and Prepaid Items

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

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Restricted Assets

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

6. Capital Assets

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

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

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

	Capitalization 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 (utilities):			
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.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

7. Compensated Absences

- a. Sick Leave – primary government employees earn sick leave at the rate of 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 thirty days for employees hired after May 1986. Employees hired prior to May 1986 will be compensated for all of the first thirty days and one-half of the balance up to forty-five days.
- b. Vacation Leave – primary government employees earn vacation leave at rates from ten days 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.
- 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 fund liability in the statement of net assets. Vacation and sick leave that is not expected to be liquidated with current financial resources is reported as long-term payables.

8. Long-Term Obligations

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

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

9. Fund Equity

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

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 and Investments

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2004, 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	\$ 6,648,443	\$ 4,935,951	\$ 791,811	\$ 10,792,583
Construction in progress	<u>13,088,565</u>	<u>9,804,526</u>	<u>21,397,349</u>	<u>1,495,742</u>
Total capital assets, not being depreciated	<u>19,737,008</u>	<u>14,740,477</u>	<u>22,189,160</u>	<u>12,288,325</u>
Capital assets, being depreciated:				
Buildings	9,822,601	5,549,291	-	15,371,892
Improvements other than buildings	2,614,125	309,750	-	2,923,875
Machinery and equipment	5,217,926	1,064,868	375,297	5,907,497
Infrastructure being depreciated	<u>15,957,240</u>	<u>15,686,654</u>	<u>1,275,000</u>	<u>30,368,894</u>
Total capital assets, being depreciated	<u>33,611,892</u>	<u>22,610,563</u>	<u>1,650,297</u>	<u>54,572,158</u>
Less accumulated depreciation for:				
Buildings	2,586,899	449,491	-	3,036,390
Improvements other than buildings	642,121	126,697	-	768,818
Machinery and equipment	3,231,541	663,037	151,280	3,743,298
Infrastructure being depreciated	<u>9,403,394</u>	<u>753,707</u>	<u>42,500</u>	<u>10,114,601</u>
Total accumulated depreciation	<u>15,863,955</u>	<u>1,992,932</u>	<u>193,780</u>	<u>17,663,107</u>
Total capital assets, being depreciated, net	<u>17,747,937</u>	<u>20,617,631</u>	<u>1,456,517</u>	<u>36,909,051</u>
Total governmental activity capital assets, net	<u>\$ 37,484,945</u>	<u>\$ 35,358,108</u>	<u>\$ 23,645,677</u>	<u>\$ 49,197,376</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:				
Capital assets, not being depreciated:				
Land	\$ 593,385	\$ -	\$ -	\$ 593,385
Construction in progress	<u>10,560,820</u>	<u>809,870</u>	<u>-</u>	<u>11,370,690</u>
Total capital assets, not being depreciated	<u>11,154,205</u>	<u>809,870</u>	<u>-</u>	<u>11,964,075</u>
Capital assets, being depreciated:				
Buildings	14,725,722	-	8,505	14,717,217
Improvements other than buildings	23,743,508	1,101,690	11,401	24,833,797
Machinery and equipment	<u>4,665,578</u>	<u>31,938</u>	<u>170,607</u>	<u>4,526,909</u>
Total capital assets, being depreciated	<u>43,134,808</u>	<u>1,133,628</u>	<u>190,513</u>	<u>44,077,923</u>
Less accumulated depreciation for:				
Buildings	1,449,603	148,002	1,247	1,596,358
Improvements other than buildings	4,325,130	514,679	4,915	4,834,894
Machinery and equipment	<u>1,966,328</u>	<u>248,010</u>	<u>106,654</u>	<u>2,107,684</u>
Total accumulated depreciation	<u>7,741,061</u>	<u>910,691</u>	<u>112,816</u>	<u>8,538,936</u>
Total capital assets, being depreciated, net	<u>35,393,747</u>	<u>222,937</u>	<u>77,697</u>	<u>35,538,987</u>
Total business-type activity capital assets, net	<u>\$ 46,547,952</u>	<u>\$ 1,032,807</u>	<u>\$ 77,697</u>	<u>\$ 47,503,062</u>

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Governmental activities:	
General government	\$ 350,036
Public safety	241,592
Highways and streets, including depreciation of general infrastructure assets	853,891
Sanitation	51,665
Culture and recreation	421,425
Urban redevelopment and housing	<u>74,323</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 1,992,932</u></u>
 Business-type activities:	
Wastewater	<u>\$ 910,691</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 910,691</u></u>

C. 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, 2004	Committed	Required Future Funding
Governmental activities:				
Brown Street Overlook	\$ 343,960	\$ 272,637	\$ 71,323	\$ -
Kalberer Road	1,118,258	887,482	230,776	-
Brownfields	54,499	44,347	10,152	-
Park Maintenance Barn	14,569	4,842	9,727	-
South Salisbury Street Sidewalks	45,500	8,110	37,390	-
Sagamore West Improvement	294,630	134,838	159,792	-
Tapawingo South Road Project	164,469	129,553	34,916	-
Cumberland Park	5,800	4,000	1,800	-
City Hall Reuse	14,100	9,933	4,167	-
Totals	<u>\$ 2,055,785</u>	<u>\$ 1,495,742</u>	<u>\$ 560,043</u>	<u>\$ -</u>
Business-type activities:				
Wastewater:				
Happy Hollow Interceptor	\$ 2,378,154	\$ 2,378,154	\$ -	\$ -
Collection System Master Plan	148,400	44,348	104,052	-
Wet Weather Treatment Facility	7,634,671	7,410,848	223,823	-
Western Interceptor	898,638	114,295	784,343	-
Prophet's Ridge Lift Station	1,021,720	1,021,720	-	-
Levee Sewers	50,134	50,134	-	-
Arbor Chase Lift Station	325,201	325,201	-	-
Digester	21,242	21,242	-	-
River Road Division I	4,748	4,748	-	-
Totals	<u>\$ 12,482,908</u>	<u>\$ 11,370,690</u>	<u>\$ 1,112,218</u>	<u>\$ -</u>

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Interfund Balances and Activity

The composition of interfund balances as of December 31, 2004, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Wastewater Utility	\$ 65,782
General	Nonmajor Governmental Fund	<u>8,115</u>
Total		<u>\$ 73,897</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.

Interfund Transfers

Interfund transfers at December 31, 2004, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>			
	<u>General Fund</u>	<u>Cumulative Capital Development</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Roads Funds	\$ -	\$ 129,222	\$ -	\$ 129,222
Infrastructure Bonds Fund	-	-	1,557,913	1,557,913
Nonmajor Governmental	<u>100,000</u>	<u>-</u>	<u>1,706,606</u>	<u>1,806,606</u>
Totals	<u>\$ 100,000</u>	<u>\$ 129,222</u>	<u>\$ 3,264,519</u>	<u>\$ 3,493,741</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.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Leases

Capital Leases

The primary government has entered into various capital leases for various equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2004, are as follows:

	2005		\$ <u>186,428</u>
	Total minimum lease payments		186,428
	Less amount representing interest		<u>5,525</u>
	Present value of net minimum lease payments		<u>\$ 180,903</u>

All leases are for governmental capital assets. The leases are being paid from the General, Parks and Recreation, Cumulative Building and Fire Equipment, and Cumulative Capital Improvement funds.

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

	<u>Governmental Activities</u>
Machinery and equipment	\$ 572,832
Accumulated depreciation	<u>96,647</u>
Total	<u>\$ 476,185</u>

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, net of unamortized discount, at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>	<u>Bond Discount</u>	<u>Net Bonds</u>
Parking garage	4.00% to 5.25%	\$ 6,955,000	\$ 88,648	\$ 6,866,352
Fire truck	3.2% to 4.5%	495,000	6,479	488,521
Infrastructure	3.375% to 4.75%	5,815,000	53,376	5,761,624
Police station	4.00% to 5.10%	<u>5,750,000</u>	<u>56,525</u>	<u>5,693,475</u>
Totals		<u>\$ 19,015,000</u>	<u>\$ 205,028</u>	<u>\$ 18,809,972</u>

Revenue bonds debt service requirements to maturity are as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 910,000	\$ 867,586
2006	940,000	832,474
2007	975,000	795,649
2008	1,015,000	756,010
2009	1,060,000	712,848
2010-2014	5,750,000	2,829,420
2015-2019	5,465,000	1,437,802
2020-2024	<u>2,900,000</u>	<u>268,905</u>
Totals	<u>\$ 19,015,000</u>	<u>\$ 8,500,694</u>

CITY OF WEST LAFAYETTE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

2. Loans Payable

The City has entered into three loans from the State Revolving Loan Fund. 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, and the 2001 loan established a maximum draw of \$7,000,000. At December 31, 2004, the 1994 loan had been fully drawn and had an outstanding principal balance of \$13,355,000, the 1998 loan had drawn \$8,139,851 and had an outstanding principal balance of \$6,694,851, and the 2001 loan had been fully drawn and had an outstanding principal balance of \$6,465,000. During 2004, \$375,000 was paid on the principal of the 1998 loan for a total of \$1,445,000 principal paid to date. On December 31, 2004, the City authorized a new State Revolving Fund loan in the amount of \$12,380,000. No drawdowns of the new loan had received final approval and no increases in debt were recorded. Annual debt service requirements for the 1994 and 2001 loans, including interest of \$4,380,368, follows. Annual debt service requirements for the 1998 loan will not be determined until planned construction projects are completed.

2005	\$ 1,514,068
2006	1,806,815
2007	1,809,450
2008	1,810,895
2009	1,806,150
2010-2014	9,034,050
2014-2018	5,012,365
2019-2023	<u>1,406,575</u>
Total	<u>\$ 24,200,368</u>

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2004, was as follows:

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>
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 19,865,000	\$ -	\$ 850,000	\$ 19,015,000	\$ 910,000
Capital leases	254,354	140,731	214,182	180,903	180,903
Pension obligation	6,299,838	3,979,262	1,982,900	8,296,200	-
Compensated absences	<u>576,362</u>	<u>448,539</u>	<u>447,910</u>	<u>576,991</u>	<u>464,688</u>
 Total governmental activities long-term liabilities	 <u>\$ 26,995,554</u>	 <u>\$ 4,568,532</u>	 <u>\$ 3,494,992</u>	 <u>\$ 28,069,094</u>	 <u>\$ 1,555,591</u>
Business-type activities:					
Loans payable	\$ 27,803,066	\$ 271,785	\$ 1,560,000	\$ 26,514,851	\$ 1,605,000
Compensated absences	<u>124,595</u>	<u>113,310</u>	<u>128,979</u>	<u>108,926</u>	<u>65,741</u>
 Total business-type activities long-term liabilities	 <u>\$ 27,927,661</u>	 <u>\$ 385,095</u>	 <u>\$ 1,688,979</u>	 <u>\$ 26,623,777</u>	 <u>\$ 1,670,741</u>

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

G. Restricted Assets

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

CITY OF WEST LAFAYETTE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Bond and Interest	\$ 824,653
Reserve	2,531,441
Equipment Replacement	1,790,386
Construction Retainage	<u>14,020</u>
 Total restricted assets	 <u><u>\$ 5,160,500</u></u>

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; 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 considered component units of the City and their financial position included in the statements. The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the primary government.

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. Lease payments during the year totaled \$1,753,498.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Contingent Liabilities

The City has contingent liabilities in the amounts of \$560,042 payable from governmental funds and \$1,112,218 from enterprise funds. The liabilities are from incomplete, unpaid construction contracts. The liabilities are contingent upon the successful completion of the contracted work. The amount of the liability is subject to changes that may affect the contracted work.

D. 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.

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

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

Funding Policy and Annual Pension Cost

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Information is not available to segregate the assets/liabilities and the actuarial study figures between utility employees and other city employees.

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.

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 187,790	\$ 1,019,600	\$ 1,199,200
Interest on net pension obligation	(11,377)	213,200	286,100
Adjustment to annual required	<u>12,965</u>	<u>(355,800)</u>	<u>(477,400)</u>
Annual pension cost	189,378	877,000	1,007,900
Contributions made	<u>214,159</u>	<u>588,900</u>	<u>397,100</u>
Increase (decrease) in net pension obligation	(24,781)	288,100	610,800
Net pension obligation, beginning of year	<u>(156,923)</u>	<u>3,158,700</u>	<u>4,238,600</u>
Net pension obligation, end of year	<u>\$ (181,704)</u>	<u>\$ 3,446,800</u>	<u>\$ 4,849,400</u>

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Contribution rates:			
City	5.25%	2,387%	305%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-03	01-01-03	01-01-03
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-77	12-31-77
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

d. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

<u>Assets</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Cash and cash equivalents	\$ 559,340	\$ 337,773
Receivables:		
Interest and dividends	17,367	11,807
Taxes	1,820	530
Intergovernmental	<u>1,418</u>	<u>414</u>
 Total Assets	 <u>579,945</u>	 <u>350,524</u>
 <u>Net Assets</u>		
Held in trust for pension benefit obligations	<u>\$ 579,945</u>	<u>\$ 350,524</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	\$ 444,731	\$ 265,269
Plan members	108	5,602
Private donations	1,052	-
Investment Income:		
Interest	<u>48,614</u>	<u>32,411</u>
 Total additions	 <u>494,505</u>	 <u>303,282</u>
 <u>Deductions</u>		
Benefits and refunds paid to plan members and beneficiaries	645,729	472,683
Administrative expenses	<u>2,671</u>	<u>5,384</u>
 Total deductions	 <u>648,400</u>	 <u>478,067</u>
 Changes in net assets	 (153,895)	 (174,785)
Net assets - beginning	<u>733,840</u>	<u>525,309</u>
Net assets - ending	<u>\$ 579,945</u>	<u>\$ 350,524</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%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	0%	0%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-02	\$ 142,121	130%	\$ (173,656)
	06-30-03	206,007	92%	(156,923)
	06-30-04	189,378	113%	(181,704)
1925 Police Officers' Pension Plan	12-31-01	1,068,100	51%	2,666,644
	12-31-02	1,102,056	55%	3,158,700
	12-31-03	877,000	67%	3,446,800
1937 Firefighters' Pension Plan	12-31-01	979,100	34%	3,633,194
	12-31-02	992,306	39%	4,238,600
	12-31-03	1,007,900	39%	4,849,400

CITY OF WEST LAFAYETTE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2004, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	29	21
Current active employees	1	7

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.

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

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2004, 2003, and 2002, were \$648,706, \$614,806, and \$574,374, respectively, equal to the required contributions for each year.

CITY OF WEST LAFAYETTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2004

	General Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 5,263,300	\$ 5,263,300	\$ 5,149,256	\$ (114,044)
Licenses and permits	56,820	55,940	91,085	35,145
Intergovernmental	2,091,601	2,233,864	2,259,595	25,731
Charges for services	971,400	940,606	955,662	15,056
Fines and forfeits	455,800	463,700	411,692	(52,008)
Other	165,275	278,750	334,625	55,875
Total revenues	<u>9,004,196</u>	<u>9,236,160</u>	<u>9,201,915</u>	<u>(34,245)</u>
Expenditures:				
Current:				
General government	2,560,230	2,592,176	2,463,972	128,204
Public safety	5,695,290	5,739,086	5,628,830	110,256
Highways and streets	240,150	263,448	247,720	15,728
Sanitation	687,630	686,218	623,578	62,640
Urban redevelopment and housing	322,190	320,873	278,266	42,607
Total expenditures	<u>9,505,490</u>	<u>9,601,801</u>	<u>9,242,366</u>	<u>359,435</u>
Other financing sources:				
Operating transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	(401,294)	(265,641)	59,549	325,190
Fund balance - beginning	<u>2,602,050</u>	<u>2,602,050</u>	<u>2,602,050</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,200,756</u>	<u>\$ 2,336,409</u>	<u>\$ 2,661,599</u>	<u>\$ 325,190</u>

The notes to RSI are an integral part of RSI.

CITY OF WEST LAFAYETTE
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2004

	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)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 932,282	\$ 932,282	\$ 912,081	\$ (20,201)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,012,354	1,175,923	1,175,721	(202)	85,022	79,244	83,657	4,413	1,252,000	1,252,000	1,240,222	(11,778)
Charges for services	7,700	7,770	9,713	1,943	599,240	563,316	560,227	(3,089)	-	-	-	-
Other	104,000	134,344	150,496	16,152	39,260	178,798	177,377	(1,421)	25,000	48,570	51,709	3,139
Total revenues	<u>1,124,054</u>	<u>1,318,037</u>	<u>1,335,930</u>	<u>17,893</u>	<u>1,655,804</u>	<u>1,753,640</u>	<u>1,733,342</u>	<u>(20,298)</u>	<u>1,277,000</u>	<u>1,300,570</u>	<u>1,291,931</u>	<u>(8,639)</u>
Expenditures:												
Current:												
Highways and streets:												
Personal services	584,960	536,460	472,462	63,998	-	-	-	-	204,690	204,690	198,488	6,202
Supplies	335,500	362,255	305,304	56,951	-	-	-	-	-	-	-	-
Other services and charges	578,950	555,649	278,376	277,273	-	-	-	-	969,500	822,230	790,854	31,376
Capital outlay	37,000	115,757	97,661	18,096	-	-	-	-	29,500	178,081	165,938	12,143
Culture and recreation:												
Personal services	-	-	-	-	1,061,390	980,034	946,147	33,887	-	-	-	-
Supplies	-	-	-	-	142,230	169,704	143,532	26,172	-	-	-	-
Other services and charges	-	-	-	-	605,200	733,668	670,858	62,810	-	-	-	-
Capital outlay	-	-	-	-	160,500	258,970	116,388	142,582	-	-	-	-
Total expenditures	<u>1,536,410</u>	<u>1,570,121</u>	<u>1,153,803</u>	<u>416,318</u>	<u>1,969,320</u>	<u>2,142,376</u>	<u>1,876,925</u>	<u>265,451</u>	<u>1,203,690</u>	<u>1,205,001</u>	<u>1,155,280</u>	<u>49,721</u>
Other financing sources:												
Operating transfers out	(129,222)	(129,222)	(129,222)	-	-	-	-	-	-	-	-	-
Net change in fund balances	(541,578)	(381,306)	52,905	434,211	(313,516)	(388,736)	(143,583)	245,153	73,310	95,569	136,651	41,082
Fund balances - beginning	1,399,075	1,399,075	1,399,075	-	1,312,351	1,312,351	1,312,351	-	1,961,060	1,961,060	1,961,060	-
Fund balances - ending	<u>\$ 857,497</u>	<u>\$ 1,017,769</u>	<u>\$ 1,451,980</u>	<u>\$ 434,211</u>	<u>\$ 998,835</u>	<u>\$ 923,615</u>	<u>\$ 1,168,768</u>	<u>\$ 245,153</u>	<u>\$ 2,034,370</u>	<u>\$ 2,056,629</u>	<u>\$ 2,097,711</u>	<u>\$ 41,082</u>

The notes to RSI are an integral part of RSI.

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)
07-01-02	\$ 3,316,896	\$ 3,961,548	\$ (644,652)	84%	\$ 3,122,393	(21%)
07-01-03	3,367,942	3,762,514	(394,572)	90%	3,487,214	(11%)
07-01-04	3,450,947	3,805,859	(354,912)	91%	3,302,701	(11%)

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)
01-01-99	\$ 125,063	\$ 10,921,500	\$ (10,796,437)	1%	\$ 73,800	(14,629%)
01-01-00	193,002	11,056,600	(10,863,598)	2%	76,600	(14,182%)
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	826,149	9,255,100	(8,428,951)	9%	41,900	(20,117%)
01-01-04	728,217	9,287,000	(8,558,783)	8%	43,000	(19,904%)

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)
01-01-99	\$ 236,860	\$ 9,958,900	\$ (9,722,040)	2%	\$ 331,700	(2,931%)
01-01-00	208,142	10,079,600	(9,871,458)	2%	306,700	(3,219%)
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	421,912	10,120,000	(9,698,088)	4%	302,000	(3,211%)

The notes to RSI are an integral part of RSI.

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
12-31-98	\$ 1,014,600	19%	32%
12-31-99	1,055,700	34%	23%
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	1,019,600	12%	67%

1937 Firefighters' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-98	\$ 1,052,300	6%	28%
12-31-99	1,026,600	14%	17%
12-31-00	1,060,700	24%	19%
12-31-01	1,088,300	11%	20%
12-31-02	1,149,100	16%	44%
12-31-03	1,199,200	2%	31%

The notes to RSI are an integral part of RSI.

**SUPPLEMENTARY
INFORMATION**

CITY OF WEST LAFAYETTE
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2004

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 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 budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments.
- C. In September of each year, the budget for the next year is approved by the Common Council through the passage of an ordinance.
- D. Copies of the budget ordinance 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.
- E. 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 Common Council. 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.
- F. 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

Capital projects funds:

Infrastructure Bonds, Cumulative Capital Development

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF WEST LAFAYETTE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2004
(Continued)

Nonmajor funds:

Special revenue funds:

Fire Fighting, Community Development Block Grant, Law Enforcement Continuing Education, Public Safety, Rainy Day

Debt service funds:

Fire Truck Acquisition, Wabash Landing Parking Garage Bonds

Capital projects funds:

Cumulative Building and Fire Fighting Equipment, Cumulative Capital Improvement, Sagamore Parkway TIF

Pension trust funds:

Police Officers' Pension, Firefighters' Pension

G. 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 \$2,418,613. 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.

H. The following reconciliation of Budgetary (Non-GAAP) basis to GAAP basis is for the budgeted governmental funds only. The non-budgeted funds are shown in a net amount.

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:

CITY OF WEST LAFAYETTE
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2004
 (Continued)

	<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)	\$ 59,549	\$ 52,905	\$ (143,583)	\$ 136,651
Adjustments:				
To adjust revenues for accruals	357,532	(21,506)	43,947	(5,264)
To adjust expenditures for accruals	<u>230,805</u>	<u>10,320</u>	<u>(22,491)</u>	<u>(1,491)</u>
Excess (deficiency) of revenues and Other financing sources over (under) expenditures and other financing uses (GAAP basis)	<u>\$ 647,886</u>	<u>\$ 41,719</u>	<u>\$ (122,127)</u>	<u>\$ 129,896</u>

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

Major Governmental Funds

General Fund – the general operating fund of the City. Tax revenues and other receipts that are 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.

Those 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 for construction of projects funded by these revenues.

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

Infrastructure Bonds – to account for revenues received from the sale of revenue bonds sold and for the construction of projects funded by these revenues.

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 secured by a lease for the construction of a police station.

CITY OF WEST LAFAYETTE
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
 GENERAL FUND
 For The Year Ended December 31, 2003

<u>Function and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance - Positive (Negative)</u>
General government:				
Mayor				
Personal services	\$ 148,720	\$ 152,720	\$ 147,733	\$ 4,987
Other services and charges	48,550	51,275	44,812	6,463
Capital outlay	1,000	-	-	-
City Council				
Personal services	34,080	34,080	34,080	-
Other services and charges	3,000	3,000	1,544	1,456
Clerk-Treasurer				
Personal services	1,282,750	1,201,731	1,173,216	28,515
Supplies	6,000	4,118	772	3,346
Other services and charges	325,400	348,855	340,768	8,087
Capital outlay	6,000	11,124	10,942	182
City Hall				
Personal services	22,960	22,960	21,210	1,750
Supplies	21,700	36,118	30,569	5,549
Other services and charges	146,100	196,105	173,942	22,163
Capital outlay	5,000	10,137	9,529	608
City Court				
Personal services	45,560	45,560	45,551	9
Supplies	1,300	1,300	1,009	291
Other services and charges	600	600	290	310
City Attorney				
Personal services	17,760	17,760	17,757	3
Other services and charges	61,250	101,027	92,063	8,964
Capital outlay	200	200	-	200
City Services				
Other services and charges	382,300	350,399	315,078	35,321
Other General				
Other disbursements	-	3,107	3,107	-
Total general government	<u>2,560,230</u>	<u>2,592,176</u>	<u>2,463,972</u>	<u>128,204</u>
Public safety:				
Fire Department				
Personal services	2,011,040	2,004,500	1,972,008	32,492
Supplies	21,400	18,731	15,253	3,478
Other services and charges	50,550	54,747	48,685	6,062
Capital outlay	1,000	450	322	128

Continued on next page

CITY OF WEST LAFAYETTE
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND
For The Year Ended December 31, 2003
(Continued)

<u>Function and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance - Positive (Negative)</u>
Public safety (continued):				
Police Department				
Personal services	3,254,150	3,202,081	3,167,502	34,579
Supplies	150,550	168,184	156,007	12,177
Other services and charges	121,600	161,130	150,825	10,305
Capital outlay	85,000	119,213	116,275	2,938
Police Merit Commission				
Personal services	-	900	900	-
Supplies	-	400	-	400
Other services and charges	-	8,750	1,053	7,697
Total public safety	<u>5,695,290</u>	<u>5,739,086</u>	<u>5,628,830</u>	<u>110,256</u>
Highways and streets:				
City Engineer				
Personal services	208,100	217,781	207,541	10,240
Supplies	7,050	6,731	5,473	1,258
Other services and charges	13,500	25,271	22,079	3,192
Capital outlay	11,500	13,665	12,627	1,038
Total highways and streets	<u>240,150</u>	<u>263,448</u>	<u>247,720</u>	<u>15,728</u>
Sanitation:				
Sanitation Department				
Personal services	360,960	330,360	300,446	29,914
Supplies	50,500	57,637	50,323	7,314
Other services and charges	224,700	241,293	215,956	25,337
Capital outlay	51,470	56,928	56,853	75
Total sanitation	<u>687,630</u>	<u>686,218</u>	<u>623,578</u>	<u>62,640</u>
Urban redevelopment and housing:				
Economic Development				
Personal services	247,290	247,290	247,282	8
Supplies	9,500	9,500	6,921	2,579
Other services and charges	59,400	58,218	22,197	36,021
Capital outlay	6,000	5,865	1,866	3,999
Total urban redevelopment and housing	<u>322,190</u>	<u>320,873</u>	<u>278,266</u>	<u>42,607</u>
Total General Fund	<u>\$ 9,505,490</u>	<u>\$ 9,601,801</u>	<u>\$ 9,242,366</u>	<u>\$ 359,435</u>

CITY OF WEST LAFAYETTE
BUDGETARY COMPARISON SCHEDULES
OTHER BUDGETED MAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2004

	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	\$ 1,670,683	\$ 1,670,683	\$ 1,670,683	\$ -	\$ 318,413	\$ 318,413	\$ 311,514	\$ (6,899)
Intergovernmental	-	-	-	-	29,039	26,617	29,534	2,917
Other	<u>14,722</u>	<u>14,722</u>	<u>14,722</u>	<u>-</u>	<u>35,000</u>	<u>30,000</u>	<u>30,163</u>	<u>163</u>
Total revenues	<u>1,685,405</u>	<u>1,685,405</u>	<u>1,685,405</u>	<u>-</u>	<u>382,452</u>	<u>375,030</u>	<u>371,211</u>	<u>(3,819)</u>
Expenditures:								
General government								
Other services and charges	-	-	-	-	-	39,088	39,088	-
Capital outlay	-	-	-	-	464,400	490,037	376,958	113,079
Culture and recreation								
Capital outlay	<u>687,309</u>	<u>687,309</u>	<u>687,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>687,309</u>	<u>687,309</u>	<u>687,309</u>	<u>-</u>	<u>464,400</u>	<u>529,125</u>	<u>416,046</u>	<u>113,079</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	129,222	129,222	129,222	-
Transfers out	<u>(1,557,913)</u>	<u>(1,557,913)</u>	<u>(1,557,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,557,913)</u>	<u>(1,557,913)</u>	<u>(1,557,913)</u>	<u>-</u>	<u>129,222</u>	<u>129,222</u>	<u>129,222</u>	<u>-</u>
Net change in fund balances	(559,817)	(559,817)	(559,817)	-	47,274	(24,873)	84,387	109,260
Fund balances - beginning	<u>3,125,782</u>	<u>3,125,782</u>	<u>3,125,782</u>	<u>-</u>	<u>2,330,063</u>	<u>2,330,063</u>	<u>2,330,063</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,565,965</u>	<u>\$ 2,565,965</u>	<u>\$ 2,565,965</u>	<u>\$ -</u>	<u>\$ 2,377,337</u>	<u>\$ 2,305,190</u>	<u>\$ 2,414,450</u>	<u>\$ 109,260</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 related to the construction of the new police station. Funds are to be used for revitalization of vacated public space.

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 City. 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 City. Bond proceeds were used for the acquisition and construction of a parking garage.

Nonmajor Governmental Funds

(Continued)

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 improvement projects.

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).

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2004

<u>Assets</u>	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Cash and cash equivalents	\$ 728,583	\$ 83,237	\$ 937,316	\$ 1,749,136
Cash with fiscal agent	-	1,964,962	2,947,778	4,912,740
Receivables (net of allowances for uncollectibles):				
Interest	725	1,720	6,000	8,445
Taxes	-	21,310	2,126	23,436
Accounts	834	-	-	834
Intergovernmental	-	922	15,358	16,280
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 730,142</u>	<u>\$ 2,072,151</u>	<u>\$ 3,908,578</u>	<u>\$ 6,710,871</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 18,360	\$ -	\$ 71,627	\$ 89,987
Interfund payable	8,115	-	-	8,115
Accrued interest payable	-	148,876	-	148,876
Deferred revenue:				
Unavailable	-	22,232	11,583	33,815
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>26,475</u>	<u>171,108</u>	<u>83,210</u>	<u>280,793</u>
 Fund balances:				
Unreserved, reported in:				
Special revenue funds	703,667	-	-	703,667
Debt service funds	-	1,901,043	-	1,901,043
Capital projects funds	-	-	3,825,368	3,825,368
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>703,667</u>	<u>1,901,043</u>	<u>3,825,368</u>	<u>6,430,078</u>
Total liabilities and fund balances	<u>\$ 730,142</u>	<u>\$ 2,072,151</u>	<u>\$ 3,908,578</u>	<u>\$ 6,710,871</u>

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Revenues:				
Taxes	\$ -	\$ 1,372,275	\$ 136,903	\$ 1,509,178
Licenses and permits	390	-	-	390
Intergovernmental	841,359	6,793	204,139	1,052,291
Charges for services	30,568	-	-	30,568
Fines and forfeits	8,031	-	-	8,031
Other	13,432	12,901	76,234	102,567
	<u>893,780</u>	<u>1,391,969</u>	<u>417,276</u>	<u>2,703,025</u>
Total revenues				
Expenditures:				
Current:				
General government	5,558	-	-	5,558
Public safety	60,273	-	-	60,273
Urban redevelopment and housing	563,883	-	-	563,883
Debt service:				
Principal	-	295,000	-	295,000
Interest	-	366,913	-	366,913
Capital outlay	-	-	1,756,648	1,756,648
	<u>629,714</u>	<u>661,913</u>	<u>1,756,648</u>	<u>3,048,275</u>
Total expenditures				
Deficiency of revenues under expenditures	<u>264,066</u>	<u>730,056</u>	<u>(1,339,372)</u>	<u>(345,250)</u>
Other financing sources (uses):				
Transfers in	338,848	-	2,925,671	3,264,519
Transfers out	-	(1,367,758)	(438,848)	(1,806,606)
	<u>338,848</u>	<u>(1,367,758)</u>	<u>2,486,823</u>	<u>1,457,913</u>
Total other financing sources (uses)				
Net change in fund balances	602,914	(637,702)	1,147,451	1,112,663
Fund balances - beginning	100,753	2,538,745	2,677,917	5,317,415
Fund balances - ending	<u>\$ 703,667</u>	<u>\$ 1,901,043</u>	<u>\$ 3,825,368</u>	<u>\$ 6,430,078</u>

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2004

<u>Assets</u>	<u>Clerk's Records Perpetuation</u>	<u>Fire Fighting</u>	<u>Community Development Block Grant</u>	<u>500 Brown Street Brownfields Grant</u>	<u>Local Law Enforcement Block Grant</u>	<u>Public Safety</u>	<u>Law Enforcement Continuing Education</u>
Cash and cash equivalents	\$ 10,697	\$ 28,493	\$ 2,465	\$ 203	\$ 556	\$ 10,071	\$ 16,029
Receivables (net of allowances for uncollectibles):							
Interest	20	54	-	-	4	19	30
Accounts	834	-	-	-	-	-	-
Total assets	<u>\$ 11,551</u>	<u>\$ 28,547</u>	<u>\$ 2,465</u>	<u>\$ 203</u>	<u>\$ 560</u>	<u>\$ 10,090</u>	<u>\$ 16,059</u>
 <u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ 865	\$ 16,929	\$ -	\$ 231	\$ 95	\$ 240
Interfund payable	-	-	8,115	-	-	-	-
Total liabilities	<u>-</u>	<u>865</u>	<u>25,044</u>	<u>-</u>	<u>231</u>	<u>95</u>	<u>240</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	<u>11,551</u>	<u>27,682</u>	<u>(22,579)</u>	<u>203</u>	<u>329</u>	<u>9,995</u>	<u>15,819</u>
Total fund balances	<u>11,551</u>	<u>27,682</u>	<u>(22,579)</u>	<u>203</u>	<u>329</u>	<u>9,995</u>	<u>15,819</u>
Total liabilities and fund balances	<u>\$ 11,551</u>	<u>\$ 28,547</u>	<u>\$ 2,465</u>	<u>\$ 203</u>	<u>\$ 560</u>	<u>\$ 10,090</u>	<u>\$ 16,059</u>

Continued on next page

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2004
 (Continued)

<u>Assets</u>	<u>Police Unclaimed Property</u>	<u>Donations</u>	<u>Credit Card Fees</u>	<u>Rainy Day</u>	<u>426 Brown Street Brownfields Grant</u>	<u>Police Station Nonreverting</u>	<u>Totals</u>
Cash and cash equivalents	\$ 4,037	\$ -	\$ 1,009	\$ 310,016	\$ 5,617	\$ 339,390	\$ 728,583
Receivables (net of allowances for uncollectibles):							
Interest	8	-	-	584	6	-	725
Accounts	-	-	-	-	-	-	834
Total assets	\$ 4,045	\$ -	\$ 1,009	\$ 310,600	\$ 5,623	\$ 339,390	\$ 730,142
 <u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,360
Interfund payable	-	-	-	-	-	-	8,115
Total liabilities	-	-	-	-	-	-	26,475
Fund balances:							
Unreserved, reported in: Special revenue funds	4,045	-	1,009	310,600	5,623	339,390	703,667
Total fund balances	4,045	-	1,009	310,600	5,623	339,390	703,667
Total liabilities and fund balances	\$ 4,045	\$ -	\$ 1,009	\$ 310,600	\$ 5,623	\$ 339,390	\$ 730,142

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2004

<u>Assets</u>	<u>Fire Truck Acquisition</u>	<u>Wabash Landing Parking Garage Bonds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 83,237	\$ -	\$ 83,237
Cash with fiscal agent	13,132	1,951,830	1,964,962
Receivables (net of allowances for uncollectibles):			
Interest	136	1,584	1,720
Taxes	1,183	20,127	21,310
Intergovernmental	<u>922</u>	<u>-</u>	<u>922</u>
 Total assets	 <u>\$ 98,610</u>	 <u>\$ 1,973,541</u>	 <u>\$ 2,072,151</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accrued interest payable	\$ 9,335	\$ 139,541	\$ 148,876
Deferred revenue:			
Unavailable	<u>2,105</u>	<u>20,127</u>	<u>22,232</u>
 Total liabilities	 <u>11,440</u>	 <u>159,668</u>	 <u>171,108</u>
 Fund balances:			
Unreserved, reported in:			
Debt service funds	<u>87,170</u>	<u>1,813,873</u>	<u>1,901,043</u>
 Total fund balances	 <u>87,170</u>	 <u>1,813,873</u>	 <u>1,901,043</u>
 Total liabilities and fund balances	 <u>\$ 98,610</u>	 <u>\$ 1,973,541</u>	 <u>\$ 2,072,151</u>

CITY OF WEST LAFAYETTE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2004

<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	Totals
Cash and cash equivalents	\$ 601,909	\$ 83,254	\$ 56,022	\$ 186,245	\$ 9,886	\$ -	\$ -	\$ 937,316
Cash with fiscal agent	-	-	-	-	-	1,156,688	1,791,090	2,947,778
Receivables (net of allowances for uncollectibles):								
Interest	1,110	157	86	539	-	1,608	2,500	6,000
Taxes	1,474	-	652	-	-	-	-	2,126
Intergovernmental	-	-	508	8,949	-	-	5,901	15,358
Total assets	\$ 604,493	\$ 83,411	\$ 57,268	\$ 195,733	\$ 9,886	\$ 1,158,296	\$ 1,799,491	\$ 3,908,578
 <u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 4,613	\$ 25,832	\$ 25,617	\$ 1,762	\$ -	\$ -	\$ 13,803	\$ 71,627
Deferred revenue:								
Unavailable	1,474	-	1,160	8,949	-	-	-	11,583
Total liabilities	6,087	25,832	26,777	10,711	-	-	13,803	83,210
Fund balances:								
Unreserved, reported in:								
Capital projects funds	598,406	57,579	30,491	185,022	9,886	1,158,296	1,785,688	3,825,368
Total fund balances	598,406	57,579	30,491	185,022	9,886	1,158,296	1,785,688	3,825,368
Total liabilities and fund balances	\$ 604,493	\$ 83,411	\$ 57,268	\$ 195,733	\$ 9,886	\$ 1,158,296	\$ 1,799,491	\$ 3,908,578

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2004

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 390
Intergovernmental	834	-	513,095	-	3,155	12,775	-
Charges for services	2,080	13,367	1,928	-	-	-	7,891
Fines and forfeits	-	-	-	-	-	-	8,031
Other	167	463	-	128	32	6,495	274
Total revenues	3,081	13,830	515,023	128	3,187	19,270	16,586
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	4,879	-	-	12,177	11,456	14,373
Urban redevelopment and housing	-	-	519,536	44,347	-	-	-
Total expenditures	-	4,879	519,536	44,347	12,177	11,456	14,373
Excess (deficiency) of revenues over (under) expenditures	3,081	8,951	(4,513)	(44,219)	(8,990)	7,814	2,213
Other financing sources:							
Transfers in	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balances	3,081	8,951	(4,513)	(44,219)	(8,990)	7,814	2,213
Fund balances - beginning	8,470	18,731	(18,066)	44,422	9,319	2,181	13,606
Fund balances - ending	<u>\$ 11,551</u>	<u>\$ 27,682</u>	<u>\$ (22,579)</u>	<u>\$ 203</u>	<u>\$ 329</u>	<u>\$ 9,995</u>	<u>\$ 15,819</u>

Continued on next page

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Police Unclaimed Property	Donations	Credit Card Fees	Rainy Day	426 Brown Street Brownfields Grant	Police Station Nonreverting	Totals
Revenues:							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 390
Intergovernmental	-	-	-	305,883	5,617	-	841,359
Charges for services	-	-	5,302	-	-	-	30,568
Fines and forfeits	-	-	-	-	-	-	8,031
Other	504	104	-	4,717	6	542	13,432
Total revenues	504	104	5,302	310,600	5,623	542	893,780
Expenditures:							
Current:							
General government	-	-	5,558	-	-	-	5,558
Public safety	-	17,388	-	-	-	-	60,273
Urban redevelopment and housing	-	-	-	-	-	-	563,883
Total expenditures	-	17,388	5,558	-	-	-	629,714
Excess (deficiency) of revenues over (under) expenditures	504	(17,284)	(256)	310,600	5,623	542	264,066
Other financing sources:							
Transfers in	-	-	-	-	-	338,848	338,848
Total other financing sources	-	-	-	-	-	338,848	338,848
Net change in fund balances	504	(17,284)	(256)	310,600	5,623	339,390	264,066
Fund balances - beginning	3,541	17,284	1,265	-	-	-	100,753
Fund balances - ending	\$ 4,045	\$ -	\$ 1,009	\$ 310,600	\$ 5,623	\$ 339,390	\$ 703,667

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, 2004

	Fire Truck Acquisition	Wabash Landing Parking Garage Bonds	Totals
Revenues:			
Taxes	\$ 76,170	\$ 1,296,105	\$ 1,372,275
Intergovernmental	6,793	-	6,793
Other	917	11,984	12,901
Total revenues	<u>83,880</u>	<u>1,308,089</u>	<u>1,391,969</u>
Expenditures:			
Debt service:			
Principal	60,000	235,000	295,000
Interest	21,921	344,992	366,913
Total expenditures	<u>81,921</u>	<u>579,992</u>	<u>661,913</u>
Excess of revenues over expenditures	<u>1,959</u>	<u>728,097</u>	<u>730,056</u>
Other financing uses:			
Transfers out	-	(1,367,758)	(1,367,758)
Total other financing uses	<u>-</u>	<u>(1,367,758)</u>	<u>(1,367,758)</u>
Net change in fund balances	1,959	(639,661)	(637,702)
Fund balances - beginning	<u>85,211</u>	<u>2,453,534</u>	<u>2,538,745</u>
Fund balances - ending	<u>\$ 87,170</u>	<u>\$ 1,813,873</u>	<u>\$ 1,901,043</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, 2004

	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	Totals
Revenues:								
Taxes	\$ 94,912	\$ -	\$ 41,991	\$ -	\$ -	\$ -	\$ -	\$ 136,903
Intergovernmental	-	-	3,746	107,392	-	-	93,001	204,139
Other	16,902	1,530	1,050	4,577	5,700	13,209	33,266	76,234
Total revenues	<u>111,814</u>	<u>1,530</u>	<u>46,787</u>	<u>111,969</u>	<u>5,700</u>	<u>13,209</u>	<u>126,267</u>	<u>417,276</u>
Expenditures:								
Capital outlay	140,618	45,527	100,670	146,092	205,787	453,552	664,402	1,756,648
Total expenditures	<u>140,618</u>	<u>45,527</u>	<u>100,670</u>	<u>146,092</u>	<u>205,787</u>	<u>453,552</u>	<u>664,402</u>	<u>1,756,648</u>
Deficiency of revenues under expenditures	<u>(28,804)</u>	<u>(43,997)</u>	<u>(53,883)</u>	<u>(34,123)</u>	<u>(200,087)</u>	<u>(440,343)</u>	<u>(538,135)</u>	<u>(1,339,372)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	1,367,758	1,557,913	2,925,671
Transfers out	-	-	-	(100,000)	(338,848)	-	-	(438,848)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(338,848)</u>	<u>1,367,758</u>	<u>1,557,913</u>	<u>2,486,823</u>
Net change in fund balances	(28,804)	(43,997)	(53,883)	(134,123)	(538,935)	927,415	1,019,778	1,147,451
Fund balances - beginning	627,210	101,576	84,374	319,145	548,821	230,881	765,910	2,677,917
Fund balances - ending	<u>\$ 598,406</u>	<u>\$ 57,579</u>	<u>\$ 30,491</u>	<u>\$ 185,022</u>	<u>\$ 9,886</u>	<u>\$ 1,158,296</u>	<u>\$ 1,785,688</u>	<u>\$ 3,825,368</u>

CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004

	Fire Fighting				Community Development Block Grant				Fire Truck Acquisition			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,857	\$ 77,857	\$ 76,170	\$ (1,687)
Intergovernmental	-	-	-	-	-	513,095	513,095	-	3,915	6,361	6,793	432
Charges for services	10,000	13,367	13,367	-	-	1,927	1,927	-	-	-	-	-
Other	200	400	442	42	-	-	-	-	50	1,013	908	(105)
Total revenues	10,200	13,767	13,809	42	-	515,022	515,022	-	81,822	85,231	83,871	(1,360)
Expenditures:												
Current:												
Public safety												
Personal services	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	1,584	1,584	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	82,870	82,870	-
Capital outlay	9,000	6,470	6,034	436	-	-	-	-	-	-	-	-
Urban redevelopment and housing												
Personal services	-	-	-	-	-	33,752	33,752	-	-	-	-	-
Supplies	-	-	-	-	-	10	10	-	-	-	-	-
Other services and charges	-	-	-	-	-	480,855	480,855	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	9,000	8,054	7,618	436	-	514,617	514,617	-	-	82,870	82,870	-
Other financing uses:												
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	1,200	5,713	6,191	(394)	-	405	405	-	81,822	2,361	1,001	(1,360)
Fund balances - beginning	22,302	22,302	22,302	-	2,060	2,060	2,060	-	95,368	95,368	95,368	-
Fund balances - ending	\$ 23,502	\$ 28,015	\$ 28,493	\$ (394)	\$ 2,060	\$ 2,465	\$ 2,465	\$ -	\$ 177,190	\$ 97,729	\$ 96,369	\$ (1,360)

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CITY OF WEST LAFAYETTE
BUDGETARY COMPARISON SCHEDULES
OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
For The Year Ended December 31, 2004
(Continued)

	Law Enforcement Continuing Education				Public Safety				Rainy Day			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:												
Taxes	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-
Licenses and permits	350	400	390	(10)	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	12,774	12,774	-	-	305,883	305,883	-
Charges for services	6,300	5,950	8,293	2,343	-	-	-	-	-	-	-	-
Fines and forfeits	7,200	8,800	8,061	(739)	-	-	-	-	-	-	-	-
Other	200	260	265	5	-	6,480	6,480	-	-	4,133	4,133	-
Total revenues	<u>14,050</u>	<u>15,410</u>	<u>17,009</u>	<u>1,599</u>	<u>-</u>	<u>19,254</u>	<u>19,254</u>	<u>-</u>	<u>-</u>	<u>310,016</u>	<u>310,016</u>	<u>-</u>
Expenditures:												
Current:												
General government												
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-
Public safety:												
Supplies	1,000	1,000	384	616	-	-	-	-	-	-	-	-
Other services and charges	21,500	21,560	14,929	6,631	-	11,361	11,361	-	-	-	-	-
Total expenditures	<u>22,500</u>	<u>22,560</u>	<u>15,313</u>	<u>7,247</u>	<u>-</u>	<u>11,361</u>	<u>11,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:												
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	(8,450)	(7,150)	1,696	8,846	-	7,893	7,893	-	-	310,016	310,016	-
Fund balances - beginning	<u>14,333</u>	<u>14,333</u>	<u>14,333</u>	<u>-</u>	<u>2,178</u>	<u>2,178</u>	<u>2,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,883</u>	<u>\$ 7,183</u>	<u>\$ 16,029</u>	<u>\$ 8,846</u>	<u>\$ 2,178</u>	<u>\$ 10,071</u>	<u>\$ 10,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,016</u>	<u>\$ 310,016</u>	<u>\$ -</u>

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CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Wabash Landing Parking Garage				Sagamore TIF			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ -	\$ 1,296,105	\$ 1,296,105	\$ -	\$ -	\$ 94,912	\$ 94,912	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Other	-	11,464	11,464	-	-	16,536	16,534	(2)
Total revenues	-	1,307,569	1,307,569	-	-	111,448	111,446	(2)
Expenditures:								
Current:								
General government								
Other services and charges	-	-	-	-	-	130,806	130,773	33
Capital outlay	-	583,907	583,907	-	-	30,695	5,232	25,463
Public safety								
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	-	583,907	583,907	-	-	161,501	136,005	25,496
Other financing uses:								
Transfers out	-	(1,367,758)	(1,367,758)	-	-	-	-	-
Total other financing uses	-	(1,367,758)	(1,367,758)	-	-	-	-	-
Net change in fund balances	-	(644,096)	(644,096)	-	-	(50,053)	(24,559)	25,494
Fund balances - beginning	2,595,926	2,595,926	2,595,926	-	626,468	626,468	626,468	-
Fund balances - ending	<u>\$ 2,595,926</u>	<u>\$ 1,951,830</u>	<u>\$ 1,951,830</u>	<u>\$ -</u>	<u>\$ 626,468</u>	<u>\$ 576,415</u>	<u>\$ 601,909</u>	<u>\$ 25,494</u>

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CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Cumulative Building and Fire Equipment				Cumulative Capital Improvement			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:								
Taxes	\$ 42,921	\$ 42,921	\$ 41,991	\$ (930)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,100	3,588	3,746	158	109,664	108,662	107,391	(1,271)
Other	500	1,000	1,101	101	5,000	5,000	4,605	(395)
Total revenues	50,521	47,509	46,838	(671)	114,664	113,662	111,996	(1,666)
Expenditures:								
General government								
Other services and charges	-	-	-	-	40,000	189,669	182,882	6,787
Capital outlay	-	-	-	-	23,860	41,960	40,362	1,598
Public safety								
Supplies	7,500	7,500	5,147	2,353	-	-	-	-
Other services and charges	19,000	33,797	32,754	1,043	-	-	-	-
Capital outlay	24,840	57,844	57,842	2	-	-	-	-
Total expenditures	51,340	99,141	95,743	3,398	63,860	231,629	223,244	8,385
Other financing uses:								
Transfers out	-	-	-	-	(100,000)	(100,000)	(100,000)	-
Total other financing uses	-	-	-	-	(100,000)	(100,000)	(100,000)	-
Net change in fund balances	(819)	(51,632)	(48,905)	2,727	(49,196)	(217,967)	(211,248)	6,719
Fund balances - beginning	104,927	104,927	104,927	-	397,493	397,493	397,493	-
Fund balances - ending	\$ 104,108	\$ 53,295	\$ 56,022	\$ 2,727	\$ 348,297	\$ 179,526	\$ 186,245	\$ 6,719

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
 FIDUCIARY FUNDS
 December 31, 2004

<u>Assets</u>	Pension Trust Funds		
	Police Pension	Firefighters' Pension	Totals
Cash and cash equivalents	\$ 559,340	\$ 337,773	\$ 897,113
Receivables:			
Interest and dividends	17,367	11,807	29,174
Taxes	1,820	530	2,350
Intergovernmental	1,418	414	1,832
 Total assets	 \$ 579,945	 \$ 350,524	 \$ 930,469
 <u>Net assets</u>			
Held in trust for:			
Employees' pension benefits	\$ 579,945	\$ 350,524	\$ 930,469

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 December 31, 2004

	Agency Funds					
<u>Assets</u>	<u>Payroll</u>	<u>Sales Tax</u>	<u>Insurance Payments</u>	<u>City Court Costs</u>	<u>Court Collections</u>	<u>Totals</u>
Cash and cash equivalents	\$ 171,068	\$ 488	\$ 1,665	\$ 16,461	\$ 8,918	\$ 198,600
Total assets	<u>\$ 171,068</u>	<u>\$ 488</u>	<u>\$ 1,665</u>	<u>\$ 16,461</u>	<u>\$ 8,918</u>	<u>\$ 198,600</u>
 <u>Liabilities</u>						
Payroll withholdings	\$ 171,068	\$ -	\$ -	\$ -	\$ -	\$ 171,068
Trust payable	<u>-</u>	<u>488</u>	<u>1,665</u>	<u>16,461</u>	<u>8,918</u>	<u>27,532</u>
Total liabilities	<u>\$ 171,068</u>	<u>\$ 488</u>	<u>\$ 1,665</u>	<u>\$ 16,461</u>	<u>\$ 8,918</u>	<u>\$ 198,600</u>

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2004

<u>Additions</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
Contributions:			
Employer	\$ 444,731	\$ 265,269	\$ 710,000
Plan members	108	5,602	5,710
Private donations	1,052	-	1,052
Investment income:			
Interest	<u>48,614</u>	<u>32,411</u>	<u>81,025</u>
Total additions	<u>494,505</u>	<u>303,282</u>	<u>797,787</u>
 <u>Deductions</u>			
Benefits and refunds paid to plan members and beneficiaries	645,729	472,683	1,118,412
Administrative expenses	<u>2,671</u>	<u>5,384</u>	<u>8,055</u>
Total deductions	<u>648,400</u>	<u>478,067</u>	<u>1,126,467</u>
Changes in net assets	(153,895)	(174,785)	(328,680)
Net assets - beginning	<u>733,840</u>	<u>525,309</u>	<u>1,259,149</u>
Net assets - ending	<u>\$ 579,945</u>	<u>\$ 350,524</u>	<u>\$ 930,469</u>

CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 BUDGETED PENSION TRUST FUNDS
 For The Year Ended December 31, 2004

	Police Pension				Firefighters' Pension			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:								
Taxes	\$ 119,779	\$ 119,779	\$ 117,184	\$ (2,595)	\$ 34,936	\$ 34,936	\$ 34,179	\$ (757)
Intergovernmental	533,777	328,432	328,871	439	431,546	231,564	231,692	128
Other	6,000	33,530	33,468	(62)	11,470	27,266	26,939	(327)
Total revenues	<u>659,556</u>	<u>481,741</u>	<u>479,523</u>	<u>(2,218)</u>	<u>477,952</u>	<u>293,766</u>	<u>292,810</u>	<u>(956)</u>
Expenditures:								
Personal services	2,450	2,450	2,449	1	6,500	6,517	3,270	3,247
Supplies	100	100	-	100	200	200	7	193
Other services and charges	661,690	661,690	645,951	15,739	486,630	484,630	472,683	11,947
Capital outlay	-	-	-	-	250	2,250	2,107	143
Total expenditures	<u>664,240</u>	<u>664,240</u>	<u>648,400</u>	<u>15,840</u>	<u>493,580</u>	<u>493,597</u>	<u>478,067</u>	<u>15,530</u>
Net change in fund balances	(4,684)	(182,499)	(168,877)	13,622	(15,628)	(199,831)	(185,257)	14,574
Fund balances - beginning	<u>728,217</u>	<u>728,217</u>	<u>728,217</u>	-	<u>523,030</u>	<u>523,030</u>	<u>523,030</u>	-
Fund balances - ending	<u>\$ 723,533</u>	<u>\$ 545,718</u>	<u>\$ 559,340</u>	<u>\$ 13,622</u>	<u>\$ 507,402</u>	<u>\$ 323,199</u>	<u>\$ 337,773</u>	<u>\$ 14,574</u>

CITY OF WEST LAFAYETTE
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For The Year Ended December 31, 2004

	<u>Payroll</u>	<u>Sales Tax</u>	<u>Insurance Payments</u>	<u>City Court Costs</u>	<u>Court Collections</u>	<u>Totals</u>
Assets:						
Cash and cash equivalents - January 1, 2004	\$ 159,064	\$ 474	\$ 349	\$ 20,894	\$ 8,990	\$ 189,771
Additions	2,618,950	1,846	22,669	186,103	46,748	2,876,316
Deductions	<u>2,606,946</u>	<u>1,832</u>	<u>21,353</u>	<u>190,536</u>	<u>46,820</u>	<u>2,867,487</u>
 Cash and cash equivalents - December 31, 2004	 <u>171,068</u>	 <u>488</u>	 <u>1,665</u>	 <u>16,461</u>	 <u>8,918</u>	 <u>198,600</u>
 Total assets - December 31, 2004	 <u>\$ 171,068</u>	 <u>\$ 488</u>	 <u>\$ 1,665</u>	 <u>\$ 16,461</u>	 <u>\$ 8,918</u>	 <u>\$ 198,600</u>
 Liabilities:						
Payroll withholdings - January 1, 2004	\$ 159,064	\$ -	\$ -	\$ -	\$ -	\$ 159,064
Additions	2,618,950	-	-	-	-	2,618,950
Deductions	<u>2,606,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,606,946</u>
 Payroll withholdings - December 31, 2004	 <u>171,068</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>171,068</u>
 Trust payable - January 1, 2004	-	474	349	20,894	8,990	30,707
Additions	-	1,846	22,669	186,103	46,748	257,366
Deductions	<u>-</u>	<u>1,832</u>	<u>21,353</u>	<u>190,536</u>	<u>46,820</u>	<u>260,541</u>
 Trust payable - December 31, 2004	 <u>-</u>	 <u>488</u>	 <u>1,665</u>	 <u>16,461</u>	 <u>8,918</u>	 <u>27,532</u>
 Total liabilities - December 31, 2004	 <u>\$ 171,068</u>	 <u>\$ 488</u>	 <u>\$ 1,665</u>	 <u>\$ 16,461</u>	 <u>\$ 8,918</u>	 <u>\$ 198,600</u>



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INDIANAPOLIS, INDIANA 46204-2765

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

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, 2004. 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; 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, 2004.

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)

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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 10, 2005

CITY OF WEST LAFAYETTE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2004

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 Grant/Entitlement Program	14.218		
		B01-MC18-00	\$ 3,941
		B02-MC18-00	763
		B03-MC18-00	303,362
		B04-MC18-00	<u>206,551</u>
Total for cluster			<u>514,617</u>
Total for federal grantor agency			<u>514,617</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607		
		FY 2004	<u>6,510</u>
Total for program			<u>6,510</u>
Pass-Through Indiana Criminal Justice Institute			
Local Law Enforcement Block Grant Program	16.592		
		FY 2004	<u>11,945</u>
Total for program			<u>11,945</u>
Total for federal grantor agency			<u>18,455</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-L090(001)	29,957
		STP-9979(018)	<u>17,759</u>
Total for cluster			<u>47,716</u>

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

Continued on next page

CITY OF WEST LAFAYETTE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2004
 (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. DEPARTMENT OF TRANSPORTATION (continued)</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
		154AL 04-03-03-80	7,128
		154AL 03-04-04-01	4,467
		154AL 05 03 T03 P49	6,021
Pass-Through City of Lafayette			
Highway Safety Cluster			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
		FY 2004	<u>7,445</u>
Total for program			<u>25,061</u>
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
Safety Incentive Grants for Use of Seatbelts	20.604		
		IN 05 02 T-03 P-48	<u>1,000</u>
Total for program			<u>1,000</u>
Total for cluster			<u>26,061</u>
Total for federal grantor agency			<u>73,777</u>
<u>U.S. NATIONAL FOUNDATION OF ARTS AND THE HUMANITIES</u>			
Pass-Through Indiana Commission on Arts			
Promotion of the Arts - Partnership Agreements	45.025		
		FY 2004	<u>15</u>
Total for program			<u>15</u>
Total for federal grantor agency			<u>15</u>

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

Continued on next page

CITY OF WEST LAFAYETTE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2004
 (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 Capitalization Grants for Clean Water State Revolving Funds	66.458	CS 182075-01	<u>150,080</u>
Total for program			<u>150,080</u>
Total for federal grantor agency			<u>150,080</u>
Total federal awards expended			<u>\$ 756,944</u>

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

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

Note 1. Basis of Presentation

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

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2004:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants	14.218	<u>\$ 82,039</u>

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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

Reportable conditions identified that are not considered to be material weaknesses?

none reported

Noncompliance material to financial statements noted?

no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?

no

Reportable conditions identified that are not considered to be material weaknesses?

none reported

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

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

no

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant

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.

STATISTICAL SECTION

CITY OF WEST LAFAYETTE

**Government-Wide Expenses by Function
Last Ten Years (A)**

<u>Year Ended Dec 31</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways & Streets</u>	<u>Sanitation</u>	<u>Economic Development</u>	<u>Culture & Recreation</u>	<u>Interest Expense</u>	<u>Wastewater</u>	<u>Total</u>
2004	\$ 2,572,974	\$ 8,173,328	\$ 1,071,057	\$ 621,448	\$ 1,226,720	\$ 1,587,540	\$ 902,862	\$ 4,271,050	\$ 20,426,979
2003	3,117,831	6,547,564	529,086	648,167	1,470,227	3,135,924	-	4,095,213	19,544,012

(A) No information is available for prior years, since the accounting standard implementing Government-Wide Financial Statements was first implemented during the year 2003.

CITY OF WEST LAFAYETTE

**Government-Wide Revenues
Last Ten Years (A)**

Year Ended Dec 31	Program Revenues			General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	Intergovernmental	Unrestricted Investment Earnings	Miscellaneous	
2004	\$ 11,162,461	\$ 746,190	\$ 146,334	\$ 9,450,977	\$ 2,410,635	\$ 362,784	\$ 10,994,911	\$ 35,274,292
2003	10,117,841	810,015	223,972	10,226,118	2,230,014	328,083	1,172,091	25,108,134

(A) No information is available for prior years, since the accounting standard implementing Government-Wide Financial Statements was first implemented during the year 2003.

CITY OF WEST LAFAYETTE
General Governmental Expenditures by Function (A)
Last Ten Years

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Function:										
General Government	\$2,283,607	\$2,363,606	\$4,416,680	\$3,029,750	\$2,328,912	\$2,979,498	\$2,337,830	\$2,065,711	\$2,090,112	\$2,257,640
Public Safety	5,629,836	5,564,439	5,267,921	5,058,279	4,609,135	4,520,151	4,191,959	3,920,894	3,737,365	3,481,241
Highways and Streets	2,551,682	3,069,212	1,519,814	2,102,380	1,360,232	1,370,980	1,336,433	1,030,233	1,177,087	1,294,059
Sanitation	634,384	642,844	684,597	507,646	595,317	597,176	440,485	464,053	457,837	570,143
Culture and Recreation	1,899,417	1,779,476	2,371,232	1,571,043	1,412,331	1,590,766	1,318,527	1,140,225	1,313,595	1,171,301
Urban Redevelopment and Housing	842,798	898,939	3,343,468	9,785,263	5,403,367	2,083,093	1,098,647	2,228,260	614,322	558,848
Debt Service	661,913	537,696	-	-	-	-	-	-	-	-
Capital Outlay	3,748,138	8,868,257	8,418,480	3,301,715	2,818,099	2,104,588	445,921	1,124,262	691,719	894,084
Total	\$18,251,775	\$23,724,469	\$26,022,192	\$25,356,076	\$18,527,393	\$15,246,252	\$11,169,802	\$11,973,638	\$10,082,037	\$10,227,316
Year - to - year percentage change	-23.0677%	-8.8299%	2.6270%	36.8572%	21.5210%	36.4953%	-6.7134%	18.7621%	-1.4205%	-2.2645%
Average annual rate of change	6.65%									

(A) Includes General, Special Revenue, Debt Service and Capital Project Funds reported on a modified accrual basis of accounting.

CITY OF WEST LAFAYETTE
General Revenues by Source (A)
Last Ten Years

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Revenue Item:										
Taxes	\$9,552,713	\$10,096,475	\$13,943,304	\$11,117,533	\$9,319,633	\$8,671,534	\$8,797,045	\$8,490,222	\$7,382,311	\$6,719,901
Licenses and Permits	91,851	70,631	82,098	88,804	66,556	59,900	57,802	80,848	63,059	62,046
Intergovernmental	6,761,469	6,006,376	3,213,812	2,676,198	3,436,782	2,285,136	2,136,203	2,238,724	1,630,670	1,971,702
Charges for Services	1,571,105	1,491,197	1,476,629	1,263,888	1,210,696	1,189,447	1,088,759	971,959	1,115,135	827,354
Fines and Forfeits	453,557	385,680	530,289	571,590	470,243	348,748	281,023	206,836	145,644	133,644
Miscellaneous	866,677	725,136	1,530,511	1,009,178	1,318,729	2,190,313	892,481	832,787	776,801	747,769
Total	\$19,297,372	\$18,775,495	\$20,776,643	\$16,727,191	\$15,822,639	\$14,745,078	\$13,253,313	\$12,821,376	\$11,113,620	\$10,462,416
Year - to - year percentage change	2.7796%	-9.6317%	24.2088%	5.7168%	7.3079%	11.2558%	3.3689%	15.3663%	6.2242%	-1.3851%
Average annual rate of change	7.05%									

(A) Includes General, Special Revenue, Debt Service and Capital Projects Funds reported on a modified accrual basis of accounting.

CITY OF WEST LAFAYETTE
Tax Revenues by Source and Tax Base (A)
Last Ten Years

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Taxes Based on Property:										
General Property Taxes (B)	\$9,552,712	\$10,096,475	\$10,461,002	\$7,408,797	\$6,114,407	\$6,026,555	\$5,931,767	\$5,329,905	\$5,051,464	\$4,523,891
License Excise Tax	487,483	519,813	505,415	489,632	477,037	444,538	509,639	472,949	470,453	524,325
Financial Institutions Tax	91,417	123,229	84,783	86,529	81,530	88,315	89,537	85,383	92,044	84,440
Subtotal: Property Taxes	<u>10,131,612</u>	<u>10,739,517</u>	<u>11,051,200</u>	<u>7,984,958</u>	<u>6,672,974</u>	<u>6,559,408</u>	<u>6,530,943</u>	<u>5,888,237</u>	<u>5,613,961</u>	<u>5,132,656</u>
Taxes Based on Income:										
County Option Income Tax (C)	1,441,193	1,513,200	1,564,837	1,597,545	1,011,689	929,561	1,002,374	1,208,987	951,406	800,584
County Econ. Dev. Income Tax (D)	1,240,222	1,280,173	1,518,816	1,761,578	1,031,474	980,154	1,016,736	925,105	861,197	750,386
Subtotal: Income Taxes	<u>2,681,415</u>	<u>2,793,373</u>	<u>3,083,653</u>	<u>3,359,123</u>	<u>2,043,163</u>	<u>1,909,715</u>	<u>2,019,110</u>	<u>2,134,092</u>	<u>1,812,603</u>	<u>1,550,970</u>
Taxes Based on Consumption:										
None	0	0	0	0	0	0	0	0	0	0
Grand Total	<u>\$12,813,027</u>	<u>\$13,532,890</u>	<u>\$14,134,853</u>	<u>\$11,344,081</u>	<u>\$8,716,137</u>	<u>\$8,469,123</u>	<u>\$8,550,053</u>	<u>\$8,022,329</u>	<u>\$7,426,564</u>	<u>\$6,683,626</u>
Percent of Total by Tax Base:										
Property	79.07%	79.36%	78.18%	70.39%	76.56%	77.45%	76.38%	73.40%	75.59%	76.79%
Income	20.93%	20.64%	21.82%	29.61%	23.44%	22.55%	23.62%	26.60%	24.41%	23.21%
Consumption	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(A) Includes General, Special Revenue, Debt Service and Capital Project Funds reported on a cash basis.

(B) Includes taxes on both real and personal property.

(C) The first revenue from the County Option Income Tax was received in January of 1985. The tax was effective July 1, 1984.

(D) The first revenue from the County Economic Development Income Tax was received in May of 1990. The tax was effective July 1, 1989.

CITY OF WEST LAFAYETTE
Property Tax Rates
All Overlapping Governments
Last Ten Fiscal Years

<u>City of West Lafayette</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>	<u>1996</u>	<u>1995</u>
Rates per \$100 of assessed valuation (A):	(B)	(B)	(B)							
City of West Lafayette	\$0.6802	\$0.7046	\$0.9811	\$2.8436	\$2.7656	\$2.6658	\$2.5902	\$2.5042	\$2.4304	\$2.7648
State of Indiana	0.0024	0.0033	0.0033	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100
Tippecanoe County	0.3419	0.3283	0.4024	1.3425	1.2317	1.7110	1.7357	1.4331	1.4812	1.7636
Solid Waste District	0.0023	0.0023	0.0023	0.0035	-	-	-	-	-	-
Township Rate	0.0006	0.0006	0.0009	0.0059	0.0060	0.0059	0.0059	0.0058	0.0056	0.0063
School Rate	1.4894	1.4191	2.1954	6.5673	6.4317	6.2526	5.8054	5.5187	4.7337	4.2895
Library Rate	0.1457	0.1456	0.0813	0.2324	0.2283	0.2116	0.2076	0.1959	0.1896	0.2159
MTA Rate	0.0321	0.0241	0.0336	0.0971	0.0912	0.0912	0.0896	0.0881	0.0899	0.1023
Totals	<u>\$2.6946</u>	<u>\$2.6279</u>	<u>\$3.7003</u>	<u>\$11.1023</u>	<u>\$10.7645</u>	<u>\$10.9481</u>	<u>\$10.4444</u>	<u>\$9.7558</u>	<u>\$8.9404</u>	<u>\$9.1524</u>

(A) School districts and library districts represent weighted average rates.

(B) Pay 2004, 2003 and 2002 tax rates are based upon True Tax Value which is three times Net Assessed Value. Tax rates prior to 2002 were based upon Net Assessed Value.

Source: Tippecanoe County Auditor

CITY OF WEST LAFAYETTE
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

<u>Year Payable</u>	<u>Assessed Valuation (A)</u>	<u>Estimated Actual Value (B)</u>	<u>Percent Increase (Decrease) (C)</u>
2004	\$332,720,175	\$ 998,160,525	1.32%
2003	328,388,892	985,166,676	58.36%
2002	207,362,770	622,088,310	2.14%
2001	203,025,465	609,076,395	1.93%
2000	199,177,515	597,532,545	1.03%
1999	197,152,535	591,457,605	4.62%
1998	188,441,695	565,325,085	1.06%
1997	186,460,160	559,380,480	19.22%
1996	156,396,630	469,189,890	1.89%
1995	153,503,010	460,509,030	3.63%

Average Annual Rate of Increase

8.98%

- (A) Property reassessments were effective in 1997 and 2003.
- (B) Actual value is estimated at 3 times assessed value.
- (C) Change in assessed valuation.
- (D) Assessed value shown above excludes property captured in three tax increment financing districts (TIF) established by the City. The assessed value of those districts for the years in which they existed is as follows:
2004 - \$197,691,970; 2003 - \$150,664,510; 2002 - \$19,706,880
2001 - \$16,329,030; 2000 - \$13,915,620; 1999 - \$12,647,830
1998 - \$12,680,810; 1997 - \$8,856,140; 1996 - \$6,595,651;
1995 - \$6,243,315;

Source: Assessed value obtained from the Tippecanoe County Auditor's Office.

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

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Property Taxes Levied (A)	<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>	<u>\$4,435,328</u>	<u>\$3,901,158</u>
Property Taxes Collected (B)	<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>	<u>\$4,405,305</u>	<u>\$4,008,371</u>
Percent Collection	<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>	<u>99.32%</u>	<u>102.75%</u>

(A) Source: State Tax Board Budget Order

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

CITY OF WEST LAFAYETTE
Computation of Legal Debt Margin
December 31, 2004

	Civil City	Redevelopment Commission
Assessed Value at January 1, 2004	\$332,720,175	\$332,720,175
Statutory Debt Limit	2.00%	2.00%
Debt Limit	6,654,404	6,654,404
Outstanding Debt Applicable to Debt Limit (A)	0	0
Legal Debt Margin	\$6,654,404	\$6,654,404

(A) All outstanding debt of the City and the Redevelopment Commission was issued as lease rental bonds which are not subject to the 2% debt limitation.

CITY OF WEST LAFAYETTE
Computation of Direct and Overlapping Debt
At December 31, 2003

<u>Governmental Unit</u>	<u>Tax Supported Debt (1)</u>	<u>Percent Applicable to West Lafayette</u>	<u>Amount Applicable to West Lafayette</u>
Direct Debt:			
W.L. Equip. Leasing Corp. Lease Rental Bonds	<u>\$495,000</u>	100.00%	<u>\$495,000</u>
Overlapping Debt:			
West Lafayette Community School Corporation Lease Rental Bonds	\$29,305,000	99.45%	\$29,143,823
West Lafayette Community School General Obligation Severance Bonds	381,086	99.45%	378,990
West Lafayette Public Library General Obligation Bonds	10,770,000	100.00%	10,770,000
Tippecanoe School Corporation General Obligation Bonds	10,000,000	2.99%	299,000
Tippecanoe School Corporation Lease Rental Bonds	64,155,000	2.99%	1,918,235
Tippecanoe County Library Lease Rental Bonds	3,300,000	3.52%	116,160
Tippecanoe County Building Authority Jail Expansion Lease Rental Bonds	<u>13,585,000</u>	14.16%	<u>1,923,636</u>
Total Overlapping Debt	<u><u>\$131,496,086</u></u>		<u><u>\$44,549,844</u></u>

(1) Excludes all revenue bonds not payable from ad valorem property taxes. Also excludes tax increment financing bonds.

CITY OF WEST LAFAYETTE
Schedule of Sewage Revenue Bond Coverage
Last Ten Years

<u>Year</u>	<u>Gross Revenue</u>	<u>Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2004	\$6,624,041	\$2,559,997	\$4,064,044	\$1,560,000	\$800,362	\$2,360,362	1.72
2003	5,646,531	2,363,917	3,282,614	1,515,000	836,072	2,351,072	1.40
2002	5,030,722	2,480,989	2,549,733	1,215,000	780,944	1,995,944	1.28
2001	4,570,678	2,266,867	2,303,811	1,185,000	658,439	1,843,439	1.25
2000	4,647,754	2,018,675	2,629,079	810,000	517,650	1,327,650	1.98
1999	4,426,015	2,135,385	2,290,630	785,000	541,575	1,326,575	1.73
1998	3,822,617	2,205,560	1,617,057	765,000	494,363	1,259,363	1.28
1997	3,980,610	2,345,328	1,635,282	740,000	536,428	1,276,428	1.28
1996	3,893,306	2,489,570	1,403,736	0	510,573	510,573	2.75
1995	3,859,525	2,495,886	1,363,639	1,220,000 (A)	109,145	1,329,145	1.03

(A) The Utility refunded the outstanding balance of its 1986 Sewage Works Revenue Bonds during 1995.

**CITY OF WEST LAFAYETTE AND TIPPECANOE COUNTY
Demographic Statistics**

Tippecanoe County			City of West Lafayette		
Year	Population	% Change	Year	Population	% Change
2000	148,955	14.06%	2000	28,778	11.08%
1990	130,598	7.31%	1990	25,907	21.93%
1980	121,702	11.27%	1980	21,247	10.91%
1970	109,378	22.73%	1970	19,157	51.08%
1960	89,122	19.67%	1960	12,680	6.80%
1950	74,473	45.97%	1950	11,873	89.36%
1940	51,020	7.33%	1940	6,270	23.06%
1930	47,535	11.03%	1930	5,095	33.03%
1920	42,813	6.86%	1920	3,830	-0.96%
1910	40,063	3.63%	1910	3,867	67.98%
1900	38,659		1900	2,302	

Average Annual Growth
Rate Since 1900:

1.40%

2.60%

Source: Indiana School of Business Research Center and U.S. Bureau of Census.

CITY OF WEST LAFAYETTE
Principal Taxpayers and Employers
December 31, 2004

<u>Principal Taxpayers</u>	<u>Type of Business</u>	<u>2004 Net Assessed Valuation</u>	<u>% of Total City Assessed Value</u>
1. Purdue Research foundation	Real Estate Holdings	\$31,622,190	3.17%
2. Regency Williamsburg/Windsor LTD	Apartments	19,730,300	1.98%
3. Basham, John R. II, Connie L.	Apartments	19,155,110	1.92%
4. State Farm Mutual Auto Ins. Co.	Regional Claims Center	18,613,020	1.86%
5. McCormick Place LLC	Apartments	18,435,740	1.85%
6. B and L LLC	Apartments	17,230,300	1.73%
7. KFM Purdue LLC	Apartments	16,248,500	1.63%
8. Wabash Landing LLC	Commercial	14,315,200	1.43%
9. Weida, Jerry M., Patti A.	Apartments	13,470,800	1.35%
10. Wal-Mart Real Estate Business Trust	Commercial	12,900,000	1.29%
Total of Top Ten Taxpayers		<u>\$181,721,160</u>	<u>18.21%</u>

<u>Principal Employers</u>	<u>Type of Business</u>	<u>Employees</u>
1. Purdue University *	Big 10 University	13,831
2. State Farm Insurance	Regional Claims Center	692
3. Bionanalytical Systems Inc.	Biotechnology	350
4. Great Lakes Chemical	Corporate Office/R&D	275
5. West Lafayette School Corporation	K-12 Education	215
6. City of West Lafayette	Municipal Government	200
7. Pay Less Supermarket	Grocery Store	190
8. Purdue Employees Federal Credit Union	Credit Union	150
9. Marsh Supermarket	Grocery Store	144
10. Wal-Mart	Retail Store	100
Total of Top Ten Employers		<u>16,147</u>

Source: Tippecanoe County Auditor and Great Lafayette Chamber of Commerce.

* A portion of the campus is located outside the city limits.

** R & D is located outside city limits.

CITY OF WEST LAFAYETTE
Property Value of Construction Activity and Bank Deposits
Last Ten Years

Year	Residential Building Permits		Commercial, Industrial, and Other Building Permits		Total of West Lafayette Building Permits		Percent Change	Average Building Cost	West Lafayette Bank Deposits (In Thousands)	Credit Union Deposits (In Thousands)
	Number of Permits Issued	Estimated Actual Property Value	Number of Permits Issued	Estimated Actual Property Value	Number of Permits Issued	Estimated Actual Property Value				
2004	174	\$ 21,868,395	267	\$ 27,109,727	441	\$ 48,978,122	38.12%	\$ 61,473	\$ 344,275	\$ 372,775
2003	176	16,701,331	176	18,756,937	352	35,458,268	-4.24%	53,287	323,352	356,870
2002	150	39,739,675	205	21,872,742	355	61,612,417	9.66%	173,556	321,816	326,967
2001	163	43,707,424	182	12,474,646	345	56,182,070	55.07%	162,847	303,256	293,278
2000	116	11,909,832	206	24,319,177	322	36,229,009	18.76%	112,512	351,138	177,640
1999	123	21,902,580	235	8,603,722	358	30,506,302	10.57%	85,213	318,015	*
1998	111	11,782,241	225	15,807,958	336	27,590,199	24.41%	82,114	334,205	*
1997	92	8,506,755	222	13,670,534	314	22,177,289	-30.39%	70,628	265,231	*
1996	84	12,884,830	215	18,973,445	299	31,858,275	-26.97%	106,549	242,175	*
1995	111	9,050,289	232	34,576,198	343	43,626,487	33.57%	127,191	250,254	*

* Breakdown not available for these years.

Source: Building permit data obtained from City Engineer.
 Data on bank deposits obtained from FDIC Public Information Center.
 Data on credit union deposits obtained from local credit unions.

**West Lafayette
Recreation and Conservation Sites**
(Revised Spring 2004)

Site	Location	Activities and Facilities														
		Rest-Rooms	Nature Trails	Bike Trails	Picnic Shelters/ Tables	Playground	Basketball	Soccer	Softball	Fishing	Boat Ramp	Volleyball	Program/ Activities	Fitness Area	Swimming	Golf
West Lafayette Parks & Recreation																
1 Celery Bog Nature Area*/ Lily Nature Center	Lindberg Rd.	•	•	•								•				
2 Centennial Neighborhood Park	Lawn St. and Vine St.				•	•										
3 Cumberland Park	Salisbury St. and Kalberer Rd.	•	•	•	•		• L	•	• L							
4 Dubois Park	Dubois St.					•										
5 George E. Lommel Park	Between Essex St. and Wilshire Ave.				•	•		•	•							
6 Happy Hollow Park	Happy Hollow Rd.	•	•	•	•	•			•		•					
7 Lincoln Park (under development)	Lincoln St.					•										
8 Mascouten Park	North River Rd.								•	•						
9 Morton Community Center	North Chauncey Ave.	•				•						•				
10 Municipal Pool	Salisbury St. (behind Happy Hollow School)	•										•		•		
11 NW Greenway & Cattail Trails	West Lafayette		•	•	•											
12 Tapawingo Park/ Riverside Skating Center	Tapawingo Dr.	•	•	•	•	•				•	• L	•				•
13 Tommy Johnston Park	Wood St. and Chauncey St.				•		•						•			
14 Trailhead Park	Kalberer Rd.		•	•	•											
15 University Farm Park	LaGrange St. and Hamilton St.				•	•										
Purdue University																
16 Birck Boilermaker Golf Complex	Cherry Ln.	•														•
17 Horticulture Park	McCormick Rd.		•		•											
18 McCormick's Woods	Cherry Ln.		•													
19 Pickett Park	Stadium Ave.		•		•											
20 Slayter Center	Stadium Ave.											•				
21 Tree Trails	Purdue University		•													
22 Wabash Heritage Trail	Along the Wabash River		•	•												

The Wabash Heritage Trail passes through parks managed by the Tippecanoe County, Lafayette, and West Lafayette park boards, bicycling on the trail is only permitted within the two cities, not the county. Brochures are available from the park departments and the Lafayette-West Lafayette Visitors Center at (765) 447-9999.

L = Lighted

*<http://www.eas.purdue.edu/geomorph/celerybog/>

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