

Comprehensive Annual Financial Report



CITY OF --- WEST LAFAYETTE INDIANA

Year Ended December 31, 2005

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST LAFAYETTE, INDIANA

Year Ended December 31, 2005

Prepared By:

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

INTRODUCTORY SECTION

INTRODUCTORY SECTION

INTRODUCTORY SECTION

TABLE OF CONTENTS

I. <u>INTRODUCTORY SECTION</u>	Page
Table of Contents	I-III
Letter of Transmittal to Citizens from Mayor	V
Letter of Transmittal to Members of the Common Council.....	VI-XI
List of City Officials	XII
Organizational Chart.....	XIII
Departmental Services and Responsibilities	XIV-XV
GFOA Certificate of Excellence.....	XVI
II. <u>FINANCIAL SECTION</u>	
Independent Auditors' Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1-2
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.....	3-4
Management's Discussion and Analysis	5-25
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	27-28
Statement of Activities	29
Fund Financial Statements:	
Balance Sheet – Governmental Funds	30
Reconciliation of the Balance Sheet to the Statement of Net Assets	31
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures and Other Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Net Assets – Proprietary Funds	34-35
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds	37-38

TABLE OF CONTENTS
(Continued)

II. **FINANCIAL SECTION (Continued)**

	Page
Basic Financial Statements (Continued):	
Fund Financial Statements (Continued):	
Statement of Fiduciary Net Assets – Fiduciary Funds	39
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	40
Notes to Financial Statements.....	41-70
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	72
Budgetary Comparison Schedules – Major Special Revenue Funds	73-74
Schedules of Funding Progress – Pensions	75
Schedules of Contributions From the Employer and Other Contributing Entities – Pensions.....	76
Notes to Required Supplementary Information.....	77-79
Supplementary Information:	
Major Governmental Funds:	
Schedule of Expenditures – Budget and Actual General Fund.....	82-83
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds (by fund type)	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds (by fund type)	87
Combining Balance Sheet – Nonmajor Government Funds	
Nonmajor Special Revenue Funds.....	88-89
Nonmajor Debt Service Funds	90
Nonmajor Capital Projects Funds.....	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	92-93
Nonmajor Debt Service Funds	94
Nonmajor Capital Projects Funds.....	95
Budgetary Comparison Schedules – Other Nonmajor Governmental Funds	96-100
Fiduciary Funds:	
Combining Statement of Fiduciary Net Assets	
Pension Trust Funds	102
Agency Funds.....	103
Combining Statement of Changes in Fiduciary Net Assets	104

TABLE OF CONTENTS
(Continued)

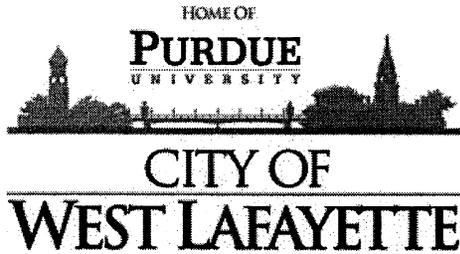
II. FINANCIAL SECTION (Continued)

	Page
Fiduciary Funds (Continued):	
Budgetary Comparison Schedules – Budgeted Pension Trust Funds	105
Schedule of Changes in Assets and Liabilities – Agency Funds.....	106
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	108-109
Schedule of Expenditures of Federal Awards.....	110-111
Notes to Schedule of Expenditures of Federal Awards	112
Schedule of Findings and Questioned Costs.....	113
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings.....	114

III. STATISTICAL SECTION (Not Covered by Auditors' Opinion)

Government-Wide Expenses by Function.....	115
Government-Wide Revenues	116
General Governmental Expenditures by Function	117
General Revenues by Source	118
Tax Revenues by Source and Tax Base.....	119
Property Tax Rates.....	120
Assessed and Estimated Actual Value of Taxable Property	121
Property Tax Levies and Collections	122
Computation of Legal Debt Margin.....	123
Computation of Direct and Overlapping Debt.....	124
Schedule of Sewage Revenue Bond Coverage	125
Demographic Information	126
Principal Taxpayers and Employers	127
Property Value of Construction Activity and Bank Deposits.....	128

PAGE INTENTIONALLY LEFT BLANK



City Hall
609 West Navajo Street
West Lafayette IN 47906

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

April 25, 2006

Dear Citizens of West Lafayette and Interested Persons:

I am pleased to present to you the 2005 Comprehensive Annual Financial Report, as well as a summary of all of the services, projects and activities that make West Lafayette a leading "knowledge-centered" community.

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

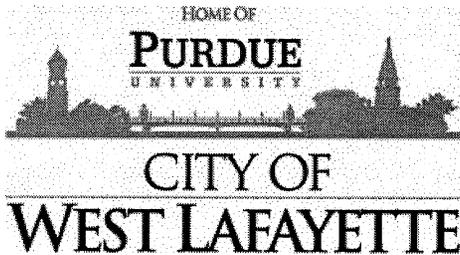
The City of West Lafayette provides a full range of city services. These include public safety, streets and highways, sanitation and recycling services, public improvements, planning and zoning administration, parks and recreation, general administration and wastewater utility services. Our goal is to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

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

Sincerely,

A handwritten signature in cursive script that reads "Jan H. Mills". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Jan H. Mills, Mayor



City Hall
609 West Navajo Street
West Lafayette IN 47906

www.city.west-lafayette.in.us

Mayor Phone 765-775-5100

Clerk-Treasurer Phone 765-775-5150

April 25, 2006

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, 2005. This is the ninth CAFR prepared by the City for submission for the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The CAFR is presented as part of a continuing effort to provide the citizens of West Lafayette with the highest standards of financial accountability and disclosure.

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

OVERVIEW

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 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 was 28,778 in the 2000 census, a growth rate of 11%.

West Lafayette is the proud home to Purdue University, a public land grant school founded in 1869 by the Indiana State Legislature with a gift from Lafayette merchant and entrepreneur John Purdue. Purdue University is a pre-eminent center of research and innovation enrolling 38,000 undergraduate and graduate students and employing 13,831. Purdue is the predominant force in West Lafayette's history. The presence of Purdue has contributed to a cosmopolitan yet friendly atmosphere. There are 54 different nationalities within the city, and 27 different languages spoken in our educational system.

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Economic Outlook and Condition

The City's partnership with the Purdue Research Foundation and Purdue University resulted in exciting developments in the Purdue Research Park in 2005. The 751-acre park is now home to 134 companies in over one million square feet of office and laboratory space. 78 are technology companies. Those companies had combined gross sales in 2005 of \$1.2 billion. There are 2,878 employees in the Park, with 300 new jobs in 2005.

The construction and provision of fiber optics throughout the Park, made possible through the Certified Technology Park and the Technology Development Grant Funds provided by the State, are allowing the Park to be competitive in attracting and retaining these companies. All the incubation space in the park is occupied. Some of the highlights of activity in the Park in 2005 are:

- Endocyte doubled their facility size with a move into the expanded Purdue Technology Center (PTC); the first clinical trials are underway; the vitamin-targeting technology was licensed to Bristol-Myers Squibb in 2006 for \$3 million + royalties. As of December 2005, the 50,000-square foot expansion of the PTC was fully occupied.
- The Ross Enterprise Center, home to Butler Engineering (Sikorsky helicopters) is also the home of the OnePurdue program. Butler is expanding their facility in early 2006 to include phases 2 and 3. 100 engineers were employed at Butler at the end of 2005.
- CST/berger, a division of Stanley Works, moved its computer graphics, marketing and sales offices to West Lafayette.
- International Technology Center, the home of the 24,000-square foot International Health and Fitness Center and 75,000-square foot of office space, began construction on a 50,000-square foot expansion.

- FuturaGene graduated from the Business and Technology Center incubator to space in Vistech I.
- Cook Biotech added 20 new employees and expects to hire an additional 20 in 2006.
- QuadraSpec, Inc. won 2 business plan competitions worth \$85,000 and chose to expand their facility and remain in West Lafayette.

The City's emphasis on downtown and riverfront development continued in 2005. A partnership with Purdue Research Foundation and Purdue University made possible the purchase of the Burnham's property on the Wabash River for a crew rowing facility. Community efforts to develop and preserve the river corridor progressed with the receipt of a \$500,000 grant that allowed the hiring of a director for the Wabash River Enhancement Corporation.

In the Levee/Village area, development and redevelopment continued with the construction of Capp and Gino's, Chauncey Townhouses, Basham Apartments at Chauncey and Fowler, the Villas on Pierce Street, Panini's Deli, State Street Towers, Puccini's, and the plans for Chipotle and the Irvine and Woodbury Apartments. The reconstruction of the Brown Street and Tapawingo Drive intersection also emphasized the pedestrian nature of the riverfront area with traffic calming and speed reduction changes.

The second year of the Sagamore West Implementation Plan brought additional improvements along the parkway in the form of new sidewalks, curbs and landscaping from Osco Drugs to the Village Bottle Shop. Continuing our commitment to use local firms and in-house talent, gateways, lighting and banner poles have been designed, and the permit approved through the Indiana Department of Transportation (INDOT). A \$50,000 matching grant from INDOT will provide landscaping for the project gateways.

Private development along Sagamore West (US 52) was also active in 2005 with the Hilltop planned development; additional redevelopment in Wabash Village with the construction of Havel Chiropractic, and Dog-n-Suds; the opening of Chico's in University Square; and the opening of Sigma Medical and Sherwin-Williams in Town Center. The Route 66 restaurant expanded, as did Wal-Mart, and Tower of Ivory Townhomes were completed. Civic involvement along the Sagamore Parkway was also in evidence as the Sagamore West Area Business Alliance organized the very successful Sagamore West Farmers' Market.

The City's trail network expanded to 16.9 miles in 2005 with the completion of the Northwest Greenway Trail from Sagamore Parkway, along Cumberland Avenue to a new trailhead park at State Farm Insurance; south from Westminster Village to Sagamore Park Center; and east from Cumberland Park along Kalberer to Soldiers Home Road. The trail system is expanding the links between Purdue University, the Purdue Research Park, commercial areas, and City neighborhoods.

Since 1987, the City's vision to be a leading knowledge-centered community has been guided by a citizen-driven strategic planning process. The update process was completed in the spring of 2005 and a new report serves to guide the economic development and quality of life priorities for the City. Those priorities include housing and neighborhoods, schools, City vitality and City services.

The commitment to vital and safe neighborhoods is evident in the ongoing programs of code and nuisance enforcement, support for the not-for-profit New Chauncey Housing Inc., staff support for the Neighborhood Coalition, participation in the Community Issues Committee (town and gown), participation in "Meet and Greet" new student residents, and discussions with campus leaders through the Office of the Vice President for Student Services.

In 2005, the City achieved significant progress with ongoing initiatives in transportation planning, clean water, smart growth, and public safety. Among the highlights are:

- Cooperative planning and selection of a design team for the Purdue Perimeter Roadway Project. Design development and land acquisition will occur in 2006 and 2007, with construction slated to begin in 2008.
- The completion of the reconstruction of Kalberer Road; reconstruction of South Salisbury that included new curbs and sidewalks and additional parking; the above-mentioned Sagamore West sidewalk additions; and \$380,000 worth of street resurfacing (2.25 miles) throughout the City.
- A review and study of the parking needs and standards in the Village (campus town).
- The proposed annexation of 1,173 acres north of the City limits.
- Completion of the design engineering of the Western Interceptor Sewer Project, a \$12 million project to reduce

combined sewer overflows in the City and alleviate several aging lift stations.

- The selection of a design engineering company for the renovation of the digesters at the Wastewater Treatment Utility, and the approval of a State Revolving Fund loan to support those upgrades.
- Continued beautification of the City with the planting of 114 trees and the pruning of 1,103 others. A street tree inventory was completed with the assistance of students at Purdue University.
- Additional Wabash River corridor enhancements with the dedication of the Wabash Heritage Trail Overlook, reconstruction of the site for a new trailside park at the Wabash Pond, and continuation of tree planting at the bridge interchange.
- An additional 10 acres added to the Celery Bog Park, with new footpaths, benches, and an observation deck installed.
- The hiring of 2 additional firefighters, with a third planned for 2006. Increased training opportunities were the focus of 2005 with 26 firefighters participating in continuing education.
- The implementation of an internship program, a Red Light Enforcement Program, and continued safety programs including Operation Pull-Over, EVOC training, and the Seat Belt Enforcement Program by the Police Department.

The City plans to proceed with several major projects in 2006 including:

- Construction of Tapawingo South.
- Salisbury Safety Project which includes new curb and sidewalk, 5-foot bike lanes and other pedestrian improvements.
- Construction of the 1st phase of the Western Interceptor Sewer.
- The construction of additional trail, lights, banners and landscaping as part of the Sagamore West (US 52) project.
- Infrastructure improvements in the Village that include sewer reconstruction and streetscape changes as part of the commercial development of Chauncey Square.

A three-year financial plan was prepared for the City in 2005 to assist

in managing operating needs and funding police and fire pension benefits for the older pension plans that are paid directly by the City. The financial plan will provide a framework for evaluating budget priorities, identifying possible funding sources, and estimating the financial impact of budgetary options.

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 budget adopted by the City Council and as approved by the State Board of Tax Commissioners. The annual budget includes the General Fund, the Parks and Recreation Fund, the Police and Fire Pension Funds, the Cumulative Capital Development Fund, the Cumulative Capital Improvement Fund, the Cumulative Building and Firefighting Equipment Fund, the Fire Truck Lease Fund, the Local Road and Street Fund, the Motor Vehicle Highway Fund, the Economic Development Income Tax Fund, the Community Development Block Grant Fund, the Police Station Nonreverting Fund, the Rainy Day Fund, the Law Enforcement Continuing Education Fund, the Firefighting Fund and the Parks Nonreverting Capital - Pool Fund. The Park Board approves the annual budget for the Parks Nonreverting Operating Fund. The Redevelopment Commission approves the budgets for the Sagamore Parkway TIF Fund, the Levee/Village Redevelopment Commission Fund, and the

KCB Redevelopment Commission Fund, and Redevelopment Commission 2005 Fund. The West Lafayette Redevelopment Authority oversees the Wabash Parking Garage Bonds and Infrastructure Bond Funds. The West Lafayette Equipment Leasing Corporation oversees the Fire Truck Acquisition Fund.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major budget classification within a fund, and in the General fund, within a department. The Common Council maintains budgetary control on all funds approved in the City's annual budget with the exception of the Parks and Recreation Fund, the Parks Nonreverting Capital-Pool Fund and the Parks Nonreverting Operating Fund for which budgetary control is maintained by the Park Board. The Common Council or Park Board may transfer appropriations from one major budget classification to another within a department or fund by ordinance or resolution as long as the annual budget for that department or fund is not exceeded. The Common Council and Park Board maintain another measure of budgetary control by requiring all transfers within major budget classifications, as well as between major classifications, to be approved by ordinance or resolution. Additional appropriations in excess of the original budget must be approved by the Common Council and subsequently submitted for approval to the Department of Local Government Finance.

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

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

Government Finance holds a final budget hearing review and revision in October prior to issuing a final budget approval order by February.

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

Budget to actual comparisons are provided in the Required Supplementary Information and Supplementary Information sections 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 72 and pages 82-83. For other governmental funds with appropriated annual budgets, this comparison is presented pages 73-74, pages 96-100, and page 105.

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 an multiple-employer defined benefit retirement system acting as a common investment and administrative agent for government units in Indiana. The City makes required annual contributions at the level set by PERF. As of July 1, 2005, the City's PERF account has an accrued actuarial liability of \$3,991,563, and has an excess of assets of \$363,086.

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

Police officers hired prior to May 1, 1977 are members of the Police Pension Fund established in 1925 by the State of Indiana. Firefighters hired prior to May 1, 1977 are members of the Fire Pension Fund established in 1937 by the State of Indiana. Both plans are single employer defined benefit plans administered by the

City of West Lafayette. They are funded on a pay-as-you-go basis, with actuarial accrued liabilities currently totaling \$19,292,600 as of July 1, 2005, and a deficit of assets of -\$18,395,487.

Additional information on funding policies and pension costs is in Note IV.C in the Notes to the Financial Statements on pages 63-70 and Required Supplementary Information Schedules of Funding Progress and Schedule of Contributions on pages 75-76.

Cash Management

All cash temporarily idle in 2005 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 2005 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

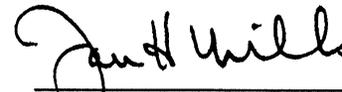
Indiana statute (IC 5-13-1) requires an annual independent audit of the financial records and transactions of the City to be made by the Indiana State Board of Accounts. Their audit met the requirements of state statutes and was conducted in accordance with generally accepted auditing standards and government 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, 2005 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 107-114.

ACKNOWLEDGMENTS

The preparation of the report has been accomplished with support from the Mayor, Department Heads, and Common Council. We would like to thank the Indiana State Board of Accounts for their excellent professional work with special recognition to John D. Irelan, CPA, Field Supervisor, Marilyn Rudolf, CPA, Special Projects and CAFR Supervisor, and Lead Auditor Gary W. Roberts, and Auditors Phil Astell and David Pettit. 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



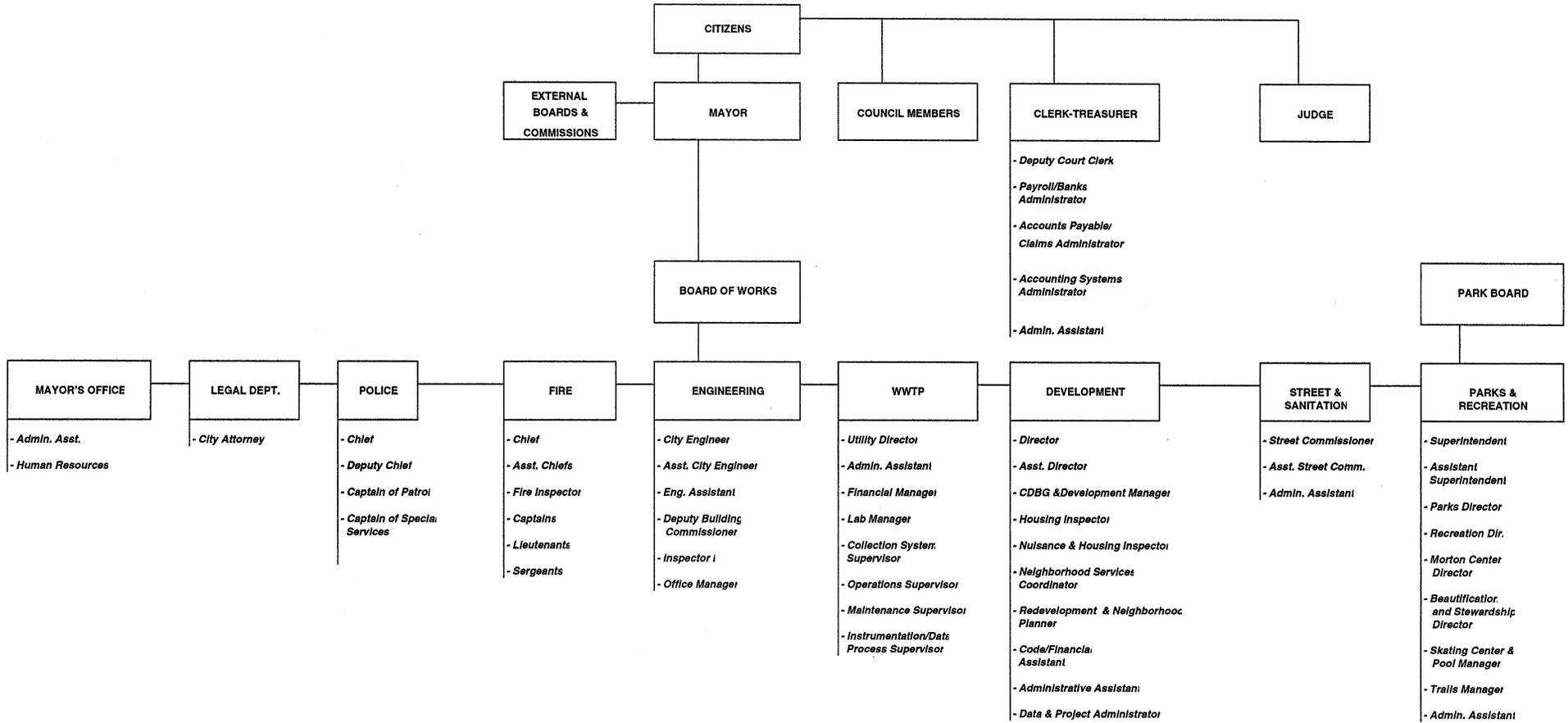
Judy Rhodes, Clerk Treasurer

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
(continued)****DEPARTMENT OF DEVELOPMENT****DIRECTOR: Jesse C. Andrew III**

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

STREET, SANITATION AND RECYCLING DEPARTMENT**PUBLIC WORKS DIRECTOR: David A. Downey**

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

PARKS AND RECREATION DEPARTMENT**SUPERINTENDENT: Joe Payne**

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

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 36 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 with foam generating capabilities. The department takes all fire, hazard and first-responder medical emergency calls for West Lafayette. It 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 9.00-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.

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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emery

Executive Director

FINANCIAL SECTION

FINANCIAL SECTION

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, 2005, 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 of America. 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities and Budgetary Comparison Schedules, as listed in the table of contents, are not 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. 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 April 25, 2006, 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements.

STATE BOARD OF ACCOUNTS

April 25, 2006



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 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, 2005, and have issued our report thereon dated April 25, 2006. 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

April 25, 2006

CITY OF WEST LAFAYETTE
Management's Discussion and Analysis
For the Year Ended December 31, 2005

The discussion and analysis of the City of West Lafayette's financial performance for the year ended December 31, 2005 provides an overview of the City's financial activities.

Financial Highlights

1. Assets exceeded liabilities at year end 2005 by \$72.1 M. Of this amount, \$9.04 M is considered unrestricted and are used to support ongoing obligations to citizens and creditors. The City's business-type activities held \$9.14 M in unrestricted assets at the fiscal year end, while the City's governmental activities had a deficit of (\$99,330.)
2. The City's total net assets increased by \$1.53 M or 2.2% over the January 1, 2005 restated balance. The City's business-type activities were the source of a \$2.91 M increase in net assets, a 10.13% increase over the prior year. The City's governmental activities showed a decrease in net assets of \$1.39 M or a 3.3% decline from the prior year.
3. Total revenues decreased \$7.01 M or -18.7%. General revenues for the City's governmental activities were the largest source of the decline with a \$10.9 M decrease in revenue from contributions and gifts. The City's business-type activities had an increase in revenues of \$0.36 M or 4.6%.
4. Expenses increased to \$29.06 M, an increase of \$8.63 M or 42.3% from the prior year. The City's governmental activities contributed \$7.9 M of the increase, rising 48.9%. Expenses for business-type activities also increased \$0.74 M, or 17.2%.
5. The City's total governmental fund balance was stable, with a combined ending fund balance of \$19.4 M, a decrease of less than \$35,000 from the prior year.
6. At the end of 2005, the City's unreserved fund balance for the General Fund was \$2.385 M, a decrease of \$0.76 M or 24.1% from the prior year. The General Fund's unreserved fund balance is 24% of the 2005 General fund expenditures.
7. The City's non-current liabilities at year end totaled \$56.8 M, an increase of \$2.28 M or 4.2%, primarily due to new revenue bond obligations.

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 2005. 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 City uses these units, which are legally separate from the City, to finance the acquisition and construction of capital assets. Financing structured as lease obligations to blended component units allow the City to finance necessary capital expenses without exceeding the statutory debt limit of 2% of assessed valuation set by the State of Indiana.

The government-wide financial statements are found on pages 27-29 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 30-33 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 34-38

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. Agency funds are used to account for monies held by the City for an external party. The City uses agency funds to report payroll, sales tax, insurance payments, city court costs, and court collections funds. The basic fiduciary financial statements can be found on pages 39-40 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 41-70 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 Comparison Schedules for the General Fund and Major Special Revenue funds, the Schedules of Funding Progress, and Schedules of Contributions from the Employer and Other Contributing Entities. The RSI schedules and integral Notes can be found on pages 71-76 of this report.

Government-wide financial analysis

Statement of net assets

The City's primary government assets exceed liabilities by \$72.1 M at the close of 2005. [Figure 1 and Statement of Net Assets, pages 27-28. Of the City's net assets (total assets less total liabilities) the largest portion, \$50.7 M or 70%, reflects its investment in capital assets (e.g. land; infrastructure including sewers, roads and trails; buildings and improvements; machinery and equipment; and construction in progress), less any debt to acquire these assets that is still outstanding. The City's capital assets are used to provide services to citizens. These capital assets are not liquid and are not available for future spending. The debt associated with these capital assets must be paid from sources other than capital assets themselves because the capital assets themselves cannot be used to liquidate these liabilities.

The remainder of the City's net assets is designated as restricted or unrestricted. The restricted portion, \$12.36 M or 17% are dollars that are subject to external restrictions and cannot be spent on everyday operations. The unrestricted portion, \$9.04 M, or 13%, may be used by the City to meet ongoing obligations. The City's unrestricted net assets grew by \$2.47 M from 2004 to 2005, an increase of 37.6%, primarily due to the \$2.1 M increase in unrestricted net assets in the wastewater treatment utility. The deficit in unrestricted net assets for the City's governmental activities declined to (\$99,330), a 4.5-fold decrease from the prior year. The major factors in the change in the governmental activities unrestricted net assets were transfer of \$1.3 M from the Wabash Landing Parking Garage Bonds debt service fund to the separate Levee/Village Allocation Fund, and the inclusion of net pension assets in conformance with generally accepted accounting principles.

Net assets were restated and increased \$181,704 as of January 1, 2005 to recognize pension assets in conformity with generally accepted accounting principles. [Refer to Note III. H. to the Financial Statements, pages 61-62.]

Statement of activities The City's net assets increased by \$1.53 M or 2.2% during 2005 over January 1, 2005 adjusted net assets. [Figure 2 and Statement of Activities, page 29.]

The net assets of business-type activities were entirely responsible for the increase. The wastewater treatment utility net assets increased \$2.91 M or 10.1% over prior year adjusted net assets, offsetting the \$1.39 M loss or decrease of 3.3% in governmental activities net assets.

Total revenues for the City were \$30.6 M in 2005, declining \$7.01 M or 18.7% from 2004. Governmental activities provided \$22.4 M, or 73% of revenues while business-type activities provided \$8.2 M or 27%.

Expenses for the year totaled \$29.06 M, an \$8.6 M increase or 42.3% above the prior year. [Figure 4] Expenses for governmental activities accounted for \$7.9 M of the increase, reflecting a 6-fold higher level of economic development expenses related to investment in infrastructure and facilities in the Purdue Research Park.

Governmental Activities Revenues and Expenses

Governmental activities showed a decrease in revenues of \$7.35 M, or 24.5% over the prior year, while expense increased \$7.9, or 48.9%, over the same period. The large changes in both revenue and expense are related to capital asset acquisition. In 2004 the greatest source of revenue was \$10.9 M in contributions and gifts recognized for major capital projects completed that year, while there was no activity in this category in 2005. Property tax revenue was the top source of governmental revenue in 2005, increasing 5.3% to \$9.95 M. Property taxes are the most stable source of revenues. The increase in 2005 reflects growth following implementation of the State of Indiana market value reassessment system in 2003, which decreased prior year tax collections. Charges for services was the second largest source of revenue at \$4.27 M, accounting for 19%. Capital grants and contributions were the third largest source at \$3.71 M, accounting for 16%. Capital grants and contributions increased over 25-fold from the prior year related to Certified Technology Park revenue designated for Purdue Research Park facility and infrastructure projects, and grant reimbursement for land acquisition for the Tapawingo South Extension project. Intergovernmental revenue, consisting of state and local taxes, is the fourth largest revenue sector at \$2.04 M or 9%. Intergovernmental revenue declined primarily due to reductions in local taxes including local option income tax and excise tax collections which are typically more variable year-to-year. The remaining 12% of revenue was provided by miscellaneous receipts, operating grants and contributions, unrestricted investment earnings, transfers and franchise fees, [Figure 3].

For all governmental activities, expenses exceed program revenues, making these activities dependent on general revenues. Expenses increased in all governmental categories with the exception of interest expense and sanitation. [Figure 4]

Economic Development was the largest governmental program expense in 2005 at \$7.64 M, a 5-fold increase over the prior year. A \$4.1 M charge for loss on disposal of a capital asset was recognized for a Redevelopment Commission real estate transaction designed to pay for Purdue Research Foundation's rehabilitation of the Ross Enterprise Center as part of incentives provided to the Butler Research Center. In addition, Certified Technology Park funding for business incubator facilities and fiber optics infrastructure in the Purdue Research Park was disbursed in the amount of \$2.155 M. Public safety expense moved from its position as the top program expense in the prior two years to second largest at \$6.78 M, reflecting largely operating expenses, compared to prior years when capital expenses related to the new police station were recognized. Highways and streets was third largest, having increased nearly 3-fold in 2005 to \$3.1 M reflecting a high level of road and sidewalk improvements including the Tapawingo South Extension, the Sagamore West Sidewalk and Accessibility project, the reconstruction of the Brown Street and Tapawingo North intersection, Brown Street reconstruction to the Overlook, and final construction of Kalberer Road Phase 2. General government expenses were \$2.97 M, a \$0.395 M or 15% increase from the prior year primarily due to the \$0.386 M increase in accounts payable resulting from the recognition of archived parking tickets from 2000 to 2003. Culture and recreation expense was \$2.07 M, a 30% increase from the prior year reflecting both expanded park operations and capital expenses for additions to the City's nationally recognized trail system, improvements to park facilities, and the beginning of the Lincoln Street neighborhood park. Interest expense at \$0.9 M and sanitation expense at \$0.6 M both declined from the prior year.

Business-type Activities

The City's business-type activities showed an increase in net assets of \$2.91 M, or 10.1% over the January 1, 2005 adjusted net assets. Unrestricted cash and cash equivalents increased \$1.8 M to \$4.3 M, a 71.3% increase from 2004. Net assets for the wastewater utility have increased 26.2% over the past three years. Revenue from charges for service increased \$807,000 or 10.9% in 2005 as a result of increased billable flow and a 12% rate increase effective July 1, 2005. Major projects involving upgrade of treatment and collection system facilities have been delayed thereby lowering expected expenditures for capital projects and debt service. This has resulted in the large cash position cash in the utility.

Expenses for business-type activities increased approximately \$735,600 or 17.2%. A \$558,800 increase in depreciation expense, 1.6-fold higher than the prior year, was a significant factor in the expense increase, reflecting the impact of recognizing \$11.23 M of construction in progress as completed capital assets subject to depreciation in 2005. (Refer to the discussion in the section on Capital Assets for business-type activities that follows on page 14. Other operating expense categories increased \$208,700, or 8.15%, primarily due to disbursement of an \$183,087 refund for excess billings charged over the prior three-year period to a major retirement living center.

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 2005, the City's governmental funds reported combined ending fund balances of \$19.4 M, just \$35,000 below prior year balances [Figure 5 and Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds, page 32.]

The largest governmental fund is the General Fund, the City's chief operating fund. At the end of 2005, the General Fund balance was \$2.385 M. The General Fund balance decreased by \$756,400 or 24.1% during the 2005 fiscal year.

The new 5-year financial plan for the City addresses the need to maintain adequate General Fund cash reserves while increasing allocation of cash reserves to meet the expected increase in fire pension benefit expense related to retirement of members of the 1937 Firefighters' Pension Plan in two years. The General Fund year end balance is 24.3% of the 2005 General Fund expenditures, and provides sufficient reserves for City operations.

The City has designated four other major funds: Roads Funds; Parks and Recreation Funds; Economic Development Income Tax; and Redevelopment Commission 2005. The combined fund balance for these major funds is \$4.9 M. The non-major governmental funds have a combined fund balance of \$12.065 M.

Proprietary Funds

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

Net assets of the City's proprietary fund for the wastewater treatment utility were \$31.8 M at year end 2005. Net assets invested in capital assets, net of related debt, comprise 68.7% of the total net assets, and increased 4% in 2005. Restricted assets for debt service have remained stable at \$825,000. Unrestricted net assets increased to \$9.138 M, a 30.0% increase. [Refer to Statement of Net Assets - Proprietary Funds, pages 34-35.] Operating income was nearly unchanged from the prior year at \$3.193 M. [Refer to Statement of Revenues, Expenses and Other Changes in Fund Net Assets - Proprietary Funds, page 36.]

General Fund Budgetary Highlights

Total budgetary expenditures in the General fund were held to \$9.6 M, an increase \$0.34 M or of 3.7% over the prior year. Revisions to the original adopted budget totaled less than -\$164,000, a 1.6% decrease from the original budget. All functions showed positive expenditure variances to budget. Actual expenditures were nearly \$475,000 lower than budget resulting in a 4.72% reversion, derived almost equally from under-expenditures in the personnel category, and in the other services and charges category. [Refer to Budgetary Comparison Schedule, page 72 and Schedule of Expenditures – Budget and Actual – General Fund, page 82-83.]

Public safety remained the largest expenditure category and also had the greatest increase in expenditures from the prior year, up 6.3%, primarily due to increased personnel expense. Three departments, City Hall, Sanitation and Economic Development, showed decreases in expenditures resulting from allocation of expenses to special revenue funds in order to conserve General Fund resources.

General Fund revenues were \$9.5 M, an increase of \$0.28 M or 3.0% from the prior year. Revisions to the original adopted budget totaled approximately \$320,500. The largest single adjustment to the budget was inclusion of revenue sharing from State gaming revenues of \$181,466. The total revenue variance was positive, and within \$20,000 of budget.

The General Fund relied increasingly on property tax revenue in 2005, with receipts of \$5.53 M, an increase of 7.4% over the prior year. All other revenues combined totaled \$3.95 M, and declined approximately \$100,000 or 2.6% from the prior year.

Capital Asset and Debt Administration

Capital Assets

Capital assets includes land; infrastructure including sewers, trails, and roads; buildings and improvements; machinery and equipment; and construction in progress. The City's primary government's capital assets as of December 31, 2005 totaled \$98.2 M, net of accumulated depreciation. [Figure 6. Readers desiring more detailed information on capital assets activities are referred to Section III, Notes C and D to Notes to Financial Statements, pages 52-56.] The City's total capital assets increased \$1.5 M or 1.54%. Capital assets for governmental activities increased \$1.9 M or 3.9%, and offset the decrease in business-type capital assets of -\$0.42 M or -0.9%.

Governmental activities

Capital assets for governmental activities total \$70.8 M with an accumulated depreciation of \$19.7 M, resulting in a net book value of \$51.1 M. Capital assets increased primarily due to land acquisition and ongoing construction in progress for streets and parks projects. [Refer to Section III, Note D in Notes to Financial Statements, pages 55-56.]

Business-type activities

Capital assets for the business-type activities total \$57.1 M with an accumulated depreciation of \$10.0 M, resulting in a net book value of \$47.1 M. The \$0.42 M decline in the book value of the wastewater treatment utility's capital assets is a result of two factors. In 2005, the wastewater treatment utility recognized as completed \$11.23 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. The transfer into capital assets increased depreciation expense by \$0.65 M or 61.4% over the prior year. In addition, capital expenditure levels were low due to revised timelines that delayed construction of the Western Interceptor and Digester and Alternate Power Source projects.

Non-Current liabilities

The City's long-term liabilities are comprised of \$47.4 M of bonded debt which includes revenue bonds payable and loans payable, and \$9.4 M of other non-current liabilities which includes pension obligations and compensated absences

liabilities. Non-current liabilities at year-end totaled \$56.8 M, an increase of \$2.28 M or 4.2% over 2004, largely due to an increase in revenue bonds payable. [Figure 7 and Section III, Note F to Notes to the Financial Statements, pages 58-59]

The City general governmental activities had incurred \$22.1 M in revenue bond debt as of December 31, 2005, an increase of 17.7% over the prior year. In 2005 the Redevelopment Commission issued the \$4.23 M Redevelopment District Tax Increment Revenue Bonds of 2005 to acquire the Ross Enterprise Center from Purdue Research Foundation, and sold the building back to the Purdue Research Foundation for \$1, resulting in loss on disposal of the asset and retention of a non-capital debt. This transaction was designed to reimburse the Purdue Research Foundation for expense of rehabilitating the building as part of the incentive for siting the Butler Research Center. The debt is an obligation of the Redevelopment commission and is solely payable from tax increment revenues. All other revenue debt is payable through lease obligations to blended component units: the West Lafayette Redevelopment Authority, the West Lafayette Building Corporation, and the West Lafayette Equipment Leasing Corporation.

State Revolving Fund loan payables for the wastewater treatment utility remain the largest component of bonded debt at \$25.2 M. These obligations are paid from the revenues earned by the utility. Loan payables were reduced by \$1.3 M in 2005, a 5% decrease.

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

The City's other long-term liabilities include pension obligations, which increased \$0.34 M or 2.6% in 2005. The unfunded actuarial accrued liability for pensions as of July 1, 2005 is \$18,758,573. [Refer to Schedules of Funding Progress, page 75.] The Mayor and City Council have authorized the use of the Rainy Day Fund, which holds accumulated excess local option income tax receipts, to pay pension benefits in 2006. The allocation of the property tax levy to Police and Fire Pension Funds has also been increased for 2006. The goal of the pension funding plan is to eliminate or mitigate the need for property tax increase to fund pension benefits for retiring firefighters within the next two years.

Detailed information on long-term debt activity is available in Note III.F the Notes to the Financial Statements (pages 58-60).

Economic Factors and the Next Year's Budgets and Rates

West Lafayette is home to Purdue University, Tippecanoe County's largest employer, and has benefited from the University's high level of engagement in local economic development and quality of life initiatives. In addition, West Lafayette has been enriched by the diverse and creative talent drawn to the University from around the world. Tippecanoe County continues to be one of the top growth areas in Indiana. The unemployment rate for Tippecanoe County in 2005 was 4.5% compared to 5.2% for the State of Indiana.

The City continues to make strategic investments in economic development and infrastructure to sustain growth in the high technology sector in the Purdue Research Park, the #1 Ranked University Research Park in the nation, and to attract business and residential development that enhances West Lafayette's strategic vision as a "Knowledge-Centered Community."

The City has utilized long-term planning with both a Strategic Plan, first implemented in 1986, and a 3-year financial plan, both updated in 2005. In 2006, the City expects to add one firefighter and a full time parks maintenance technician to manage the City's 17-mile trails networks and continue to focus on quality of life issues.

In 2005, the City initiated a plan for annexation of 1,173 acres to the north of the City, encompassing the location of future expansion of the Purdue Research Park and of residential development of 2,500 homes by 2020. This annexation is the largest in the history of the City and will increase the City's size by one-third. The annexation is expected to be effective in 2006. The annexation fiscal plan calls for addition of a new fire station, additional firefighters and police officers, and expansion of the wastewater treatment facility collection system. Financing the extension of City services and infrastructure to the annexation area will utilize a combination of tax increment financing supported debt for fire station and fire equipment, increased property taxes and local option income taxes, developer cost recovery fees for wastewater collection system expansion, and wastewater utility rate revenues.

Other major economic development initiatives underway include:

- The development of a riverfront recreation venue in conjunction with the construction of a Purdue Rowing Club facility on the Wabash River adjacent to Tapawingo Park. Acquisition of the \$1.3 M Burnham's riverfront property is expected to be completed in 2006 funded by tax increment financing revenues and economic development income tax. This is the next phase in redevelopment of the Levee Area which has already resulted in the successful \$57 M Wabash Landing commercial and residential complex and the new Riverside Rink in Tapawingo Park.

- A \$330,000 planned renovation of the Myers Pedestrian Bridge plaza opposite Wabash Landing is planned in 2006 and will include installation of a fountain to enhance this area as a public entertainment venue. Tax increment financing revenues are the primary sources of funding, along with Wabash Heritage Trail funds and economic development income tax funds.
- The Sagamore West Improvement project will continue with Phase 2 in 2006 and install decorative lighting, banners and landscaping to distinctively identify the City's northern gateway. This project will be financed with tax increment financing revenues.
- The City will partner with the Chauncey Square commercial and residential redevelopment in the Village, the Purdue-proximate urban district, to further extend the streetscape design from the Village's culture center, site of the new West Lafayette Public Library and historic Morton Community Center. At the same time, wastewater collection systems improvement will be made. Financing for these projects will be from tax increment financing revenues and wastewater utility revenues.

Major transportation projects for 2006 include construction of the \$4.8 M Tapawingo South Extension, which is the first segment of the Master Purdue Transportation plan for reconfigured campus access, funded approximately 80% by State transportation grants, and also with cumulative capital development, tax increment financing revenues, economic development income tax funds, and the General Fund. The \$1 M Salisbury Street Safety Improvements project, which will address sidewalk, curb, bike lanes, and intersection alignments on a main north-south City arterial, will be primarily funded by local road funds from State gas tax distributions, with additional economic development income tax funds.

Following approval by the State, construction of the wastewater treatment plant Digester Renovation and Alternate Power Source Project will proceed in 2006. The City Council is expected to authorize state revolving loans for an estimated \$13.66 M for this project. The wastewater treatment utility also expects to proceed with the design and construction of two major lift stations, the Bar Barry lift station and the Green Meadows lift station, with expenditures of \$750,000 budgeted for 2006. A 10% increase in wastewater rates is scheduled for July 1, 2006 in anticipation of capital project financing needs. The revenue-generating impact of the rate schedule will be partially offset by the 10% credit applied to the City's largest customer, Purdue University, effective the fourth quarter of 2005. The annualized cost of the credit is estimated at approximately \$414,000. The Common Council conducts an annual review of the wastewater treatment utility financial status and rates in the first half of the year, and makes adjustments as appropriate.

The City expects to move forward with implementation of National Pollution Discharge Elimination System Phase II Stormwater Regulations in 2006, having adopted the West Lafayette Stormwater Code in 2005. The plan has been developed in conjunction with other municipal jurisdictions and County government in Tippecanoe County. A stormwater management assessment fee for property owners may be considered in 2006.

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

Assets	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 22,000,742	\$ 21,164,913	\$ 10,178,223	\$ 8,047,639	\$ 32,178,965	\$ 29,212,552
Capital assets	51,102,085	49,197,376	47,084,101	47,503,062	98,186,186	96,700,438
Total assets	73,102,827	70,362,289	57,262,324	55,550,701	130,365,151	125,912,990
Liabilities						
Long-term liabilities	29,662,829	26,308,475	23,617,745	24,953,036	53,280,574	51,261,511
Other liabilities	3,142,003	2,495,376	1,824,037	1,745,785	4,966,040	4,241,161
Total liabilities	32,804,832	28,803,851	25,441,782	26,698,821	58,246,614	55,502,672
Net assets	\$ 40,297,995	\$ 41,558,438	\$ 31,820,542	\$ 28,851,880	\$ 72,118,537	\$ 70,410,318
Invested in capital assets, net of related debt	28,862,717	30,001,473	21,857,502	20,988,211	50,720,219	50,989,684
Restricted	11,534,608	12,011,256	825,000	838,673	12,359,608	12,849,929
Unrestricted	(99,330)	(454,291)	9,138,040	7,024,996	9,038,710	6,570,705
Total net assets	\$ 40,297,995	\$ 41,558,438	\$ 31,820,542	\$ 28,851,880	\$ 72,118,537	\$ 70,410,318

2005 Net Assets

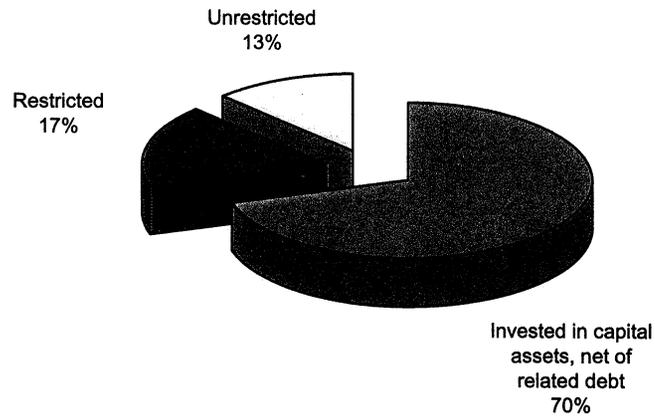


Figure 2
City of West Lafayette
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$ 4,268,819	\$ 4,538,420	\$ 7,431,354	\$ 6,624,041	\$ 11,700,173	\$ 11,162,461
Operating grants and contributions	766,642	746,190	-	-	766,642	746,190
Capital grants and contributions	3,713,518	146,334	-	-	3,713,518	146,334
General revenues:						
Property taxes	9,948,214	9,450,977	-	-	9,948,214	9,450,977
Other state taxes	714,911	758,882	-	-	714,911	758,882
Other local taxes	1,326,741	1,651,753	-	-	1,326,741	1,651,753
Franchise fees	130,326	123,765	-	-	130,326	123,765
Contributions and gifts	-	10,900,464	471,464	1,085,305	471,464	11,985,769
Miscellaneous receipts, net of interest	983,369	1,211,355	-	-	983,369	1,211,355
Unrestricted investment earnings	535,325	233,694	295,773	129,090	831,098	362,784
Total revenues	22,387,865	29,761,834	8,198,591	7,838,436	30,586,456	37,600,270
Expenses:						
General government	2,968,387	2,572,974	-	-	2,968,387	2,572,974
Public safety	6,780,190	8,173,328	-	-	6,780,190	8,173,328
Highways and streets	3,099,739	1,071,057	-	-	3,099,739	1,071,057
Sanitation	590,396	621,448	-	-	590,396	621,448
Health and welfare	-	-	-	-	-	-
Economic development	7,638,977	1,226,720	-	-	7,638,977	1,226,720
Culture and recreation	2,073,079	1,587,540	-	-	2,073,079	1,587,540
Interest Expense	902,509	902,862	-	-	902,509	902,862
Wastewater	-	-	5,006,664	4,271,050	5,006,664	4,271,050
Total expenses	24,053,277	16,155,929	5,006,664	4,271,050	29,059,941	20,426,979
Increase (decrease) in net assets before transfers and special items	(1,665,412)	13,605,905	3,191,927	3,567,386	1,526,515	17,173,291
Transfers	278,121	249,656	(278,121)	(249,656)	-	-
Loss on capital assets	-	(2,248,328)	-	(77,650)	-	(2,325,978)
Increase in net assets	(1,387,291)	11,607,233	2,913,806	3,240,080	1,526,515	14,847,313
Net assets - January 1	41,558,438	29,951,205	28,851,880	25,611,800	70,410,318	55,563,005
Prior Period Adjustment to Beginning Net Assets	126,848	-	54,856	-	181,704	-
Adjusted Net assets - January 1	41,685,286	29,951,205	28,906,736	25,611,800	70,592,022	55,563,005
Net assets - December 31	\$ 40,297,995	\$ 41,558,438	\$ 31,820,542	\$ 28,851,880	\$ 72,118,537	\$ 70,410,318

Figure 3
City of West Lafayette
Governmental Activities Revenues and Transfers

	Governmental Revenues	
	2005	2004
Property Taxes	\$ 9,948,214	\$ 9,450,977
Charges for Services	4,268,819	4,538,420
Capital Grants & Contributions	3,713,518	146,334
Intergovernmental	2,041,652	2,410,635
Miscellaneous	983,369	1,211,355
Operating Grants & Contributions	766,642	746,190
Unrestricted Investment Earnings	535,325	233,694
Transfers	278,121	249,656
Franchise Fees	130,326	123,765
Contributions and Gifts	-	10,900,464
Totals	\$ 22,665,986	\$ 30,011,490

2005 Governmental Activities Revenues and Transfers

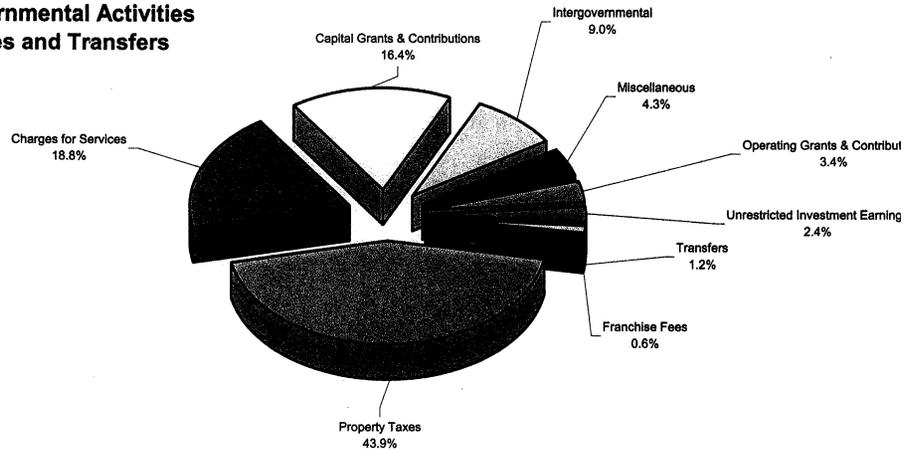


Figure 4
City of West Lafayette
Primary Government Program Expenses

	Governmental Expenses	
	2005	2004
Economic Development	\$ 7,638,977	\$ 1,226,720
Public Safety	6,780,190	8,173,328
Wastewater	5,006,664	4,271,050
Highways & Streets	3,099,739	1,071,057
General Government	2,968,387	2,572,974
Culture & Recreation	2,073,079	1,587,540
Interest Expense	902,509	902,862
Sanitation	590,396	621,448
Totals	\$ 29,059,941	\$ 20,426,979

2005 Primary Government Program Expenses

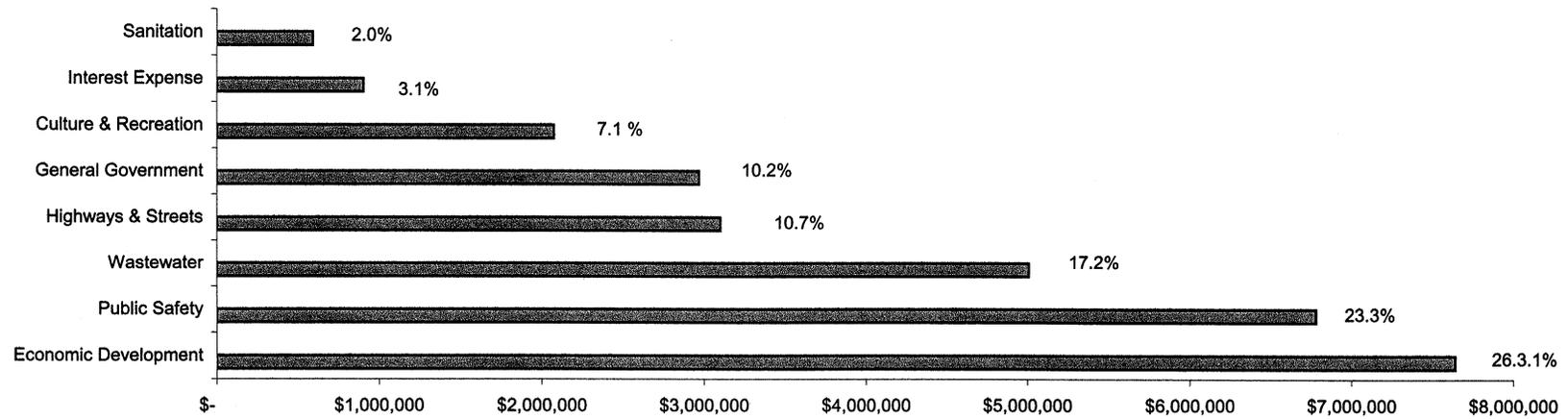


Figure 5
City of West Lafayette
Governmental Fund Balances at Year-End

	Year End Fund Balances	
	2005	2004
General	\$ 2,385,003	\$ 3,141,412
Economic Development Income Tax	2,047,411	2,057,420
Road Funds	1,926,746	1,558,106
Parks and Recreation Funds	928,646	1,128,301
Redevelopment Commission 2005	9,056	-
Nonmajor Governmental Funds	12,065,488	6,430,078
Infrastructure Bonds	-	2,463,660
Cumulative Capital Development	-	2,427,248
West Lafayette Building Corporation	-	191,105
Totals	\$ 19,362,350	\$ 19,397,330

2005 Year-End Governmental Fund Balances

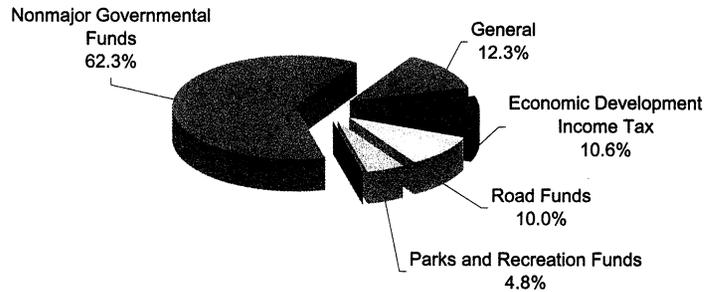


Figure 6
City of West Lafayette
Capital Assets At Year-End
(Net of Depreciation)

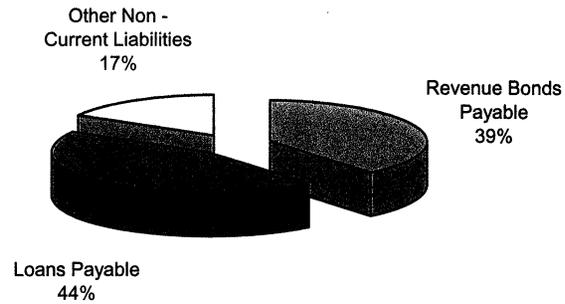
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Land	\$ 12,543,013	\$ 10,792,583	\$ 593,385	\$ 593,385	\$ 13,136,398	\$ 11,385,968
Construction in progress	3,255,212	1,495,742	605,478	11,370,690	3,860,690	12,866,432
Buildings	11,880,897	12,335,502	19,156,849	13,120,859	31,037,746	25,456,361
Improvements other than buildings	2,153,618	2,155,057	24,457,380	19,998,903	26,610,998	22,153,960
Machinery and equipment	2,010,377	2,164,199	2,271,009	2,419,225	4,281,386	4,583,424
Infrastructure being depreciated	19,258,968	20,254,293	-	-	19,258,968	20,254,293
Totals	\$ 51,102,085	\$ 49,197,376	\$ 47,084,101	\$ 47,503,062	\$ 98,186,186	\$ 96,700,438

Land and Construction in Progress are not depreciated.

Figure 7
City of West Lafayette
Outstanding Non - Current Liabilities at Year-End

	Governmental Activities		Business-Type Activities		Total	
	31-Dec-05	31-Dec-04	31-Dec-05	31-Dec-04	31-Dec-05	31-Dec-04
Revenue Bonds Payable (net of discount)	\$ 22,142,904	\$ 18,809,972	\$ -	\$ -	\$ 22,142,904	\$ 18,809,972
Loans Payable	-	-	25,226,599	26,514,851	25,226,599	26,514,851
Total Bonded Debt	22,142,904	18,809,972	25,226,599	26,514,851	47,369,503	45,324,823
Capital Leases	-	180,903	-	-	-	180,903
Pension Obligation	8,637,850	8,296,200	-	-	8,637,850	8,296,200
Compensated Absences	641,075	576,992	123,764	108,926	764,839	685,918
Other Non - Current Liabilities	9,278,925	9,054,095	123,764	108,926	9,402,689	9,163,021
Total Non - Current Liabilities	\$ 31,421,829	\$ 27,864,067	\$ 25,350,363	\$ 26,623,777	\$ 56,772,192	\$ 54,487,844

2005 Year-End Non-Current Liabilities



PAGE INTENTIONALLY LEFT BLANK

CITY OF WEST LAFAYETTE
STATEMENT OF NET ASSETS
December 31, 2005

<u>Assets</u>	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 12,085,368	\$ 9,512,913	\$ 21,598,281
Cash with fiscal agent	6,800,174	-	6,800,174
Investments	-	150,000	150,000
Receivables (net of allowances for uncollectibles):			
Interest	67,129	35,780	102,909
Taxes	123,610	-	123,610
Accounts	244,805	316,145	560,950
Intergovernmental	2,001,676	-	2,001,676
Internal balances	66,239	(66,239)	-
Inventories	116,638	124,081	240,719
Prepaid expense	-	40,676	40,676
Deferred debits	345,108	-	345,108
Capital assets:			
Land and construction in progress	15,798,225	1,198,863	16,997,088
Other capital assets, net of depreciation	35,303,860	45,885,238	81,189,098
Net pension asset	149,995	64,867	214,862
Total assets	73,102,827	57,262,324	130,365,151

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, 2005

<u>Liabilities</u>	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	684,257	42,856	727,113
Accrued payroll and withholdings payable	284,784	48,563	333,347
Accrued interest payable	413,962	-	413,962
Noncurrent liabilities:			
Amounts due within one year:			
Notes and loans payable	-	1,650,000	1,650,000
Revenue bonds - due within one year	1,240,000	-	1,240,000
Compensated absences	519,000	82,618	601,618
Amounts due beyond one year:			
Notes and loans payable	-	23,576,599	23,576,599
Revenue bonds payable (net of discount)	20,902,904	-	20,902,904
Compensated absences	122,075	41,146	163,221
Net pension obligation	8,637,850	-	8,637,850
Total liabilities	<u>32,804,832</u>	<u>25,441,782</u>	<u>58,246,614</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	28,862,717	21,857,502	50,720,219
Restricted for:			
Highways and streets	6,716,301	-	6,716,301
Culture and recreation	4,087,851	-	4,087,851
Debt service	730,456	825,000	1,555,456
Unrestricted	<u>(99,330)</u>	<u>9,138,040</u>	<u>9,038,710</u>
Total net assets	<u>\$ 40,297,995</u>	<u>\$ 31,820,542</u>	<u>\$ 72,118,537</u>

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, 2005

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	\$ 2,968,387	\$ 436,486	\$ -	\$ -	\$ (2,531,901)	\$ -	\$ (2,531,901)
Public safety	6,780,190	35,655	43,709	139,899	(6,560,927)	-	(6,560,927)
Highways and streets	3,099,739	2,602,247	9,148	1,383,177	894,833	-	894,833
Sanitation	590,396	469,577	-	-	(120,819)	-	(120,819)
Economic development	7,638,977	123,552	550,704	2,171,456	(4,793,265)	-	(4,793,265)
Culture and recreation	2,073,079	601,302	163,081	18,986	(1,289,710)	-	(1,289,710)
Interest expense	902,509	-	-	-	(902,509)	-	(902,509)
Total governmental activities	24,053,277	4,268,819	766,642	3,713,518	(15,304,298)	-	(15,304,298)
Business-type activities:							
Wastewater	5,006,664	7,431,354	-	-	-	2,424,690	2,424,690
Total business-type activities	5,006,664	7,431,354	-	-	-	2,424,690	2,424,690
Total primary government	\$ 29,059,941	\$ 11,700,173	\$ 766,642	\$ 3,713,518	(15,304,298)	2,424,690	(12,879,608)
General revenues:							
Property taxes					9,948,214	-	9,948,214
Other state taxes					714,911	-	714,911
Other local taxes					1,326,741	-	1,326,741
Franchise fees					130,326	-	130,326
Contributions and gifts					-	471,464	471,464
Miscellaneous receipts (net of interest)					983,369	-	983,369
Unrestricted investment earnings					535,325	295,773	831,098
Transfers					278,121	(278,121)	-
Total general revenues and transfers					13,917,007	489,116	14,406,123
Change in net assets					(1,387,291)	2,913,806	1,526,515
Net assets - beginning					41,558,438	28,851,880	70,410,318
Adjustment to net assets					126,848	54,856	181,704
Adjusted net assets - beginning					41,685,286	28,906,736	70,592,022
Net assets - ending					\$ 40,297,995	\$ 31,820,542	\$ 72,118,537

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

CITY OF WEST LAFAYETTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005

<u>Assets</u>	<u>General</u>	<u>Roads Funds</u>	<u>Parks and Recreation Funds</u>	<u>Economic Development Income Tax</u>	<u>Redevelopment Commission 2005</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 2,553,307	\$ 1,830,456	\$ 1,077,296	\$ 2,059,892	\$ 52,291	\$ 4,512,126	\$ 12,085,368
Cash with fiscal agent	-	-	-	-	-	6,800,174	6,800,174
Receivables (net of allowances for uncollectibles):							
Interest	9,760	6,787	3,688	7,939	8,465	30,490	67,129
Taxes	68,536	-	9,937	-	-	45,137	123,610
Accounts	243,263	-	-	-	-	1,542	244,805
Intergovernmental	339,898	142,357	8,153	200,567	-	1,310,701	2,001,676
Interfund receivable	71,521	-	-	1,256	-	-	72,777
Total assets	\$ 3,286,285	\$ 1,979,600	\$ 1,099,074	\$ 2,269,654	\$ 60,756	\$ 12,700,170	\$ 21,395,539
 <u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 292,194	\$ 40,023	\$ 121,763	\$ 22,674	\$ -	\$ 207,603	\$ 684,257
Accrued payroll and withholdings payable	233,228	12,831	30,575	8,150	-	-	284,784
Interfund payable	-	-	-	-	-	6,538	6,538
Accrued interest payable	-	-	-	-	51,700	362,262	413,962
Deferred revenue:							
Unavailable	375,860	-	18,090	191,419	-	58,279	643,648
Total liabilities	901,282	52,854	170,428	222,243	51,700	634,682	2,033,189
Fund balances:							
Unreserved, reported in:							
General fund	2,385,003	-	-	-	-	-	2,385,003
Special revenue funds	-	1,926,746	928,646	2,047,411	9,056	2,777,396	7,689,255
Debt service funds	-	-	-	-	-	621,534	621,534
Capital projects funds	-	-	-	-	-	8,666,558	8,666,558
Total fund balances	2,385,003	1,926,746	928,646	2,047,411	9,056	12,065,488	19,362,350
Total liabilities and fund balances	\$ 3,286,285	\$ 1,979,600	\$ 1,099,074	\$ 2,269,654	\$ 60,756	\$ 12,700,170	\$ 21,395,539

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, 2005

Total fund balances for governmental funds		\$ 19,362,350
Amounts reported for governmental activities in the statement of net assets are different because:		
Inventories of materials and supplies held at year end are recorded on the statement of activities as expenditures when consumed rather than when purchased. Inventories are recorded as expenditures when purchased rather than when consumed in the fund statements.		116,638
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 12,543,013	
Construction in progress	3,255,212	
Buildings, net of \$3,545,926 accumulated depreciation	11,880,897	
Improvements other than buildings, net of \$906,482 accumulated depreciation	2,153,618	
Machinery and equipment, net of \$4,134,023 accumulated depreciation	2,010,377	
Infrastructure being depreciated, net of \$11,109,926 accumulated depreciation	<u>19,258,968</u>	
Total capital assets		51,102,085
Bond issuance costs associated with debt issued by the City were reported as expenditures in the governmental funds when the debt was issued, whereas bond issuance costs are deferred in the statement of net assets. Deferred bond issuance costs are amortized, over the life of the debt issued, as an adjustment to interest expense in the statement of activities.		345,108
Some 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.		123,610
State shared revenue appropriated during the State of Indiana's fiscal year ended June 30, 2005, will be collected by the City in calendar year 2006. Revenue and a corresponding receivable for the amount appropriated but not received by December 31, 2005, are included in the government-wide statements.		520,038
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, 2005, are:		
Bonds payable	(22,335,000)	
Unamortized premium	192,096	
Compensated absences payable	<u>(641,075)</u>	
Total long-term liabilities		(22,783,979)
Net pension assets and obligations, including the 1925 Police Officers' Pension Plan, 1937 Firefighters' Pension Plan and the Public Employees Retirement Fund are not due and payable in the current period and therefore, are not reported in the funds, but are included in the government-wide statements.		<u>(8,487,855)</u>
Total net assets of governmental activities		<u>\$ 40,297,995</u>

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

CITY OF WEST LAFAYETTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

	General	Roads Funds	Parks and Recreation Funds	Economic Development Income Tax	Redevelopment Commission 2005	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 5,529,560	\$ -	\$ 801,745	\$ -	\$ -	\$ 3,641,639	\$ 9,972,944
Licenses and permits	83,833	-	-	-	-	545	84,378
Intergovernmental	1,834,107	1,438,729	127,816	1,172,192	-	4,327,970	8,900,814
Charges for services	713,994	5,828	547,514	-	-	55,813	1,323,149
Fines and forfeits	237,482	-	-	-	-	6,600	244,082
Other	382,106	227,461	154,102	116,488	25,821	773,545	1,679,523
Total revenues	8,781,082	1,672,018	1,631,177	1,288,680	25,821	8,806,112	22,204,890
Expenditures:							
Current:							
General government	2,487,149	-	-	-	-	5,676	2,492,825
Public safety	6,223,072	-	-	-	-	171,554	6,394,626
Highways and streets	261,198	1,303,378	-	1,298,689	-	-	2,863,265
Sanitation	583,970	-	-	-	-	-	583,970
Economic development	256,618	-	-	-	4,195,065	2,723,737	7,175,420
Culture and recreation	-	-	1,830,832	-	-	18,986	1,849,818
Debt service:							
Principal	-	-	-	-	-	910,000	910,000
Interest	-	-	-	-	51,700	850,809	902,509
Capital outlay	-	-	-	-	-	3,575,558	3,575,558
Total expenditures	9,812,007	1,303,378	1,830,832	1,298,689	4,246,765	8,256,320	26,747,991
Excess (deficiency) of revenues over (under) expenditures	(1,030,925)	368,640	(199,655)	(10,009)	(4,220,944)	549,792	(4,543,101)
Other financing sources (uses):							
Transfers in	278,121	-	-	-	-	7,230,837	7,508,958
Transfers out	(3,605)	-	-	-	-	(7,227,232)	(7,230,837)
Bond issue proceeds	-	-	-	-	4,230,000	-	4,230,000
Total other financing sources (uses)	274,516	-	-	-	4,230,000	3,605	4,508,121
Net change in fund balances	(756,409)	368,640	(199,655)	(10,009)	9,056	553,397	(34,980)
Fund balances - beginning	3,141,412	1,558,106	1,128,301	2,057,420	-	11,512,091	19,397,330
Fund balances - ending	\$ 2,385,003	\$ 1,926,746	\$ 928,646	\$ 2,047,411	\$ 9,056	\$ 12,065,488	\$ 19,362,350

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, 2005

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)	\$ (34,980)
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.	1,943,712
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.	182,975
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,464,305)
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.	(39,003)
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>24,310</u>
Change in net assets of governmental activities (statement of activities)	<u>\$ (1,387,291)</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, 2005

<u>Assets</u>	<u>Business-type Activity - Enterprise Fund Wastewater Utility</u>
Current assets:	
Cash and cash equivalents - unrestricted	\$ 4,313,245
Interest receivable	35,780
Accounts receivable (net of allowance for uncollectibles)	316,145
Inventories	124,081
Prepaid expenses	40,676
Cash and cash equivalents - restricted	5,199,668
Investments - restricted	<u>150,000</u>
Total current assets	<u>10,179,595</u>
Noncurrent assets:	
Capital assets:	
Land, improvements to land and construction in progress	1,198,863
Other capital assets (net of accumulated depreciation)	<u>45,885,238</u>
Total noncurrent assets	<u>47,084,101</u>
Net pension assets	<u>64,867</u>
Total assets	<u>57,328,563</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, 2005
(Continued)

	Business-type Activity - <u>Enterprise Fund</u> Wastewater <u>Utility</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	42,856
Accrued payroll and withholdings payable	48,563
Interfund payable	<u>66,239</u>
Total current liabilities	<u>157,658</u>
Noncurrent liabilities:	
Amounts due within one year:	
Loans payable	1,650,000
Compensated absences	82,618
Amounts due beyond one year:	
Loans payable	23,576,599
Compensated absences payable	<u>41,146</u>
Total noncurrent liabilities	<u>25,350,363</u>
Total liabilities	<u>25,508,021</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	21,857,502
Restricted for:	
Debt service	825,000
Unrestricted	<u>9,138,040</u>
Total net assets	<u>\$ 31,820,542</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, 2005

	Business-type Activity - <u>Enterprise Fund</u> Wastewater Utility
Operating revenues:	
Residential sales	\$ 7,161,694
Other	<u>269,660</u>
Total operating revenues	<u>7,431,354</u>
Operating expenses:	
Collection system - operations and maintenance	307,442
Treatment and disposal expense - operations and maintenance	1,380,728
Customer accounts	328,935
Administration and general	751,575
Depreciation and amortization	<u>1,469,478</u>
Total operating expenses	<u>4,238,158</u>
Operating income	<u>3,193,196</u>
Nonoperating revenues (expenses):	
Interest and investment revenue	295,773
Loss on sale of assets	(2,550)
Interest expense	<u>(765,956)</u>
Total nonoperating revenue (expenses)	<u>(472,733)</u>
Income before contributions and transfers	2,720,463
Capital contributions	471,464
Transfers to governmental funds	<u>(278,121)</u>
Change in net assets	2,913,806
Total net assets - beginning	28,851,880
Adjustment to net assets	<u>54,856</u>
Adjusted net assets - beginning	<u>28,906,736</u>
Total net assets - ending	<u>\$ 31,820,542</u>

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

CITY OF WEST LAFAYETTE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2005

	Business-type Activity - Enterprise Fund
	Wastewater Utility
Cash flows from operating activities:	
Receipts from customers and users	\$ 7,395,833
Payments to suppliers	(1,885,032)
Payments to employees	(1,161,092)
Net cash provided by operating activities	4,349,709
Cash flows from capital and related financing activities:	
Proceeds from capital debt	45,696
Acquisition and construction of capital assets	(310,551)
Principal paid on capital debt	(1,605,000)
Interest paid on capital debt	(765,956)
Net cash used by capital and related financing activities	(2,635,811)
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	1,111,763
Interest received	271,181
Net cash used by investing activities	1,382,944
Net decrease in cash and cash equivalents	3,096,842
Cash and cash equivalents, January 1	6,416,071
Cash and cash equivalents, December 31	\$ 9,512,913

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, 2005
(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	\$ 3,193,196
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,469,478
Transfers to governmental funds	(278,121)
(Increase) decrease in assets:	
Accounts receivable	(35,521)
Inventories	(6,642)
Prepaid items	(14,340)
Net pension assets	(10,011)
Increase (decrease) in liabilities:	
Accounts payable	29,202
Accrued payroll and withholdings payable	1,194
Compensated absence payable	14,838
Due to other funds	456
Retainage payable	<u>(14,020)</u>
Total adjustments	<u>1,156,513</u>
Net cash provided by operating activities	<u>\$ 4,349,709</u>
Noncash investing, capital and financing activities:	
Capital assets acquired through letter of credit drawdowns	\$ 271,052
Long-term debt incurred through letter of credit drawdowns	271,052
Contributions of capital assets	471,464

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, 2005

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 754,154	\$ 197,745
Receivables:		
Interest and dividends	12,135	-
Taxes	3,704	-
Intergovernmental	<u>3,038</u>	<u>-</u>
 Total assets	 <u>773,031</u>	 <u>\$ 197,745</u>
 <u>Liabilities</u>		
Accounts payable	219	\$ -
Payroll withholdings payable	-	167,750
Trust payable	<u>-</u>	<u>29,995</u>
 Total liabilities	 <u>219</u>	 <u>\$ 197,745</u>
 <u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits	<u>\$ 772,812</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, 2005

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Employer	\$ 919,101
Plan members	5,332
Net investment income	<u>24,127</u>
Total additions	<u>948,560</u>
 <u>Deductions</u>	
Benefits and refunds paid to plan members and beneficiaries	1,090,590
Administrative expenses	<u>15,627</u>
Total deductions	<u>1,106,217</u>
Changes in net assets	(157,657)
Net assets - beginning	<u>930,469</u>
Net assets - ending	<u><u>\$ 772,812</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Units

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

The West Lafayette Equipment Leasing Corporation and the West Lafayette Building Corporation (Corporations) are significant blended component units of the primary government. The primary government appoints a voting majority of 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, these Corporations are reported as if they were a part of the primary government because they provide services entirely or almost entirely to the City, financing and constructing facilities for the City.

B. Government-Wide and Fund Financial Statements

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The primary government reports the following major governmental funds:

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

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

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

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

Redevelopment Commission 2005 Fund (special revenue) accounts for revenues received from the sale of the Redevelopment District Tax Increment Revenue Bonds of 2005 and is used for the purchase of capital assets.

The primary government reports the following major proprietary fund:

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

Additionally, the primary government reports the following fund types:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the governmental-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.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 tax revenue on the statement of activities. The net amounts are recognized as receivables on the funds financial statements with an offset to deferred revenue, since these amounts are not considered available.

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

CITY OF WEST LAFAYETTE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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:

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

N/A = Not applicable

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

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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 liability in the statement of net assets.

8. Long-Term Obligations

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

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

9. Fund Equity

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

III. Detailed Notes on All Funds

A. Deposits

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

B. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2005, the City had the following investments:

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type	Primary Government Fair Value	Investment Maturities (in Years)		Duration
		Less Than 1	More Than 2	
U.S. Treasuries and Securities	\$ 150,000	\$ 150,000	\$ -	
Pension Relief Investment Pool	<u>460,556</u>	<u>-</u>	<u>-</u>	3.6
Totals	<u>\$ 610,556</u>	<u>\$ 150,000</u>	<u>\$ -</u>	

Investment Policies

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

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

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

At the option of the City, an additional distribution in a prior year of police and fire pension relief funds was held for investment in an external investment pool (Pension Relief Fund) by the Public Employees' Retirement Fund of Indiana (PERF). These deferred amounts invested in the fund are available to participating cities and towns at their request. The Pension Relief Fund is invested to a target of 70% fixed income debt instruments and 30% domestic stock. The fair value of the City's investment in the Fund is the same as the value of the pool shares. Domestic stock fair value as of December 31, 2005, was \$197,381. Responsibility of regulatory oversight for the pool is assumed by the PERF governing board, under direction by statute to "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." Utilizing external investment managers, the PERF Board diversifies such investments in accordance with prudent investment standards.

Investment Custodial Credit Risk

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

Interest Rate Risk

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

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

Credit Risk

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Standard and Poor's Rating	Moody's Rating	City's Investments	
		Government Sponsored Enterprise	Pension Relief Investment Pools
AAA	Aaa	\$ 150,000	\$ 299,822
AA	Aa	-	19,804
A	A	-	86,124
BBB	Baa	-	49,279
BB	Ba	-	3,224
Unrated	Unrated	-	2,303
Totals		<u>\$ 150,000</u>	<u>\$ 460,556</u>

Concentration of Credit Risk

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

C. Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

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>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,792,583	\$ 1,750,430	\$ -	\$ 12,543,013
Construction in progress	<u>1,495,742</u>	<u>1,833,849</u>	<u>74,379</u>	<u>3,255,212</u>
Total capital assets, not being depreciated	<u>12,288,325</u>	<u>3,584,279</u>	<u>74,379</u>	<u>15,798,225</u>
Capital assets, being depreciated:				
Buildings	15,371,892	4,161,245	4,106,314	15,426,823
Improvements other than buildings	2,923,875	136,225	-	3,060,100
Machinery and equipment	5,907,497	300,490	63,587	6,144,400
Infrastructure being depreciated	<u>30,368,894</u>	<u>-</u>	<u>-</u>	<u>30,368,894</u>
Total capital assets, being depreciated	<u>54,572,158</u>	<u>4,597,960</u>	<u>4,169,901</u>	<u>55,000,217</u>
Less accumulated depreciation for:				
Buildings	3,036,390	509,536	-	3,545,926
Improvements other than buildings	768,818	137,664	-	906,482
Machinery and equipment	3,743,298	415,308	24,583	4,134,023
Infrastructure being depreciated	<u>10,114,601</u>	<u>995,325</u>	<u>-</u>	<u>11,109,926</u>
Total accumulated depreciation	<u>17,663,107</u>	<u>2,057,833</u>	<u>24,583</u>	<u>19,696,357</u>
Total capital assets, being depreciated, net	<u>36,909,051</u>	<u>2,540,127</u>	<u>4,145,318</u>	<u>35,303,860</u>
Total governmental activities capital assets, net	<u>\$ 49,197,376</u>	<u>\$ 6,124,406</u>	<u>\$ 4,219,697</u>	<u>\$ 51,102,085</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>11,370,690</u>	<u>469,940</u>	<u>11,235,152</u>	<u>605,478</u>
Total capital assets, not being depreciated	<u>11,964,075</u>	<u>469,940</u>	<u>11,235,152</u>	<u>1,198,863</u>
Capital assets, being depreciated:				
Buildings	14,717,217	6,441,659	-	21,158,876
Improvements other than buildings	24,833,797	5,268,708	-	30,102,505
Machinery and equipment	<u>4,526,909</u>	<u>107,912</u>	<u>6,082</u>	<u>4,628,739</u>
Total capital assets being depreciated	<u>44,077,923</u>	<u>11,818,279</u>	<u>6,082</u>	<u>55,890,120</u>
Less accumulated depreciation for:				
Buildings	1,596,358	405,669	-	2,002,027
Improvements other than buildings	4,834,894	810,231	-	5,645,125
Machinery and equipment	<u>2,107,684</u>	<u>253,578</u>	<u>3,532</u>	<u>2,357,730</u>
Total accumulated depreciation	<u>8,538,936</u>	<u>1,469,478</u>	<u>3,532</u>	<u>10,004,882</u>
Total capital assets, being depreciated, net	<u>35,538,987</u>	<u>10,348,801</u>	<u>2,550</u>	<u>45,885,238</u>
Total business-type activities capital assets, net	<u>\$ 47,503,062</u>	<u>\$ 10,818,741</u>	<u>\$ 11,237,702</u>	<u>\$ 47,084,101</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	\$ 358,228
Public safety	888,460
Highways and streets, including depreciation of general infrastructure assets	279,177
Sanitation	52,291
Culture and recreation	453,454
Urban redevelopment and housing	<u>26,222</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 2,057,832</u></u>
 Business-type activities:	
Wastewater	<u>\$ 1,469,478</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 1,469,478</u></u>

D. Construction Commitments

Construction work in progress is composed of the following:

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Project	Total Project Authorized	Expended to December 31, 2005	Committed	Required Future Funding
Governmental activities:				
Brown Street Overlook	\$ 397,733	\$ 354,526	\$ 43,207	\$ -
Burnhams Riverfront Development	84,482	84,482	-	-
Amberleigh Drainage	19,699	19,159	540	-
Kalberer Road Phase 2	1,250,759	1,012,999	237,760	-
Tapawingo South Road	718,221	492,609	225,612	-
Sagamore Pkwy West	446,696	401,580	45,116	-
South Salisbury Street Safety	45,500	45,373	127	-
2005 Trails	945,833	199,248	746,585	-
Chauncey/Columbia Street	31,226	24,335	6,891	-
Cumberland Park	44,411	25,476	18,935	-
Dubois Park	34,091	31,661	2,430	-
Lincoln Park	18,043	2,750	15,293	-
Lindberg Road	364,994	1,000	363,994	-
Purdue Transportation and Parking	77,500	39,991	37,509	-
Trailhead Park	24,127	11,274	12,853	-
Sycamore Lane	13,995	13,995	-	-
Trailside Park	45,068	39,196	5,872	-
Sagamore Park Centre Trail	48,179	37,035	11,144	-
Wabash Landing	509,071	100,957	408,114	-
Tapawingo Park	24,729	13,202	11,527	-
Tapawingo/Brown Street	125,337	91,741	33,596	-
City Hall Basement Renovation	255,375	20,462	234,913	-
WL Village Parking	39,161	19,961	19,200	-
Brown Street Curbs/Sidewalks	47,183	35,977	11,206	-
Cumberland Avenue	9,735	9,735	-	-
Lincoln St. Curbs/Sidewalks	117,969	117,969	-	-
Tapawingo Park West Plaza	45,000	3,008	41,992	-
Morton Center Window and Mechanical	14,680	-	14,680	-
Fire Station #1 Rehabilitation	28,034	5,511	22,523	-
Totals	\$ 5,826,831	\$ 3,255,212	\$ 2,571,619	\$ -

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2005</u>	<u>Committed</u>	<u>Required Future Funding</u>
Business-type activities:				
Wastewater:				
Western Interceptor	\$ 930,160	\$ 385,348	\$ 544,812	\$ -
Digester	<u>220,130</u>	<u>220,130</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,150,290</u>	<u>\$ 605,478</u>	<u>\$ 544,812</u>	<u>\$ -</u>

E. Interfund Balances

The composition of interfund balances as of December 31, 2005, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Wastewater Utility	\$ 66,239
General	Nonmajor Governmental Fund	5,282
Economic Development Income Tax	Nonmajor Governmental Fund	<u>1,256</u>
Total		<u>\$ 72,777</u>

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Interfund Transfers

Interfund transfers at December 31, 2005, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	
General Fund	\$ -	\$ 3,605	\$ 3,605
Nonmajor governmental	-	7,227,232	7,227,232
Enterprise	278,121	-	278,121
Totals	<u>\$ 278,121</u>	<u>\$ 7,230,837</u>	<u>\$ 7,508,958</u>

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

F. Long-Term Liabilities

1. Revenue Bonds

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>	<u>Bond Discount</u>	<u>Revenue Bonds, Net</u>
Parking garage - WL Redevelopment Authority	4.00% to 5.25%	\$ 6,685,000	\$ 83,723	\$ 6,601,277
Fire truck - WL Equipment Leasing Corporation	3.2% to 4.5%	425,000	5,553	419,447
Infrastructure - WL Redevelopment Authority	3.375% to 4.75%	5,450,000	49,270	5,400,730
Police station - WL Building Corporation	4.00% to 5.10%	5,545,000	53,550	5,491,450
Ross Enterprise Center - Redevelopment Commission	4.00%	4,230,000	-	4,230,000
Totals		<u>\$ 22,335,000</u>	<u>\$ 192,096</u>	<u>\$ 22,142,904</u>

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2006	\$ 1,240,000	\$ 970,174
2007	1,250,000	950,149
2008	1,300,000	899,410
2009	1,360,000	844,648
2010	1,425,000	786,488
2011-2015	7,665,000	2,967,341
2016-2020	6,135,000	1,232,230
2021-2023	1,960,000	130,969
Totals	<u>\$ 22,335,000</u>	<u>\$ 8,781,409</u>

2. Loans Payable

The City has entered into four loans from the State Revolving Loan Fund for the expansion and renovation of wastewater facilities. Under the terms of the loans, funds are loaned to the City as planned construction costs are accrued to the maximum allowed under the loan. The 1994 loan established a maximum draw of \$19,950,000; the 1998 loan established a maximum draw of \$9,170,000; the 2001 loan established a maximum draw of \$7,000,000; and the 2004 loan established a maximum draw of \$12,380,000. At December 31, 2005, the 1994 loan had been fully drawn and had an outstanding principal balance of \$12,415,000; the 1998 loan had drawn \$8,139,851 and had an outstanding principal balance of \$6,309,851; the 2001 loan had been fully drawn and had an outstanding principal balance of \$6,185,000; and the 2004 loan had drawn \$316,748 and had an outstanding balance of \$316,748. During 2005, \$385,000 was paid on the principal of the 1998 loan for a total of \$1,830,000 principal paid to date. Annual debt service requirements for the 1994 and 2001 loans are as follows. Annual debt service requirements for the 1998 and 2004 loans will not be determined until planned construction projects are completed.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Year Ended December 31	Proprietary Activities	
	Principal	Interest
2006	\$ 1,255,000	\$ 275,907
2007	1,295,000	514,450
2008	1,335,000	475,895
2009	1,370,000	436,150
2010	1,410,000	395,360
2011-2015	7,715,000	1,321,050
2014-2018	3,325,000	348,430
2019-2023	895,000	39,150
Totals	<u>\$ 18,600,000</u>	<u>\$ 3,806,392</u>

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2005, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 19,015,000	\$ 4,230,000	\$ 910,000	\$ 22,335,000	\$ 1,240,000
Capital leases	180,903	-	180,903	-	-
Pension obligation	8,296,200	1,932,400	1,590,750	8,637,850	-
Compensated absences	576,992	566,045	501,962	641,075	519,000
Total governmental activities long-term liabilities	<u>\$ 28,069,095</u>	<u>\$ 6,728,445</u>	<u>\$ 3,183,615</u>	<u>\$ 31,613,925</u>	<u>\$ 1,759,000</u>

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Loans payable	\$ 26,514,851	\$ 316,748	\$ 1,605,000	\$ 25,226,599	\$ 1,650,000
Compensated absences	<u>108,926</u>	<u>113,717</u>	<u>98,879</u>	<u>123,764</u>	<u>82,618</u>
Total business-type activities long-term liabilities	<u>\$ 26,623,777</u>	<u>\$ 430,465</u>	<u>\$ 1,703,879</u>	<u>\$ 25,350,363</u>	<u>\$ 1,732,618</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:

Bond and interest - cash and cash equivalents	\$ 825,000
Reserve - cash and cash equivalents	2,393,678
Reserve - investments	95,000
Equipment replacement - cash and cash equivalents	1,980,990
Equipment replacement - investments	<u>55,000</u>
Total restricted assets	<u>\$ 5,349,668</u>

H. Restatements

For the year ended December 31, 2005, certain changes have been made to the financial statements to more appropriately reflect financial activity of the primary government. The following schedule presents a summary of restated beginning net asset balances by fund type. Prior period adjustments represent the inclusion of net pension assets in accordance with generally accepted accounting principles.

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Type	Balance as Reported December 31, 2004	Prior Period Adjustments	Balance as Restated January 1, 2005
Governmental activities	\$ 41,558,438	\$ 126,848	\$ 41,685,286
Business-Type activities	28,851,880	54,856	28,906,736

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 the West Lafayette Redevelopment Authority, the West Lafayette Equipment Leasing Corporation, and the West Lafayette Building Corporation (the lessors). All lessors are blended component units of the City included in these financial statements. The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing facilities for lease to the City.

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The primary government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the primary government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

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

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	\$ 189,066	\$ 1,071,600	\$ 1,234,800
Interest on net pension obligation	(13,174)	188,400	312,300
Adjustment to annual required contribution	<u>15,012</u>	<u>(329,100)</u>	<u>(545,600)</u>
Annual pension cost	190,904	930,900	1,001,500
Contributions made	<u>224,062</u>	<u>446,055</u>	<u>265,872</u>
Increase (decrease) in net pension obligation	(33,158)	484,845	735,628
Net pension obligation, beginning of year	<u>(181,704)</u>	<u>2,790,788</u>	<u>4,626,589</u>
Net pension obligation, end of year	<u>\$ (214,862)</u>	<u>\$ 3,275,633</u>	<u>\$ 5,362,217</u>

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Contribution rates:			
Government	5.75%	2,387%	305%
Plan Members	3%	6%	6%
Actuarial valuation date	07-01-05	01-01-05	01-01-05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
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	\$ 438,927	\$ 315,227
Receivables:		
Interest and dividends	7,190	4,945
Taxes	1,852	1,852
Intergovernmental	<u>1,519</u>	<u>1,519</u>
 Total Assets	 <u>449,488</u>	 <u>323,543</u>
 <u>Liabilities</u>		
Accounts Payable	<u>-</u>	<u>219</u>
 Net Assets		
Held in trust for pension benefit obligations	<u>\$ 449,488</u>	<u>\$ 323,324</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	\$ 502,232	\$ 416,869
Plan Members	-	5,332
Investment Income:		
Interest	<u>14,427</u>	<u>9,700</u>
Total additions	<u>516,659</u>	<u>431,901</u>
 <u>Deductions</u>		
Benefits and refunds paid to plan members and beneficiaries	642,561	448,029
Administrative expenses	<u>4,555</u>	<u>11,072</u>
Total deductions	<u>647,116</u>	<u>459,101</u>
Changes in net assets	(130,457)	(27,200)
Net assets - beginning	<u>579,945</u>	<u>350,524</u>
Net assets - ending	<u>\$ 449,488</u>	<u>\$ 323,324</u>

CITY OF WEST LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 206,007	92%	\$ (156,923)
	06-30-04	189,378	113%	(181,704)
	06-30-05	190,904	117%	(214,862)
1925 Police Officers' Pension Plan	12-31-02	883,700	119%	2,702,950
	12-31-03	900,500	90%	2,790,788
	12-31-04	930,900	48%	3,275,633
1937 Firefighters' Pension Plan	12-31-02	992,200	70%	4,163,772
	12-31-03	982,100	53%	4,626,589
	12-31-04	1,001,500	27%	5,362,217

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, 2005, was comprised of the following:

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

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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, 2005, 2004, and 2003, were \$690,817, \$648,706, and \$614,806, respectively, equal to the required contributions for each year.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF WEST LAFAYETTE
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2005

	General Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 5,543,746	\$ 5,543,746	\$ 5,529,560	\$ (14,186)
Licenses and permits	56,420	86,426	84,208	(2,218)
Intergovernmental	1,936,630	2,120,375	2,102,796	(17,579)
Charges for services	990,100	993,380	991,186	(2,194)
Fines and forfeits	424,100	387,700	397,659	9,959
Other	186,615	326,511	372,903	46,392
Total revenues	<u>9,137,611</u>	<u>9,458,138</u>	<u>9,478,312</u>	<u>20,174</u>
Expenditures:				
Current:				
General government	2,724,669	2,603,591	2,491,599	111,992
Public safety	6,178,540	6,130,120	5,985,176	144,944
Highways and streets	284,650	289,054	259,945	29,109
Sanitation	751,420	755,608	593,121	162,487
Urban redevelopment and housing	285,410	282,968	256,763	26,205
Total expenditures	<u>10,224,689</u>	<u>10,061,341</u>	<u>9,586,604</u>	<u>474,737</u>
Net change in fund balance	(1,087,078)	(603,203)	(108,292)	494,911
Fund balance - beginning	<u>2,661,599</u>	<u>2,661,599</u>	<u>2,661,599</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,574,521</u>	<u>\$ 2,058,396</u>	<u>\$ 2,553,307</u>	<u>\$ 494,911</u>

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

CITY OF WEST LAFAYETTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2005

	Roads Funds				Parks and Recreation Funds			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 803,803	\$ 803,803	\$ 801,746	\$ (2,057)
Intergovernmental	1,411,426	1,434,702	1,460,929	26,227	138,623	87,210	134,745	47,535
Charges for services	5,828	5,828	5,828	-	584,000	551,770	567,422	15,652
Other	166,725	221,092	223,434	2,342	115,924	85,395	131,837	46,442
Total revenues	1,583,979	1,661,622	1,690,191	28,569	1,642,350	1,528,178	1,635,750	107,572
Expenditures:								
Current:								
Highways and streets:								
Personal services	542,580	504,853	485,393	19,460	-	-	-	-
Supplies	347,500	416,362	369,026	47,336	-	-	-	-
Other services and charges	103,960	89,164	66,007	23,157	-	-	-	-
Capital outlay	137,000	1,057,386	391,289	666,097	-	-	-	-
Economic Development								
Capital outlay	-	-	-	-	-	-	-	-
Culture and recreation:								
Personal services	-	-	-	-	1,032,090	1,015,644	997,424	18,220
Supplies	-	-	-	-	100,430	95,543	79,590	15,953
Other services and charges	-	-	-	-	776,766	748,508	616,909	131,599
Capital outlay	-	-	-	-	156,850	87,595	33,299	54,296
Total expenditures	1,131,040	2,067,765	1,311,715	756,050	2,066,136	1,947,290	1,727,222	220,068
Other financing sources:								
Proceeds from sale of bonds	-	-	-	-	-	-	-	-
Net change in fund balances	452,939	(406,143)	378,476	784,619	(423,786)	(419,112)	(91,472)	327,640
Fund balances - beginning	1,451,980	1,451,980	1,451,980	-	1,168,768	1,168,768	1,168,768	-
Fund balances - ending	\$ 1,904,919	\$ 1,045,837	\$ 1,830,456	\$ 784,619	\$ 744,982	\$ 749,656	\$ 1,077,296	\$ 327,640

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

Continued on next page

CITY OF WEST LAFAYETTE
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Economic Development Income Tax				Redevelopment Commission - 2005			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,148,515	1,148,515	1,148,515	-	-	-	-	-
Charges for services	-	-	14,529	14,529	-	-	-	-
Other	35,000	75,000	111,571	36,571	-	17,356	17,356	-
Total revenues	1,183,515	1,223,515	1,274,615	51,100	-	17,356	17,356	-
Expenditures:								
Current:								
Highways and streets:								
Personal services	262,790	283,450	267,552	15,898	-	-	-	-
Supplies	-	786	786	-	-	-	-	-
Other services and charges	1,243,000	1,248,637	992,196	256,441	-	-	-	-
Capital outlay	20,500	80,692	51,900	28,792	-	-	-	-
Economic Development								
Capital outlay	-	-	-	-	-	4,230,000	4,195,065	34,935
Culture and recreation:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	1,526,290	1,613,565	1,312,434	301,131	-	4,230,000	4,195,065	34,935
Other financing sources:								
Proceeds from sale of bonds	-	-	-	-	-	4,230,000	4,230,000	-
Net change in fund balances	(342,775)	(390,050)	(37,819)	352,231	-	17,356	52,291	34,935
Fund balances - beginning	2,097,711	2,097,711	2,097,711	-	-	-	-	-
Fund balances - ending	\$ 1,754,936	\$ 1,707,661	\$ 2,059,892	\$ 352,231	\$ -	\$ 17,356	\$ 52,291	\$ 34,935

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

CITY OF WEST LAFAYETTE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 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%)
07-01-05	3,628,477	3,991,563	(363,086)	91%	3,406,947	(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)
01-01-00	\$ 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	826,463	9,255,100	(8,428,637)	9%	41,900	(20,116%)
01-01-04	728,217	9,287,200	(8,558,983)	8%	43,000	(19,905%)
01-01-05	559,340	9,164,100	(8,604,760)	6%	44,400	(19,380%)

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)
01-01-00	\$ 208,142	\$ 1,079,600	\$ (871,458)	19%	\$ 306,700	(284%)
01-01-01	409,175	10,026,400	(9,617,225)	4%	317,400	(3,030%)
01-01-02	295,192	10,235,200	(9,940,008)	3%	328,500	(3,026%)
01-01-03	614,940	10,233,900	(9,618,960)	6%	377,000	(2,551%)
01-01-04	523,030	10,120,100	(9,597,070)	5%	302,000	(3,178%)
01-01-05	337,773	10,128,500	(9,790,727)	3%	311,100	(3,147%)

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

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

1925 Police Officers' Pension Plan				
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed		
		City	State	
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	1,022,500	12%	67%	
12-31-04	1,071,600	12%	30%	

1937 Firefighters' Pension Plan				
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed		
		City	State	
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	1,169,900	2%	31%	
12-31-04	1,234,800	3%	39%	

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

CITY OF WEST LAFAYETTE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2005

Note I. Legal Compliance – Budgets

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

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

CITY OF WEST LAFAYETTE
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2005
 (Continued)

Major funds:

General Fund

Special revenue funds:

Roads Funds, Parks and Recreation Funds, Economic Development Income Tax, Redevelopment Commission 2005

Nonmajor funds:

Special revenue funds:

Fire Fighting, Community Development Block Grant, Law Enforcement Continuing Education, Police Station Nonreverting, 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, Levee/Village Redevelopment Commission, KCB Redevelopment Commission, Infrastructure Bonds, Cumulative Capital Development

Pension trust funds:

Police Officers' Pension, Firefighters' Pension

I. Budgeted amounts are originally adopted or amended by the Common Council and approved by the Indiana Department of Local Government Finance for funds for which property taxes are levied or for which highway use taxes are received. The net effect of individual amendments to the budget increased the original appropriations by \$4,971,806. The final budgeted amounts were adjusted by the amounts of beginning and ending encumbrances in order to be comparable to the actual budget basis expenditures.

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

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

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

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, 2005
(Continued)

	<u>General</u>	<u>Roads Funds</u>	<u>Parks and Recreation Funds</u>	<u>Economic Development Income Tax</u>	<u>Redevelopment Commission 2005</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis)	\$ (108,292)	\$ 378,476	\$ (91,472)	\$ (37,819)	\$ 52,291
Adjustments:					
To adjust revenues for accruals	(419,109)	(18,173)	(4,573)	14,065	8,465
To adjust expenditures for accruals	<u>(229,008)</u>	<u>8,337</u>	<u>(103,610)</u>	<u>13,745</u>	<u>(51,700)</u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (GAAP basis)	 <u>\$ (756,409)</u>	 <u>\$ 368,640</u>	 <u>\$ (199,655)</u>	 <u>\$ (10,009)</u>	 <u>\$ 9,056</u>

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

**SUPPLEMENTARY
INFORMATION**

Major Governmental Funds

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

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

General Government:

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

Public Safety:

Fire Department
Police Department
Police Merit Commission

Highways and Streets:

City Engineer

Sanitation:

Sanitation Department

Urban Redevelopment and Housing:

Economic Development

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

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

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

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

Redevelopment Commission 2005 – to account for revenues received from the sale of revenue bonds by the Redevelopment Commission and used for the purchase of capital assets.

CITY OF WEST LAFAYETTE
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
 GENERAL FUND
 For The Year Ended December 31, 2005

<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	\$ 154,850	\$ 154,850	\$ 135,319	\$ 19,531
Other services and charges	80,050	79,891	62,477	17,414
Capital outlay	1,000	1,000	-	1,000
City Council				
Personal services	34,080	34,080	34,080	-
Other services and charges	3,000	3,000	326	2,674
Clerk-Treasurer				
Personal services	1,383,240	1,281,764	1,265,202	16,562
Supplies	6,000	6,555	6,079	476
Other services and charges	370,900	304,697	280,375	24,322
Capital outlay	11,000	24,793	24,793	-
City Hall				
Personal services	23,640	23,640	22,258	1,382
Supplies	28,000	26,934	26,149	785
Other services and charges	140,000	141,411	119,091	22,320
Capital outlay	9,730	10,030	7,982	2,048
City Court				
Personal services	47,890	47,890	46,917	973
Supplies	1,300	457	116	341
Other services and charges	600	600	113	487
City Attorney				
Personal services	18,290	18,290	18,138	152
Other services and charges	66,250	97,250	95,925	1,325
Capital outlay	200	200	-	200
City Services				
Other services and charges	326,200	327,810	327,810	-
Other General				
Other disbursements	18,449	18,449	18,449	-
Total general government	<u>2,724,669</u>	<u>2,603,591</u>	<u>2,491,599</u>	<u>111,992</u>
Public safety:				
Fire Department				
Personal services	2,202,440	2,130,383	2,071,208	59,175
Supplies	43,800	34,995	26,021	8,974
Other services and charges	88,250	91,858	63,952	27,906
Capital outlay	9,000	6,444	5,658	786

Continued on next page

CITY OF WEST LAFAYETTE
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND
For The Year Ended December 31, 2005
(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	3,382,110	3,370,838	3,350,234	20,604
Supplies	160,800	175,605	168,021	7,584
Other services and charges	123,100	137,992	118,823	19,169
Capital outlay	148,440	160,073	159,459	614
Police Merit Commission				
Personal services	2,000	5,500	5,500	-
Supplies	1,000	221	221	-
Other services and charges	17,600	16,211	16,079	132
Total public safety	<u>6,178,540</u>	<u>6,130,120</u>	<u>5,985,176</u>	<u>144,944</u>
Highways and streets:				
City Engineer				
Personal services	234,400	234,400	219,423	14,977
Supplies	11,750	12,310	8,280	4,030
Other services and charges	27,000	28,797	18,992	9,805
Capital outlay	11,500	13,547	13,250	297
Total highways and streets	<u>284,650</u>	<u>289,054</u>	<u>259,945</u>	<u>29,109</u>
Sanitation				
Sanitation Department				
Personal services	356,980	341,980	253,229	88,751
Supplies	59,500	85,362	76,747	8,615
Other services and charges	274,200	277,518	226,413	51,105
Capital outlay	60,740	50,748	36,732	14,016
Total sanitation	<u>751,420</u>	<u>755,608</u>	<u>593,121</u>	<u>162,487</u>
Urban Redevelopment and Housing				
Economic Development				
Personal services	215,510	215,510	215,500	10
Supplies	9,500	9,657	6,804	2,853
Other services and charges	60,400	57,666	34,324	23,342
Capital outlay	-	135	135	-
Total urban redevelopment and housing	<u>285,410</u>	<u>282,968</u>	<u>256,763</u>	<u>26,205</u>
Total general fund	<u>\$ 10,224,689</u>	<u>\$ 10,061,341</u>	<u>\$ 9,586,604</u>	<u>\$ 474,737</u>

Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Governmental Funds

(Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2005

<u>Assets</u>	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Cash and cash equivalents	\$ 2,846,653	\$ 40,997	\$ 1,624,476	\$ 4,512,126
Cash with fiscal agent	-	721,560	6,078,614	6,800,174
Receivables (net of allowances for uncollectibles):				
Interest	4,684	2,182	23,624	30,490
Taxes	-	18,805	26,332	45,137
Accounts	1,082	-	460	1,542
Intergovernmental	-	841	1,309,860	1,310,701
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,852,419</u>	<u>\$ 784,385</u>	<u>\$ 9,063,366</u>	<u>\$ 12,700,170</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 68,485	\$ -	\$ 139,118	\$ 207,603
Interfund payable	6,538	-	-	6,538
Accrued interest payable	-	143,205	219,057	362,262
Deferred revenue:				
Unavailable	-	19,646	38,633	58,279
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>75,023</u>	<u>162,851</u>	<u>396,808</u>	<u>634,682</u>
 Fund balances:				
Unreserved, reported in:				
Special revenue funds	2,777,396	-	-	2,777,396
Debt service funds	-	621,534	-	621,534
Capital projects funds	-	-	8,666,558	8,666,558
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,777,396</u>	<u>621,534</u>	<u>8,666,558</u>	<u>12,065,488</u>
Total liabilities and fund balances	<u>\$ 2,852,419</u>	<u>\$ 784,385</u>	<u>\$ 9,063,366</u>	<u>\$ 12,700,170</u>

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Revenues:				
Taxes	\$ -	\$ 1,517,131	\$ 2,124,508	\$ 3,641,639
Licenses and permits	545	-	-	545
Intergovernmental	2,817,367	25,540	1,485,063	4,327,970
Charges for services	55,813	-	-	55,813
Fines and forfeits	6,600	-	-	6,600
Other	63,916	18,363	691,266	773,545
Total revenues	<u>2,944,241</u>	<u>1,561,034</u>	<u>4,300,837</u>	<u>8,806,112</u>
Expenditures:				
Current:				
General government	5,676	-	-	5,676
Public safety	171,554	-	-	171,554
Economic development	2,720,471	3,266	-	2,723,737
Culture and recreation	18,986	-	-	18,986
Debt service:				
Principal	-	340,000	570,000	910,000
Interest	-	346,255	504,554	850,809
Capital outlay	-	-	3,575,558	3,575,558
Total expenditures	<u>2,916,687</u>	<u>689,521</u>	<u>4,650,112</u>	<u>8,256,320</u>
Excess (deficiency) of revenues (over) under expenditures	<u>27,554</u>	<u>871,513</u>	<u>(349,275)</u>	<u>549,792</u>
Other financing sources (uses):				
Transfers in	3,075,400	603,535	3,551,902	7,230,837
Transfers out	(4,130,544)	(1,453,457)	(1,643,231)	(7,227,232)
Total other financing sources (uses)	<u>(1,055,144)</u>	<u>(849,922)</u>	<u>1,908,671</u>	<u>3,605</u>
Net change in fund balances	<u>(1,027,590)</u>	<u>21,591</u>	<u>1,559,396</u>	<u>553,397</u>
Fund balances - beginning	<u>3,804,986</u>	<u>599,943</u>	<u>7,107,162</u>	<u>11,512,091</u>
Fund balances - ending	<u>\$ 2,777,396</u>	<u>\$ 621,534</u>	<u>\$ 8,666,558</u>	<u>\$ 12,065,488</u>

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2005

<u>Assets</u>	Clerk's Records Perpetuation	Fire Fighting	Community Development Block Grant	500 Brown Street Brownfields Grant	Local Law Enforcement Block Grant	Public Safety	Law Enforcement Continuing Education	Police Unclaimed Property	Credit Card Fees	Rainy Day
Cash and cash equivalents	\$ 13,293	\$ 37,738	\$ 26,432	\$ 2,972	\$ 232	\$ 11,594	\$ 10,833	\$ 4,162	\$ 961	\$ 319,633
Receivables (net of allowances for uncollectibles):										
Interest	50	141	-	11	1	44	40	16	-	1,193
Accounts	<u>1,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 14,425</u>	<u>\$ 37,879</u>	<u>\$ 26,432</u>	<u>\$ 2,983</u>	<u>\$ 233</u>	<u>\$ 11,638</u>	<u>\$ 10,873</u>	<u>\$ 4,178</u>	<u>\$ 961</u>	<u>\$ 320,826</u>
 <u>Liabilities and Fund Balances</u>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 23,393	\$ 2,750	\$ -	\$ 42	\$ -	\$ -	\$ -	\$ -
Interfund payable	<u>-</u>	<u>-</u>	<u>6,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>29,931</u>	<u>2,750</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:										
Unreserved, reported in:										
Special revenue funds	<u>14,425</u>	<u>37,879</u>	<u>(3,499)</u>	<u>233</u>	<u>233</u>	<u>11,596</u>	<u>10,873</u>	<u>4,178</u>	<u>961</u>	<u>320,826</u>
Total liabilities and fund balances	<u>\$ 14,425</u>	<u>\$ 37,879</u>	<u>\$ 26,432</u>	<u>\$ 2,983</u>	<u>\$ 233</u>	<u>\$ 11,638</u>	<u>\$ 10,873</u>	<u>\$ 4,178</u>	<u>\$ 961</u>	<u>\$ 320,826</u>

Continued on next page

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2005
 (Continued)

<u>Assets</u>	426 Brown Street Brownfields Grant	Police Station Nonreverting	Levee/Village Allocation	KCB Allocation	Certified Technology Park	Certified Technology Grant	Fire Safety	DHS Firefighter Assistance Grant	Totals
Cash and cash equivalents	\$ 99	\$ 343,109	\$ 973,176	\$ 1,089,208	\$ 10,042	\$ 339	\$ 2,728	\$ 102	\$ 2,846,653
Receivables (net of allowances for uncollectibles):									
Interest	-	1,294	916	930	36	1	10	1	4,684
Accounts	-	-	-	-	-	-	-	-	1,082
Total assets	\$ 99	\$ 344,403	\$ 974,092	\$ 1,090,138	\$ 10,078	\$ 340	\$ 2,738	\$ 103	\$ 2,852,419
 <u>Liabilities and Fund Balances</u>									
Liabilities:									
Accounts payable	\$ -	\$ 42,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,485
Interfund payable	-	-	-	-	-	-	-	-	6,538
Total liabilities	-	42,300	-	-	-	-	-	-	75,023
Fund balances:									
Unreserved, reported in:									
Special revenue funds	99	302,103	974,092	1,090,138	10,078	340	2,738	103	2,777,396
Total liabilities and fund balances	\$ 99	\$ 344,403	\$ 974,092	\$ 1,090,138	\$ 10,078	\$ 340	\$ 2,738	\$ 103	\$ 2,852,419

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2005

<u>Assets</u>	Fire Truck Acquisition	Wabash Landing Parking Garage Bonds	Totals
Cash and cash equivalents	\$ 40,997	\$ -	\$ 40,997
Cash with fiscal agent	56,515	665,045	721,560
Receivables (net of allowances for uncollectibles):			
Interest	235	1,947	2,182
Taxes	1,025	17,780	18,805
Intergovernmental	<u>841</u>	<u>-</u>	<u>841</u>
 Total assets	 <u>\$ 99,613</u>	 <u>\$ 684,772</u>	 <u>\$ 784,385</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accrued interest payable	\$ 8,164	\$ 135,041	\$ 143,205
Deferred revenue:			
Unavailable	<u>1,866</u>	<u>17,780</u>	<u>19,646</u>
 Total liabilities	 <u>10,030</u>	 <u>152,821</u>	 <u>162,851</u>
 Fund balances:			
Unreserved, reported in:			
Debt service funds	<u>89,583</u>	<u>531,951</u>	<u>621,534</u>
 Total liabilities and fund balances	 <u>\$ 99,613</u>	 <u>\$ 684,772</u>	 <u>\$ 784,385</u>

CITY OF WEST LAFAYETTE
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2005

<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	Infrastructure Bonds	Cumulative Capital Development	West Lafayette Building Corporation	Totals
Cash and cash equivalents	\$ 527,223	\$ 50,124	\$ 41,028	\$ 134,646	\$ 5,964	\$ -	\$ -	\$ -	\$ 865,491	\$ -	\$ 1,624,476
Cash with fiscal agent	-	-	-	-	-	1,864,924	3,244,116	650,774	-	318,800	6,078,614
Receivables (net of allowances for uncollectibles):											
Interest	1,847	187	137	489	22	6,161	9,592	1,906	3,053	230	23,624
Accounts	-	-	-	460	-	-	-	-	-	-	460
Taxes	1,742	-	358	-	-	-	-	20,294	3,938	-	26,332
Intergovernmental	-	-	294	8,776	-	-	-	-	1,300,790	-	1,309,860
Total assets	\$ 530,812	\$ 50,311	\$ 41,817	\$ 144,371	\$ 5,986	\$ 1,871,085	\$ 3,253,708	\$ 672,974	\$ 2,173,272	\$ 319,030	\$ 9,063,366
 <u>Liabilities and Fund Balances</u>											
Liabilities:											
Accounts payable	\$ 30,656	\$ -	\$ 4,700	\$ 9,702	\$ -	\$ -	\$ 24,454	\$ -	\$ 69,606	\$ -	\$ 139,118
Accrued interest payable	-	-	-	-	-	-	-	98,754	-	120,303	219,057
Deferred revenue:											
Unavailable	1,742	-	652	8,776	-	-	-	20,294	7,169	-	38,633
Total liabilities	32,398	-	5,352	18,478	-	-	24,454	119,048	76,775	120,303	396,808
Fund balances:											
Unreserved, reported in:											
Capital projects funds	498,414	50,311	36,465	125,893	5,986	1,871,085	3,229,254	553,926	2,096,497	198,727	8,666,558
Total liabilities and fund balances	\$ 530,812	\$ 50,311	\$ 41,817	\$ 144,371	\$ 5,986	\$ 1,871,085	\$ 3,253,708	\$ 672,974	\$ 2,173,272	\$ 319,030	\$ 9,063,366

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2005

	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	Police Unclaimed Property	Credit Card Fees	Rainy Day
Revenues:										
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 545	\$ -	\$ -	\$ -
Intergovernmental	-	-	550,704	18,986	-	6,327	-	-	-	-
Charges for services	2,476	13,769	27,740	-	-	-	6,200	-	5,628	-
Fines and forfeits	-	-	-	-	-	-	6,600	-	-	-
Other	398	1,087	-	30	8	3,547	351	133	-	10,226
Total revenues	2,874	14,856	578,444	19,016	8	9,874	13,696	133	5,628	10,226
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	5,676	-
Public safety	-	4,659	-	-	104	8,273	18,642	-	-	-
Economic development	-	-	559,364	-	-	-	-	-	-	-
Culture and recreation	-	-	-	18,986	-	-	-	-	-	-
Total expenditures	-	4,659	559,364	18,986	104	8,273	18,642	-	5,676	-
Excess (deficiency) of revenues over (under) expenditures	2,874	10,197	19,080	30	(96)	1,601	(4,946)	133	(48)	10,226
Other financing sources:										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	2,874	10,197	19,080	30	(96)	1,601	(4,946)	133	(48)	10,226
Fund balances - beginning	11,551	27,682	(22,579)	203	329	9,995	15,819	4,045	1,009	310,600
Fund balances - ending	\$ 14,425	\$ 37,879	\$ (3,499)	\$ 233	\$ 233	\$ 11,596	\$ 10,873	\$ 4,178	\$ 961	\$ 320,826

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, 2005
 (Continued)

	426 Brown Street Brownfields Grant	Police Station Nonreverting	Levee/Village Allocation	KCB Allocation	Certified Technology Park	Certified Technology Grant	Fire Safety	DHS Firefighter Assistance Grant	Totals
Revenues:									
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 545
Intergovernmental	-	-	-	-	427,464	1,725,000	-	88,886	2,817,367
Charges for services	-	-	-	-	-	-	-	-	55,813
Fines and forfeits	-	-	-	-	-	-	-	-	6,600
Other	91	10,788	9,925	11,735	10,078	3,368	1,701	450	63,916
Total revenues	91	10,788	9,925	11,735	437,542	1,728,368	1,701	89,336	2,944,241
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	5,676
Public safety	-	48,075	-	-	-	-	2,568	89,233	171,554
Economic development	5,615	-	-	-	427,464	1,728,028	-	-	2,720,471
Culture and recreation	-	-	-	-	-	-	-	-	18,986
Total expenditures	5,615	48,075	-	-	427,464	1,728,028	2,568	89,233	2,916,687
Excess (deficiency) of revenues over (under) expenditures	(5,524)	(37,287)	9,925	11,735	10,078	340	(867)	103	(3,760)
Other financing sources:									
Transfers in	-	-	1,434,465	1,637,330	-	-	3,605	-	3,075,400
Transfers out	-	-	(1,771,398)	(2,359,146)	-	-	-	-	(4,130,544)
Total other financing sources	-	-	(336,933)	(721,816)	-	-	3,605	-	(1,055,144)
Net change in fund balances	(5,524)	(37,287)	(327,008)	(710,081)	10,078	340	2,738	103	27,554
Fund balances - beginning	5,623	339,390	1,301,100	1,800,219	-	-	-	-	3,804,986
Fund balances - ending	\$ 99	\$ 302,103	\$ 974,092	\$ 1,090,138	\$ 10,078	\$ 340	\$ 2,738	\$ 103	\$ 2,777,396

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, 2005

	Fire Truck Acquisition	Wabash Landing Parking Garage Bonds	Totals
Revenues:			
Taxes	\$ 82,665	\$ 1,434,466	\$ 1,517,131
Intergovernmental	6,548	18,992	25,540
Other	<u>1,758</u>	<u>16,605</u>	<u>18,363</u>
Total revenues	<u>90,971</u>	<u>1,470,063</u>	<u>1,561,034</u>
Expenditures:			
Current:			
Economic development	-	3,266	3,266
Debt service:			
Principal	70,000	270,000	340,000
Interest	<u>18,558</u>	<u>327,697</u>	<u>346,255</u>
Total expenditures	<u>88,558</u>	<u>600,963</u>	<u>689,521</u>
Excess of revenues over expenditures	<u>2,413</u>	<u>869,100</u>	<u>871,513</u>
Other financing sources:			
Transfers in	-	603,535	603,535
Transfers out	<u>-</u>	<u>(1,453,457)</u>	<u>(1,453,457)</u>
Total other financing uses	<u>-</u>	<u>(849,922)</u>	<u>(849,922)</u>
Net change in fund balances	2,413	19,178	21,591
Fund balances - beginning	<u>87,170</u>	<u>512,773</u>	<u>599,943</u>
Fund balances - ending	<u>\$ 89,583</u>	<u>\$ 531,951</u>	<u>\$ 621,534</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, 2005

	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	Infrastructure Bonds	Cumulative Capital Development	West Lafayette Building Corporation	Totals
Revenues:											
Taxes	\$ 140,584	\$ -	\$ 28,883	\$ -	\$ -	\$ -	\$ -	\$ 1,637,330	\$ 317,711	\$ -	\$ 2,124,508
Intergovernmental	-	-	2,288	88,961	-	-	-	-	1,393,814	-	1,485,063
Other	17,650	1,730	1,082	4,900	266	51,827	73,505	23,888	36,302	480,116	691,266
Total revenues	158,234	1,730	32,253	93,861	266	51,827	73,505	1,661,218	1,747,827	480,116	4,300,837
Expenditures:											
Debt service:											
Principal	-	-	-	-	-	-	-	365,000	-	205,000	570,000
Interest	-	-	-	-	-	-	-	241,466	-	263,088	504,554
Capital outlay	258,226	8,998	26,279	152,990	4,166	525,893	382,195	133,827	2,078,578	4,406	3,575,558
Total expenditures	258,226	8,998	26,279	152,990	4,166	525,893	382,195	740,293	2,078,578	472,494	4,650,112
Excess (deficiency) of revenues over (under) expenditures	(99,992)	(7,268)	5,974	(59,129)	(3,900)	(474,066)	(308,690)	920,925	(330,751)	7,622	(349,275)
Other financing sources (uses):											
Transfers in	-	-	-	-	-	1,186,855	1,752,256	612,791	-	-	3,551,902
Transfers out	-	-	-	-	-	-	-	(1,643,231)	-	-	(1,643,231)
Total other financing sources (uses)	-	-	-	-	-	1,186,855	1,752,256	(1,030,440)	-	-	1,908,671
Net change in fund balances	(99,992)	(7,268)	5,974	(59,129)	(3,900)	712,789	1,443,566	(109,515)	(330,751)	7,622	1,559,396
Fund balances - beginning	598,406	57,579	30,491	185,022	9,886	1,158,296	1,785,688	663,441	2,427,248	191,105	7,107,162
Fund balances - ending	\$ 498,414	\$ 50,311	\$ 36,465	\$ 125,893	\$ 5,986	\$ 1,871,085	\$ 3,229,254	\$ 553,926	\$ 2,096,497	\$ 198,727	\$ 8,666,558

CITY OF WEST LAFAYETTE
BUDGETARY COMPARISON SCHEDULES
OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

	Fire Fighting				Community Development Block Grant				Law Enforcement Continuing Education			
	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	-	-	-	-	-	-	-	-	545	545	545	-
Intergovernmental	-	-	-	-	550,704	550,704	550,704	-	-	-	-	-
Charges for services	14,000	13,769	13,769	-	-	-	-	-	6,327	6,327	6,200	(127)
Fines and forfeits	-	-	-	-	-	-	-	-	6,600	6,600	6,600	-
Other	400	900	1,000	100	27,740	27,740	27,740	-	341	341	341	-
Total revenues	14,400	14,669	14,769	100	578,444	578,444	578,444	-	13,813	13,813	13,686	(127)
Expenditures:												
Current:												
Public safety												
Supplies	-	-	-	-	-	-	-	-	1,300	1,300	204	1,096
Other services and charges	-	-	-	-	-	-	-	-	20,400	20,400	18,678	1,722
Capital outlay	6,000	11,524	5,524	6,000	-	-	-	-	-	-	-	-
Economic Development												
Personal services	-	-	-	-	-	45,717	45,717	-	-	-	-	-
Supplies	-	-	-	-	-	25	25	-	-	-	-	-
Other services and charges	-	-	-	-	54,326	560,975	508,735	52,240	-	-	-	-
Total expenditures	6,000	11,524	5,524	6,000	54,326	606,717	554,477	52,240	21,700	21,700	18,882	2,818
Net change in fund balances	8,400	3,145	9,245	6,100	524,118	(28,273)	23,967	52,240	(7,887)	(7,887)	(5,196)	2,691
Fund balances - beginning	28,493	28,493	28,493	-	2,465	2,465	2,465	-	16,029	16,029	16,029	-
Fund balances - ending	\$ 36,893	\$ 31,638	\$ 37,738	\$ 6,100	\$ 526,583	\$ (25,808)	\$ 26,432	\$ 52,240	\$ 8,142	\$ 8,142	\$ 10,833	\$ 2,691

Continued on next page

CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Police Station Nonreverting				Rainy Day				Fire Truck Acquisition			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,877	\$ 82,877	\$ 82,665	\$ (212)
Intergovernmental	-	-	-	-	-	-	-	-	6,957	6,957	6,548	(409)
Other	9,495	9,495	9,495	-	5,000	9,400	9,617	217	226,095	226,397	226,561	164
Total revenues	9,495	9,495	9,495	-	5,000	9,400	9,617	217	315,929	316,231	315,774	(457)
Expenditures:												
Current:												
Public safety:												
Other services and charges	-	72,404	5,775	66,629	-	-	-	-	271,402	314,640	314,631	9
Net change in fund balances	9,495	(62,909)	3,720	(66,629)	5,000	9,400	9,617	217	44,527	1,591	1,143	(466)
Fund balances - beginning	339,389	339,389	339,389	-	310,016	310,016	310,016	-	96,369	96,369	96,369	-
Fund balances - ending	\$ 348,884	\$ 276,480	\$ 343,109	\$ (66,629)	\$ 315,016	\$ 319,416	\$ 319,633	\$ 217	\$ 140,896	\$ 97,960	\$ 97,512	\$ (466)

Continued on next page

CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Wabash Landing Parking Garage Bonds				Cumulative Building and Fire Fighting Equipment				Cumulative Capital Improvement			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:												
Taxes	\$ 1,434,466	\$ 1,434,466	\$ 1,434,466	\$ -	\$ -	\$ 28,883	\$ 28,883	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18,992	18,992	18,992	-	-	2,288	2,288	-	108,205	89,256	89,961	705
Other	619,777	619,777	619,777	-	-	1,030	1,030	-	5,000	4,000	4,490	490
Total revenues	<u>2,073,235</u>	<u>2,073,235</u>	<u>2,073,235</u>	<u>-</u>	<u>-</u>	<u>32,201</u>	<u>32,201</u>	<u>-</u>	<u>113,205</u>	<u>93,256</u>	<u>94,451</u>	<u>1,195</u>
Expenditures:												
Current:												
General government												
Supplies	-	-	-	-	-	-	-	-	3,500	3,128	1,828	1,300
Other services and charges	2,058,920	2,058,920	2,058,920	-	-	-	-	-	135,000	111,332	86,954	24,378
Capital outlay	-	-	-	-	-	-	-	-	81,860	77,373	56,268	21,105
Public safety												
Other services and charges	-	-	-	-	-	3,734	3,734	-	-	-	-	-
Capital outlay	-	-	-	-	32,840	51,390	43,461	7,929	-	-	-	-
Total expenditures	<u>2,058,920</u>	<u>2,058,920</u>	<u>2,058,920</u>	<u>-</u>	<u>32,840</u>	<u>55,124</u>	<u>47,195</u>	<u>7,929</u>	<u>220,360</u>	<u>191,833</u>	<u>145,050</u>	<u>46,783</u>
Net change in fund balances	14,315	14,315	14,315	-	(32,840)	(22,923)	(14,994)	7,929	(107,155)	(98,577)	(50,599)	47,978
Fund balances - beginning	650,730	650,730	650,730	-	56,022	56,022	56,022	-	186,245	186,245	186,245	-
Fund balances - ending	<u>\$ 665,045</u>	<u>\$ 665,045</u>	<u>\$ 665,045</u>	<u>\$ -</u>	<u>\$ 23,182</u>	<u>\$ 33,099</u>	<u>\$ 41,028</u>	<u>\$ 7,929</u>	<u>\$ 79,090</u>	<u>\$ 87,668</u>	<u>\$ 135,646</u>	<u>\$ 47,978</u>

Continued on next page

CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Sagamore Parkway TIF				Levee Village Redevelopment Commission				KCB Redevelopment Commission			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Taxes	\$ 140,584	\$ 140,584	\$ 140,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	16,913	16,913	16,913	-	47,274	47,274	47,274	-	72,314	72,314	72,314	-
Total revenues	157,497	157,497	157,497	-	47,274	47,274	47,274	-	72,314	72,314	72,314	-
Expenditures:												
General government												
Other services and charges	-	30,394	30,394	-	-	-	-	-	-	-	-	-
Capital outlay	-	248,580	201,789	46,791	-	-	-	-	-	-	-	-
Economic development												
Capital outlay	-	-	-	-	-	936,840	525,893	410,947	-	-	-	-
Culture and recreation												
Other services and charges	-	-	-	-	-	-	-	-	-	591	591	-
Capital outlay	-	-	-	-	-	-	-	-	-	376,692	370,953	5,739
Total expenditures	-	278,974	232,183	46,791	-	936,840	525,893	410,947	-	377,283	371,544	5,739
Other financing uses:												
Transfers in	-	-	-	-	1,186,855	1,186,855	1,186,855	-	1,752,256	1,752,256	1,752,256	-
Net change in fund balances	157,497	(121,477)	(74,686)	46,791	1,234,129	297,289	708,236	410,947	1,824,570	1,447,287	1,453,026	5,739
Fund balances - beginning	601,909	601,909	601,909	-	1,156,688	1,156,688	1,156,688	-	1,791,090	1,791,090	1,791,090	-
Fund balances - ending	\$ 759,406	\$ 480,432	\$ 527,223	\$ 46,791	\$ 2,390,817	\$ 1,453,977	\$ 1,864,924	\$ 410,947	\$ 3,615,660	\$ 3,238,377	\$ 3,244,116	\$ 5,739

Continued on next page

CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	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	\$ 1,637,330	\$ 1,637,330	\$ 1,637,330	\$ -	\$ 318,526	\$ 318,526	\$ 317,711	\$ (815)
Intergovernmental	-	-	-	-	26,741	118,689	112,262	(6,427)
Other	636,734	636,734	636,734	-	30,000	37,000	37,980	980
Total revenues	2,274,064	2,274,064	2,274,064	-	375,267	474,215	467,953	(6,262)
Expenditures:								
General government								
Supplies	-	-	-	-	55,000	41,649	40,717	932
Other services and charges	2,389,037	2,389,037	2,389,037	-	94,170	113,530	31,730	81,800
Capital outlay	-	-	-	-	319,850	2,067,138	1,944,465	122,673
Total expenditures	2,389,037	2,389,037	2,389,037	-	469,020	2,222,317	2,016,912	205,405
Net change in fund balances	(114,973)	(114,973)	(114,973)	-	(93,753)	(1,748,102)	(1,548,959)	199,143
Fund balances - beginning	765,747	765,747	765,747	-	2,414,450	2,414,450	2,414,450	-
Fund balances - ending	\$ 650,774	\$ 650,774	\$ 650,774	\$ -	\$ 2,320,697	\$ 666,348	\$ 865,491	\$ 199,143

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, 2005

<u>Assets</u>	Pension Trust Funds		
	Police Pension	Firefighter's Pension	Totals
Cash and cash equivalents	\$ 48,167	\$ 48,050	\$ 96,217
Investments	390,760	267,177	657,937
Receivables:			
Interest and dividends	7,190	4,945	12,135
Taxes	1,852	1,852	3,704
Intergovernmental	1,519	1,519	3,038
Total assets	<u>449,488</u>	<u>323,543</u>	<u>773,031</u>
 <u>Liabilities</u>			
Accounts Payable	<u>-</u>	<u>219</u>	<u>219</u>
 <u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	<u>\$ 449,488</u>	<u>\$ 323,324</u>	<u>\$ 772,812</u>

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 December 31, 2005

	Agency Funds					Totals
	Payroll	Sales Tax	Insurance Payments	City Court Costs	Court Collections	
<u>Assets</u>						
Cash and cash equivalents	\$ 167,750	\$ 463	\$ 282	\$ 18,448	\$ 10,802	\$ 197,745
<u>Liabilities</u>						
Payroll withholdings	\$ 167,750	\$ -	\$ -	\$ -	\$ -	\$ 167,750
Trust payable	-	463	282	18,448	10,802	29,995
Total liabilities	\$ 167,750	\$ 463	\$ 282	\$ 18,448	\$ 10,802	\$ 197,745

CITY OF WEST LAFAYETTE
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2005

<u>Additions</u>	<u>Police Pension</u>	<u>Firefighter's Pension</u>	<u>Totals</u>
Contributions:			
Employer	\$ 502,232	\$ 416,869	\$ 919,101
Plan members	-	5,332	5,332
Investment income:			
Interest	<u>14,427</u>	<u>9,700</u>	<u>24,127</u>
Total additions	<u>516,659</u>	<u>431,901</u>	<u>948,560</u>
 <u>Deductions</u>			
Benefits and refunds paid to plan members and beneficiaries	642,561	448,029	1,090,590
Administrative expenses	<u>4,555</u>	<u>11,072</u>	<u>15,627</u>
Total deductions	<u>647,116</u>	<u>459,101</u>	<u>1,106,217</u>
Changes in net assets	(130,457)	(27,200)	(157,657)
Net assets - beginning	<u>579,945</u>	<u>350,524</u>	<u>930,469</u>
Net assets - ending	<u>\$ 449,488</u>	<u>\$ 323,324</u>	<u>\$ 772,812</u>

CITY OF WEST LAFAYETTE
 BUDGETARY COMPARISON SCHEDULES
 BUDGETED PENSION TRUST FUNDS
 For The Year Ended December 31, 2005

	Police Pension				Fireman's Pension			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 149,777	\$ 149,777	\$ 149,394	\$ (383)	\$ 149,777	\$ 149,777	\$ 149,394	\$ (383)
Intergovernmental	326,360	353,447	352,705	(742)	236,584	265,790	265,048	(742)
Other	18,000	31,500	24,604	(6,896)	17,324	26,416	21,894	(4,522)
Total revenues	494,137	534,724	526,703	(8,021)	403,685	441,983	436,336	(5,647)
Expenditures:								
Personal services	2,530	2,530	2,523	7	6,570	6,570	6,547	23
Supplies	100	100	-	100	200	200	10	190
Other services and charges	679,030	679,030	644,593	34,437	491,490	491,490	452,076	39,414
Capital outlay	-	-	-	-	250	250	249	1
Total expenditures	681,660	681,660	647,116	34,544	498,510	498,510	458,882	39,628
Net change in fund balances	(187,523)	(146,936)	(120,413)	26,523	(94,825)	(56,527)	(22,546)	33,981
Fund balances - beginning	559,340	559,340	559,340	-	337,773	337,773	337,773	-
Fund balances - ending	\$ 371,817	\$ 412,404	\$ 438,927	\$ 26,523	\$ 242,948	\$ 281,246	\$ 315,227	\$ 33,981

CITY OF WEST LAFAYETTE
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For The Year Ended December 31, 2005

	Payroll	Sales Tax	Insurance Payments	City Court Costs	Court Collections	Totals
Assets:						
Cash and cash equivalents - January 1, 2005	\$ 171,068	\$ 488	\$ 1,665	\$ 16,461	\$ 8,918	\$ 198,600
Additions	2,622,178	1,459	19,778	197,083	51,542	2,892,040
Deductions	<u>2,625,496</u>	<u>1,484</u>	<u>21,161</u>	<u>195,096</u>	<u>49,658</u>	<u>2,892,895</u>
 Cash and cash equivalents - December 31, 2005	<u>167,750</u>	<u>463</u>	<u>282</u>	<u>18,448</u>	<u>10,802</u>	<u>197,745</u>
 Total assets - December 31, 2005	<u>\$ 167,750</u>	<u>\$ 463</u>	<u>\$ 282</u>	<u>\$ 18,448</u>	<u>\$ 10,802</u>	<u>\$ 197,745</u>
 Liabilities:						
Payroll withholdings - January 1, 2005	\$ 171,068	\$ -	\$ -	\$ -	\$ -	\$ 171,068
Additions	2,622,178	-	-	-	-	2,622,178
Deductions	<u>2,625,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,625,496</u>
 Payroll withholdings - December 31, 2005	<u>167,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,750</u>
 Trust payable - January 1, 2005	-	488	1,665	16,461	8,918	27,532
Additions	-	1,459	19,778	197,083	51,542	269,862
Deductions	<u>-</u>	<u>1,484</u>	<u>21,161</u>	<u>195,096</u>	<u>49,658</u>	<u>267,399</u>
 Trust payable - December 31, 2005	<u>-</u>	<u>463</u>	<u>282</u>	<u>18,448</u>	<u>10,802</u>	<u>29,995</u>
 Total liabilities - December 31, 2005	<u>\$ 167,750</u>	<u>\$ 463</u>	<u>\$ 282</u>	<u>\$ 18,448</u>	<u>\$ 10,802</u>	<u>\$ 197,745</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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, 2005. 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, 2005.

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

April 25, 2006

CITY OF WEST LAFAYETTE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2005

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 AGRICULTURE</u>			
Pass-Through Indiana Department of Natural Resources Cooperative Forestry Assistance	10.664	FY 2005	\$ <u>9,148</u>
<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 Grants	14.218	B-04-MC-18-0009 B-05-MC-18-0009	274,657 <u>279,820</u>
Total for federal grantor agency			<u>554,477</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	STP-9979(018)	<u>1,350,251</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	154AL-05-03-03-49 154AL-05-03-T-03, P49	3,750 7,479
Pass-Through City of Lafayette Highway Safety Cluster Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	FY 2005	10,324 <u>-</u>
Total for program			<u>21,553</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, 2005
 (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 Safety Incentive Grants for Use of Seatbelts	20.604		<u>9,955</u>
Total for cluster			<u>31,508</u>
Total for federal grantor agency			<u>1,381,759</u>
<u>U.S. NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u>			
Pass-Through Indiana Commission on Arts Promotion of the Arts - Partnership Agreements	45.025	FY 2005	<u>15</u>
<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>139,496</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant	97.044	PT-06-04-07-51	<u>88,886</u>
Total federal awards expended			<u>\$ 2,173,781</u>

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

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

Note I. Basis of Presentation

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

Note II. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2005:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community development block grants	14.218	<u>\$ 76,342</u>

CITY OF WEST LAFAYETTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: 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:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

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

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>
2005	\$ 2,968,387	\$ 6,780,190	\$ 3,099,739	\$ 590,396	\$ 7,638,977	\$ 2,073,079	\$ 902,509	\$ 5,006,664	\$ 29,059,941
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	
2005	\$ 11,700,173	\$ 766,642	\$ 3,713,518	\$ 9,948,214	\$ 2,041,652	\$ 831,098	\$ 1,585,159	\$ 30,586,456
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

Function:	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
General Government	\$ 2,492,825	\$ 2,283,607	\$ 2,363,606	\$ 4,416,680	\$ 3,029,750	\$ 2,328,912	\$ 2,979,488	\$ 2,337,830	\$ 2,065,711	\$ 2,090,112
Public Safety	6,394,626	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
Highways and Streets	2,863,265	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
Sanitation	583,970	634,384	642,844	684,597	507,646	595,317	597,176	440,485	464,053	457,837
Culture and Recreation	1,849,818	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
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
Economic Development	7,175,420	-	-	-	-	-	-	-	-	-
Debt Service	1,812,509	661,913	537,696	-	-	-	-	-	-	-
Capital Outlay	3,575,558	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
Total	\$ 26,747,991	\$ 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
Year - to - year percentage change	<u>46.5501%</u>	<u>-23.0677%</u>	<u>-8.8299%</u>	<u>2.6270%</u>	<u>36.8572%</u>	<u>21.5210%</u>	<u>36.4953%</u>	<u>-6.7134%</u>	<u>18.7621%</u>	<u>-1.4205%</u>
Average annual rate of change	<u>12.28%</u>									

(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

Revenue Item:	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Taxes	\$ 9,972,944	\$ 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
Licenses and Permits	84,378	91,851	70,631	82,098	88,804	66,556	59,900	57,802	80,848	63,059
Intergovernmental	8,900,814	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
Charges for Services	1,323,149	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
Fines and Forfeits	244,082	453,557	385,680	530,289	571,590	470,243	348,748	281,023	206,836	145,644
Miscellaneous	1,679,523	866,677	725,136	1,530,511	1,009,178	1,318,729	2,190,313	892,481	832,787	776,801
Total	<u>\$ 22,204,890</u>	<u>\$ 19,297,372</u>	<u>\$ 18,775,495</u>	<u>\$ 20,776,643</u>	<u>\$ 16,727,191</u>	<u>\$ 15,822,639</u>	<u>\$ 14,745,078</u>	<u>\$ 13,253,313</u>	<u>\$ 12,821,376</u>	<u>\$ 11,113,620</u>
Year - to - year percentage change	<u>15.0669%</u>	<u>2.7796%</u>	<u>-9.6317%</u>	<u>24.2088%</u>	<u>5.7168%</u>	<u>7.3079%</u>	<u>11.2558%</u>	<u>3.3689%</u>	<u>15.3663%</u>	<u>6.2242%</u>
Average annual rate of change	<u>8.17%</u>	<u>7.05%</u>								

(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

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Taxes Based on Property:										
General Property Taxes	(B) \$ 9,972,943	\$ 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
License Excise Tax	448,480	487,483	519,813	505,415	489,632	477,037	444,538	509,639	472,949	470,453
Financial Institutions Tax	87,017	91,417	123,229	84,783	86,529	81,530	88,315	89,537	85,383	92,044
Subtotal: Property Taxes	<u>10,508,440</u>	<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>
Taxes Based on Income:										
County Option Income Tax	(C) 1,305,640	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
County Econ. Dev. Income Tax	(D) 1,148,515	1,240,222	1,280,173	1,518,816	1,761,578	1,031,474	980,154	1,016,736	925,105	861,197
Subtotal: Income Taxes	<u>2,454,155</u>	<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>
Taxes Based on Consumption:										
None	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Grand Total	<u>\$ 12,962,595</u>	<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>
Percent of Total by Tax Base:										
Property	81.07%	79.07%	79.36%	78.18%	70.39%	76.56%	77.45%	76.38%	73.40%	75.59%
Income	18.93%	20.93%	20.64%	21.82%	29.61%	23.44%	22.55%	23.62%	26.60%	24.41%
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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Rates per \$100 of assessed valuation (A):	(B)	(B)	(B)	(B)						
City of West Lafayette	\$0.7088	\$0.6802	\$0.7046	\$0.9811	\$2.8436	\$2.7656	\$2.6658	\$2.5902	\$2.5042	\$2.4304
State of Indiana	0.0024	0.0024	0.0033	0.0033	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100
Tippecanoe County	0.3549	0.3419	0.3283	0.4024	1.3425	1.2317	1.7110	1.7357	1.4331	1.4812
Solid Waste District	0.0025	0.0023	0.0023	0.0023	0.0035	-	-	-	-	-
Township Rate	0.0023	0.0006	0.0006	0.0009	0.0059	0.0060	0.0059	0.0059	0.0058	0.0056
School Rate	1.5485	1.4894	1.4191	2.1954	6.5673	6.4317	6.2526	5.8054	5.5187	4.7337
Library Rate	0.1562	0.1457	0.1456	0.0813	0.2324	0.2283	0.2116	0.2076	0.1959	0.1896
MTA Rate	0.0330	0.0321	0.0241	0.0336	0.0971	0.0912	0.0912	0.0896	0.0881	0.0899
Totals	<u>\$2.8086</u>	<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>

(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>
2005	\$ 332,837,755	\$ 998,513,265	0.04%
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%

Average Annual Rate of Increase

8.75%

- (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 of those districts for the years in which they existed is as follows:
2005 - \$198,361,280; 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

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

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Property Taxes Levied (A)	<u>\$ 6,777,909</u>	<u>\$ 6,634,773</u>	<u>\$ 6,387,821</u>	<u>\$ 5,631,766</u>	<u>\$ 5,450,218</u>	<u>\$ 4,841,408</u>	<u>\$ 4,813,874</u>	<u>\$ 4,864,262</u>	<u>\$ 4,342,073</u>	<u>\$ 4,435,328</u>
Property Taxes Collected (B)	<u>\$ 6,760,564</u>	<u>\$ 6,491,012</u>	<u>\$ 6,428,897</u>	<u>\$ 5,597,203</u>	<u>\$ 5,449,539</u>	<u>\$ 4,873,707</u>	<u>\$ 4,848,877</u>	<u>\$ 4,884,436</u>	<u>\$ 4,363,005</u>	<u>\$ 4,405,305</u>
Percent Collection	<u>99.74%</u>	<u>97.83%</u>	<u>100.64%</u>	<u>99.39%</u>	<u>99.99%</u>	<u>100.67%</u>	<u>100.73%</u>	<u>100.41%</u>	<u>100.48%</u>	<u>99.32%</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, 2005

	Civil City	Redevelopment Commission
Assessed Value at January 1, 2005	\$332,837,755	\$332,837,755
Statutory Debt Limit	2.00%	2.00%
Debt Limit	6,656,755	6,656,755
Outstanding Debt Applicable to Debt Limit (A)	0	4,230,000
Legal Debt Margin	\$6,656,755	\$2,426,755

(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, 2005

<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>\$425,000</u>	100.00%	<u>\$425,000</u>
Overlapping Debt:			
West Lafayette Community School Corporation Lease Rental Bonds	\$ 28,600,000	99.43%	\$ 28,436,980
West Lafayette Community School General Obligation Severance Bonds	277,501	99.43%	275,919
West Lafayette Public Library Lease Rental Bonds	10,515,000	100.00%	10,515,000
Tippecanoe School Corporation General Obligation Bonds	8,140,000	3.09%	251,526
Tippecanoe School Corporation Lease Rental Bonds	58,035,000	3.09%	1,793,282
Tippecanoe County Library General Obligation Bonds	2,500,000	3.51%	87,750
Tippecanoe County Library Lease Rental Bonds	3,150,000	3.51%	110,565
Tippecanoe County Building Authority Jail Expansion Lease Rental Bonds	<u>13,150,000</u>	14.00%	<u>1,841,000</u>
Total Overlapping Debt	<u>\$ 124,367,501</u>		<u>\$ 43,312,022</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

Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$ 7,431,351	\$ 2,768,680	\$ 4,662,671	\$ 1,605,000	\$ 765,956	\$ 2,370,956	1.97
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	-	510,573	510,573	2.75

CITY OF WEST LAFAYETTE AND TIPPECANOE COUNTY
Demographic Statistics

<u>Tippecanoe County</u>			<u>City of West Lafayette</u>		
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Year</u>	<u>Population</u>	<u>% Change</u>
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, 2005

<u>Principal Taxpayers</u>	<u>Type of Business</u>	<u>2005 Net Assessed Valuation</u>	<u>% of Total City Assessed Value</u>
1. Purdue Research foundation	Real Estate Holdings	\$ 33,404,000	3.35%
2. Regency Williamsburg/Windsor LTD	Apartments	19,730,300	1.98%
3. Basham, John R. II, Connie L.	Apartments	19,193,690	1.92%
4. McCormick Place LLC	Apartments	17,851,110	1.79%
5. State Farm Mutual Auto Ins. Co	Regional Claims Center	17,681,390	1.77%
6. B and L LLC	Apartments	17,243,200	1.73%
7. KFM Purdue LLC	Apartments	16,332,940	1.64%
8. Weida, Jerry M., Patti A.	Apartments	13,470,800	1.35%
9. Bioanalytical Systems Inc	Biomedical	13,251,210	1.33%
10. Great Lakes Chemical Corporation	Chemicals	11,019,670	1.10%
Total of Top Ten Taxpayers		<u>\$ 179,178,310</u>	<u>17.96%</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. Wal-Mart	Retail Store	450
4. Bionanalytical Systems Inc.	Biotechnology	350
5. Great Lakes Chemical	Corporate Office/R&D	275
6. City of West Lafayette	Municipal Government	200
7. West Lafayette School Corporation	K-12 Education	177
8. Pay Less Supermarket	Grocery Store	150
9. Purdue Employees Federal Credit Union	Credit Union	143
10. Marsh Supermarket	Grocery Store	140
Total of Top Ten Employers		<u>16,408</u>

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

* A portion of the campus is located outside the 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				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	Percent Change	Average Building Cost		
2005	168	\$ 17,693,534	242	\$ 15,480,488	410	\$ 33,174,022	-32.27%	\$ 80,912	\$ 380,505	\$ 209,939
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	*

* 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.