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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FISCAL YEAR ENDED DECEMBER 31, 2018

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CITY OF LAFAYETTE, INDIANA

Tony Roswarski, Mayor  
Michael Jones, City Controller  
Timothy Clary, Deputy Controller  
Cindy Murray, Clerk

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2018

CITY OF LAFAYETTE, INDIANA

Prepared by the Office of the City Controller

# **INTRODUCTORY SECTION**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018

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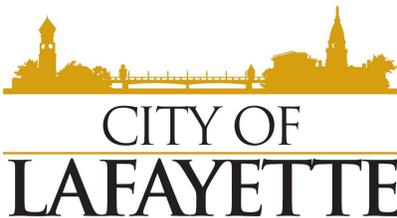
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Lafayette, IN 47901



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TONY ROSWARSKI, MAYOR

THE OFFICE OF THE CONTROLLER

June 25, 2019

The Honorable Tony Roswarski, Mayor of the City of Lafayette  
Members of the City of Lafayette Common Council  
Residents of the City of Lafayette:

The comprehensive annual financial report (CAFR) of the City of Lafayette, Indiana (the "City") for the year ended December 31, 2018 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the City's various funds. The CAFR includes all disclosures needed for the reader to gain an understanding of the government's financial activities.

Generally Accepted Accounting Principles (GAAP) requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the 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 City of Lafayette's MD&A can be found immediately following the independent auditor's report.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-Profit Organizations, the provisions of Indiana Code section 5-11-1-9 and the Indiana State Board of Accounts requirements. Information related to the single audit, including the schedule of federal financial assistance, findings and recommendations, and the auditors' reports on the internal controls and compliance with applicable laws and regulations, is provided separately. The following section of this transmittal letter begins with a general overview of Lafayette and the surrounding area. It also summarizes the City's required key financial, budgetary and property tax controls. The remainder of this letter covers a discussion of the prior year's activities, the City's goals and objectives for this year and beyond, and other key issues the City is facing along with the impact those issues may have on future budgets.

# CITY OF LAFAYETTE CAFR

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## City Profile

The City of Lafayette serves as the county seat of Tippecanoe County, Indiana. Lafayette has approximately 75,000 residents and roughly 32,000 live in nearby West Lafayette, Indiana. The City sits alongside Interstate 65, 62 miles north of downtown Indianapolis and 120 miles from Chicago. Indiana statutes classify the City as a “City of Second Class” (cities with a population of 35,000 to 250,000). The City of Lafayette operates with a Mayor as chief executive and a nine-member City Common Council, composed of six members elected from districts and three members elected at-large.

The City provides a wide range of services to its citizens. These services include: police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreational activities; and cultural events. The City also oversees the Lafayette Wastewater Utility, the Lafayette Water Utility, the Lafayette Economic Development Commission, and the Lafayette Redevelopment Commission and Authority.

## Economic Environment

As one of the fastest growing areas of Indiana, Lafayette has benefited from years of strong economic leadership both private and public. Lafayette is known for its diverse economy with advanced manufacturing as its leading sector but also knowledge-based businesses many of which have ties to nearby Purdue University and Ivy Tech Community College. Situated just an hour from the state capital Indianapolis and two hours from Chicago, Lafayette feeds from, and to, these economic generators. With this and record low employment, Lafayette residents enjoy a high quality of life, but a low cost of living including affordable housing and high performing schools with abundant education choices.

Advanced manufacturing is the engine for the local economy with many companies calling Lafayette home. Subaru of Indiana America (SIA), who made their first overseas investment here in Lafayette in 1986, has now grown to be one of the fastest growing auto companies in the world and the only car company to gain market share during the previous economic downturn with a record setting month over month increase in sales that is still on-going. Over the last few years, SIA has invested over \$1 billion in capital investment, increased their capacity for production more than three times and added car lines such as the Impreza and the Ascent, which are now built in Lafayette and shipped around the world. They have added more than 1,200 jobs recently with over 6,000 associates overall.

Many suppliers are locating in the area to be close to their customer such as SIA, including Heartland Automotive with over 225 employees that recently made additional capital investments in 2018; Toyota Tsusho with a \$6 million investment and a new 350,000 sq. ft. warehouse facility opening in 2019 and Sanoh America among others.

## CITY OF LAFAYETTE CAFR

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Like SIA, Nanshan Aluminum Co. made their first foreign investment outside of its home base of China in Lafayette. Nanshan's aluminum extrusion facility is a \$150 million complex that employs over 200. Other advanced and next generation manufacturers include GE Aviation making the LEAP aircraft engine. GE has made an investment of over \$160 million in Lafayette employing over 200 and growing with a company backlog of product orders in excess of \$30 billion. One of veteran mainstay employers of Lafayette, Arconic, formerly Alcoa, has added a lithium alloy division catering to the aircraft industry with 75 new employees and most recently investing in a \$30 million press and equipment adding another 26 employees.

Companies like Arconic that have made Lafayette home for decades as well as others such as Tate & Lyle and Wabash National, the world's leading truck trailer manufacturer, and continue to thrive by expanding their market share, making additional capital investments and adding jobs to their growing workforce. Like SIA, Wabash National is attracting its suppliers to locate here such as TK Graphics, Crossroads Galvanizing, Thermoking and others creating hundreds of jobs and millions in capital investment. Caterpillar Logistics completed construction on their new facility on the east side of Lafayette. They invested \$10 million for a new warehouse and logistics facility to support the Caterpillar large engine plant just a ½ mile away. Locally owned manufacturers continue to grow and prosper such as Kirby Risk which supplies companies worldwide including Caterpillar and John Deere among others and is making a \$6 million investment in their third building expansion with employment climbing to nearly 400.

Tech and innovation is being supported by MatchBOX Coworking Studio which hosts 275 members (a record and still growing) from tech and innovation startups as well as traditional companies. These members represent 150 businesses with many that have ties to Purdue University or are commercializing Purdue intellectual property. Some companies are growing and graduating from the facility and locating in the Lafayette area. Other tech related startups such as Passageways announced the hiring of 25 new employees in downtown Lafayette and have over 50 employees presently.

Downtown is seeing new investment as a destination for commerce and living. The newest project is the Marq, a \$25 million mixed use project on 2<sup>nd</sup> Street which will house the regional headquarters of Old National Bank, a 142 space parking garage, 4,000 sq. ft. of commercial space and 99 luxury apartments. Complete as of last fall, it is on track to be fully leased soon.

Star Crossing, a \$12 million mixed use development with 77 apartments, 7,900 sq. ft. of commercial space and 70 in-door parking stalls is under construction and slated for a spring 2020 opening. Several historic landmark buildings are finding new lives as adaptive reuse projects such as the former Journal & Courier buildings now housing 56 units of rental apartments and first floor commercial space and the Haywood Printing building slated for reuse with first floor commercial and 20 rental units. Other developers are looking to construct similar projects in and around the downtown on at least four additional sites.

## CITY OF LAFAYETTE CAFR

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With the Marq, the City of Lafayette has been making significant investments totaling over \$15 million in streetscape improvements for an enhanced pedestrian and consumer experience as well as public art including murals, sculptures and performances to add interest and vibrancy to downtown. For 2019 through 2021, the City of Lafayette is planning an additional \$7.5 million of streetscape investment to complete other important areas such as Main Street and others. Other notable projects downtown include the adaptive reuse of the former Re/Max building into 24 rental apartments and the S. 4<sup>th</sup> Street brownstone townhomes with 12 units of upscale luxury apartments. With its many events, festivals, farmers market and unique retail, restaurant and entertainment venues, downtown is a work, live, play and investment destination.

As the new Marq building neared completion, Lafayette broke ground on its first major project through the Wabash River Enhancement Corporation for development of the Wabash River Corridor. The Riverfront Promenade will be a pedestrian walkway and overlook that will connect citizens and visitors to the Wabash River. A Riverfront Promenade represents a \$3 million investment that is the precursor for millions more to come.

The northern and southern phases of Sagamore Parkway are now complete. This roadway serves as the main thoroughfare in Lafayette and in total was a more than a \$30 million investment in critical infrastructure to support the local economy. Other recent major capital improvements include Greenbush Street, the Myers Pedestrian Bridge, renovations to Riehle Plaza, and South 18<sup>th</sup> Street. The City of Lafayette also completed renovations to the Long Center, the Big 4 Depot and improvements to the City Parking Garage. The total capital investment in these projects and others in the last two years was over \$600 million.

State of the art and robust infrastructure from telecommunications such as fiber to the premise for high speed internet access to modern and well maintained roads and streets to the pipes and conveyances underground support economic development, jobs and investment. As a partner with the newly created Wabash Heartland Innovation Network (WHIN), Lafayette with Tippecanoe County has joined with nine surrounding counties to position the region as the epicenter for the internet of things (IoT) in next generation manufacturing and digital agriculture. An ambitious plan, it is being funded by a nearly \$40M grant from the Lilly Endowment and its major partners include Purdue University and Ivy Tech Community College.

Significant community and civic centers anchor the city and contribute to its success by providing services, recreation and development for the community. In 2018, the Northend Community Center opened to serve the north end of Lafayette with comprehensive recreational, meeting and social service space. A \$15M project, it has over a dozen partners that provide services for infants to senior citizens in a variety of ways to help all reach and attain their potential. In addition, a new regional YMCA was opened which is a \$25 million complex on the Ivy Tech Community College Campus as part of its Intersection Connection initiative to link health, wellness and education. The

# CITY OF LAFAYETTE CAFR

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YMCA is one of a kind in that it features among Y's a record setting six major partners that include a presence by two hospitals, Junior Achievement and others. Lastly, Greater Lafayette Commerce, our area's business and development arm, created a long-term strategic plan and implemented a \$2 million capital campaign that added additional staff and renovated its base of operations to provide more services and programs for business, economic and workforce development.

The City of Lafayette has the capacity to meet the needs of business now and in the future. Lafayette and its partners such as Greater Lafayette Commerce work closely with the Indiana Economic Development Corporation on leads and prospects as well as designating sites as "shovel ready" to minimize the time it takes for a company to break ground, build and operate. Lafayette's workforce draws from a seven county region and workers have many resources through Ivy Tech Community College and Purdue University to keep their skills current or seek advancement.

Lafayette and the surrounding area has a high quality of life that is attractive to companies and citizens alike. Lafayette boasts a great parks system, with a zoo, waterpark, and a baseball stadium that will be completely rebuilt in the coming years and more. The new stadium is a \$28 million investment that will not only house baseball with the Frontier League but will be a multi-use event space for other sporting activities, concerts and entertainment. More than \$10 million in total is being invested in Columbian Park for key parts of its Master Plan including upgrades to Tropicanae Cove including new water slides; penguin and other animal exhibits; an indoor carousel and many other attractions and improvements. Lafayette is adding more multi-use trails throughout the city with more 30 miles presently. All told, Lafayette is a thriving, growing destination for commerce with a robust outlook for economic development.

## **Financial, Internal, Budgetary and Property Tax Controls**

Management of the City is responsible for establishing and maintaining an internal control structure. The structure is designed to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is also designed to provide reasonable assurances that these following two objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe that the City's internal controls reasonably safeguard assets, assure that financial transactions are properly recorded and reported, and ensure compliance with applicable federal and state laws and regulations.

In accordance with Indiana statutes, the City maintains budgetary controls integrated within the accounting system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget (prepared on a cash basis) which is adopted by the Common Council or Redevelopment Commission (depending on the fund) and then reviewed and approved by the State of

## CITY OF LAFAYETTE CAFR

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Indiana Department of Local Government Finance (DLGF). Activities of the general fund, special revenue funds, capital projects funds, enterprise funds, internal service funds and pension trust funds are included in the annual budget. The level of budgetary control is established by major budget classification within funds. The Mayor and Common Council may transfer appropriations from one major budget classification to another within a department by ordinance as long as the total appropriations for that fund are not exceeded. Additional appropriations in excess of the original budget must be approved by the Mayor and Common Council and are also submitted to the DLGF for either approval or acknowledgment. Additional appropriations for funds approved by the Redevelopment Commission do not require DLGF approval. Beginning in budget year 2009, the City must also submit its annual budget to the Tippecanoe County Common Council for a non-binding review and recommendation. The deadline for adoption of the annual budget is November 1. The city's fiscal year begins on January 1.

In addition to budgetary and other controls established by Indiana Statute, the City must operate within specific and rigid controls governing the amount of property tax it may levy. The property tax control program, which began in 1973, limits the amount of property tax that may be levied by each unit of government in its legally budgeted funds. The total amount of property tax levied by the unit may increase by the six year average annual growth in Indiana non-farm income, as calculated by the U.S. Bureau of Economic Analysis, with a maximum of 6%.

During March 2008, the State of Indiana General Assembly enacted property tax reform legislation which made significant changes in the property tax system by capping the amount of property taxes at 1% of grossed assessed value for residential homesteads, 2% for agricultural/rental properties and 3% for all other real and personal property. This legislation was phased in over a two year period beginning in 2009. The loss of revenue to the City due to this legislation has been offset by cost savings and the adoption of local option income taxes in order to continue providing essential City services, including police and fire protection.

# CITY OF LAFAYETTE CAFR

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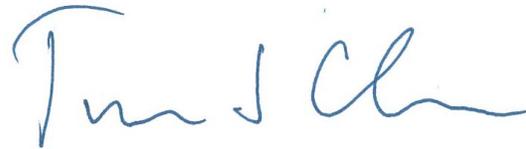
## Acknowledgements

The preparation of the Comprehensive Annual Financial Report (CAFR) was made possible by the dedicated service of the City's departmental fiscal officers and the staff of the Controller's Department. Without the leadership of Mayor Tony Roswarski and the City Department Heads, preparation of this report would not have been possible.

Sincerely,



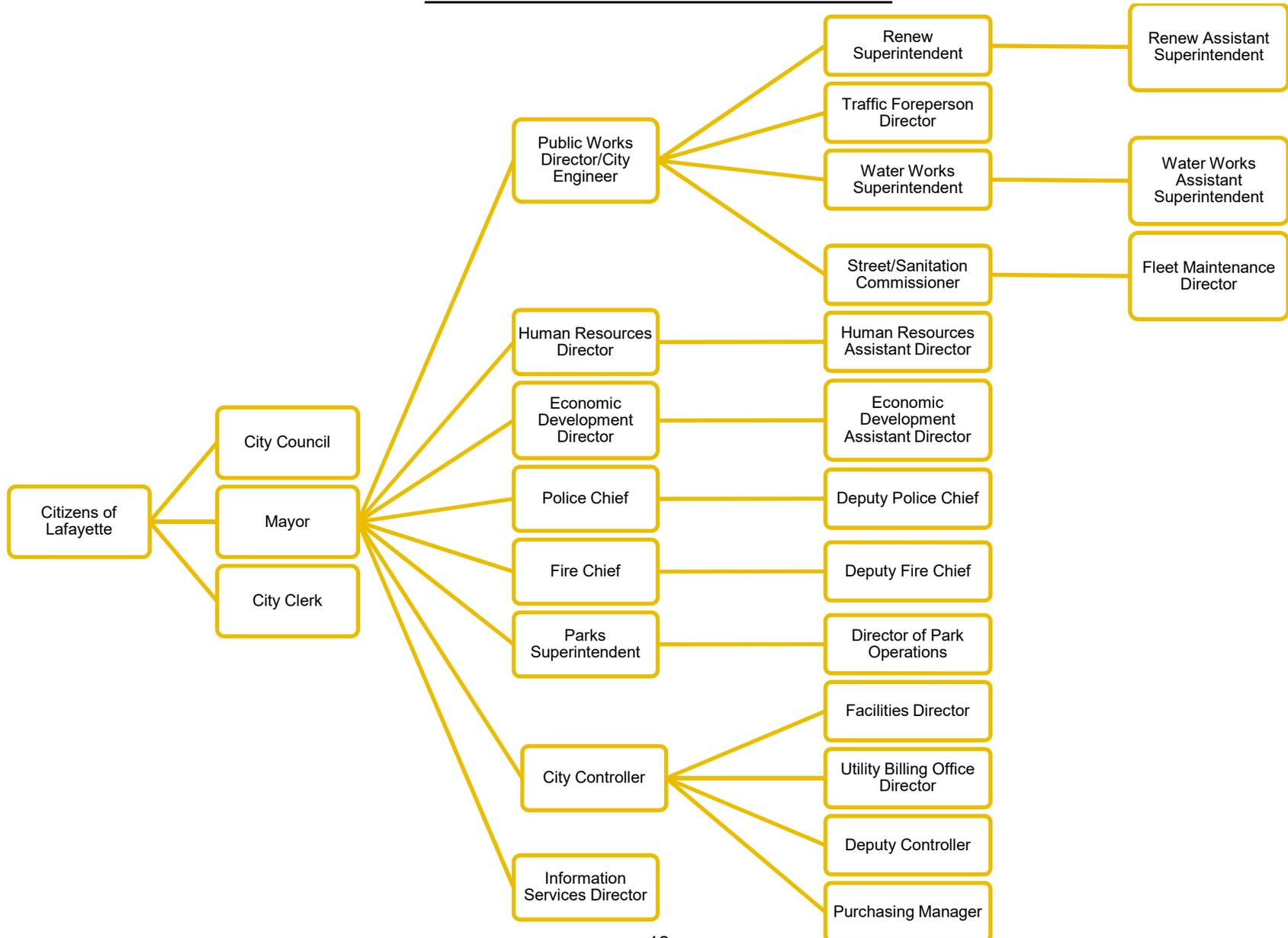
J. Michael Jones  
City Controller



Timothy J. Clary, CPA  
Deputy City Controller



ORGANIZATION OF CITY GOVERNMENT





**Listing of Elected Officials  
December 31, 2018**

<b>Name</b>	<b>Office</b>	<b>Years of Service</b>	<b>Current Term</b>
Tony Roswarski	Mayor	Fifteen Years	1/1/2016- 12/31/2019
Cindy Murray	City Clerk	Fifteen Years	1/1/2016- 12/31/2019

**Listing of City Councilors  
December 31, 2018**

<b>Name</b>	<b>Position</b>	<b>District</b>	<b>Current Term</b>
Jerry Reynolds	City Councilor	District 1	1/1/2016- 12/31/2019
Ronald B. Campbell	President	District 2	1/1/2016- 12/31/2019
Perry E. Brown	City Councilor	District 3	1/1/2016- 12/31/2019
Lauren Ahlersmeyer	City Councilor	District 4	1/1/2016- 12/31/2019
Melissa Williamson	City Councilor	District 5	1/1/2016- 12/31/2019
Bob Downing	City Councilor	District 6	1/1/2016- 12/31/2019
Lon Heide	City Councilor	At-Large	1/1/2016- 12/31/2019
Kevin Klinker	City Councilor	At-Large	1/1/2016- 12/31/2019
Nancy Nargi	City Councilor	At-Large	1/1/2016- 12/31/2019



**Listing of Appointed Positions  
December 31, 2018**

<b>Name</b>	<b>Position</b>
Pat Flannelly	Police Chief
Richard Doyle	Fire Chief
J. Michael Jones	Controller
Timothy J. Clary	Deputy Controller
Andy Milam	Director of Information Technology
Jeromy Grenard	City Engineer
Dennis H. Carson	Director of Economic Development
Claudine Laufman	Director of Parks and Recreation
Dan Crowell	Street Commissioner
Tim Bullis	Fleet Superintendent
Brad Talley	Renew Superintendent
Kerry Smith	Water Superintendent
Mark Gick	Building Commissioner
Jason Pierce	Facilities Director
Amy Douglas	Utility Billing Director
Tim Detzner	Urban Forester
Aaron Dobrin	Police Pension Secretary
John Gullion	Fire Pension Secretary



**Boards, Commissions, and Committees  
December 31, 2018**

**Board of Public Works &  
Safety**

Gary Henriott  
Cindy Murray  
Ron Shriner  
Norm Childress  
Amy Moulton

**Board of Parks &  
Recreation**

Maurice Denney  
Patricia Cory  
Dave Mecklenburg  
John Ragan

**Redevelopment  
Commission**

Don Teder  
Jim Terry  
Jos Holman  
T.J. Thieme  
Randy Bond  
Shelly Henriott

**Redevelopment Authority**

Rick Davis  
Erin Easter  
Amy Moulton

**Board of Zoning Appeals**

Jackson Bogan  
Dave Williams  
Jake Gray  
David Lahr  
Tracy Walder

**Parking Commission**

John Christodoulakis  
Ken McCammon  
Andrew Muffet  
Cindy Murray  
Will Carpenter  
Jeromy Grenard

**Economic Development  
Commission**

David Bathe  
Sarah Schwarz  
Steve Snyder  
Scott Walker  
Dave Zimmerman

**Human Relations  
Commission**

Chad Aldridge  
Mary Alyce Bolinger  
Susan Brouillette  
Michelle Reynolds  
Joel Wright  
Kara Boyles  
Clifford Cox  
Cassie Wade  
Stephen Smith

**Tree Advisory Committee**

Chris Brown  
Ron Campbell  
Tim Detzner  
Dan Dunten  
Andy Fristoe  
Greg Shaner  
Tracy Walder

**Urban Enterprise  
Association**

Dennis Carson  
David Bluestein  
Michael L. Gibson  
Lon Heide  
Sheila Klinker  
Jim MacDonald  
Jackie Montinero  
Kathryn Oreovicz  
Dave Williams  
Scott Walker

**Housing Authority**

Maurice Denney  
Kathy Fish  
John Hatter  
Donna Osborn  
Bob Smeltz  
Julie Sumrall  
Charles Wu

**Historic Preservation  
Commission**

John Burns  
Julie Ginn  
Sean Lutes  
Amy Paget  
Shawna McCully  
Patti Morgan  
Glen Vick  
Kurt Wahl

# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lafayette (City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matters**

As discussed in Note IV.I. to the financial statements, the City has elected to change its method of accounting and financial reporting for its single employer pension plans to GASB 73, Accounting and Financial Reporting for Pension and Related Assets, for the year ended December 31, 2018. The City also adopted new accounting guidance GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. Our opinion is not modified with respect to these matters.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule - General Fund, Budgetary Comparison Schedules - Major Special Revenue Funds, Schedules of the City's Proportionate Share of the Net Pension Liability, Schedules of Changes in the City's Net Pension Liability and Related Ratios, Schedules of City Contributions, Schedule of Employer Contributions, Schedule of Net OPEB Liability, and Schedule of Changes in OPEB Liability, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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 Introductory Section, Schedules of Expenditures-Budget and Actual, Combining Balance Sheets, Combining Statements of Revenues, Expenditures and Changes in Fund Balances, Combining Statements of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, Combining Statement of Cash Flows, Combining Statement of Changes in Net Position, Budgetary Comparison Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

The Schedule of Expenditures-Budget and Actual, Combining Balance Sheets, Combining Statements of Revenues, Expenditures and Changes in Fund Balances, Combining Statements of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, Combining Statement of Cash Flows, Combining Statement of Changes in Net Position, and Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures-Budget and Actual, Combining Balance Sheets, Combining Statements of Revenues, Expenditures and Changes in Fund Balances, Combining Statements of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, Combining Statement of Cash Flows, Combining Statement of Changes in Net Position, and Budgetary Comparison Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

  
Paul D. Joyce, CPA  
State Examiner

June 25, 2019



## MANAGEMENT DISCUSSION AND ANALYSIS

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The Management of the City of Lafayette, Indiana (“City”) provides herewith this Management Discussion & Analysis (“MD&A”) of the financial activities and the general condition of the City for the fiscal year (“FY”) ended December 31, 2018.

Readers of the information contained within this MD&A, and any opinions and statements derived therein, should be considered as part of the greater whole of the financial statement, notes to the financial statements, supplemental information and letter of transmittal, as contained within this Comprehensive Annual Financial Report (“CAFR”).

The City provides a full range of governmental services to its citizens and neighbors. Services include: general government administration, public safety, street and sidewalk construction and maintenance, and stewardship of parks and recreation properties. The City also provides water, wastewater and parking services to residents within the City’s boundaries. City operations also include the Lafayette Redevelopment Authority, a blended component unit.

### **Financial Highlights**

- Government wide net position was \$370,330,707 as of December 31, 2018, an increase of \$17,926,560 or 5.1% over FY 2017.
- Governmental Activity net position was \$179,425,706 as of December 31, 2018.
- Governmental Activity net position increased \$7,084,642 or 4.1% in FY 2018.
- Business-type activity net position was \$190,905,001 as of December 31, 2018.
- Business-type activity net position increased \$10,841,918 or 6.0% in FY 2018.
- Government wide assets as of December 31, 2018 were \$673,570,573, an increase of \$34,357,691 or 5.4% as compared to December 31, 2017.
- Government wide deferred outflows were \$5,116,731 as of December 31, 2018, as compared to \$10,916,238 as of December 31, 2017.
- Government wide liabilities were \$299,598,722 as of December 31, 2018, as compared to \$288,941,645 as of December 31, 2017.
- Government wide deferred inflows were \$8,757,875 as of December 31, 2018, as compared to \$8,783,327 as of December 31, 2017.
- Government wide Revenue totaled \$131,555,918 in FY 2018, an increase of \$7,619,948 or 6.2% as compared to FY 2017.

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

- Government wide Expenses totaled \$107,586,897 in FY 2018 compared to \$108,487,263 in FY 2017 a decrease of 0.8%.

Explanatory commentary concerning the changes in assets, liabilities, revenues and expenditures can be found in later sections of this MD&A.

### **Overview of the Financial Statements**

This discussion and analysis is an introduction to the City's basic financial statements. The City of Lafayette's financial statements are comprised of three components: (1) government wide statements (2) fund financial statements and (3) notes to the financial statements. This report also includes other information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances using accrual based accounting, a method of accounting utilized by private sector companies.

- **Statement of Net Position** - This statement reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City of Lafayette as of December 31, 2018. The net difference between total assets and deferred outflows less total liabilities and deferred inflows is reported as "net position," and can generally be thought of as the net worth of the City and its various subdivisions. Increases in net position generally indicate an improvement in financial position whereas decreases in net position may indicate a deterioration of financial position.
- **Statement of Activities** - This statement serves in place of the traditional income statement. It provides aggregated reporting of the results of all activities of the City for the year ended December 31, 2018. Changes in net position are recorded in the period in which the underlying event takes place, which may differ significantly from the period in which cash is received or disbursed. The statement of activities displays the expenses of the City's various programs net of the related revenues, as well as a separate presentation of revenue available for general purposes including property taxes, fees for services, and other miscellaneous revenue sources.

The government wide financial statements distinguish between functions of the City that are primarily supported by taxes and intergovernmental revenue (hereinafter referred to as "governmental activities") and other functions and services of the government that are intended to recover all or the majority of their costs through user fees and charges (hereinafter referred to as "business type activities"). The major government activities of the City include: general administration, public safety, road construction and

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

maintenance, parks and recreation, and community development services consisting of planning, zoning, and other engineering functions. The business-type activities of the City include: water, wastewater, parking and section 108 services.

### **Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been earmarked for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be separated into three classifications: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds** - Governmental funds are used to account for the functions reported as governmental activities in the government wide financial statements. However, unlike government wide financial statements, governmental fund statements focus on discrete inflows and outflows of liquid resources, as well as balances of liquid resources available at the end of each reporting period. This information is useful in evaluation of the government's immediate financing requirements. Governmental funds use a modified accrual accounting methodology. Major Governmental funds are comprised of the General, Motor Vehicle Highway, Economic Development Income Tax (EDIT), Park Bond, Thoroughfare, Redevelopment Authority and TIF Creasy Central Consolidated funds.
- **Proprietary Funds** - The City of Lafayette maintains two types of proprietary funds: enterprise and internal service.
  - Enterprise Funds are utilized to report the same functions as business type activities in the government wide financial statements. The City maintains four (4) enterprise funds. The Water Utility and Wastewater Utility funds are considered major enterprise funds of the City. Information is presented separately for these funds in the Statement of Net Position, and in the Statement of Revenues, Expenses and Changes in Net Position of Proprietary Funds. The Parking Operations and Community Dev Blk Grant (LHR) funds are non-major enterprise funds. Detail schedules for Parking Operations and the Community Dev Blk Grant (LHR) funds are presented in combining statements.
  - Internal service funds are used to accumulate and allocate costs internally among the City's various functions and funds. The City uses a self-funded liability insurance program for workman's compensation and unemployment compensation claims. Inventory and purchasing is allocated on a department cost-reimbursement basis. Because these services

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements but are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data internal service funds is provided in the form of combining statements elsewhere in the report.

### **Fiduciary Funds**

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds 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 accounting used for fiduciary funds is much like that used for proprietary funds. The City reports one Agency Fund which accounts for the payroll and insurance withholdings held by the City as an agent for the federal and state governments, as well as various employee insurance deductions and two Pension Trust Funds, which accounts for activities related to the 1925 Police Pension Plan and the 1937 Firefighters Pension Plan.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential in order to have full comprehension of the data and financial statements included in this report. The notes to the basic financial statements can be found immediately following the Fund Financial Statements and prior to the Required Supplementary Information in this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes and disclosures, this CAFR report presents supplementary information. The combining statements referred to earlier in connection with non-major governmental, enterprise, internal service, and fiduciary funds are presented in Other Supplementary Information, following Notes to the Financial Statements and Required Supplementary Information sections of the CAFR report.

### **Government-wide Financial Analysis**

The following analysis focuses on the statement of net position and the statement of changes in net position for both the City's government and business type activities. At the close of 2018, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$370,330,707 for the City as a whole. The City's net investment in capital assets, including equipment and infrastructure less any related outstanding debt utilized to acquire or build said assets, comprised \$363,161,032 or 98% of this total net position. The City places these capital assets into service in order to

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

provide benefits and governmental services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be liquidated to fund these liabilities.

The following table reflects the condensed Statement of Net Position:

CITY OF LAFAYETTE  
NET POSITION  
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 49,835	\$ 45,252	\$ 94,434	\$ 89,474	\$ 144,269	\$ 134,726
Capital assets (net)	<u>254,439</u>	<u>248,580</u>	<u>274,863</u>	<u>255,908</u>	<u>529,302</u>	<u>504,488</u>
<b>Total assets</b>	<u>304,274</u>	<u>293,832</u>	<u>369,297</u>	<u>345,382</u>	<u>673,571</u>	<u>639,214</u>
Deferred outflows	<u>4,593</u>	<u>9,375</u>	<u>524</u>	<u>1,541</u>	<u>5,117</u>	<u>10,916</u>
Current liabilities	14,794	17,668	11,695	10,157	26,489	27,825
Noncurrent liabilities	<u>108,098</u>	<u>106,839</u>	<u>165,012</u>	<u>160,320</u>	<u>273,110</u>	<u>267,159</u>
<b>Total liabilities</b>	<u>122,892</u>	<u>124,507</u>	<u>176,707</u>	<u>170,477</u>	<u>299,599</u>	<u>294,984</u>
Deferred inflows	<u>6,549</u>	<u>8,373</u>	<u>2,209</u>	<u>410</u>	<u>8,758</u>	<u>8,783</u>
<b>Net position</b>	<u>\$ 179,426</u>	<u>\$ 170,327</u>	<u>\$ 190,905</u>	<u>\$ 176,036</u>	<u>\$ 370,331</u>	<u>\$ 346,363</u>
Net Investment in Capital Assets	\$ 209,965	\$ 200,313	\$ 153,196	\$ 104,409	\$ 363,161	\$ 304,722
Restricted	6,195	6,014	44,714	46,957	50,909	52,971
Unrestricted	<u>(36,734)</u>	<u>(33,986)</u>	<u>(7,005)</u>	<u>28,697</u>	<u>(43,739)</u>	<u>(5,289)</u>
<b>Total net position</b>	<u>\$ 179,426</u>	<u>\$ 172,341</u>	<u>\$ 190,905</u>	<u>\$ 180,063</u>	<u>\$ 370,331</u>	<u>\$ 352,404</u>

A portion of the City's net position, approximately 13.7% in FY 2018, represents resources that are subject to external restrictions and are therefore not available for general activities. At the close of fiscal year 2018, the City is able to report a positive net position for governmental activities, business-type activities, and government-wide activities. In 2018, the government-wide net position increased by \$17,926,560 or 5.1%.

The following table reflects the condensed Statement of Changes in Net Position:

**CITY OF LAFAYETTE**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2018  
(Continued)

CITY OF LAFAYETTE  
**CHANGES IN NET POSITION**  
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,992	\$ 1,892	\$ 47,282	\$ 43,500	\$ 49,274	\$ 45,392
Operating grants and contributions	1,730	1,546	-	-	1,730	1,546
Capital grants and contributions	3,054	4,723	1,163	1,167	4,217	5,890
General revenues:						
Property taxes	46,268	44,345	-	-	46,268	44,345
Intergovernmental revenues	23,446	21,539	-	-	23,446	21,539
Payment in lieu of taxes	2,503	1,930	-	-	2,503	1,930
Investment earnings	358	122	875	322	1,233	444
Other	2,635	2,652	249	198	2,884	2,850
<b>Total revenues</b>	<b>81,986</b>	<b>78,749</b>	<b>49,569</b>	<b>45,187</b>	<b>131,555</b>	<b>123,936</b>
<b>Expenses:</b>						
General government	3,999	5,373	-	-	3,999	5,373
Public safety	32,164	34,115	-	-	32,164	34,115
Highways and streets	12,028	9,771	-	-	12,028	9,771
Sanitation	2,722	2,477	-	-	2,722	2,477
Culture and recreation	6,684	5,825	-	-	6,684	5,825
Economic development	15,349	17,140	-	-	15,349	17,140
Water Utility	-	-	9,780	8,723	9,780	8,723
Wastewater Utility	-	-	24,383	24,635	24,383	24,635
Parking Operations	-	-	459	385	459	385
Community Dev Blk Grant (LHR)	-	-	18	43	18	43
<b>Total expenses</b>	<b>72,946</b>	<b>74,701</b>	<b>34,640</b>	<b>33,786</b>	<b>107,586</b>	<b>108,487</b>
Transfers	59	-	(59)	-	-	-
<b>Change in net position</b>	<b>9,099</b>	<b>4,048</b>	<b>14,870</b>	<b>11,401</b>	<b>23,969</b>	<b>15,449</b>
Net position, January 1	172,341	168,293	180,063	168,662	352,404	336,955
Prior period adjustment	(2,014)	-	(4,028)	-	(6,042)	-
<b>Net position -- December 31st</b>	<b>\$ 179,426</b>	<b>\$ 172,341</b>	<b>\$ 190,905</b>	<b>\$ 180,063</b>	<b>\$ 370,331</b>	<b>\$ 352,404</b>

**Governmental Activities**

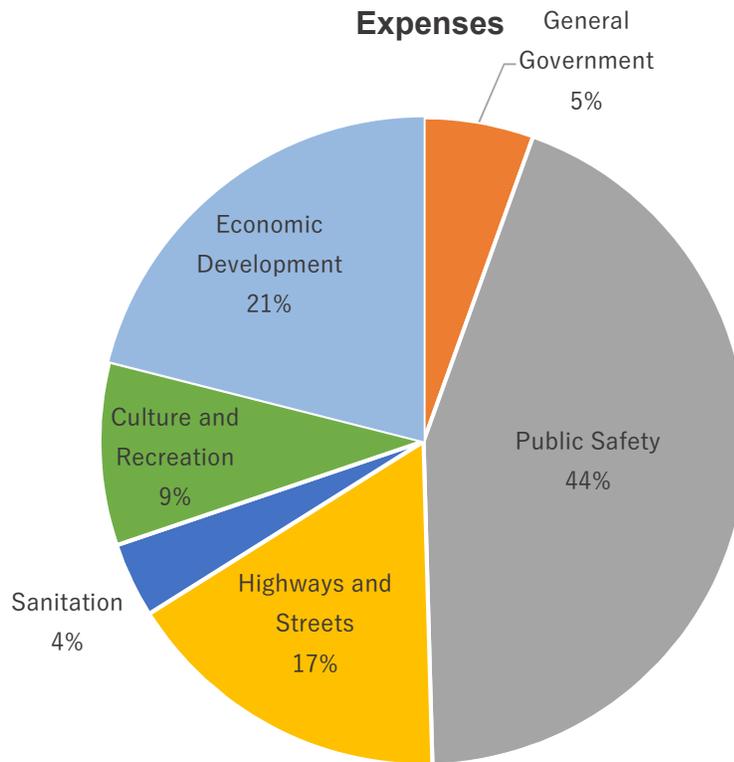
Governmental Activities increased the City's net position by \$7,084,642 in 2018. General Property and Other Tax revenue received represented 56.4% of total Governmental revenues. Charges for services totaled \$1,991,729 in 2018, representing 2.4% of total Governmental revenues. Expenses totaled \$72,946,115 for Governmental activities.

Key factors leading to the increase in the City's net position were an increase in general property and other tax revenue of approximately \$1.9 million and an increase in other

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

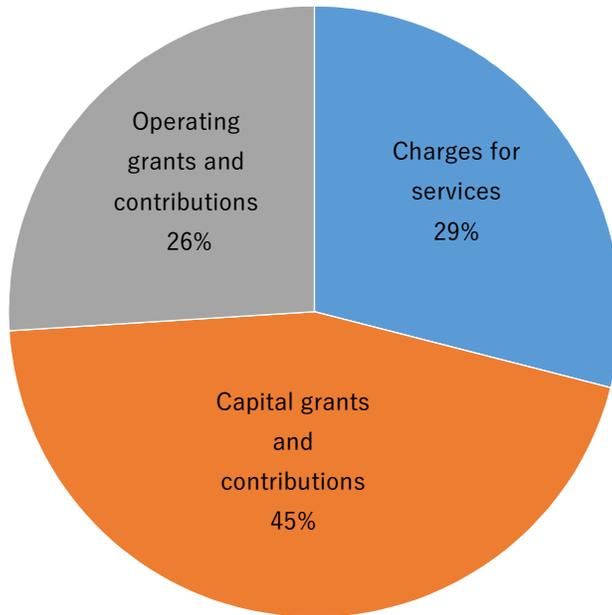
revenues of approximately \$1.4 million, combined with reduced expenditures on economic development, public safety and general government.

The following chart displays the Expenses and Program Revenues by function for the Government- wide Activities for the City of Lafayette.



CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

**Program Revenues**

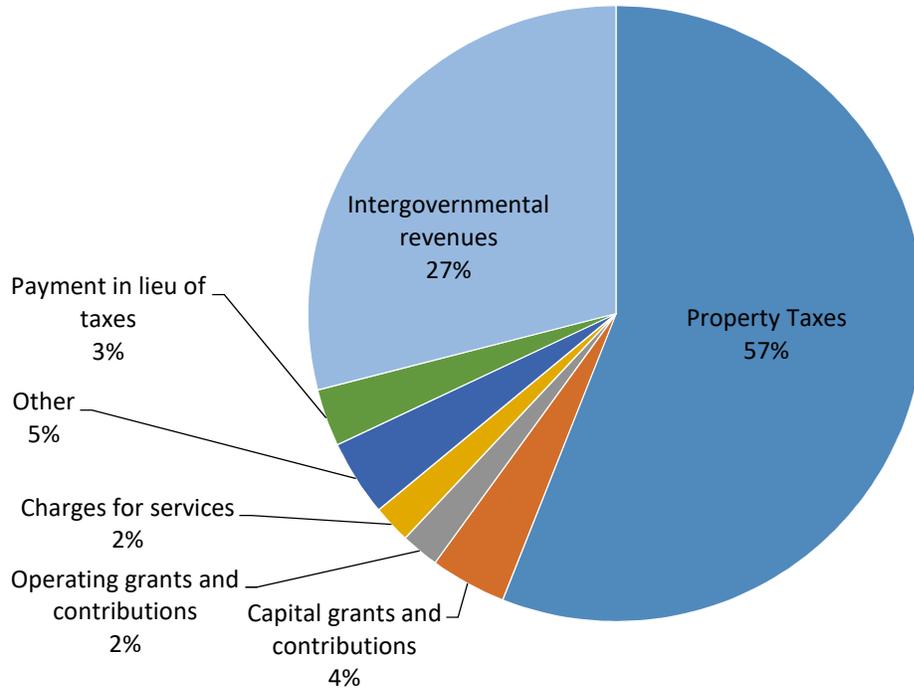


**Expenses & Program Revenues – Governmental Activities**

The following charts display the revenue composition for Governmental Activities Funds:

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

**Revenues By Source - Governmental Activities**



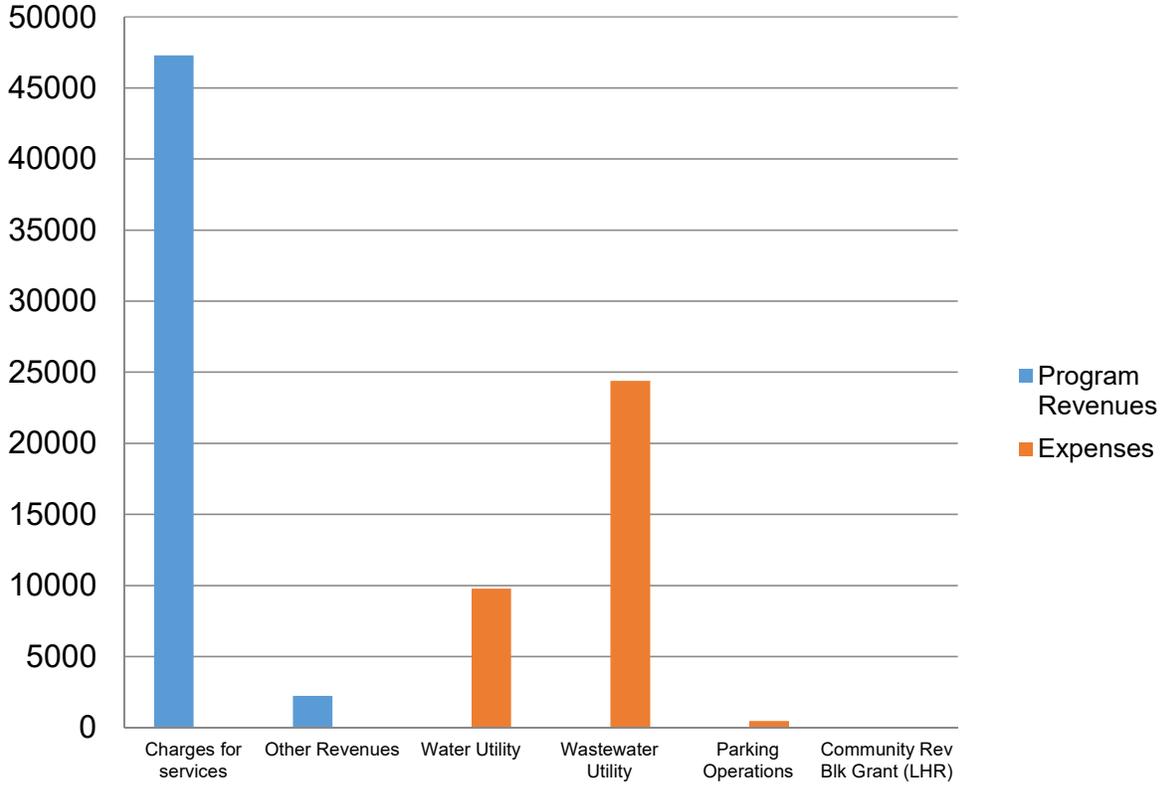
**Business-type Activities**

Business-type activities increased the City's net position \$10,841,918 in 2018 compared to an increase of \$11,400,908 for FY 2017. A key factor leading to the increase is primarily attributable to increased Water and Wastewater Utility operating revenue of approximately \$3.8 million.

The following chart illustrates the expenses and program revenues of the City's Business-type Activities for FY 2018:

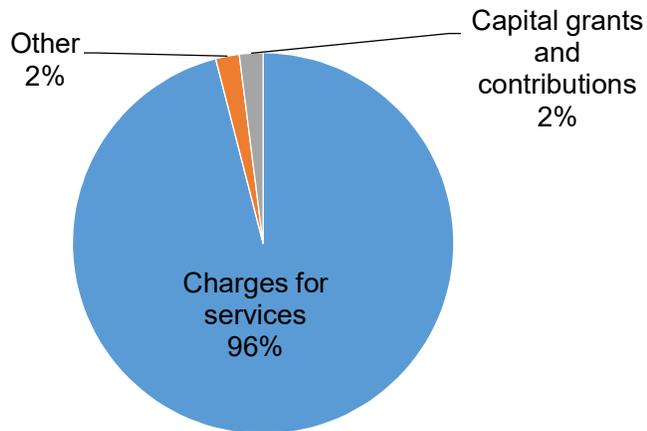
CITY OF LAFAYETTE  
 MANAGEMENT DISCUSSION AND ANALYSIS  
 For the Year Ended December 31, 2018  
 (Continued)

**Expenses & Program Revenues - Business-type Activities**  
 (amounts expressed in thousands)



The following chart displays the revenue composition for the City’s Business-type Activities for FY 2018:

**Revenues by Source - Business-type Activities**



CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

**Financial Analysis of the City's Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported total modified fund balance of \$35,592,475 an increase of 22.7% from FY 2017. The General Fund balance of \$2,058,481 comprises 5.8% of the total funds balance. As of December 31, 2018, the General Funds unassigned fund balance of \$2,058,481 represented a decrease of \$1,981,934 or 49.1% from FY 2017.

The non-major governmental fund balance of \$12,162,410 is 34.2% of total governmental fund balances and includes a restricted balance of \$5,529,783, a committed fund balance of \$176,283, and an assigned fund balance of \$6,456,344. The Motor Vehicle Highway Fund balance of \$1,854,127 is 5.2% of total governmental fund balances and the entire fund balance for this fund is restricted. The Economic Development Income Tax (EDIT) Fund balance of \$1,454,478 is 4.1% of total governmental fund balance and the entire fund balance for this fund is unassigned. The Park Bond Fund balance of \$12,316,684 comprises 34.6% of total governmental fund balances, and the entire fund balance is restricted. The Thoroughfares Fund balance of \$88,032, is 0.2% of total governmental fund balances, and the entire fund balance is restricted. The Redevelopment Authority Fund balance of \$3,306,145 is 9.3% of total governmental fund balances and the entire fund balance is restricted. The TIF Creasy Central Consolidated Fund balance of \$2,352,118 is 6.6% of total governmental fund balances and the entire fund balance for this fund is committed.

The following table reflects the fund balance for Governmental Funds:

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

CITY OF LAFAYETTE  
FUND BALANCES FOR GOVERNMENTAL FUNDS  
(amounts expressed in thousands)

	2018		2017	
General	\$ 2,059	5.8%	\$ 4,040	13.9%
Motor vehicle highway	1,854	5.2%	2,528	8.7%
EDIT	1,454	4.1%	1,171	4.0%
Park bond	12,317	34.6%	23	0.1%
Thoroughfare	88	0.2%	1,417	4.9%
Redevelopment authority	3,306	9.3%	3,431	11.8%
TIF alloc central consolidated	2,352	6.6%	4,866	16.8%
Other	12,162	34.2%	11,566	39.8%
Total governmental funds	<u>\$35,592</u>	<u>100.0%</u>	<u>\$29,042</u>	<u>100.0%</u>

As shown in the preceding table for Revenues by Source – Governmental Activities fiscal year 2018, property taxes and other local taxes accounted for 56.4% of total revenues and served as the primary sources of revenue while capital outlays, personal services and other services and charges were the largest expenditures by object classification. The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund stood at \$2,058,481. To measure the General Fund’s liquidity, it may be useful to compare the unassigned fund balance to the total fund expenditures. The total unassigned fund balance of \$2,058,481 represents 5.2% of the total General Fund expenditures in FY 2018. The total cash and investment balance of the governmental funds increased by \$6,112,502. Addition of the Park Bond fund, and the proceeds from issuance of Park bonds in 2018 brought a significant addition to the governmental funds balances, as that fund held a balance of \$12,316,684 at year end. Conversely, most other major governmental funds experienced a reduction in balance during the course of FY 2018.

**Financial Analysis of the Proprietary Funds**

The City’s proprietary funds provide the same information found in the government-wide financial statements, but in more detail. Unrestricted net position for the City’s major Proprietary Funds, the Water Utility Fund and the Wastewater Utility Fund, were \$(5,248,544) and \$35,507,179 respectfully, at the end of the fiscal year. Total net position in the Water Utility Fund increased \$478,219. In 2018, water charges for service were \$8,704,340, which exceeded operating expenses of \$7,984,410. Total net position in the Wastewater Utility Fund increased \$14,471,228. The increase in net position was

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

primarily due to increase in charges for services and reductions in operating expenses. Other business-type activities decreased the City’s net position by \$79,221. The total cash and investment balance of the business-type funds increased as debt proceeds were received by the Water Utility for system improvement construction.

**General Fund Budgetary Highlights**

The General Fund Budgetary Highlights Schedule summarizes the differences between the original expenditure budget and the final amended budget resulting in no changes in appropriation and is briefly summarized as follows:

CITY OF LAFAYETTE  
GENERAL FUND BUDGETARY HIGHLIGHTS  
(amounts expressed in thousands)

	Original	Final	Actual Budgetary Basis	Variance
Revenues	\$ 39,284	\$ 39,284	\$ 37,630	\$ (1,654)
Expenditures	39,977	39,977	39,612	365
<b>Surplus (deficit)</b>	<b>\$ (693)</b>	<b>\$ (693)</b>	<b>\$ (1,982)</b>	<b>\$ (1,289)</b>

General Fund revenue was originally budgeted at \$39,283,772 for fiscal year 2018. The budget may be increased or decreased at any time based on updated revenue projections. By closely aligning the budget with actual results, more meaningful analysis is made possible. The revenue budget was unchanged during the course of fiscal year 2018.

During 2018, the General Fund collected \$37,629,703 in revenue on a budgetary basis, which was \$1,654,069 less than the original budget. The decrease resulted from less property tax revenue than originally budgeted.

General Fund expenditures were originally budgeted at \$39,977,215 for fiscal year 2018. During the year, the General Fund expenditure budget was unchanged.

General Fund spending is reviewed on a monthly basis under the direction of the City Controller to ensure spending remains within budgetary constraints. Monthly reviews are conducted as required with General Fund department management to review spending projections to ensure that annual expenditures remain within the budgetary levels.

**Capital Asset and Debt Administration**

As of December 31, 2018, the City’s government-wide capital assets were valued at \$529,300,882 net of accumulated depreciation, an increase of \$24,813,706, or 4.9%, over

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

values on December 31, 2017. The aggregate value of capital assets related to governmental activities amounted to \$254,438,209, net of depreciation, while the aggregate value of capital assets related to business type activities totaled \$274,862,673.

Construction in Progress totaled \$169,392,018, an increase of \$32,938,895 from the prior year end, as the City continued to make significant infrastructure improvements including performance on the following projects:

- Sagamore Parkway reconstruction
- Brown Street Sewer-combined sewer overflow control plan
- Water Utility system upgrades
- Greenbush Street 4.2 MG combined sewer overflow storage tank

Capital assets in land, buildings and systems, improvements, machinery and equipment, and infrastructure including roads and highways, totaled \$359,908,865, a decrease of \$8,125,186, net of depreciation, since December 31, 2017.

At December 31, 2018, the value of Infrastructure \$210,510,205 was the major asset class, followed by Buildings \$32,290,833 and Machinery and Equipment \$30,573,333.

Total depreciation expense was \$15,143,808 for 2018, compared to \$14,561,144 for 2017. Depreciation expense was \$6,757,259 for governmental activities and \$8,386,549 for business-type activities in 2018.

The following table displays changes in the City's Capital Assets:

CITY OF LAFAYETTE  
CAPITAL ASSETS, NET OF DEPRECIATION  
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 71,330	\$ 24,972	\$ 3,153	\$ 2,529	\$ 74,483	\$ 27,501
Buildings	33,634	33,633	19,283	19,275	52,917	52,908
Improvements other than buildings	7,592	7,592	494	494	8,086	8,086
Machinery and equipment	6,577	5,989	81,022	80,388	87,599	86,377
Vehicles	18,335	17,077	5,366	5,137	23,701	22,214
Infrastructure	155,342	201,056	172,039	170,875	327,381	371,931
Construction in progress	73,013	64,491	96,379	71,962	169,392	136,453
Less: Accumulated depreciation	<u>(111,385)</u>	<u>(106,231)</u>	<u>(102,873)</u>	<u>(94,753)</u>	<u>(214,258)</u>	<u>(200,984)</u>
Total capital assets	<u>\$ 254,438</u>	<u>\$ 248,579</u>	<u>\$ 274,863</u>	<u>\$ 255,907</u>	<u>\$ 529,301</u>	<u>\$ 504,486</u>

Additional information on the City's capital assets can be found in the Notes to the Financial Statements in Note I B.

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

**Long-term debt**

At the end of the current fiscal year, the City had total long-term debt outstanding of \$56,765,014 related to governmental activities and \$160,745,010 related to business-type activities. Of this amount, \$13,234,144 is comprised of General Obligation Debt.

The following table reflects the City's long-term debt:

CITY OF LAFAYETTE  
LONG-TERM DEBT  
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 13,234	\$ 1,386	\$ -	\$ -	\$ 13,234	\$ 1,386
Capital leases	2,368	1,693	-	-	2,368	1,693
Notes & loans payable	-	-	996	1,920	996	1,920
Revenue bonds	41,163	45,187	159,749	150,433	200,912	195,620
Total long-term debt	<u>\$ 56,765</u>	<u>\$ 48,266</u>	<u>\$ 160,745</u>	<u>\$ 152,353</u>	<u>\$ 217,510</u>	<u>\$ 200,619</u>

The City's long-term debt for governmental activities increased by \$8,498,863 during FY 2018. The increase is the result of a new general obligation bond issued in 2018 in the amount of \$12,720,000. Additional information of the City's long-term debt can be found in Note I B. 10.

**Political Factors, Economic Trends and Budgets**

Property tax revenue remains the principal source of revenue for the funding of governmental activities within the City of Lafayette. Senate Bill 1 enacted in 2004 took \$3,450,000 of maximum levy from the City of Lafayette. Additionally, the State of Indiana General Assembly enacted property tax reform legislation during the 2008 session. The reforms included limiting property tax bills to 1% of gross assessed value for residential homesteads, 2% for commercial properties and 3% for all other real and personal property. Under the current system, taxable properties within the City are assessed based on market values. Each year properties are trended up or down by the County Assessor's Office. Property values are assessed by comparing properties to current sales trends in their respective neighborhoods. The property tax reforms of 2008 combined with the national housing recession has produced large "circuit breaker credits" borne by all taxing units in a district. This combination of legislation and poor market performance has produced extensive reduction in property taxes available to the City since 2010. In 2018, the City lost approximately \$2,165,737 in property tax levy due to circuit breaker credits. Since 2010 the City has realized approximately \$14,070,428 in

CITY OF LAFAYETTE  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018  
(Continued)

circuit breaker credits. As a result the City has enacted a variety of reforms and cost cutting measures. Among those measures is a Medical Trust the City joined with other Indiana Cities to provide healthcare for their employees. Originally there were 6 cities in the trust. Today the number of cities participating is 40. With strength in numbers from this cooperative group, the City can obtain more affordable healthcare coverage for its employees. The City also participates in a fuel budgeting program sponsored by the Indiana Bond Bank. Again by joining with other Indiana Cities and local government units the fuel budget has been stabilized and is not exposed to the volatility that could present itself with this commodity.

### **Economic Trends**

The City's future growth will depend, as it has since the legislative trends, on economic growth. The City and the Tippecanoe County area is the fastest growing area in the State of Indiana. Solid gains in automotive manufacturing, aluminum extrusion, and aircraft engine assembly have made major impacts to the non-property tax revenue streams of the City. Building permits, Water and Wastewater fees, Economic Development Income taxes, and many other user fees have increased during this time, as has the population. However, the City remains committed to strong conservative fiscal management with only modest growth in the 2018 Budget and that growth, as in the past, is focused on service delivery and efficiency.

This financial report is designed to provide a general overview of the City of Lafayette's finances for those with an interest in the City's finances. Questions concerning any of the information should be addressed to the Office of the City Controller, 20 N. 6th Street, Lafayette, Indiana 47901.

# **BASIC FINANCIAL STATEMENTS**

CITY OF LAFAYETTE  
STATEMENT OF NET POSITION  
December 31, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 24,828,921	\$ 31,710,386	\$ 56,539,307
Cash with fiscal agent	4,890,658	-	4,890,658
Investments	5,070,760	5,026,815	10,097,575
Receivables:			
Loans	388,245	-	388,245
Taxes	733,501	-	733,501
Accounts	2,626,607	3,849,227	6,475,834
Intergovernmental	3,913,392	-	3,913,392
Inventories	371,027	865,067	1,236,094
Prepaid items	817,840	200,400	1,018,240
Total current assets	<u>43,640,951</u>	<u>41,651,895</u>	<u>85,292,846</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	6,194,508	39,284,491	45,478,999
Investments	-	13,497,846	13,497,846
Total restricted assets	<u>6,194,508</u>	<u>52,782,337</u>	<u>58,976,845</u>
Capital assets:			
Land, improvements and construction in progress	144,343,736	99,532,145	243,875,881
Other capital assets, net of depreciation	110,094,473	175,330,528	285,425,001
Total capital assets	<u>254,438,209</u>	<u>274,862,673</u>	<u>529,300,882</u>
Total noncurrent assets	<u>260,632,717</u>	<u>327,645,010</u>	<u>588,277,727</u>
Total assets	<u>304,273,668</u>	<u>369,296,905</u>	<u>673,570,573</u>
<u>Deferred outflows of resources</u>			
Deferred outflows related to pensions	4,593,080	523,651	5,116,731

Continued on next page

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

CITY OF LAFAYETTE  
STATEMENT OF NET POSITION  
December 31, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<u>Liabilities</u>			
Current liabilities:			
Accounts Payable	\$ 2,605,912	\$ 2,006,378	\$ 4,612,290
Contracts payable	-	1,402,555	1,402,555
Accrued payroll and withholding payable	1,337,279	366,562	1,703,841
Intergovernmental payable	3,542,296	-	3,542,296
Taxes payable	-	51,777	51,777
Accrued interest payable	522,921	478,344	1,001,265
Performance deposits payable	954,201	1,534,592	2,488,793
Unearned revenue	17,948	-	17,948
Customer deposits	114,713	148,615	263,328
General obligation bonds payable	630,000	-	630,000
Revenue bonds payable	4,490,000	5,635,000	10,125,000
Notes and loans payable	-	71,000	71,000
Capital lease obligations	578,876	-	578,876
<b>Total current liabilities</b>	<b>14,794,146</b>	<b>11,694,823</b>	<b>26,488,969</b>
Noncurrent liabilities:			
General obligation bonds payable	12,604,144	-	12,604,144
Revenue bonds payable	36,672,521	154,114,010	190,786,531
Notes and loans payable	-	925,000	925,000
Capital lease obligations	1,789,473	-	1,789,473
Net OPEB liability	2,154,311	4,308,623	6,462,934
Net pension liability	54,877,373	5,664,298	60,541,671
<b>Total noncurrent liabilities</b>	<b>108,097,822</b>	<b>165,011,931</b>	<b>273,109,753</b>
<b>Total liabilities</b>	<b>122,891,968</b>	<b>176,706,754</b>	<b>299,598,722</b>
<u>Deferred inflows of resources</u>			
Deferred inflows related to pensions	5,902,973	2,208,801	8,111,774
Deferred inflows related to OPEB	646,101	-	646,101
<b>Total deferred inflows of resources</b>	<b>6,549,074</b>	<b>2,208,801</b>	<b>8,757,875</b>
<u>Net position</u>			
Net investment in capital assets	209,964,999	133,250,741	343,215,740
Restricted for:			
Debt service	2,652,212	11,139,643	13,791,855
Capital outlay	3,542,296	15,665,585	19,207,881
Customer deposits	-	143,834	143,834
Unrestricted	(36,733,801)	30,705,198	(6,028,603)
<b>Total net position</b>	<b>\$ 179,425,706</b>	<b>\$ 190,905,001</b>	<b>\$ 370,330,707</b>

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

CITY OF LAFAYETTE  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General Government	\$ 3,999,174	\$ 686,818	\$ 1,312	\$ 53,686	\$ (3,257,358)	\$ -	\$ (3,257,358)
Public Safety	32,163,964	72,886	268,445	-	(31,822,633)	-	(31,822,633)
Highways and Streets	12,027,597	38,889	-	3,000,000	(8,988,708)	-	(8,988,708)
Sanitation	2,722,074	-	-	-	(2,722,074)	-	(2,722,074)
Culture and Recreation	6,684,389	1,190,482	213	-	(5,493,694)	-	(5,493,694)
Economic Development	15,348,917	2,654	1,460,431	-	(13,885,832)	-	(13,885,832)
Total governmental activities	72,946,115	1,991,729	1,730,401	3,053,686	(66,170,299)	-	(66,170,299)
Business-type activities:							
Community Dev Blk Grant (LHR)	17,761	-	-	-	-	(17,761)	(17,761)
Parking Operations	458,717	435,063	-	-	-	(23,654)	(23,654)
Wastewater Utility	24,383,814	38,157,341	-	666,790	-	14,440,317	14,440,317
Water Utility	9,780,490	8,689,291	-	496,764	-	(594,435)	(594,435)
Total business-type activities	34,640,782	47,281,695	-	1,163,554	-	13,804,467	13,804,467
Total primary government	\$ 107,586,897	\$ 49,273,424	\$ 1,730,401	\$ 4,217,240	(66,170,299)	13,804,467	(52,365,832)
General revenues:							
Property taxes					46,267,559	-	46,267,559
Intergovernmental revenues					23,446,452	-	23,446,452
Payment in lieu of taxes					2,503,000	-	2,503,000
Other revenues					2,635,630	249,503	2,885,133
Investment earnings					357,699	875,010	1,232,709
Transfers					58,755	(58,755)	-
Total general revenues and transfers					75,269,095	1,065,758	76,334,853
Change in net position					9,098,796	14,870,225	23,969,021
Net position - beginning					172,341,064	180,063,083	352,404,147
Prior period adjustment					(2,014,154)	(4,028,307)	(6,042,461)
Adjusted net position - beginning					170,326,910	176,034,776	346,361,686
Net position - ending					\$ 179,425,706	\$ 190,905,001	\$ 370,330,707

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

CITY OF LAFAYETTE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2018

	General	Motor Vehicle Highway	Economic Dev Income Tax(EDIT)	Park Bond	Thoroughfare	Redevelopment Authority	TIF Creasy Central Consolidated	Total Nonmajor Funds	Total Governmental Funds
<b>Assets</b>									
Cash and cash equivalents	\$ 695,570	\$ 1,363,830	\$ 1,798,232	\$ 12,320,644	\$ 517,892	\$ -	\$ 1,791,269	\$ 5,810,080	\$ 24,297,517
Cash with fiscal agents	-	-	-	-	-	2,373,590	-	2,517,068	4,890,658
Investments	1,010,523	-	-	-	-	-	-	4,060,237	5,070,760
Receivables (net of allowance for uncollectibles)									
Loans	-	-	-	-	-	-	347,355	40,890	388,245
Taxes	388,369	47,150	-	13,906	-	-	152,118	131,958	733,501
Accounts	1,624,257	20,517	-	-	500,000	-	138,091	343,743	2,626,608
Intergovernmental	1,763,735	822,385	1,153,579	8,565	-	-	-	165,128	3,913,392
Restricted cash and cash equivalents	-	-	-	-	-	1,276,438	928,287	3,989,784	6,194,509
<b>Total assets</b>	<b>5,482,454</b>	<b>2,253,882</b>	<b>2,951,811</b>	<b>12,343,115</b>	<b>1,017,892</b>	<b>3,650,028</b>	<b>3,357,120</b>	<b>17,058,888</b>	<b>48,115,190</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts payable	138,422	145,476	334,385	-	360,720	-	739,324	644,112	2,362,439
Accrued payroll and withholding payable	1,094,313	129,204	-	-	-	-	-	113,762	1,337,279
Intergovernmental payable	-	-	-	-	-	-	-	3,542,296	3,542,296
Accrued interest payable	-	-	17,115	3,960	-	343,883	77,062	80,901	518,961
Unearned revenue	2,076,855	78,098	1,145,833	22,471	-	-	152,118	213,219	3,670,083
Performance deposits payable	15,000	46,977	-	-	569,140	-	26,498	296,588	976,674
Customer deposits payable	99,383	-	-	-	-	-	10,000	5,600	114,983
<b>Total liabilities</b>	<b>3,423,973</b>	<b>399,755</b>	<b>1,497,333</b>	<b>26,431</b>	<b>929,860</b>	<b>343,883</b>	<b>1,005,002</b>	<b>4,896,478</b>	<b>12,522,715</b>
<b>Fund Balances:</b>									
Restricted	-	1,854,127	-	12,316,684	88,032	3,306,145	-	5,529,783	23,094,771
Committed	-	-	-	-	-	-	2,352,118	176,283	2,528,401
Assigned	-	-	1,454,478	-	-	-	-	6,456,344	7,910,822
Unassigned	2,058,481	-	-	-	-	-	-	-	2,058,481
<b>Total fund balances</b>	<b>2,058,481</b>	<b>1,854,127</b>	<b>1,454,478</b>	<b>12,316,684</b>	<b>88,032</b>	<b>3,306,145</b>	<b>2,352,118</b>	<b>12,162,410</b>	<b>35,592,475</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,482,454</b>	<b>\$ 2,253,882</b>	<b>\$ 2,951,811</b>	<b>\$ 12,343,115</b>	<b>\$ 1,017,892</b>	<b>\$ 3,650,028</b>	<b>\$ 3,357,120</b>	<b>\$ 17,058,888</b>	<b>\$ 48,115,190</b>

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

CITY OF LAFAYETTE  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
December 31, 2018

<b>Fund Balance Reported in the Governmental Funds</b>	<b>\$ 35,592,475</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	254,316,348
Current assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	916,139
Deferred outflows of resources used in governmental activities are not available to pay for current period expenditures and therefore are not reported in the funds.	4,593,080
City and state collections that are not available until the next calendar year are recognized as revenue in government-wide funds but are unearned in the fund balance.	3,670,646
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	682,790
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(56,765,014)
Net pension liability and other postemployment benefit obligation are not due and payable in the current period and, therefore are not reported in the funds.	(57,031,684)
Deferred inflows of resources do not present a claim on current financial resources and are not reported in the funds.	<u>(6,549,074)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 179,425,706</u></b>

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

CITY OF LAFAYETTE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2018

	General	Motor Vehicle Highway	Economic Dev Income Tax(EDIT)	Park Bond	Thoroughfare	Redevelopment Authority	TIF Creasy Central Consolidate	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>									
General property taxes	\$ 24,328,872	\$ 2,953,801	\$ -	\$ 872,878	\$ -	\$ -	\$ 9,829,340	\$ 8,321,325	\$ 46,306,216
Licenses and permits	478,845	-	-	-	-	-	-	1,200	480,045
Intergovernmental	9,156,516	5,296,430	6,613,534	62,461	-	-	-	2,421,915	23,550,856
Payment in lieu of taxes	2,503,000	-	-	-	-	-	-	-	2,503,000
Charges for services	23,020	35,544	-	-	-	-	-	1,250,524	1,309,088
Fines and forfeits	187,911	-	-	-	-	-	-	13,681	201,592
Other	733,297	145,334	12,861	11,080	-	3,828,996	68,541	861,023	5,661,132
Capital contributions	53,686	-	-	-	181,447	-	-	-	235,133
Interest and investment revenue	164,556	-	801	-	-	-	28,496	81,341	275,194
<b>Total revenues</b>	<b>37,629,703</b>	<b>8,431,109</b>	<b>6,627,196</b>	<b>946,419</b>	<b>181,447</b>	<b>3,828,996</b>	<b>9,926,377</b>	<b>12,951,009</b>	<b>80,522,256</b>
<b>Expenditures:</b>									
Current:									
General government	3,680,684	-	-	-	-	-	-	142,661	3,823,345
Public safety	33,409,280	-	-	-	-	-	-	398,958	33,808,238
Highways and streets	-	7,859,358	-	-	-	-	-	426,017	8,285,375
Sanitation	2,229,784	-	-	-	-	-	-	-	2,229,784
Culture and recreation	-	-	-	192,990	-	-	-	5,588,175	5,781,165
Economic development	-	-	3,143,342	-	-	9,500	317,179	2,869,572	6,339,593
Debt Service:									
Interest	-	-	64,695	10,889	-	824,401	302,840	173,083	1,375,908
Principal retirement	-	-	2,166,205	920,000	-	3,120,000	2,201,000	597,000	9,004,205
Capital Outlay:									
General government	11,726	-	-	-	-	-	-	-	11,726
Public safety	280,163	-	-	-	-	-	-	36,500	316,663
Highways and streets	-	1,245,257	-	-	5,010,550	-	-	-	6,255,807
Culture and recreation	-	-	-	419,185	-	-	-	30,469	449,654
Economic development	-	-	1,674,689	-	-	-	5,266,479	2,693,624	9,634,792
<b>Total expenditures</b>	<b>39,611,637</b>	<b>9,104,615</b>	<b>7,048,931</b>	<b>1,543,064</b>	<b>5,010,550</b>	<b>3,953,901</b>	<b>8,087,498</b>	<b>12,956,059</b>	<b>87,316,255</b>
Excess (deficiency) of revenues over (under) expenditures	(1,981,934)	(673,506)	(421,735)	(596,645)	(4,829,103)	(124,905)	1,838,879	(5,050)	(6,793,999)
Other financing sources (uses):									
Issuance of debt	-	-	918,618	12,841,559	-	-	-	-	13,760,177
Premium on sale of bond	-	-	-	48,841	-	-	-	-	48,841
Transfers in	-	-	411,755	-	3,500,000	-	-	625,000	4,536,755
Transfer out	-	-	(625,000)	-	-	-	(4,353,000)	-	(4,978,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>705,373</b>	<b>12,890,400</b>	<b>3,500,000</b>	<b>-</b>	<b>(4,353,000)</b>	<b>625,000</b>	<b>13,367,773</b>
Net change in fund balances	(1,981,934)	(673,506)	283,638	12,293,755	(1,329,103)	(124,905)	(2,514,121)	619,950	6,573,774
Fund Balances - beginning	4,040,415	2,527,633	1,170,840	22,929	1,417,135	3,431,050	4,866,239	11,542,460	29,018,701
Fund Balances - ending	\$ 2,058,481	\$ 1,854,127	\$ 1,454,478	\$ 12,316,684	\$ 88,032	\$ 3,306,145	\$ 2,352,118	\$ 12,162,410	\$ 35,592,475

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

CITY OF LAFAYETTE  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
December 31, 2018

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures and Changes in Fund Balances).	\$	6,573,774
Amounts reported for governmental activities in the statement of activities are different because:		
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.		7,032,244
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		(147,658)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,391,277
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		(8,547,704)
Net pension obligations and Other postemployment benefit obligations are considered long-term obligations of the general government, but are not current expenditures.		1,780,704
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		<u>16,159</u>
Change in net position of governmental activities (statement of activities)	\$	<u><u>9,098,796</u></u>

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

CITY OF LAFAYETTE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2018

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities
	Water Utility	Wastewater Utility	Total Nonmajor Funds		Internal Service Funds
<u>Assets</u>					
Current assets:					
Cash and cash equivalents					
Operating Cash	\$ 1,519,276	\$ 13,395,525	\$ 452,481	\$ 15,367,282	\$ 531,405
Depreciation Cash	21,373	10,379,233	-	10,400,606	-
Bond and Interest Cash	242,362	5,700,136	-	5,942,498	-
Investments	-	5,026,815	-	5,026,815	-
Accounts receivable (net of allowance)	303,272	3,536,081	9,874	3,849,227	-
Inventories	281,848	583,219	-	865,067	269,407
Prepaid items	95,200	105,200	-	200,400	-
Total current assets	<u>2,463,331</u>	<u>38,726,209</u>	<u>462,355</u>	<u>41,651,895</u>	<u>800,812</u>
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Customer Deposits	143,834	-	-	143,834	-
Revenue bond covenant accounts	19,155,717	19,984,940	-	39,140,657	-
Investments	-	13,497,846	-	13,497,846	-
Total restricted assets	<u>19,299,551</u>	<u>33,482,786</u>	<u>-</u>	<u>52,782,337</u>	<u>-</u>
Capital assets:					
Land, improvements, and construction in progress	3,801,422	95,046,742	683,981	99,532,145	-
Other capital assets, net of depreciation	33,453,699	139,816,807	2,060,022	175,330,528	-
Total noncurrent assets	<u>56,554,672</u>	<u>268,346,335</u>	<u>2,744,003</u>	<u>327,645,010</u>	<u>-</u>
Total assets	<u>59,018,003</u>	<u>307,072,544</u>	<u>3,206,358</u>	<u>369,296,905</u>	<u>800,812</u>
<u>Deferred Outflows of Resources</u>					
Deferred outflows related to pensions	200,547	323,104	-	523,651	-
<u>Liabilities</u>					
Current liabilities:					
Accounts Payable	731,100	1,269,844	5,434	2,006,378	118,022
Contracts payable	159,197	1,243,358	-	1,402,555	-
Accrued payroll and withholding payable	129,887	228,881	7,794	366,562	-
Taxes payable	51,777	-	-	51,777	-
Accrued interest payable	-	478,344	-	478,344	-
Performance deposits payable	5,700	1,528,892	-	1,534,592	-
Customer deposits payable	146,051	-	2,564	148,615	-
Revenue bonds payable	370,000	5,265,000	-	5,635,000	-
Notes and loans payable	-	71,000	-	71,000	-
Total current liabilities	<u>1,593,712</u>	<u>10,085,319</u>	<u>15,792</u>	<u>11,694,823</u>	<u>118,022</u>
Noncurrent liabilities:					
Revenue bonds payable	19,034,608	135,079,402	-	154,114,010	-
Notes and loans payable	-	925,000	-	925,000	-
Net OPEB liability	2,154,312	2,154,311	-	4,308,623	-
Net pension obligation	2,169,306	3,494,992	-	5,664,298	-
Total noncurrent liabilities	<u>23,358,226</u>	<u>141,653,705</u>	<u>-</u>	<u>165,011,931</u>	<u>-</u>
Total liabilities	<u>24,951,938</u>	<u>151,739,024</u>	<u>15,792</u>	<u>176,706,754</u>	<u>118,022</u>
<u>Deferred Inflows of Resources</u>					
Deferred inflows related to pensions	997,140	1,211,661	-	2,208,801	-
<u>Net Position</u>					
Net investment in capital assets	36,983,592	93,523,146	2,744,003	133,250,741	-
Restricted for:					
Debt service	1,390,590	9,749,053	-	11,139,643	-
Capital Outlay	-	15,665,585	-	15,665,585	-
Customer Deposits	143,834	-	-	143,834	-
Unrestricted	(5,248,544)	35,507,179	446,563	30,705,198	682,790
Total net position	<u>\$ 33,269,472</u>	<u>\$ 154,444,963</u>	<u>\$ 3,190,566</u>	<u>\$ 190,905,001</u>	<u>\$ 682,790</u>

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

CITY OF LAFAYETTE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Wastewater Utility	Total Nonmajor Funds	Internal Service Funds
Operating revenues:				
Metered water revenue:				
Residential	\$ 3,464,830	\$ -	\$ -	\$ 3,464,830
Commercial	2,291,016	-	-	2,291,016
Industrial	1,025,553	-	-	1,025,553
Fire protection	1,502,086	-	-	1,502,086
Measured revenue:				
Residential	-	9,662,172	-	9,662,172
Commercial	-	6,356,735	-	6,356,735
Industrial	-	17,037,716	-	17,037,716
Stormwater	-	3,807,365	-	3,807,365
Parking	-	-	435,063	435,063
Other	420,855	884,335	-	1,305,190
Total operating revenues	8,704,340	37,748,323	435,063	46,887,726
Operating expenses:				
Supplies and services	1,218,195	-	-	1,218,195
Water treatment	270,771	-	-	270,771
Transmission and distribution	1,238,714	-	-	1,238,714
Pumping	89,854	-	-	89,854
Collection system	-	2,026,543	-	2,026,543
Treatment and disposal	-	3,410,232	-	3,410,232
Customer accounts	803,957	795,147	-	1,599,104
Administration and general	3,705,559	4,683,042	2,533	8,391,134
Stormwater operations and maintenance	-	1,469,743	-	1,469,743
Parking operations and maintenance	-	-	337,813	337,813
Bad debt	42,205	119,126	-	161,331
Depreciation and amortization	1,227,868	7,038,109	120,572	8,386,549
Change in pension, opeb and pension related	(612,713)	(589,404)	-	(1,202,117)
Total operating expenses	7,984,410	18,952,538	460,918	27,397,866
Operating income (loss)	719,930	18,795,785	(25,855)	19,489,860
Nonoperating revenues (expenses):				
Interest and investment revenue	130,335	731,598	13,077	875,010
Miscellaneous revenue	210,078	394,564	7,873	612,515
Interest expense	(222,000)	(4,187,509)	(15,561)	(4,425,070)
Miscellaneous expense	(573,000)	(1,930,000)	-	(2,503,000)
Bond Issue Expense	(283,888)	-	-	(283,888)
Total nonoperating revenues (expenses)	(738,475)	(4,991,347)	5,389	(5,724,433)
Income (loss) before contributions and transfers	(18,545)	13,804,438	(20,466)	13,765,427
Capital contributions	496,764	666,790	-	1,163,554
Transfers in	847,000	20,566,304	-	21,413,304
Transfers out	(847,000)	(20,566,304)	(58,755)	(21,472,059)
Change in net position	478,219	14,471,228	(79,221)	14,870,226
Total net position - beginning	34,805,407	141,987,888	3,269,787	180,063,082
Prior period adjustment	(2,014,154)	(2,014,153)	-	(4,028,307)
Adjusted net position - beginning	32,791,253	139,973,735	3,269,787	176,034,775
Total net position - ending	\$ 33,269,472	\$ 154,444,963	\$ 3,190,566	\$ 190,905,001

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

CITY OF LAFAYETTE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental
	Water Utility	Wastewater Utility	Total Nonmajor Enterprises Funds		Activities Internal Service Funds
<b>Cash flows from operating activities:</b>					
Cash receipts from customers	\$ 8,666,708	\$ 37,856,984	\$ 445,007	\$ 46,968,699	\$ 587,428
Payments to employees	(3,595,314)	(6,075,817)	(242,352)	(9,913,483)	-
Payments to suppliers	(2,423,500)	(4,820,489)	(94,212)	(7,338,201)	(641,308)
<b>Net cash provided (used) by operating activities</b>	<b>2,647,894</b>	<b>26,960,678</b>	<b>108,443</b>	<b>29,717,015</b>	<b>(53,880)</b>
<b>Cash flows from noncapital financing activities:</b>					
Transfer to other funds	-	-	(58,755)	(58,755)	-
Other nonoperating revenue	78,324	17,800	7,873	103,997	29,095
Payment in lieu of taxes	(573,000)	(1,930,000)	-	(2,503,000)	-
Loans	-	-	(783,353)	(783,353)	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(494,676)</b>	<b>(1,912,200)</b>	<b>(834,235)</b>	<b>(3,241,111)</b>	<b>29,095</b>
<b>Cash flows from capital and related financing activities:</b>					
Purchase of capital assets	(1,626,442)	(29,043,885)	(35,357)	(30,705,684)	-
Issuance of capital debt	19,669,608	-	-	19,669,608	-
Principal paid on capital debt	(265,000)	(9,622,750)	(855,000)	(10,742,750)	-
Interest paid on capital debt	(222,000)	(5,195,706)	(18,873)	(5,436,579)	-
Bond issue costs	(283,888)	-	-	(283,888)	-
Cost recovery income	131,754	395,694	(783,353)	(255,905)	-
<b>Net cash provided (used) by capital and related financing</b>	<b>17,404,032</b>	<b>(43,466,647)</b>	<b>(1,692,583)</b>	<b>(27,755,198)</b>	<b>-</b>
<b>Cash flows from investing activities:</b>					
Purchase of investments	-	(13,000,000)	-	(13,000,000)	-
Sale of investments	-	4,000,000	860,000	4,860,000	-
Interest received	130,335	731,598	21,301	883,234	-
<b>Net cash provided (used) by investing activities</b>	<b>130,335</b>	<b>(8,268,402)</b>	<b>881,301</b>	<b>(7,256,766)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>19,687,585</b>	<b>(26,686,571)</b>	<b>(1,537,074)</b>	<b>(8,536,060)</b>	<b>(24,785)</b>
Balances - beginning of year	1,394,977	76,146,405	1,206,202	78,747,584	556,189
<b>Balances - end of the year</b>	<b>\$ 21,082,562</b>	<b>\$ 49,459,834</b>	<b>\$ (330,872)</b>	<b>\$ 70,211,524</b>	<b>\$ 531,404</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income	\$ 719,930	\$ 18,795,785	\$ (25,855)	\$ 19,489,860	\$ (12,936)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>					
Depreciation expense	1,227,868	7,038,109	120,572	8,386,549	-
Changes in assets and liabilities:					
Accounts receivable	(32,139)	110,482	7,905	86,248	-
Inventories	18,104	(12,921)	-	5,183	(31,470)
Customer deposits payable	(5,493)	-	2,040	(3,453)	-
Accounts payable	523,294	647,832	717	1,171,843	(9,474)
Contracts payable	159,197	(56,545)	-	102,652	-
Accrued wages payable	12,333	29,791	3,064	45,188	-
OPEB liability	570,097	717,194	-	1,287,291	-
Net pension liability	(545,418)	(878,731)	-	(1,424,149)	-
Other payable	121	569,682	-	569,803	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,647,894</b>	<b>\$ 26,960,678</b>	<b>\$ 108,443</b>	<b>\$ 29,717,015</b>	<b>\$ (53,880)</b>
<b>Noncash investing, capital and financing activities:</b>					
Contributions of capital assets from private contractors	\$ 496,764	\$ 666,790	\$ -	\$ 1,163,554	\$ -

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

CITY OF LAFAYETTE  
STATEMENT OF FIDUCIARY NET POSITION  
December 31, 2018

	Pension (and Other Employee Benefit) Trust Funds	Agency Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 1,837,654	\$ 1,281,184
Accounts receivables	-	262
	<u>\$ 1,837,654</u>	<u>\$ 1,281,446</u>
<u>Liabilities</u>		
Accounts Payable	\$ 27,945	\$ 1,272,959
Customer deposits payable	-	8,487
	<u>\$ 27,945</u>	<u>\$ 1,281,446</u>
<u>Net Postion</u>		
Held in trust for pension benefits and other purposes	\$ 1,809,709	-
	<u>\$ 1,809,709</u>	<u>-</u>

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

CITY OF LAFAYETTE  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the Year Ended December 31, 2018

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
State Contributions	\$ 4,157,549
Miscellaneous Revenue	<u>6,400</u>
Total additions	<u>4,163,949</u>
 <u>Deductions</u>	
Administration and general	53,534
Benefits	<u>4,112,246</u>
Total deductions	<u>4,165,780</u>
Net increase (decrease) in fiduciary net position	(1,831)
Net position -- beginning of the year	<u>1,811,540</u>
Net position -- end of the year	<u><u>\$ 1,809,709</u></u>

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

CITY OF LAFAYETTE  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Blended Component Units

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City's governing body or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation and they do not issue a separate financial statement. The blended component unit is presented below:

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

Joint Venture

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

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

Related Organizations

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

**B. Government-Wide and Fund Financial Statements**

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City and its component unit. 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.

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

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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 City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures, generally, are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

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

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

The Economic Development Income Tax fund (EDIT) originally was created to foster positive development within the City. This fund works in conjunction with the redevelopment authority funds to accomplish this task. In addition, the legislature, recognizing the fact that economic development encompasses the entire city proper, allowed the fund to be used for any legal purpose required by the City.

The Park Bond fund is a property Tax-supported fund to account for the payment of principal and interest of a general obligation bond.

The Thoroughfare fund accounts for resources received through agreements with governmental agencies and spent to refurbish and upgrade sections of the City's roads.

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

The Redevelopment Authority fund accounts for resources utilized to create positive economic development within the City. This is accomplished through improvements in housing, infrastructure and grants to sub recipients.

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

The City reports the following major proprietary funds:

The Water Utility fund accounts for the operation of the City's water distribution system.

The Wastewater Utility fund accounts for the operation of the City's wastewater treatment plant, wastewater pumping stations, wastewater collection systems and storm water collection system.

Additionally, the City reports the following fund types:

The Internal Service fund accounts for self-insurance and other services provided to other departments on a cost-reimbursement basis.

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. 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

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The City'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.

When both restricted and unrestricted resources are available for use for the same purpose, it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

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

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement. Investments are reported as fair market value based upon quoted market value at year end.

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 "internal receivables/payables" (i.e., the current and non-current portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statutes (IC 6-1.1-17-16) require the Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Department of Local Government Finance). Normally, taxes may be paid in two equal installments

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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 City prior to December 31, 2018. 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 position and are recognized as taxes revenues on the statement of activities. The net amounts are recognized as receivables on the funds financial statements with an offset to unearned revenue, since these amounts are not considered available.

4. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

5. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants.

6. Capital Assets

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

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value.

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:

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land improvements	\$ 1	N/A	N/A
Buildings	5,000	Straight-line	40 to 60 yrs.
Improvements	5,000	Straight-line	40 to 60 yrs.
Vehicles	5,000	Straight-line	3 to 5 yrs.
Machinery and Equipment	5,000	Straight-line	3 to 5 yrs.
Infrastructure (roads)	5,000	Straight-line	50 yrs.
Infrastructure (Water and Wastewater mains, manholes, inlets, etc.)	5,000	Straight-line	60 yrs.
Wastewater distribution and collection systems	5,000	Straight-line	45 yrs.

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 1925 Police Officers' Pension Plan (1925 Plan), 1937 Firefighters' Pension Plan (1937 Plan), Public Employees' Retirement Fund (PERF), and the 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Plan) and additions to/deductions from the aforementioned plans' fiduciary net position have been determined on the same basis as they are reported by the 1925 Plan, 1937 Plan, PERF and the 1977 Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred outflows and deferred inflows related to their Pension Plans (see IV. Other Information Note G. Pension Plan for additional information on the City's Pension Plans). The City recognized a deferred outflow for City contributions made to Pension Plans made after the measurement date. In addition, the City has deferred outflows and deferred inflows related to differences between the Plans expected and actual experience, differences between projected and actual investment earnings on Pension Plan investments, change in Pension Plan assumptions, and changes in the proportion and differences between employer contributions and proportionate share of contributions.

9. Compensated Absences

- a. Sick Leave – City employees earn sick leave at the rate of 1 day per month and accumulates to a maximum of 36 days. Accumulated sick leave is not paid to employees upon termination.
- b. Vacation Leave – City employees earn vacation leave at rates from 10 to 25 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 5 days carryover to the following year. Accumulated vacation leave is paid to employees through cash payments upon termination.
- c. Personal Leave – City employees earn personal leave at the rate of 2 days per year and 1 day each year for their birthday. Personal leave does not accumulate from year to year.

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

10. 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 Position. Bond premiums and discounts 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 expensed in the year of incurrence.

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.

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Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

11. Fund Equity

In accordance with Government Accounting Standards Board Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. For the City, the City Council is the highest level of decision-making authority and the formal action includes the passage of a City Ordinance.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Mayor, Clerk, Department Heads and the Board of Works. The authorization to assign amounts to a specific purpose is outlined in the City's Municipal Code.

Unassigned - includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a formal minimum fund balance policy.

12. Stabilization Arrangement

In 2005 the City created, under I.C. 36-1-8-5 a Rainy Day Fund. The fund was to provide an operational safety net should circumstances arise that would leave the City without funds. These circumstances are not expected to occur

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routinely. Indiana code allows for transfers, whenever the purposes of a tax levy have been fulfilled, of unused and unencumbered funds, to the Rainy Day Fund. The Government Finance Officers Association recommends that a Rainy Day Fund have a balance of up to 15%, or 8 weeks of operational cash of the fund it is to supplement. The City, through an internal policy, has set a goal of 10% or just under 6 weeks of operational cash to act as a backup for the General Fund. The current balance of \$5,003,931 is at 12.63%. In the event it is to be used, it must go through the Common Council with proper appropriation and methodology spelled out by the Indiana Code.

## II. Stewardship, Compliance and Accountability

### A. Budgetary Information

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

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

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

## III. Detailed Notes on All Funds

### A. Deposits and Investments

#### 1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to

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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 public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The City Common Council adopted a formal investment policy on September 6, 2016 and is consistent with all provisions of Indiana Code 5-13. As of December 31, 2018, the City had the following investments:

Investment Deposit	\$	23,000,000
Realized gains/losses		-
Unrealized gains/(losses) relating to instruments still held at the reporting date		595,421
Balance, end of year market value:	\$	23,595,421

Investment Type	Governmental-Activities	Investment Maturities(in Years)	
	Fair Value	Less Than 1	1-5
Certificates of deposit	\$ 5,070,760	\$ 5,070,760	\$ -

Investment Type	Business-type Activities	Investment Maturities(in Years)	
	Fair Value	Less Than 1	1-5
Certificates of deposit	\$ 13,094,964	\$ 13,094,964	\$ -
Federal Agency Securities	5,429,697	1,218,734	4,210,964
Totals	\$ 18,524,661	\$ 14,313,698	\$ 4,210,964

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 five 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.

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Investments in money market mutual funds may not exceed 50 percent of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

#### Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the City's investment policy. At December 31, 2018, the City held investments in certificates of deposit in the amount of \$18,165,724.11. The certificates of deposit were held in the City's name. Investments held in U.S. government agency securities are \$5,249,697.25. The U.S. government agency securities were held by the counterparty's trust department or agent but not in the City's name.

#### 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 will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity.

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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. government agency securities are implicitly guaranteed by the full faith and credit of the U.S. government and are recognized as one of the safest investments available. The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the City's investment policy.

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 will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the City's investment policy. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The City does not have any foreign currency. The City's exposure to foreign currency risk is minimal as a result of limiting investments to the types of securities listed in the City's investment policy.

Disclosure About Fair Value of Financial Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the

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level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuations methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of relevant observable inputs and minimize the use of unobservable input. Investment value is determined by reference to quoted market prices and other relevant information generated by market transactions.

The following table summarizes the valuation of investments by the fair value hierarchy levels as of December 31, 2018:

Investment Type	Fair Value	Level 1	Level 2	Level 3
Certificates of Deposit	\$ 18,165,724	\$ -	\$ 18,165,724	\$ -
Federal Agency Securities	5,429,697		5,429,697	
<b>Total</b>	<b>\$ 23,595,421</b>	<b>\$ -</b>	<b>\$ 23,595,421</b>	<b>\$ -</b>

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2018, was as follows:

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Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 24,971,736	\$ 46,741,411	\$ 382,775	\$ 71,330,372
Construction in progress	64,491,020	8,730,858	208,514	73,013,364
Total capital assets, not being depreciated	89,462,756	55,472,269	591,289	144,343,736
Capital assets, being depreciated:				
Buildings	33,633,548	-	-	33,633,548
Improvements other than buildings	7,591,761	-	-	7,591,761
Machinery and equipment	5,989,181	864,070	276,698	6,576,553
Vehicles	17,077,154	5,416,700	4,158,400	18,335,454
Infrastructure	201,056,631	102,640	45,817,610	155,341,661
Totals	265,348,275	6,383,410	50,252,708	221,478,977
Less accumulated depreciation for:				
Buildings	13,558,448	755,067	-	14,313,515
Improvements other than buildings	5,096,536	366,463	-	5,462,999
Machinery and equipment	3,553,935	863,906	54,727	4,363,114
Vehicles	11,033,957	1,696,787	1,705,945	11,024,799
Infrastructure	72,988,633	3,231,444	-	76,220,077
Totals	106,231,509	6,913,667	1,760,672	111,384,504
Total capital assets, being depreciated, net	159,116,766	(530,257)	48,492,036	110,094,473
Total governmental activity capital assets, net	\$ 248,579,522	\$ 54,942,012	\$ 49,083,325	\$ 254,438,209

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<u>Business Type activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,528,989	\$ 624,502	\$ -	\$ 3,153,491
Construction in progress	71,962,103	24,416,551	-	96,378,654
Total capital assets, not being depreciated	<u>74,491,092</u>	<u>25,041,053</u>	<u>-</u>	<u>99,532,145</u>
Capital assets being depreciated:				
Buildings	19,275,273	7,800	-	19,283,073
Improvements other than buildings	493,823	-	-	493,823
Machinery and equipment	80,388,250	644,118	10,770	81,021,598
Vehicles	5,137,377	521,900	293,548	5,365,729
Infrastructure	170,875,554	1,163,554	-	172,039,108
Total capital assets, being depreciated	<u>276,170,277</u>	<u>2,337,372</u>	<u>304,318</u>	<u>278,203,331</u>
Less accumulated depreciation for:				
Buildings	5,892,182	420,091	-	6,312,273
Improvements other than buildings	238,909	37,282	-	276,191
Machinery and equipment	48,604,998	4,067,476	10,770	52,661,704
Vehicles	2,724,794	509,944	262,591	2,972,147
Infrastructure	37,292,834	3,357,654	-	40,650,488
Total accumulated depreciation	<u>94,753,717</u>	<u>8,392,447</u>	<u>273,361</u>	<u>102,872,803</u>
Total capital assets, being depreciated, net	<u>181,416,560</u>	<u>(6,055,075)</u>	<u>30,957</u>	<u>175,330,528</u>
Total business type activity capital assets, net	<u>\$ 255,907,652</u>	<u>\$ 18,985,978</u>	<u>\$ 30,957</u>	<u>\$ 274,862,673</u>

Capital asset reclassification

In 2018, the City reclassified multiple assets that had not correctly migrated during conversion from the formerly-used New World financial software to the current Tyler Munis software. Approximately \$48.5 million in land assets had been incorrectly classified as infrastructure. Reclassification of those assets caused significant year over year changes in reported values of land and infrastructure assets from 2017 to 2018.

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

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	2018	2017
Governmental activities:		
General Government	\$ 326,034	\$ 298,703
Public Safety	1,598,574	1,186,559
Highways and Streets	3,527,957	3,455,145
Sanitation	492,290	482,950
Culture and Recreation	791,129	800,366
Economic Development	21,275	20,418
Internal Service Funds	-	642
	6,757,259	6,244,783
Total depreciation expense - governmental activities		
Business-type activities:		
Water	1,227,868	1,243,121
Wastewater	7,038,109	6,962,489
Other	120,572	110,751
	8,386,549	8,316,361
Total depreciation expense - business-type activities		
Grand Total	\$ 15,143,808	\$ 14,561,144

C. Construction Commitments

Construction work in progress at year end is composed of the following:

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Project	Project Code	Total Project Authorized	Expended to December 31, 2018	Committed	Required Future
Governmental Activities:					
Police Annex-Armory	B0002	\$ 400,911	\$ 400,911	\$ -	
City Hall Chillers	B0003	1,000,000	947,341	52,659	
Fire Training Storage Building	B0005	312,000	9,690	302,310	
Myer's Pedestrian Bridge Rehab	BR001	2,400,000	2,370,972	29,028	
Union Street Drainage	D0007	733,557	733,557	-	
Big Four Depot	DP003	1,471,900	1,369,441	102,459	x
Fire Grant 37K Fairfield Twsp	FS006	37,000	33,378	3,622	
Concord Road Reconstruction	R0002	6,600,000	1,312,217	5,287,783	
Maple Point Extension	R0004	3,500,000	2,195,747	1,304,253	
Creasy Lane/SR 26 Land Acquisition	R0006	50,369	2,021	48,348	x
Old Romney Road	R0009	8,550,000	8,095,265	454,735	
S18th Street Widening	R0025	1,800,000	1,777,088	22,912	x
Sagamore Parkway Reconstruction	R0027	35,000,000	36,551,012	(1,551,012)	x
South Street Reconstruction	R0028	1,000,000	538,469	461,531	x
Rome Drive	R0031	1,312,584	1,312,584	-	
Greenbush Street	R0032	610,983	610,983	-	
Twyckenham Between Poland & 9th	R0034	200,000	67,513	132,487	x
Twyckenham Trail-Old Romney Rd/Old 231	R0035	120,000	61,179	58,821	x
Haggerty Lane Road Widening	R0037	300,000	97,379	202,621	
Manufacturer's Court	R0038	600,000	451,611	148,389	
South Tipp Park	PK019	220,000	219,457	543	x
Zoo Education Building	PK021	31,649	31,649	-	
Loeb Stadium Renovation	PK023	600,000	1,512,594	(912,594)	x
Columbian Park Entrance-Pedestrian Crossing	PK025	206,228	206,228	-	
Memorial Island-Columbian Park	PK026	1,300,000	989,964	310,036	x
Softball Complex	PK028	900,000	837,827	62,173	x
McCaw Playground	PK029	10,000	9,081	919	
Tropicanoe Cove Water Slides	PK030	3,500,000	638,509	2,861,491	
Annexation	RD033	26,424	26,424	-	
Trail Development	RD055	250,000	232,468	17,532	x
Upper Berlowitz Master Plan	RD074	110,000	109,256	744	x
General Electric-Road	RD078	2,000,000	1,956,885	43,115	x
Long Center	RD079	1,700,000	1,692,679	7,321	x
Parking Renovations	RD084	1,200,000	1,149,636	50,364	x
Durkee's Run CSO	S0041	4,118,993	4,118,993	-	
Sidewalks N26th Cason to Union	SW002	99,950	72,678	27,272	
Citywide Trail Master Plan	SW003	150,000	58,880	91,120	x
Sidewalk SR38 From Kingsway to Creasy	SW004	300,000	97,752	202,248	x
Tyler Technologies	TYLER	3,000	2,450	550	
VMP & Haggerty Traffic Signal	T0015	130,000	111,599	18,401	x
Totals Governmental Funds		<u>\$ 82,855,548</u>	<u>\$ 73,013,367</u>	<u>\$ 9,842,181</u>	

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Project	Project Code	Total Project Authorized	Expended to December 31, 2018	Committed	Required Future Funding
<b>Enterprise Funds</b>					
Valley Street Drainage	D0002	\$ 4,500,000	\$ 4,290,029	\$ 209,971	x
Union Street Drainage	D0007	730,000	636,215	93,785	x
11th and Main St Drainage	D0010	100,000	28,533	71,467	
Loeb Stadium	PK023	3,000,000	2,847,374	152,626	
Softball Complex	PK028	70,000	62,781	7,219	x
Sagamore Parkway Reconstruction	R0027	50,360	50,360	-	
Greenbush Street	R0032	340,000	338,587	1,413	
Rome Drive Land	S0006	40,000	1,928	38,072	x
Utility Service Area 21	S0015	8,500,000	619,412	7,880,588	x
Solar Power WWTP	S0038	4,000,000	118,149	3,881,851	x
Durkee's Run CSO	S0041	40,000,000	36,285,322	3,714,678	x
Restroom Install-Storm Equip Building	s0042	10,000	5,808	4,192	
Phosphrous	S0050	3,137,600	3,132,975	4,625	x
Elmwood & 27th Street	S0051	2,757,500	2,244,505	512,995	x
Railroad Corridor/Brown St Ph2	S0055	905,000	834,728	70,272	x
Greenbush Sewer Repair	S0057	5,000,000	4,009,834	990,166	x
Greenbush Storage Tank	S0060	31,000,000	20,200,295	10,799,705	x
Odor Control Prairie Oaks LS	S0061	15,000	4,909	10,091	
Brown Street	S0062	20,000,000	16,402,921	3,597,079	x
Alpena Court Stream Bank & Storm	S0065	90,000	79,620	10,380	
Williams Creek Sewer Stabilization	S0067	100,000	97,668	2,332	
Headworks Conveyor	S0068	120,000	100,419	19,581	
9th St Storm Water Pump Station	S0069	100,000	60,603	39,397	x
Upgrade Building Automation System		100,000	48,190	51,810	
North 9th Wetland Mitigation	STM15	37,950	26,400	11,550	x
North St Phase 2	STM16	120,000	80,301	39,699	x
Tyler Technologies	TYLER	800,000	763,965	36,035	x
New Wellfield Investigation	W0002	800,000	768,408	31,592	x
Glick Wellfield Generator	W0010	16,856	16,856	-	x
Onsite Chloine Generation-Glick	W0013	355,000	163,804	191,196	x
SCADA-Water Works	W0024	400,000	391,199	8,801	x
Meter Change Out	W0025	1,500,000	1,005,501	494,499	x
Hydraulic Model	W0034	50,000	1,708	48,292	x
Chemical Pump Replacement	W0036	40,000	35,317	4,683	
Prairie Lane Water Main Replacement	W0037	400,000	310,738	89,262	x
Water Tower Analyzers	W0038	55,000	34,670	20,330	
Wabash Ave Water Mains	W0040	60,000	38,237	21,763	
Murdock Park Storage Tank	W0041	900,000	115,934	784,066	x
Vinton Water Main Replacement	W0042	248,000	96,154	151,846	x
4th St Water Main Replacement	W0043	63,000	28,300	34,700	x
<b>Total Enterprise Funds</b>		<b>\$ 130,511,266</b>	<b>\$ 96,378,657</b>	<b>\$ 34,132,609</b>	
<b>Grand Total for CWIP</b>		<b>\$ 213,366,814</b>	<b>\$ 169,392,024</b>	<b>\$ 43,974,790</b>	

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D. Interfund Activities

Interfund Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt payments become due, (3) use unrestricted revenues from the General fund and EDIT fund to finance various programs accounted for in other funds in accordance with statutes or budgetary authorization and (4) transfer of assets from the fund that purchases or constructs the asset to the fund that will maintain the asset in accordance with statutes or budgetary authorizations.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Paying Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
TIF Creasy Central Consolidated	Economic Development Income Tax	\$ 353,000
TIF Creasy Central Consolidated	Thoroughfare	3,000,000
EDIT	Rainy Day	625,000
Comm Dev Blk Grant (LHR)	Economic Development Income Tax	<u>58,755</u>
	Total:	<u><u>\$ 4,036,755</u></u>

E. Leases

1. Operating Leases

The City has no operating leases at year end.

2. Capital Leases

The City has entered into a capital lease for recycling totes, fire equipment, and police vehicles. Future minimum lease payments and present values of the net minimum lease payments under the capital leases at year end are as follows:

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Capital Lease	Governmental Activities
2019	\$ 649,906
2020	649,906
2021	649,905
2022	159,713
2023	159,713
2024-2025	319,426
Total Minimum Lease Payments	2,588,569
Less Interest	229,628
PV of Net Minimum Lease Payments	\$ 2,358,941

The following is an analysis of assets acquired through these capital leases still in effect at year end:

Asset Category	Governmental Activities
Equipment	\$ 2,938,587
Less: Accumulated Depreciation	(1,203,232)
Total	\$ 1,735,355

F. Short-Term Liabilities

The City had no short-term debt activity during the year.

G. Long-term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets.

The City issues revenue bonds to provide for the acquisition and construction of major capital assets. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay the debt service. Debt issues are as follows:

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Governmental Activities

General Obligation Bonds:

2012 Park District Refunding General Obligation Bonds

Tropicanae Cove, Castaway Bay, McAllister Center, Zoo Admin.

Interest rates: .98% to 2.0%

Original issue: \$5,880,000

Installments of \$435,000 to \$490,000 plus interest

Maturity: January 15, 2019 \$ 465,000

2018 Park District General Obligation Bonds

Tropicanae Cove Slide, Memorial Island, Zoo Animal Exhibits

Interest rates: 3.0% to 3.5%

Original issue: \$12,720,000

Installments of \$165,000 to \$450,000 plus interest

Maturity: July 15, 2038 12,720,000

Revenue Bonds:

2010 A Redevelopment Authority Lease Rental Refunding Bonds Econ Dev

North 9<sup>th</sup> Street and Duncan Road projects

Interest rates: 2.0% to 3.5%

Original issue: \$2,485,000

Installments of \$100,000 to \$145,000 plus interest

Maturity: January 15, 2021 690,000

2010 B Redevelopment Authority Lease Rental Refunding Bonds Econ Dev

Fire Station 5 Union Street

Interest rates: 2.0% to 3.25%

Original issue: \$3,005,000

Installments of \$125,000 to \$170,000 plus interest

Maturity: January 15, 2021 830,000

2013 A Redevelopment Authority Lease Rental Consolidated TIF Refunding Bonds

Greenbush/Pavilions

Interest rate: 1.75%

Original issue: \$7,300,000

Installments of \$70,000 to \$985,000 plus interest

Maturity: February 1, 2026 1,155,000

2012 Redevelopment District Consolidated TIF Refunding Revenue Bonds

Parking garage/Renaissance Place

Interest rate: 1.64%

Original issue: \$3,870,000

Installments of \$100,000 to \$340,000 plus interest

Maturity: February 1, 2025 1,400,000

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2010 C Redevelopment Authority Lease Rental Twyckenham TIF Refunding Bond Twyckenham Infrastructure Interest rates: 1.0% to 4.0% Original issue: \$5,710,000 Installments of \$175,000 to \$290,000 plus interest Maturity: January 15, 2023	2,430,000
2010 C Economic Development Income Tax Lease Rental Refunding Bond Lafayette City Hall renovation project Interest rates: 2.0% to 3.2% Original issue: \$9,180,000 Installments of \$440,000 to \$570,000 plus interest Maturity: January 1, 2020	1,690,000
2013 B Redevelopment Authority Lease Rental Refunding Bonds Consolidated TIF Railroad Relocation/Depot/Brady Lane Interest rate: 2.0% Original issue: \$6,505,000 Installments of \$160,000 to \$380,000 plus interest Maturity: January 15, 2026	2,640,000
2015 Economic Development Subordinate Consolidated TIF Revenue Bonds One Main Street-Marq Interest rate: 3.8% Original issue: \$4,420,000 Installments of \$85,000 to \$165,000 plus interest Maturity: February 1, 2035	4,075,000
2014 Redevelopment District Twyckenham TIF Bonds Twyckenham/Old Romney Road Interest rates: 3.0% to 4.0% Original issue: \$5,185,000 Installments of \$135,000 to \$200,000 plus interest Maturity: July 15, 2039	5,185,000
2017 Economic Development Subordinate Tax Increment Revenue Bonds NCC Project, Intersection Connection Project, GLC Project Interest rate: 2.02% Original issue: \$5,765,000 Installments of \$530,000 to \$605,000 plus interest Maturity: February 1, 2023	5,235,000
2014 Redevelopment Authority Lease Rental Consolidated TIF Bonds Streetscape, Long Center, Depot, Parking Garage, Rome Drive, Market Square Interest rates: 3.0% to 3.75% Original issue: \$16,160,000 Installments of \$140,000 to \$555,000 plus interest Maturity: August 1, 2039	15,730,000
Total governmental activity debt	<u>\$ 54,245,000</u>

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Business-type Activities

Revenue Bonds:

2008 Water Pollution Control Revenue Bonds	
Construction and installation of energy conservation measures	
Interest rates: 3.5% to 4.0%	
Original issue: \$4,950,000	
Installments of \$95,000 to \$180,000 plus interest	
Maturity: July 1, 2025	\$ 2,335,000
2014 Water Pollution Control Revenue Bonds	
Extensions and improvements to the sewage works	
Interest rates: 2.0% to 3.75%	
Original issue: \$10,515,000	
Installments of \$205,000 to \$345,000 plus interest	
Maturity: January 1, 2035	8,635,000
2016 Water Pollution Control Refunding Revenue Bonds	
Pumping Station and elimination sewer	
Interest rates: 2.0% to 5.0%	
Original issue: \$18,560,000	
Installments of \$150,000 to \$3,320,000 plus interest	
Maturity: January 1, 2025	17,130,000
2013 Water Pollution Control Revenue Bonds	
Durkees Run	
Interest rates: 3.0% to 3.25%	
Original issue: \$22,485,000	
Installments of \$455,000 to \$740,000 plus interest	
Maturity: January 1, 2034	17,820,000
2013 Water Pollution Control Refunding Revenue Bonds	
Extensions and improvements to the sewage works	
Interest rates: 2.0% to 5.0%	
Original issue: \$58,205,000	
Installments of \$325,000 to \$4,235,000 plus interest	
Maturity: July 1, 2026	34,125,000
2017 Sewage Works Revenue Bonds	
Extensions and improvement to the sewage works	
Interest rate: 3.1%	
Original issue: \$55,000,000	
Installments of \$990,000 to \$1,930,000 plus interest	
Maturity: January 1, 2038	53,020,000
2018 Revenue Waterworks Revenue Bonds	
Extensions and improvement to the sewage works	
Interest rate: 2.5 to 3.5%	
Original issue: \$19,705,000	
Installments of \$265,000 to \$680,000 plus interest	
Maturity: July 1, 2038	19,440,000

Total business-type activity debt

73

\$ 152,505,000

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Excluded from the governmental activities and the business-type amounts outstanding are total unamortized premiums of \$102,521 and \$7,279,402 respectively.

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

<u>Governmental Activities</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 630,000	\$ 297,709
2020	495,000	429,643
2021	510,000	414,719
2022	525,000	399,268
2023	540,000	383,368
2024-2028	2,945,000	1,662,666
2029-2033	3,435,000	1,161,804
2034-2038	<u>4,105,000</u>	<u>463,069</u>
Totals	<u>\$13,185,000</u>	<u>\$5,212,246</u>

Revenue bonds debt service requirements to maturity at year end are as follows:

<u>Business-Type Activities</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 5,635,000	\$ 3,210,281
2020	10,355,000	5,216,117
2021	10,740,000	4,817,859
2022	11,155,000	4,401,392
2023	11,620,000	3,932,178
2024-2028	48,865,000	12,636,406
2029-2033	29,920,000	6,588,739
2034-2038	<u>24,205,000</u>	<u>1,953,061</u>
Totals	<u>\$152,495,000</u>	<u>\$42,756,033</u>

Revenue bonds debt service requirements to maturity at year end are as follows:

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<u>Governmental Activities</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 4,490,000	\$ 1,225,591
2020	4,030,000	1,101,141
2021	3,235,000	998,924
2022	3,025,000	920,151
2023	2,465,000	843,273
2024-2028	7,595,000	3,533,720
2029-2033	7,630,000	2,353,838
2034-2038	7,285,000	998,875
2039	1,305,000	42,625
Totals	<u>\$ 41,060,000</u>	<u>\$ 12,018,138</u>

H. Loans Payable

The Wastewater Utility has entered into a loan from the State Revolving Loan Fund. At year end the 2009 loan balance was \$996,000.

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

<u>Business-Type Activities</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 71,000	\$ 35,422
2020	74,000	32,816
2021	77,000	30,119
2022	79,000	27,313
2023	82,000	24,417
2024-2028	459,000	74,842
2029-2032	154,000	5,592
Totals	<u>\$ 996,000</u>	<u>\$ 230,521</u>

I. Notes Payable

The City currently has no notes payable.

J. Advance Refunding

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

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Name of Bond	Amount
1994 Redevelopment Authority lease rental - \$9,365,000	\$ 4,480,000
1994 Redevelopment Authority lease rental - \$15,000,000	7,785,000
1994 B Redevelopment Authority lease rental - \$5,665,000	2,665,000
1995 A Redevelopment Authority lease rental - \$3,360,000	2,370,000
1995 Redevelopment Authority lease rental - \$2,300,000	960,000
1996 Redevelopment District Parking Facility Revenue Bonds - \$2,600,000	1,197,003
1997 Redevelopment Authority lease rental refunding - \$3,925,000	620,000
1998 Redevelopment Authority lease rental refunding - \$4,485,000	2,970,000
1998 Park District Bonds - \$5,500,000	2,500,000
1999 Redevelopment Authority lease rental refunding - \$7,980,000	5,235,000
2001 A Redevelopment Authority lease rental refunding - \$3,500,000	2,200,000
2001 B Redevelopment Authority lease rental refunding - \$5,000,000	3,140,000
2001 Park District Bonds - \$1,750,000	1,465,000
2002 Redevelopment Authority lease rental refunding - \$8,500,000	5,880,000
2002 Sewage Works revenue bonds - \$30,000,000	23,935,000
2004 Park District Bonds - \$1,730,000	1,610,000
2004 A Tax Increment Revenue Bonds - \$2,145,000	1,750,000
2004 B Tax Increment Revenue Bonds - \$735,000	695,000
2004 Redevelopment Authority Lease Rental Revenue Bond - \$4,380,000	4,260,000
2006 Sewage Works Revenue Bond - \$22,445,000	22,421,435

K. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018, was as follows:

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<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 1,385,000	\$ 12,720,000	\$ 920,000	\$ 13,185,000	\$ 630,000
Bond discount	(606)	(48,841)	(303)	(49,144)	-
Total general obligation bonds payable	<u>1,385,606</u>	<u>12,768,841</u>	<u>920,303</u>	<u>13,234,144</u>	<u>630,000</u>
Revenue bonds	45,085,000	-	4,025,000	41,060,000	4,490,000
Bond discount	(102,023)	-	498	(102,521)	-
Total revenue bonds payable	<u>45,187,023</u>	<u>-</u>	<u>4,024,502</u>	<u>41,162,521</u>	<u>4,490,000</u>
Capital leases	1,693,522	942,032	267,205	2,368,349	578,876
Total OPEB liability	2,724,407	-	570,096	2,154,311	-
Net pension liabilities	60,333,375	-	5,456,002	54,877,373	-
Total governmental activities long-term liabilities	<u>\$ 111,323,933</u>	<u>\$ 13,710,873</u>	<u>\$ 11,238,108</u>	<u>\$ 113,796,698</u>	<u>\$ 5,698,876</u>
<b>Business-type activities:</b>					
Revenue bonds payable:					
Wastewater Utility	\$ 142,165,000	\$ -	\$ 9,100,000	\$ 133,065,000	\$ 5,265,000
Bond premium	8,268,195	-	988,793	7,279,402	-
Water Utility	-	19,705,000	265,000	19,440,000	370,000
Bond discount	-	(35,392)	-	(35,392)	-
Total revenue bonds payable	<u>150,433,195</u>	<u>19,669,608</u>	<u>10,353,793</u>	<u>159,749,010</u>	<u>5,635,000</u>
Loans payable	1,920,000	-	924,000	996,000	71,000
Total OPEB liability	5,448,817	-	1,140,194	4,308,623	-
Net pension liabilities	7,088,447	-	1,424,149	5,664,298	-
Total business-type activities long-term liabilities	<u>\$ 164,890,459</u>	<u>\$ 19,669,608</u>	<u>\$ 13,842,136</u>	<u>\$ 170,717,931</u>	<u>\$ 5,706,000</u>

The Total OPEB Liability beginning balance for Governmental activities and Business-type activities was adjusted due to the adoption of GASB 75. The Governmental activities beginning balance increased by \$1,287,290 and the Business-type activities increased by \$2,574,582.

The major governmental funds – General and Motor Vehicle Highway, the major proprietary funds – Water Utility, Wastewater Utility, and the fiduciary funds – pension trust funds, are primarily used to liquidate the liability for net pension liability.

The major governmental funds – General and the Motor Vehicle Highway, the major proprietary funds – Water Utility, Wastewater Utility, are primarily used to liquidate the liability for other postemployment benefits.

**L. Contingent Receivable – Forgivable Loans**

The City has contingent receivables resulting from rehabilitation and improvement loans made through various Community Development Block Grant and Home Investment Partnership Programs. The loans become receivable only if recipients do not meet occupancy or other requirements. Loans balances are systematically "forgiven" (reduced without cash payment) each year the recipient meets the requirements. The receivable is contingent upon the recipient not meeting the

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requirements and the amount of the receivable is not known until that time. The following schedule shows the changes in this contingent receivable for 2018:

Beginning Balance, January 1	5,501,422
Adjustment to beginning balance	(48,409)
New Loans	498,524
Amount Forgiven	(802,116)
Principal amount paid on loans	-
Ending Balance, December 31	\$ 5,149,421

M. Restricted Assets

1. The City has restricted assets for the following Governmental fund accounts:

Debt Service Reserve

An amount of money that is required to maintain the reserve account in the full amount of a sum equal to the least of (i) the maximum semiannual debt service on the bonds, or (ii) 125 percent of the average annual debt service on the bonds, or (iii) ten percent (10 percent) of the proceeds of the bond.

Capital Outlay

Amounts to be used in the construction and acquisition of designated capital assets are included in this account.

2. The City has restricted assets for the following Proprietary (Enterprise) fund accounts:

Debt Service Reserve

An amount of money that is required to maintain the reserve account in the full amount of a sum equal to the least of (i) the maximum semiannual debt service on the bonds, or (ii) 125 percent of the average annual debt service on the bonds, or (iii) ten percent (10 percent) of the proceeds of the bond.

Construction

Unspent bond issue proceeds to be used in the construction of designated capital assets are included in this report.

Customer Deposits

Customer deposits are refundable amounts received from customers of Water Utility to insure nonpayment of billings or water main damages.

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The balances of restricted asset accounts at year end are as follows:

Asset Type/Account	Governmental Funds				Total
	TIF Alloc McCarty	Redevelopment Authority	TIF Alloc Twyckenham	TIF Alloc Central Consolidated	
Cash and Cash Equivalents:					
Debt service reserve	\$ -	\$ 1,276,438	\$ 447,487	\$ 928,287	\$ 2,652,212
Capital outlay	3,542,296	-	-	-	3,542,296
<b>Total restricted assets</b>	<b>\$ 3,542,296</b>	<b>\$ 1,276,438</b>	<b>\$ 447,487</b>	<b>\$ 928,287</b>	<b>\$ 6,194,508</b>
	Enterprise Funds				
	Water Utility	Wastewater Utility	Total		
Cash and Cash Equivalents:					
Debt service reserve	\$ 19,155,717	\$ 19,984,940	\$ 39,140,657		
Customer deposits	143,834	-	143,834		
<b>Subtotal</b>	<b>19,299,551</b>	<b>19,984,940</b>	<b>39,284,491</b>		
Investments:					
Debt service reserve	-	13,497,846	13,497,846		
<b>Total restricted assets</b>	<b>\$ 19,299,551</b>	<b>\$ 33,482,786</b>	<b>\$ 52,782,337</b>		

#### IV. Other Information

##### A. Risk Management

The City 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; unemployment compensation benefits; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past 3 years. There were no significant reductions in insurance by major category of risk.

##### Medical, Dental and Vision Benefits to Employees, Retirees and Dependents

During 2009, the City joined with other governmental entities to form the Indiana Association of Cities and Towns (IACT) Medical Trust, a public entity risk pool currently operating as a common risk management and insurance program for 35 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical, dental and vision benefits to employees, retirees and dependents. The Medical Trust is owned by participating members, governed by a Board of Trustees and regulated by the Indiana Department of Insurance. The City pays an annual premium to the Medical Trust

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for its medical, dental and vision benefits to employees, retirees and dependents. Benefit plans of the Medical Trust are offered through United Healthcare two high-deductible HSA plans. There is no dollar limit to the amount either plan will pay for essential benefits during the entire period employees, retirees and dependents are enrolled in their plan.

Job Related Illnesses or Injuries to Employees

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

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

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

	2018	2017
Unpaid claims, beginning of year	\$ 10,483	\$ -
Incurred claims and changes in estimates	538,961	291,756
Claim payments	(539,712)	(281,273)
Unpaid claims, end of year	\$ 9,732	\$ 10,483

Unemployment Compensation Benefits

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

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

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

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	2018	2017
Unpaid claims, beginning of year	\$ 1,560	\$ -
Incurred claims and changes in estimates	6,759	8,640
Claim payments	(7,411)	(7,080)
Unpaid claims, end of year	\$ 908	\$ 1,560

B. Related Party Transactions

During the period in which financial statements are presented, the City had material transactions with Gary Henriott, Board of Works member in relation to the following types of insurance coverage: Business Auto, General Liability, Umbrella, Inland Marine, Professional Liability and Commercial Property. The 2018 premiums for the insurance coverages were \$834,644. No amount was due as of the balance sheet date.

C. Subsequent Events

Utility Projects:

Greenbush CSO Storage Tank

The City of Lafayette's approved Combined Sewer Overflow Long Term Control Plan (CSO LTCP) requires full treatment of wastewater flows and a level of control of no more than four (4) CSO overflows during a typical year. To achieve this level of control, the recommended plan was divided into four sub-phases (Phase II-A, II-B, II-C and II-D). As a component of Phase II-B, the City is required to plan, design, construct, and place into operation a 4.2 million gallon (MG) CSO storage tank in the area near the existing CSO 001 diversion structure by the year 2020. The Greenbush CSO Storage Tank is required to store and convey wet weather flow to the Lafayette Waste Water Treatment Plant (WWTP) when the WWTP has capacity thereby improving the water quality in the Wabash River.

The Greenbush CSO Storage Tank project includes a 4.2 MG covered below grade storage tank, a building to house electrical and SCADA components, pumps and related equipment for tank dewatering in compliance with IDEM standards, a screening, and backflow prevention at a newly constructed CSO 001 outfall from the proposed 4.2 MG storage tank. Additional project components include yard piping, site work (including grading), and SCADA integration.

The City will issue sewage works revenue bonds in one or more series, in the amount not to exceed Fifty-Seven Million Dollars (\$57,000,000) to provide funding necessary to pay for a portion of the utility project costs. The utility projects are expected to be completed in 2019.

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The City issued those bonds in March of 2016. In spite of increased interest rate pressures in the market place competition among the bidders was quite keen and the City was able to secure a 3.16% rate for the issue.

Water Utility System Capital Improvement Plan

Pursuant to the Indiana Utility Regulatory Commission (IURC) Order in Cause No. 45006, May 16, 2018 the Lafayette Water Utility received approval to implement an increase in the water rates and charges. The increase in water rates and charges are earmarked to pay for the significant infrastructure needs that have arisen in Lafayette's water system since its last rate increase May 9, 2001. The first phase of the water project will include a \$19,800,000 bond issue to fund the following capital projects:

- Wea Ridge Elevated Water Storage Tank
- Murdock Park Reservoir and Booster Station
- Main Replacements in Edgelea Addition, Wabash Avenue, Meharry, Vinton and N 21<sup>st</sup> Streets.

D. Conduit Debt Obligation

The primary government has issued the Indiana Variable Rate Demand Economic Development Revenue Bonds of 2003 to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, the State, or any political subdivision is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At the end of the year, the sole series of bonds outstanding had an aggregate principal amount payable of \$740,000.

E. City/County Interlocal Agreement

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

Under the terms of the agreement, Tippecanoe County established a Southeast Industrial Expansion Economic Development TIF District to finance public improvements within the defined district. The City had established the McCarty

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TIF District. In accordance with the interlocal agreement, the public improvements mutually benefit the districts.

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

Under the terms of the agreement, the County has established a Southeast Industrial TIF Fund to account for the funds used to pay for the public improvements which will be constructed and administered by the City. The payments for these projects are initiated by the City then reviewed, approved and paid by the County. At December 31, 2018, the Southeast Industrial TIF Fund had \$2,517,068 held for these capital projects.

The City has established a TIF County's South East Fund to account for the McCarty TIF District funds used to pay for the public improvements which will be constructed and administered by the County. The payments for these projects are initiated by the County then reviewed, approved and paid by the City. At December 31, 2018, the TIF County's South East Fund had \$3,542,296 held for these capital projects.

F. Other Postemployment Benefits

Multiple Employer Welfare Arrangement (MEWA)

Plan Description

The City of Lafayette Retiree Healthcare Plan is a Multiple Employer Welfare Arrangement (MEWA). The MEWA is governed by the State of Indiana under Indiana Code 27-1-34 and is administered by the Accelerate Indiana Municipalities (AIM) Medical Trust. The plan provides health care benefits to all eligible retirees and spouses who retire from the primary government. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the City.

Funding Policy

The contribution requirements of plan members for the City of Lafayette Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2018 the City contributed \$273,798 to the plan for current premiums. General employee members pay approximately 100 percent of the total monthly premium of \$584 for retiree only coverage and \$1,167 for retiree spouse coverage on Plan I. The costs for Plan F are \$739 and \$1,477 respectively. Bargaining unit members receiving benefits

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contributed approximately 90 percent of the total monthly premiums of the health plans. This contribution moves to approximately 100 percent after four years, the same as the General employee members.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The latest actuarial study was done as of December 31, 2018. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount contributed to the plan and changes in the City's net OPEB obligation to the plan.

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SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	FY 2018
Total OPEB Liability:	
Total OPEB Liability - beginning of year	\$ 8,173,224
Service cost	452,057
Interest	292,040
Change of benefit terms	-
Changes in assumptions	(648,758)
Differences between expected and actual experience	(1,531,831)
Benefits payments	(273,798)
Net change in total OPEB liability	(1,710,290)
Total OPEB Liability - end of year	\$ 6,462,934
Plan Fiduciary Net Position:	
Plan fiduciary net position - beginning of year	\$ -
Contributions - employer	273,798
Contributions - active employees	-
Net investment income	-
Benefit Payments	(273,798)
Trust administrative expenses	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - end of year	\$ -
Net OPEB Liability - end of year	\$ 6,462,934
Plan fiduciary net position as % of covered payroll	\$ 35,621,289
Net OPEB liability as % of covered payroll	18.1%

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	FY 2018
OPEB Expense	
Discount Rate	
Beginning of year	3.44%
End of year	4.11%
Service cost	\$ 452,057
Interest	292,040
Change of benefit terms	-
Projected earnings on OPEB plan investments	-
Reduction for contributions from active employees	-
OPEB plan administrative expenses	-
Current period recognition of deferred outflows/(inflows) of resources	
Differences between expected and actual experience	(170,203)
Changes in assumptions	(72,084)
Net difference between projected and actual earnings on OPEB plan investments	-
Total current period recognition	(242,287)
Total OPEB expense	\$ 501,810

Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Difference between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Differences between projected and actual earnings of the OPEB plan

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

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**Deferred Outflows / (Inflows) of Resources**

As of December 31, 2018	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance
Differences between expected and actual experience for FYE	\$ (1,531,831)	9	\$ (170,203)	\$ (1,361,628)
Changes in assumptions for FYE	(648,758)	9	(72,084)	(576,674)
Net Difference between projected and actual earnings in OPEB plan investments for FYE	-	N/A	-	-
As of fiscal year ending December 31, 2018	Deferred Outflows	Deferred Inflows		
Differences between expected and actual experience	\$ -	\$ (1,361,628)		
Changes in assumptions	-	(576,674)		
Net difference between projected and actual earnings in OPEB plan investments	N/A	N/A		

**Annual Amortization of Deferred Outflows/(Inflows)**

The balances of December 31, 2018 of the deferred outflows/(inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2019	\$ (242,287)
2020	(242,287)
2021	(242,287)
2022	(242,287)
2023	(242,287)
Thereafter	(726,867)

**Sensitivity Results**

The following presents the net OPEB liability as of December 31, 2018, calculated using the discount rate assumed as what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 4.11%.
- The 1% decrease in discount rate would be 3.11%.
- The 1% increase in discount rate would be 5.11%.

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As of December 31, 2018	Net OPEB Liability
1% Decrease	\$ 7,038,803
Current Discount Rate	6,462,934
1% Increase	5,932,467

The following presents the net OPEB liability as of December 31, 2018, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.00%, decreasing to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.00%, decreasing to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 9.00%, decreasing to an ultimate rate of 5.50%.

As of December 31, 2018	Net OPEB Liability
1% Decrease	\$ 5,761,764
Current Discount Rate	6,462,934
1% Increase	7,284,399

Funding Status and Funding Progress

As of December 31, 2018, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability (AAL) for benefits was \$6,462,934 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of (UAAL) of \$6,462,934. The covered payroll (annual payroll of active employees covered by the plan) was \$35,621,289 and the ratio to UAAL was 18.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. This includes assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2018, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 4.5% after 20 years. All inflation is covered under the health care cost trend rate and assumes a 3% rate. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level percentage of projected payrolls over thirty years based on an open group.

Mortality tables have been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018. The impact of this change is a slight decrease in liability.

The City's actuarial report of other postemployment benefits is available by contacting the City of Lafayette Controller's office.

G. Pension Plans

1. Cost Sharing Multiple-Employer Defined Benefit Pension Plans

a. Public Employees Retirement Fund

Plan Description

The primary government contributes to the Public Employees Retirement Fund (PERF), a defined benefit pension plan administered by the Indiana Public Retirement System (INPRS). PERF is a cost sharing 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 INPRS, most requirements of the system and give the City authority to contribute to the plan.

Benefits Provided

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The INPRS 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. As part of the implementation of GASB Statement No. 67, INPRS changed from an agent to a cost sharing, multiple-employer defined plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2, and amended IC 5-10.2-2-11 (b).

INPRS 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:

Indiana Public Retirement System  
One North Capital, Suite 001  
Indianapolis, IN 46204  
Ph. (317) 526-1687

Contributions

PERF members are required to contribute 3 percent of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 11.2 percent of annual covered payroll. The contribution requirements of the plan members and the City are established and may be amended by the Board of Trustees of INPRS. The City's contributions to the plan for the years ending December 31, 2018, 2017, and 2016 were \$2,025,904, \$1,878,322, and \$1,782,752 respectively, which were equal to the required contributions for each year.

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.50% to 4.25% including inflation
Investment rate of return	6.75% net of pension plan investment expense, including inflation

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Mortality rates                      RP-2014 Total Data Set Mortality tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report

The actuarial assumptions used in the June 30, 2018 valuation were based on census data collected as of June 30, 2017. As a result of the study inflation decreased from 3.00% to 2.25%, future salary rates decreased from a table range of 3.25% to 4.50% to a table ranging from 2.50% to 4.25%. The mortality rates changed from the 2013 IRS Static Mortality projected five years with Scale AA to the process referenced above. Each of these assumption changes were made to more closely reflect actual experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return as of June 30, 2018 for each major asset class are summarized in the following table.

Global Asset Class	Target Allocation	Long-Term Expected Rate of Return
Public equity	22.00%	4.40%
Private equity	14.00%	5.40%
Fixed income – Ex inflation linked	20.00%	2.20%
Fixed income – inflation linked	7.00%	0.80%
Commodities	8.00%	2.30%
Real estate	7.00%	6.50%
Absolute return	10.00%	2.70%
Risk parity	12.00%	5.20%

Discount Rate

Total pension liability for each defined benefit pension plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used

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to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, each defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current (6.75%)</u>	<u>1% Increase (7.75%)</u>
PERF	\$ 18,971,309	\$ 12,051,697	\$ 6,281,495

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the City reported a liability of \$12,051,697 for its proportionate share of the net pension liability. The City's proportionate share of the net pension liability was based on the City's wages as a proportion of total wages for the PERF Plan. The proportionate share used at the June 30, 2018 measurement date was 0.0035477.

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For the year ended December 31, 2018, the City recognized pension expense of \$2,237,820, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the PERF Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,613	\$ 823
Net difference between projected and actual earnings on pension plan investments	356,924	-
Changes in assumptions	28,714	1,935,067
Changes in proportion and differences between City contributions and proportionate share of contributions	570,899	14,323
Total	\$ 1,114,150	\$ 1,950,213

Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5 year period. A change in an employer's proportionate share: represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

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Amortization of Net Deferred Outflows/Inflows of Resources

2018		\$	450,352
2019			(329,741)
2020			(743,235)
2021			<u>(213,439)</u>
 Total		 \$	 <u>(836,063)</u>

b. 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 Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System  
 One North Capital, Suite 001  
 Indianapolis, IN 46204  
 Ph. (317) 526-1687

Contributions

Plan members are required to contribute 6 percent of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate is 17.5 percent 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 INPRS.

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Benefits Provided

A member vests after 20 years of service. If the member retires at or after the age of 52 with 20 years of service, the benefit is equal to 50 percent of the salary of a first class officer, as reported by the employer in the year the 1977 Fund member ended service plus one (1) percent of that salary for each six (6) months of active service over 20 years to a maximum of 12 years. At age 50 and with 20 years of service, a member may elect to receive a reduced benefit by a factor established by the fund's actuary (IC 36-8-8-11).

The monthly pension benefits for members in pay status may be increased annually in accordance with the cost of living adjustment (COLA) statute (IC 36-8-8-15). A member is entitled to an annual increase in the member's benefit based on the percentage increase in the Consumer Price Index (January- March); however, the maximum increase is 3.0 percent. There was a COLA increase of 2.2 percent effective July 1, 2018. The plan is closed to new entrants.

Significant Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.50% to 4.25% including inflation
Investment rate of return	6.75% net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Total Data Set Mortality tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report

The actuarial assumptions used in the June 30, 2018 valuations were adopted by the Board pursuant to the experience studies completed in April 2016, which reflected the experience period from July 1, 2010 through June 30, 2015. The June 30, 2017 valuations incorporate member census data as of June 30, 2016, adjusted for certain activity during fiscal year 2017. Standard actuarial techniques were used to roll forward valuation results over one year.

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The actuarial assumptions and methods are summarized in the Actuarial Assumptions and Methods section of each valuation report. We believe the actuarial assumptions and methods are reasonable for the purposes of the valuation reports and comply with the parameters set forth in Statements No. 67 and No. 68 of the Governmental Accounting Standards Board ("GASB"). Different assumptions and methods may be reasonable for other purposes. As such, the results presented in the valuation reports should only be relied upon for the intended purpose.

Difference between expected and actual experience: the actuaries use assumptions such as future salary increases and inflation to develop what they expect to be the experience of the pension plan. Each year the difference between the expected experience and the actual experience is amortized over the average expected remaining service lives of the plan.

Net difference between projected and actual investment earnings: the actuaries use the pension plan's expected long term rate of return to project investment earnings net of investment expenses. The difference between the expected and the actual investment earnings is deferred and amortized over five years.

A change in an employer's proportionate share: represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan.

The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan.

Global Asset Class	Target Allocation	Long-Term Expected Rate of Return
Public equity	22.00%	4.40%
Private equity	14.00%	5.40%
Fixed income – Ex inflation linked	20.00%	2.20%
Fixed income – inflation linked	7.00%	0.80%
Commodities	8.00%	2.30%
Real estate	7.00%	6.50%
Absolute return	10.00%	2.70%
Risk parity	12.00%	5.20%

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Discount Rate

Total pension liability for each defined benefit pension plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, each defined benefit pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current (6.75%)</u>	<u>1% Increase (7.75%)</u>
1977 Police Officers	\$ 8,695,091	\$ (915,182)	\$ (8,683,453)
1977 Firefighters	\$ 8,459,387	\$ (890,373)	\$ (8,448,064)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

1977 Police Officers' Pension and Disability Fund:

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The primary government's contributions to the plan for the year ended December 31, 2018 were \$1,534,277 equal to the required contributions for each year.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2018, the City reported an asset of \$915,182 for its proportionate share of the net pension liability. The City's proportionate share of the net pension liability was based on the City's wages as a proportion of total wages for the Plan. The proportionate share used at the June 30, 2018 measurement date was 0.0104103.

For the year ended December 31, 2018, the City recognized pension expense of \$1,082,894 which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the 1977 Police Officers' Plan from the following sources:

<u>1977 Police Officers' Pension and Disability Fund</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,692,982	\$ 422,501
Net difference between projected and actual earnings on pension plan investments	312,351	-
Change of Assumptions	-	2,027,884
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>29,066</u>	<u>17,992</u>
Total	<u>\$ 2,034,399</u>	<u>\$ 2,468,377</u>

1977 Firefighters' Pension and Disability Fund:

The primary government's contributions to the plan for the year ended December 31, 2018 were \$1,492,693 equal to the required contributions for each year.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

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At December 31, 2018, the City reported an asset of \$890,373 for its proportionate share of the net pension liability. The City's proportionate share of the net pension liability was based on the City's wages as a proportion of total wages for the Plan. The proportionate share used at the June 30, 2018 measurement date was 0.0101281.

For the year ended December 31, 2018, the City recognized pension expense of \$1,051,408 which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the 1977 Firefighters' Plan from the following sources:

<u>1977 Firefighters' Pension and Disability Fund</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,647,089	\$ 411,048
Net difference between projected and actual earnings on pension plan investments	303,884	-
Change of Assumptions	-	1,972,912
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>17,209</u>	<u>17,023</u>
Total	<u>\$ 1,968,182</u>	<u>\$ 2,400,983</u>

Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over an 8 year period. A change in an employer's proportionate share: represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

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Amortization of Net Deferred Outflows/Inflows of Resources

	1977 Police Officers' Pension and Disability Fund	1977 Firefighters' Pension and Disability Fund
2019	\$ 666,783	\$ 646,578
2020	(83,575)	(83,439)
2021	(640,746)	(625,507)
2022	(511,085)	(499,361)
2023	(208,931)	(204,776)
Thereafter	343,576	333,704
Total	\$ (433,978)	\$ (432,801)

2. Single-Employer Defined Benefit Pension Plans

a. 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 (Indiana Code 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. The pension plan is closed to new entrants.

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefits are provided either through a life annuity or a joint and survivor annuity with 60% continuation to the surviving beneficiary. The benefit provisions of the 1925 Police Officers' Pension Plan for non-converted members are set forth in Indiana Code 36-8-6. The benefit provisions for converted members are set forth in Indiana 36-8-8. Unless specifically denoted, provisions for converted and non-converted members are the same. All full-time, fully-paid police officers who hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

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Eligibility for annuity benefits is as follows. Non-converted members of any age with twenty or more years of creditable service and converted plan members who are age fifty-two with twenty or more years of creditable service are eligible for normal benefits. Normal retirement benefits are calculated at 50% of the base salary of a First Class Patrolman, plus an additional 1% for each completed six months of service over twenty years up to a maximum of 74% with 32 years of service.

Non-converted plan members of any age with twenty or more years of creditable service and converted plan members age fifty with twenty years or more of creditable service are eligible to receive early retirement benefits. Early retirement benefits are unreduced for unconverted plan members between ages fifty and fifty-two. Late retirement benefits are calculated in the same manner as normal retirement benefits.

Disability retirement benefits are equal to a sum determined by a disability medical panel, but not exceeding 55% of the monthly salary (with longevity pay) of a First Class Patrolman. If a member has more than twenty years of service, the disability benefit, if greater, will be equal to the pension the member would have received if the member had retired on the date of disability. For converted plan members, the disability benefit is equal to the benefit the member would have received if the member has retired. If a converted member does not have twenty years of service or is not at least fifty-two on the date of disability, the benefit is computed as if the member does have twenty years of service and is age fifty-two at the date of disability.

Pre-retirement death benefits vary for converted and non-converted plan members and depending upon whether or not the death is considered in the line of duty or not in the line of duty. Such benefits range from 20-50% of a First Class Patrolman salary, with longevity, or from 55-100% of the monthly benefit the member was receiving, or was entitled to receive, on the date of death. Pre-retirement death benefits are payable to the surviving spouse, children and dependent parents of plan members provided they meet eligibility guidelines. A one-time funeral death benefit is paid to the heirs or estate upon a member's death from any cause and is equal to at least \$12,000. An additional benefit of \$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent(s) if death occurs in the line of duty.

Non-converted members are entitled to the normal retirement benefit described above if termination occurs after earning twenty years of service. If termination occurs before completing twenty years of service, no benefits are payable. Converted members are entitled to the accrued

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retirement benefit determined as of the termination date and payable commencing on the normal retirement date. If termination occurs before completing twenty years of service, the member shall be entitled to the member's contributions plus accumulated interest.

Benefits for non-converted retired members are increased annually based on increases in the First Class salary as approved by the employer. Converted retired member benefits are increased annually based on increases in the CPI-U index. The increase is subject to a 3% maximum and 0% minimum.

#### Deferred Retirement Option Plan

The Deferred Retirement Option Plan (DROP) is an optional form of benefit, which allows members who are eligible for an unreduced retirement benefit to continue to work and earn a salary while accumulating a DROP benefit. A member who elects to enter the DROP shall execute an irrevocable election to retire on the DROP retirement date. The member shall select a DROP retirement date not less than 12 months and not more than 36 months after the member's DROP entry date. While in the DROP, the member shall continue to make applicable fund contributions. When a member enters the DROP, a "DROP frozen benefit" will be calculated. Members of the DROP are eligible to receive a lump sum equal to the amount of the DROP frozen benefit multiplied by the number of months in the DROP. A member may elect to receive this amount in three annual installments instead of a single lump sum. In addition, the member will receive a monthly retirement benefit equal to the DROP frozen benefit. Forms of payment include a single life annuity or a joint annuity with 60% survivor benefits. A member, upon retirement, may elect to forgo DROP benefits and instead receive monthly retirement benefits calculated as if the member never elected to participate in the DROP. There is no balance of amounts held by the pension plan pursuant to the DROP.

#### Plan Membership

Plan membership at December 31, 2018, consisted of the following:

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	1925 Police Officers' Pension	Average Age	Average Monthly Benefit
Retired Members, beneficiaries and disabled members receiving benefits:	48	77	\$ 2,610
Terminated employees entitled to but not yet receiving benefits:	-		
Active Plan Members:	-		
 Total Membership	48		

Contributions

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to six percent (6%) of the salary of a First Class Patrolman until they have completed thirty-two years of service.

Actuarial valuations are performed annually for the 1925 Police Officers' Pension Plan. The assumptions used in the valuation are selected and approved by the Indiana Public Retirement System (INPRS) Board of Trustees. Benefits to members of the plan are funded on a pay-as-you-go basis by certain revenues and appropriations of the State of Indiana to the Pension Relief Fund. The Pension Relief Fund has been created within the INPRS and is administered by INPRS and is used as a temporary holding account for collecting State revenues and appropriations before funds are distributed to employers. Amounts required to pay benefits are distributed from the fund to the City.

Investments

The pension plan's investment policy is consistent with the overall policy of the City as described in Note I. D. 1. – Deposits and Investments. The plan held no investments during the audit period.

Net Pension Liability

The components of the Net Pension Liability for the 1925 Police Officers' Pension Plan as of December 31, 2018, are as follows:

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NOTES TO FINANCIAL STATEMENTS  
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NET PENSION LIABILITY

1925 Police Officers' Pension Plan

Total Pension Liability	\$ 19,459,081
Plan Fiduciary Net Position	<u>907,174</u>
Net Pension Liability	<u>\$ 18,551,907</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	4.66%

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2018 valuation were selected and approved by the INPRS Board of Trustees and are consistent with the results of an experience study completed in April 2015, which reflects the experience period beginning July 1, 2010 and ending June 30, 2014.

The actuarial assumptions for the December 31, 2018 valuation were generally unchanged from the prior year, except that the interest rate increased from 2.75% for the December 31, 2017 valuation to 3.10% for the December 31, 2018 valuation. This rate is equal to the Barclay's 20 year Municipal Bond Index as of December 31, 2018.

The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.25%
Salary increases	2.50%
Cost-of-living increases Non-converted	2.50%
Cost-of-living increases Converted	2.20% on July 1, 2018
	2.00% thereafter

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with mortality improvement since 2006 using scale MP-2014 removed and projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection shown in the Social Security Administration's 2014 Trustee Report.

The actuarial cost method used for computing the total pension liability is the Entry Age Normal -Level Percent of Payroll method. The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 3.10% as of December 31, 2018. The discount rate increased from the 2.75% used for the December 31, 2017 calculation of the net pension liability. The projection of cash flows used to determine the discount rate considered the fact that the on-behalf contributions made by the State of Indiana are made as benefit payments become due for payment.

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2017	\$ 20,004,756	\$ 898,508	\$ 19,106,248
Changes for the year:			
Interest cost	557,287	-	557,287
Experience (gains) losses	1,019,016	-	1,019,016
Change of Assumptions	(604,390)	-	(604,390)
Projected benefit payments	(1,517,588)	-	(1,517,588)
Employer contributions	-	-	-
Non-employer contributing entity contributions	-	1,583,118	(1,583,118)
Actual benefit payments	-	(1,568,733)	1,568,733
Other net changes	-	(5,718)	5,718
Net changes	<u>(545,675)</u>	<u>8,667</u>	<u>(554,342)</u>
Balance at December 31, 2018	<u>\$ 19,459,081</u>	<u>\$ 907,175</u>	<u>\$ 18,551,907</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability of the City, calculated using the discount rate of 3.10%, as well as what the City's net pension liability would be if it were calculated using a discount rate the is 1-percentage point lower (2.10%) or 1-percentage point higher (4.10%) than the current rate:

	<u>1% Decrease (2.10%)</u>	<u>Current (3.10%)</u>	<u>1% Increase (4.10%)</u>
Net Pension Liability	\$ 20,396,552	\$ 18,551,907	\$ 16,964,715

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PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND  
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

Interest cost	\$	557,287
Experience (gains) losses		1,019,016
Change of Assumptions		(604,390)
Other net changes		<u>(5,718)</u>
 Total Pension Expense	 \$	 <u>966,195</u>

b. 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 (Indiana Code 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. The pension plan is closed to new entrants.

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefits are provided either through a life annuity or a joint and survivor annuity with 60% continuation to the surviving beneficiary. The benefit provisions of the 1937 Firefighters' Pension Plan for non-converted members are set forth in Indiana Code 36-8-6. The benefit provisions for converted members are set forth in Indiana 36-8-8. Unless specifically denoted, provisions for converted and non-converted members are the same. All full-time, fully-paid firefighters who hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

Eligibility for annuity benefits is as follows. Non-converted members of any age with twenty or more years of creditable service and converted plan members who are fifty-two with twenty or more years of creditable service are eligible for normal benefits. Normal retirement benefits are calculated at 50% of the base salary of a First Class Firefighter, plus an

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additional 1% for each completed six months of service over twenty years up to a maximum of 74% with 32 years of service.

Non-converted plan members of any age with twenty or more years of creditable service and converted plan members age fifty with twenty years or more of creditable service are eligible to receive early retirement benefits. Early retirement benefits are unreduced for unconverted plan members between ages fifty and fifty-two. Late retirement benefits are calculated in the same manner as normal retirement benefits.

Disability retirement benefits are equal to a sum determined by a disability medical panel, but not exceeding 55% of the monthly salary (with longevity pay) of a First Class Firefighter. If a member has more than twenty years of service, the disability benefit, if greater, will be equal to the pension the member would have received if the member had retired on the date of disability. For converted plan members, the disability benefit is equal to the benefit the member would have received if the member has retired. If a converted member does not have twenty years of service or is not at least fifty-two on the date of disability, the benefit is computed as if the member does have twenty years of service and is age fifty-two at the date of disability.

Pre-retirement death benefits vary for converted and non-converted plan members and depending upon whether or not the death is considered in the line of duty or not in the line of duty. Such benefits range from 20-50% of a First Class Firefighter salary, with longevity, or from 55-100% of the monthly benefit the member was receiving, or was entitled to receive, on the date of death. Pre-retirement death benefits are payable to the surviving spouse, children and dependent parents of plan members provided they meet eligibility guidelines. A one-time funeral death benefit is paid to the heirs or estate upon a member's death from any cause and is equal to at least \$12,000. An additional benefit of \$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent(s) if death occurs in the line of duty.

Non-converted members are entitled to the normal retirement benefit described above if termination occurs after earning twenty years of service. If termination occurs before completing twenty years of service, no benefits are payable. Converted members are entitled to the accrued retirement benefit determined as of the termination date and payable commencing on the normal retirement date. If termination occurs before completing twenty years of service, the member shall be entitled to the member's contributions plus accumulated interest.

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
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Benefits for non-converted retired members are increased annually based on increases in the First Class salary as approved by the employer. Converted retired member benefits are increased annually based on increases in the CPI-U index. The increase is subject to a 3% maximum and 0% minimum.

Deferred Retirement Option Plan

The Deferred Retirement Option Plan (DROP) is an optional form of benefit, which allows members who are eligible for an unreduced retirement benefit to continue to work and earn a salary while accumulating a DROP benefit. A member who elects to enter the DROP shall execute an irrevocable election to retire on the DROP retirement date. The member shall select a DROP retirement date not less than 12 months and not more than 36 months after the member's DROP entry date. While in the DROP, the member shall continue to make applicable fund contributions. When a member enters the DROP, a "DROP frozen benefit" will be calculated. Members of the DROP are eligible to receive a lump sum equal to the amount of the DROP frozen benefit multiplied by the number of months in the DROP. A member may elect to receive this amount in three annual installments instead of a single lump sum. In addition, the member will receive a monthly retirement benefit equal to the DROP frozen benefit. Forms of payment include a single life annuity or a joint annuity with 60% survivor benefits. A member, upon retirement, may elect to forgo DROP benefits and instead receive monthly retirement benefits calculated as if the member never elected to participate in the DROP. There is no balance of amounts held by the pension plan pursuant to the DROP.

Plan Membership

Plan membership at December 31, 2018, consisted of the following:

	1937 Firefighters' Pension	Average Age	Average Monthly Benefit
	<hr/>	<hr/>	<hr/>
Retired Members, beneficiaries and disabled members receiving benefits:	76	77.8	\$2,730
Terminated employees entitled to but not yet receiving benefits:	-		
Active Plan Members:	<hr/>		
Total Membership	<hr/> <hr/>	<hr/>	

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

Contributions

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to six percent (6%) of the salary of a First Class Firefighter until they have completed thirty-two years of service.

Actuarial valuations are performed annually for the 1937 Firefighters' Pension Plan. The assumptions used in the valuation are selected and approved by the Indiana Public Retirement System (INPRS) Board of Trustees. Benefits to members of the plan are funded on a pay-as-you-go basis by certain revenues and appropriations of the State of Indiana to the Pension Relief Fund. The Pension Relief Fund has been created within the INPRS and is administered by INPRS and is used as a temporary holding account for collecting State revenues and appropriations before funds are distributed to employers. Amounts required to pay benefits are distributed from the fund to the City.

Investments

The pension plan's investment policy is consistent with the overall policy of the City as described in Note I. D. 1. – Deposits and Investments. The plan held no investments during the audit period.

Net Pension Liability

The components of the Net Pension Liability for the 1937 Firefighters' Pension Plan as of December 31, 2018, are as follows:

<u>NET PENSION LIABILITY</u>	
1937 Firefighters' Pension Plan	
Total Pension Liability	\$ 30,836,448
Plan Fiduciary Net Position	<u>902,535</u>
Net Pension Liability	<u><u>\$ 29,933,913</u></u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	2.93%

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2018 valuation were selected and approved by the INPRS Board of Trustees and are consistent with the results of an experience study completed in April 2015, which reflects the experience period beginning July 1, 2010 and ending June 30, 2014.

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

The actuarial assumptions for the December 31, 2018 valuation were generally unchanged from the prior year, except that the interest rate increased from 2.75% for the December 31, 2017 valuation to 3.10% for the December 31, 2018 valuation. This rate is equal to the Barclay's 20 year Municipal Bond Index as of December 31, 2018.

The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.25%
Salary increases	2.50%
Cost-of-living increases Non-converted	2.50%
Cost-of-living increases Converted	2.20% July 1, 2018 2.00% thereafter

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with mortality improvement since 2006 using scale MP-2014 removed and projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection shown in the Social Security Administration's 2014 Trustee Report.

The actuarial cost method used for computing the total pension liability is the Entry Age Normal - Level Percent of Payroll method. The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 3.10% as of December 31, 2018. The discount rate decreased from the 2.75% used for the December 31, 2017 calculation of the net pension liability. The projection of cash flows used to determine the discount rate considered the fact that the on-behalf contributions made by the State of Indiana are made as benefit payments become due for payment.

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees.

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2017	\$ 32,654,419	\$ 913,032	\$ 31,741,387
Changes for the year:			
Interest cost	884,183	-	884,183
Experience (gains) losses	752,350	-	752,350
Change of Assumptions	(945,148)	-	(945,148)
Projected benefit payments	(2,509,356)	-	(2,509,356)
Employer contributions	-	-	-
Non-employer contributing entity contributions	-	2,574,431	(2,574,431)
Contributions - other	-	-	-
Actual benefit payments	-	(2,543,512)	2,543,512
Other net changes	-	(13,472)	13,472
	(1,817,971)	17,447	(1,835,418)
Net changes	(1,817,971)	17,447	(1,835,418)
Balance at December 31, 2018	\$ 30,836,448	\$ 930,479	\$ 29,905,969

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability of the City, calculated using the discount rate of 3.10%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.10%) or 1-percentage point higher (4.10%) than the current rate:

	1% Decrease (2.10%)	Current (3.10%)	1% Increase (4.10%)
Net Pension Liability	\$ 33,740,185	\$ 30,836,448	\$ 28,342,678

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND  
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

Interest cost	\$ 884,183
Experience (gains)/losses	752,350
Change of Assumptions	(945,148)
Other net changes	(13,472)
Total Pension Expense	\$ 677,913

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

<u>Actuarial Methods</u>	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:		
Government	0%	0%
Plan members	0%	0%
Actuarial valuation date	01-01-2018	01-01-2018
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years
Amortization period (from date)	01-01-2005	01-01-2005
Asset valuation method	N/A	N/A
 <u>Actuarial Assumptions</u>		
Investment rate of return (Net of Expenses)	3.10%	3.10%
Projected future salary increases	2.50%	2.50%
Cost-of-living adjustments	2.20% & 2.5%	2.2% & 2.5%
Retirement	Based on 1976 Study	Based on 1976 Study

H. Tax Abatements

The purpose of tax abatement is to encourage investment and the development of jobs as well as to promote other community objectives, such as affordable housing, which might not otherwise take place.

Real property and personal property taxes are subject to abatement. Preliminary consideration and recommendation for a tax abatement application is made by the Redevelopment Commission. Their recommendation is then forwarded to the City Council which holds a public hearing on the abatement. The Council then considers the abatement request as well as input from the public. The City Council and Redevelopment Commission review all companies' compliance annually. Compliance is determined according to what degree a company has met its proposed benefits to the community in terms of investment, job creation, and wages as well as other factors.

These principles are used in determining the guidelines for each category of project, and will also be used in determining the length of an abatement within each category:

- Firms receiving tax abatement are expected to give local construction firms and local suppliers of goods and services the opportunity to do business.
- Existing industry will be considered for tax abatement on the same basis as firms being recruited to the community.
- Preference will be given to firms that diversify and fill in gaps in our local economy rather than those that compete for business in the local economy with existing firms.

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

- Products that are sold outside our local community and bring value to the local economy will be given a high priority.
- Abatement will be used to recruit and assist firms that create a technology based product or service or use advanced technology in manufacturing.
- Location in the downtown, the urban enterprise zone, or declining area designated as an economic development area will be given a higher priority.
- Projects that involve retail or are primarily office operations will be considered only in the locations described unless the office operations are technology related.
- The number of jobs created per dollar of investment will be an important consideration for the warehouse distribution and manufacturing areas.
- The level of wages and benefits will be an important consideration for all applications.
- Housing will be evaluated in terms of percentage of units available to lower income families, mix of income levels, distance from other projects serving a similar clientele, availability of services, potential displacement of existing housing, and compatibility of design.
- Projects will not be considered that will require variances or special exceptions unless primary review indicates that no problems will be encountered.
- Adverse environmental impacts will negatively affect the consideration of abatement.
- Any need for additional public infrastructure or other additional public support in the project will be considered in determining the length of the abatement.
- Major development projects will be individually evaluated.
- The time period of depreciation of equipment will be considered in the length of abatement for equipment.

Abatement is only given on increases in assessed value. It cannot be used to reduce current taxes. The abatement phases in the full tax rate gradually over a time period of 1 to 10 years. If the investment does not take place as expected, there may be no increase in assessed value and no tax abatement. The City has provisions for recapturing abated taxes when personal property is moved out of the taxing district during the abatement period. Total taxes abated for the year ending December 31, 2018 was \$4,784,228.33

I. Change in Accounting

Over the past three years the City has adopted GASB Statement Numbers 67, 68 and 73, Accounting and Financial Reporting for Pension Plans. These statements required changes to the actuarial valuations resulting in a different measurement of the liability of the City to plan members for benefits provided through the pension plan. As a result, the disclosures within the single employer pension footnotes have changed considerably along with the related schedules in the required supplementary information. The Public Employees Retirement Fund Pension Plan,

CITY OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

the 1977 Police Officers' and the 1977 Firefighters ' Pension and Disability Fund Pension Plans follow GASB 68. The City's 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan are reported based upon the adoption of GASB 73. The City chose to adopt and implement GASB 73 as the actuarial valuation presented the most recently adopted reporting requirements. In 2018 the City implemented GASB Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement required changes to the actuarial valuation resulting in a different measurement of the liability of the City to plan members for benefits provided through the postemployment benefit plan. As a result, the disclosures within the postemployment benefit footnote has changed considerably along with the related schedules in the required supplementary information.

J. Upcoming Accounting Pronouncements

Future Adoption of Accounting Pronouncements GASB has issued Statement No. 83, Certain Asset Retirement Obligations; Statement No.84, Fiduciary Activities; Statement No. 86, Certain Debt Extinguishment Issues, and Statement No. 87, Leases; and Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The City intends to implement these GASB Statements, as applicable, on their respective effective dates.

# **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF LAFAYETTE  
 SCHEDULE OF CITY CONTRIBUTIONS  
 1925 Police Officers' Pension Plan  
 Last 10 Fiscal Years\*

<u>Calendar Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in relation to the actuarially determined contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2018	\$ 1,568,733	\$ 1,568,733	\$ -	\$ -	N/A
12/31/2017	1,538,098	1,538,098	\$ -	\$ -	N/A
12/31/2016	1,484,127	1,484,127	\$ -	\$ -	N/A
12/31/2015	1,451,763	1,451,763	\$ -	\$ -	N/A
12/31/2014	1,513,287	1,513,287	\$ -	\$ -	N/A
12/31/2013	1,438,259	1,438,259	\$ -	\$ -	N/A
12/31/2012	1,465,342	1,465,342	\$ -	\$ -	N/A

\* GASB 68 requires that information be shown for 10 years. Until a full 10 year trend is compiled, information will be shown for those years for which the information is available.

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
1925 Police Officers' Pension Plan  
Single-Employer Defined Benefit Pension Plan  
Last 10 Fiscal Years\*

	2018	2017	2016	2015	2014	2013
Total Pension Liability:						
Interest cost	\$ 557,287	\$ 622,433	\$ 535,828	\$ 552,149	\$ 832,716	\$ 1,015,686
Experience (gains)/losses	1,019,016	618,361	315,820	63,768	-	29,441
Assumption changes	(604,390)	848,249	(1,198,162)	(62,229)	2,607,220	2,777,858
Projected benefit payments	<u>(1,517,588)</u>	<u>(1,472,568)</u>	<u>(1,425,223)</u>	<u>(1,442,779)</u>	<u>(1,422,776)</u>	<u>(1,438,259)</u>
Net change in total pension liability	(545,675)	616,475	(1,771,737)	(889,091)	2,017,160	2,384,726
Total pension liability - beginning	<u>20,004,756</u>	<u>19,388,281</u>	<u>21,160,018</u>	<u>22,049,109</u>	<u>20,031,949</u>	<u>17,647,223</u>
Total pension liability - ending	<u>\$ 19,459,081</u>	<u>\$ 20,004,756</u>	<u>\$ 19,388,281</u>	<u>\$ 21,160,018</u>	<u>\$ 22,049,109</u>	<u>\$ 20,031,949</u>
Plan fiduciary net position:						
Non employer contributing entity contributions	\$ 1,583,118	\$ 1,531,472	\$ 1,434,207	\$ 1,533,290	\$ 1,456,071	\$ 1,406,303
Contributions - other	3,200	-	49,920	-	-	-
Benefit payments	(1,568,734)	(1,538,098)	(1,484,127)	(1,451,763)	(1,513,287)	(1,438,259)
Administrative expense	<u>(8,918)</u>	<u>(5,550)</u>	<u>(55,283)</u>	<u>(1,435)</u>	<u>(4,743)</u>	<u>(133,743)</u>
Net change in plan fiduciary net position	8,666	(12,176)	(55,283)	80,092	(61,959)	(165,699)
Plan fiduciary net position - beginning	<u>898,508</u>	<u>910,684</u>	<u>965,967</u>	<u>885,875</u>	<u>947,834</u>	<u>1,013,533</u>
Plan fiduciary net position - ending	<u>\$ 907,174</u>	<u>\$ 898,508</u>	<u>\$ 910,684</u>	<u>\$ 965,967</u>	<u>\$ 885,875</u>	<u>\$ 947,834</u>
Net pension liability	<u>\$ 18,551,907</u>	<u>\$ 19,106,248</u>	<u>\$ 18,477,597</u>	<u>\$ 20,194,051</u>	<u>\$ 21,163,234</u>	<u>\$ 19,084,115</u>
Plan fiduciary net position as a percentage of the total pension liability	4.66%	4.49%	4.70%	4.57%	4.02%	4.23%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

\* GASB 68 requires that information be shown for 10 years. Until a full 10 year trend is compiled, information will be shown for those years for which the information is available.

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
 SCHEDULE OF CITY CONTRIBUTIONS  
 1937 Firefighters' Pension Plan  
 Last 10 Fiscal Years\*

Calendar Year Ending	Actuarially Determined Contribution	Contributions in relation to the actuarially determined contributions	Contribution Excess / (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2018	\$ 2,543,512	\$ 2,543,512	\$ -	\$ -	N/A
12/31/2017	2,536,591	2,536,591	\$ -	\$ -	N/A
12/31/2016	2,487,554	2,487,554	\$ -	\$ -	N/A
12/31/2015	2,459,366	2,459,366	\$ -	\$ -	N/A
12/31/2014	2,468,759	2,468,759	\$ -	\$ -	N/A
12/31/2013	2,507,210	2,507,210	\$ -	\$ -	N/A
12/31/2012	2,485,492	2,485,492	\$ -	\$ -	N/A

\* GASB 68 requires that information be shown for 10 years. Until a full 10 year trend is compiled, information will be shown for those years for which the information is available.

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
1937 Firefighters' Pension Plan  
Single-Employer Defined Benefit Pension Plan  
Last 10 Fiscal Years\*

	2018	2017	2016	2015	2014	2013
Total pension liability:						
Interest cost	\$ 884,183	\$ 1,017,039	\$ 877,359	\$ 915,917	\$ 1,409,480	\$ 1,758,547
Experience (gains)/losses	752,350	467,395	751,240	(656,985)	-	(575,554)
Assumption changes	(945,148)	1,385,872	(1,987,298)	(103,515)	4,448,540	4,698,858
Projected benefit payments	(2,509,356)	(2,471,516)	(2,415,498)	(2,451,363)	(2,469,604)	(2,507,210)
Net change in total pension liability	(1,817,971)	398,790	(2,774,197)	(2,295,946)	3,388,416	3,374,641
Total pension liability - beginning	32,654,419	32,255,629	35,029,826	37,325,772	33,937,356	30,562,715
Total pension liability - ending	<u>\$ 30,836,448</u>	<u>\$ 32,654,419</u>	<u>\$ 32,255,629</u>	<u>\$ 35,029,826</u>	<u>\$ 37,325,772</u>	<u>\$ 33,937,356</u>
Plan fiduciary net position:						
Non employer contributing entity contributions	\$ 2,574,431	\$ 2,543,572	\$ 2,423,501	\$ 2,450,518	\$ 2,472,934	\$ 2,483,384
Contributions - other	3,200	-	3,000	8,848	-	23,826
Benefit payments	(2,543,512)	(2,536,591)	(2,487,554)	(2,459,366)	(2,468,759)	(2,507,210)
Administrative expense	(44,616)	(15,353)	(15,399)	(15,677)	(7,097)	(1,459)
Net change in plan fiduciary net position	(10,497)	(8,372)	(76,452)	(15,677)	(2,922)	(1,459)
Plan fiduciary net position - beginning	913,032	921,404	997,856	1,013,533	1,016,455	1,017,914
Plan fiduciary net position - ending	<u>\$ 902,535</u>	<u>\$ 913,032</u>	<u>\$ 921,404</u>	<u>\$ 997,856</u>	<u>\$ 1,013,533</u>	<u>\$ 1,016,455</u>
Net pension liability	<u>\$ 29,933,913</u>	<u>\$ 31,741,387</u>	<u>\$ 31,334,225</u>	<u>\$ 34,031,970</u>	<u>\$ 36,312,239</u>	<u>\$ 32,920,901</u>
Plan fiduciary net position as a percentage of the total pension liability	2.93%	2.80%	2.86%	2.85%	2.72%	3.00%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

\* GASB 68 requires that information be shown for 10 years. Until a full 10 year trend is compiled, information will be shown for those years for which the information is available.

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
SCHEDULE OF CITY CONTRIBUTIONS  
Public Employees' Retirement Fund  
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 2,025,904	\$ 1,878,322	\$ 1,782,752	\$ 1,702,637	\$ 1,614,615	\$ 1,599,063	\$ 960,581	\$ 936,589	\$ 797,835	\$ 765,168
Contributions in relation to the actuarially required contribution	<u>2,025,904</u>	<u>1,878,322</u>	<u>1,782,752</u>	<u>1,702,637</u>	<u>1,614,615</u>	<u>1,599,063</u>	<u>960,581</u>	<u>936,589</u>	<u>797,835</u>	<u>765,168</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Covered payroll	\$ 18,102,583	\$ 16,770,570	\$ 15,924,151	\$ 15,354,135	\$ 14,416,207	\$ 14,536,933	\$ 13,875,392	\$ 13,307,268	\$ 1,388,435	\$ 13,307,268
Contributions as a percentage of covered payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.0%	6.75%	6.75%	5.75%	5.75%

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 Public Employees' Retirement Fund  
 Last 10 Fiscal Years \*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.35477%	0.33804%	0.33227%	0.32056%
City's proportionate share of the net pension liability (asset)	\$ 12,051,697	\$ 15,081,802	\$ 15,079,890	\$ 13,056,095
City's covered payroll	\$ 18,102,583	\$ 16,770,570	\$ 15,924,151	\$ 15,354,135
City's proportionate share of the net pension liability (asset) as a percentage of its Covered Payroll	66.6%	89.9%	94.7%	85.0%

\* GASB 68 requires that information be shown for 10 years. Until a full 10 year trend is compiled, information will be shown for those years for which the information is available .

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
 SCHEDULE OF CITY CONTRIBUTIONS  
 1977 Police Officers' Pension and Disability Fund  
 Last 10 Fiscal Years \*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,534,277	\$ 1,564,803	\$ 1,493,436	\$ 1,452,580
Contributions in relation to the actuarially determined contribution	<u>1,534,277</u>	<u>1,564,803</u>	<u>1,493,436</u>	<u>1,452,580</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,767,358	\$ 8,439,259	\$ 7,580,954	\$ 7,373,572
Contributions as a percentage of covered payroll	17.5%	18.5%	19.7%	19.7%

\* GASB 68 requires that information be shown for 10 years. Until a full 10 year trend is compiled, information will be shown for those years for which the information is available.

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 1977 Police Officers' Pension and Disability Fund  
 Last 10 Fiscal Years \*

	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	1.04103%	1.04097%	0.98086%	0.98881%
City's proportionate share of the net pension liability (asset)	\$ (915,182)	\$ (160,574)	\$ 871,366	\$ (1,460,671)
City's covered payroll	\$ 8,767,358	\$ 8,439,259	\$ 7,580,954	\$ 7,373,572
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-10.44%	-1.90%	11.49%	-19.81%
Plan fiduciary net position as a percentage of total pension liability	100.0%	104.5%	104.5%	104.5%

\* GASB 68 requires that information be shown for 10 years. Until a full 10 year trend is compiled, information will be shown for those years for which the information is available.

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
SCHEDULE OF CITY CONTRIBUTIONS  
1977 Firefighters' Pension and Disability Fund  
Last 10 Fiscal Years \*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,492,693	\$ 1,550,332	\$ 1,531,392	\$ 1,478,553
Contributions in relation to the actuarially contribution	<u>1,492,693</u>	<u>1,550,332</u>	<u>1,531,392</u>	<u>1,478,553</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,529,733	\$ 8,334,499	\$ 7,773,626	\$ 7,505,416
Contributions as a percentage of covered payroll	17.5%	18.6%	19.7%	19.7%

\* GASB 68 requires that information be shown for 10 years. Until a full 10 year trend is compiled, information will be shown for those years for which the information is available.

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 1977 Firefighters' Pension and Disability Fund  
 Last 10 Fiscal Years \*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	1.0128%	1.0281%	1.0058%	1.0065%
City's proportionate share of the net pension liability (asset)	\$ (158,581)	\$ (158,581)	\$ 893,513	\$ (1,486,788)
City's covered payroll	\$ 8,529,733	\$ 8,334,499	\$ 7,773,626	\$ 7,505,416
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-1.86%	-1.90%	11.49%	-19.81%
Plan fiduciary net position as a percentage of total pension liability	100.0%	100.0%	103.1%	100.0%

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The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
 SCHEDULE OF NET OPEB LIABILITY  
 LAST 10 FISCAL YEARS\*

	2018
1. Total OPEB Liability	\$ 6,462,934
2. Plan Fiduciary Net Position	-
3. Total Net OPEB Liability	\$ 6,462,934
4. Plan Fiduciary Net Position as a Percentage of Total OPEB Liability = (2) / (1)	-
5. Covered Payroll	\$ 35,621,289
6. Total OPEB Liability as a Percentage of Covered Payroll = (3) / (5)	18.14%

Notes to schedule:

\* Information presented for the years information is available

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
 SCHEDULE OF CHANGES IN OPEB LIABILITY  
 LAST 10 FISCAL YEARS\*

	2018
Total OPEB Liability	
Service cost	\$ 452,057
Interest	292,040
Differences between expected and actual experience	(1,531,831)
Changes in assumptions	(648,758)
Benefit payments	(273,798)
Net change in Total OPEB Liability	(1,710,290)
Total OPEB liability - beginning of year	8,173,224
Total OPEB liability - end of year	\$ 6,462,934

Notes to Schedule:

\*Information presented for the years information is available

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Last 10 Fiscal Years

<b>OPEB Contributions</b>	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 273,798	\$ 221,831	\$ 203,515	\$ 211,122	\$ 193,690	\$ 176,554	\$ 160,504
Actual employer contributions	273,798	221,831	203,515	211,122	193,690	176,554	160,504
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	\$ 35,621,289	\$ 34,436,498	\$ 33,433,493	\$ 28,399,797	\$ 27,572,618	\$ 28,411,603	\$ 27,584,081
Contributions as a percentage of covered payroll	0.77%	0.64%	0.61%	0.74%	0.70%	0.62%	0.58%

Notes to schedule:

Valuation date:

Valuations are performed every other year. The last valuation was December 31, 2018.

Methods and assumptions used to determine most current contribution rate above:

Actuarial cost method	Entry age normal - level percent of salary
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Fair market value
Healthcare cost trend rates	Pre-65 medical costs were trended at 8.0% in the first year, graded down to 4.5% over an eight year period; post-65 medical costs, vision costs, and dental costs were trended at a flat 5.0% per year.
Inflation	2.25%
Mortality	RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018

Other information:

None

The notes to RSI are an integral part of the RSI.

CITY OF LAFAYETTE  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For The Year Ended December 31, 2018

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	\$ 25,758,165	\$ 25,758,165	\$ 24,328,872	\$ (1,429,293)
Licenses and permits	417,900	417,900	478,845	60,945
Intergovernmental	9,780,607	9,780,607	9,156,516	(624,091)
Payment In Lieu of Taxes	2,700,000	2,700,000	2,503,000	(197,000)
Charges for services	7,100	7,100	23,020	15,920
Fines and forfeits	160,000	160,000	187,911	27,911
Other	460,000	460,000	733,297	273,297
Capital contributions	-	-	53,686	53,686
Interest and investment revenue	-	-	164,556	164,556
Total revenues	<u>39,283,772</u>	<u>39,283,772</u>	<u>37,629,703</u>	<u>(1,654,069)</u>
Expenditures:				
Current:				
General government:				
Personal Services	2,278,415	2,278,415	2,269,481	8,934
Supplies	238,030	238,030	207,002	31,028
Other Srv & Chrgs	1,242,020	1,242,020	1,204,201	37,819
Capital Outlays	18,500	18,500	11,726	6,774
Total general government	<u>3,776,965</u>	<u>3,776,965</u>	<u>3,692,410</u>	<u>84,555</u>
Public safety:				
Personal Services	32,252,500	32,252,500	32,060,176	192,324
Supplies	913,000	913,000	924,558	(11,558)
Other Srv & Chrgs	422,600	422,600	424,546	(1,946)
Capital Outlays	190,000	190,000	280,163	(90,163)
Total public safety	<u>33,778,100</u>	<u>33,778,100</u>	<u>33,689,443</u>	<u>88,657</u>
Sanitation:				
Personal Services	2,050,650	2,050,650	1,845,618	205,032
Supplies	360,750	360,750	370,954	(10,204)
Other Srv & Chrgs	10,750	10,750	13,212	(2,462)
Total sanitation	<u>2,422,150</u>	<u>2,422,150</u>	<u>2,229,784</u>	<u>192,366</u>
Total expenditures	<u>39,977,215</u>	<u>39,977,215</u>	<u>39,611,637</u>	<u>365,578</u>
Net change in fund balances	(693,443)	(693,443)	(1,981,934)	(1,288,491)
Fund balances - beginning	<u>2,013,871</u>	<u>1,924,004</u>	<u>4,040,415</u>	<u>2,116,411</u>
Fund balances - ending	<u>\$ 1,320,428</u>	<u>\$ 1,230,561</u>	<u>\$ 2,058,481</u>	<u>\$ 827,920</u>

CITY OF LAFAYETTE  
 BUDGETARY COMPARISON SCHEDULE  
 Major Special Revenue Funds  
 For The Year Ended December 31, 2018

	Highway Funds (MVH, LRS and Highway Use Tax)				Economic Dev Income Tax (EDIT)			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget
	Original	Final			Original	Final		
Revenues:								
Taxes:								
Property taxes	\$ 3,122,011	\$ 3,122,011	\$ 2,953,801	\$ (168,210)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	3,941,649	3,941,649	5,296,430	1,354,781	6,199,861	6,199,861	6,613,534	413,673
Payment in lieu of taxes	-	-	-	-	-	-	-	-
Charges for services	30,000	30,000	35,544	5,544	-	-	-	-
Fines and forfeits	-	-	145,334	145,334	-	-	-	-
Other	-	-	-	-	-	-	12,861	12,861
Interest and investment revenue	-	-	-	-	-	-	801	801
Total revenues	<u>7,093,660</u>	<u>7,093,660</u>	<u>8,431,109</u>	<u>1,337,449</u>	<u>6,199,861</u>	<u>6,199,861</u>	<u>6,627,196</u>	<u>427,335</u>
Expenditures:								
Current:								
Highways and streets:								
Personal services	4,437,400	4,437,400	4,268,686	168,714	-	-	-	-
Supplies	1,106,000	1,106,000	1,211,200	(105,200)	-	-	-	-
Other srv & chrgs	766,200	766,200	2,379,472	(1,613,272)	-	-	-	-
Capital outlays	540,000	540,000	1,245,257	(705,257)	-	-	-	-
Total highways and streets	<u>6,849,600</u>	<u>6,849,600</u>	<u>9,104,615</u>	<u>(2,255,015)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Economic development:								
Supplies	-	-	-	-	605,000	605,000	537,511	67,489
Other srv & chrgs	-	-	-	-	2,295,000	2,295,000	2,605,831	(310,831)
Debt service	-	-	-	-	2,500,000	2,500,000	2,230,900	269,100
Capital outlays	-	-	-	-	600,000	600,000	1,674,689	(1,074,689)
Total economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>7,048,931</u>	<u>(1,048,931)</u>
Total expenditures	<u>6,849,600</u>	<u>6,849,600</u>	<u>9,104,615</u>	<u>(2,255,015)</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>7,048,931</u>	<u>(1,048,931)</u>
Other financing sources and uses:								
Capital lease proceeds	-	-	-	-	-	-	918,618	918,618
Transfers in	-	-	-	-	-	-	411,755	411,755
Transfers out	-	-	-	-	-	-	(625,000)	(625,000)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>705,373</u>	<u>705,373</u>
Net change in fund balances	244,060	244,060	(673,506)	(917,566)	199,861	199,861	283,638	83,777
Fund balances - beginning	(333,745)	(970,113)	2,527,633	3,497,746	1,809,768	1,182,126	1,170,840	(11,286)
Fund balances - ending	<u>\$ (89,685)</u>	<u>\$ (726,053)</u>	<u>\$ 1,854,127</u>	<u>\$ 2,580,180</u>	<u>\$ 2,009,629</u>	<u>\$ 1,381,987</u>	<u>\$ 1,454,478</u>	<u>\$ 72,491</u>

Continued on next page

CITY OF LAFAYETTE  
 BUDGETARY COMPARISON SCHEDULE  
 Major Special Revenue Funds  
 For The Year Ended December 31, 2018

	Park Bond				Thoroughfare			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget
	Original	Final			Original	Final		
Revenues:								
Taxes:								
Property taxes	\$ 864,072	\$ 864,072	\$ 872,878	\$ 8,806	\$ -	\$ -	\$ -	\$ -
Intergovernmental	51,058	51,058	62,461	11,403	-	-	-	-
Other	-	-	11,080	11,080	-	-	-	-
Capital contributions	-	-	-	-	-	-	181,447	181,447
Total revenues	<u>915,130</u>	<u>915,130</u>	<u>946,419</u>	<u>31,289</u>	<u>-</u>	<u>-</u>	<u>181,447</u>	<u>181,447</u>
Expenditures:								
Current:								
Highways and streets:								
Capital outlay	-	-	-	-	-	-	5,010,550	(5,010,550)
Total highways and streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,010,550</u>	<u>(5,010,550)</u>
Economic development:								
Other srv & chrgs	-	-	192,990	(192,990)	-	-	-	-
Capital outlays	-	-	419,185	(419,185)	-	-	-	-
Total economic development	<u>-</u>	<u>-</u>	<u>612,175</u>	<u>(612,175)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:								
Interest	15,248	15,248	10,889	4,359	-	-	-	-
Principal retirement	920,000	920,000	920,000	-	-	-	-	-
Total debt service	<u>935,248</u>	<u>935,248</u>	<u>930,889</u>	<u>4,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>935,248</u>	<u>935,248</u>	<u>1,543,064</u>	<u>(607,816)</u>	<u>-</u>	<u>-</u>	<u>5,010,550</u>	<u>(5,010,550)</u>
Other financing sources and uses:								
Bond proceeds	-	-	12,890,400	(12,890,400)	-	-	-	-
Transfers in	-	-	-	-	-	-	3,500,000	(3,500,000)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>12,890,400</u>	<u>12,890,400</u>	<u>-</u>	<u>-</u>	<u>3,500,000</u>	<u>3,500,000</u>
Net change in fund balances	(20,118)	(20,118)	12,293,755	12,313,873	-	-	(1,329,103)	(1,329,103)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>22,929</u>	<u>22,929</u>	<u>(2,224,947)</u>	<u>(2,224,947)</u>	<u>1,417,135</u>	<u>3,642,082</u>
Fund balances - ending	<u>\$ (20,118)</u>	<u>\$ (20,118)</u>	<u>\$ 12,316,684</u>	<u>\$ 12,336,802</u>	<u>\$ (2,224,947)</u>	<u>\$ (2,224,947)</u>	<u>\$ 88,032</u>	<u>\$ 2,312,979</u>

Continued on next page

CITY OF LAFAYETTE  
 BUDGETARY COMPARISON SCHEDULE  
 Major Special Revenue Funds  
 For The Year Ended December 31, 2018

	Redevelopment Authority				TIF Creasy Central Consolidated			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget
	Original	Final			Original	Final		
Revenues:								
Taxes:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,645,280	\$ 8,645,280	\$ 9,829,340	\$ 1,184,060
Other	3,800,000	3,800,000	3,828,996	28,996	-	-	68,541	68,541
Capital contributions	-	-	-	-	-	-	28,496	28,496
Total revenues	<u>3,800,000</u>	<u>3,800,000</u>	<u>3,828,996</u>	<u>28,996</u>	<u>8,645,280</u>	<u>8,645,280</u>	<u>9,926,377</u>	<u>1,281,097</u>
Expenditures:								
Current:								
Economic development:								
Other srv & chrgs	10,000	10,000	9,500	500	697,250	697,250	317,179	380,071
Capital outlays	-	-	-	-	7,810,000	7,810,000	8,766,479	(956,479)
Total economic development	<u>10,000</u>	<u>10,000</u>	<u>9,500</u>	<u>500</u>	<u>8,507,250</u>	<u>8,507,250</u>	<u>9,083,658</u>	<u>(576,408)</u>
Debt service:								
Interest	825,000	825,000	824,401	599	-	-	302,840	(302,840)
Principal retirement	3,120,000	3,120,000	3,120,000	-	2,821,299	2,821,299	2,201,000	620,299
Total debt service	<u>3,945,000</u>	<u>3,945,000</u>	<u>3,944,401</u>	<u>599</u>	<u>2,821,299</u>	<u>2,821,299</u>	<u>2,503,840</u>	<u>317,459</u>
Total expenditures	<u>3,955,000</u>	<u>3,955,000</u>	<u>3,953,901</u>	<u>1,099</u>	<u>11,328,549</u>	<u>11,328,549</u>	<u>11,587,498</u>	<u>(258,949)</u>
Other financing sources and uses								
Transfer out	-	-	-	-	-	-	(3,853,000)	3,853,000
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,853,000)</u>	<u>3,853,000</u>
Net change in fund balances	(155,000)	(155,000)	(124,905)	(30,095)	(2,683,269)	(2,683,269)	(5,514,121)	(2,830,852)
Fund balances - beginning	<u>3,115,641</u>	<u>3,115,641</u>	<u>3,431,050</u>	<u>315,409</u>	<u>(2,821,116)</u>	<u>(3,510,943)</u>	<u>4,866,239</u>	<u>8,377,182</u>
Fund balances - ending	<u>\$ 2,960,641</u>	<u>\$ 2,960,641</u>	<u>\$ 3,306,145</u>	<u>\$ 345,504</u>	<u>\$ (5,504,385)</u>	<u>\$ (6,194,212)</u>	<u>\$ (647,882)</u>	<u>\$ 5,546,330</u>

CITY OF LAFAYETTE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary date reflected in the budgetary comparison schedules:

The Controller's Office meets with each Department Head and their budget staff to review each budget expense line item and create a proposed operating budget for the next calendar year. Once accomplished the budget is then sent to the Mayor for his review. After the Mayoral review the budget is then shared with the Council President and or the Council Finance committee. Since the City is limited by law to a maximum levy amount, a great deal of attention is spent on balancing the budget as early in the process as can be done.

Prior to public meetings the budget is advertised. Following the advertisement Council then holds a public meeting and an initial vote is taken. 30 days after the first vote a second public meeting is held and again a vote is taken. At these meetings Council cannot raise the budget as presented but can take action to reduce it.

By November 1 the Council approved budget must be sent, along with proofs of advertisements to the State Department of Local Government Finance (DLGF) for approval. The DLGF will review to make sure that the budget expenditures and revenues are in balance and if acceptable will approve the budget as is or with certain adjustments and then set the tax rates.

Budgetary control is maintained by object classification within each department. Management cannot transfer appropriations between object classifications of the budget without the approval of the Common Council and in the case of certain funds, without the approval of the DLGF.

Formal budgetary integration is required by State statute and is used as a management control tool. An annual budget was legally adopted by for the following funds:

Major funds:

General fund

Special revenue funds – motor vehicle highway, economic development income tax (edit), park bond, thoroughfare, redevelopment authority, tif creasy central consolidated

Nonmajor governmental funds:

Special revenue funds – park and recreation operating, economic development, band, tif mccarty, tif twyckenham

Capital projects funds – cumulative capital improvement, cumulative capital development

CITY OF LAFAYETTE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONT'D)

Pension trust funds – police pension, fire pension

The City's budgetary process is based upon the modified accrual basis, which is a GAAP basis presentation. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order on contract. Encumbered appropriations are carried over and added to the subsequent year's budget.

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

Note 2. Financial Reporting – Pension Plans

A. Change of assumptions

1. The interest rate for the 1925 Police Officers' and 1937 Firefighters' Pension plans increased from 2.75% for the December 31, 2017 valuation to 3.10% for the December 31, 2018 valuation, based on the Barclay's 20-year Municipal Bond Index rate.
2. For the Public Employees Retirement Fund, in 2018 there were no changes in assumptions.
3. For the 1977 Police Officers' and Firefighters Pension plans, in 2018, there were no changes in assumptions.

# **OTHER SUPPLEMENTARY INFORMATION**

CITY OF LAFAYETTE  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND  
For The Year Ended December 31, 2018

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget
	Original	Final		
General government:				
Mayor	\$ 108,500	\$ 108,500	\$ 113,618	\$ (5,118)
Controller	167,600	167,600	161,364	6,236
Clerk	111,600	111,600	106,362	5,238
Human Resources	115,000	115,000	112,374	2,626
Common Council	130,450	130,450	122,042	8,408
Facilities	1,198,475	1,198,475	1,091,108	107,367
Engineering	1,063,500	1,063,500	985,365	78,135
Purchasing	62,690	62,690	38,529	24,161
IT	301,600	301,600	243,860	57,740
Human Relations	1,300	1,300	-	1,300
Board of Works	212,700	212,700	206,972	5,728
Animal Control	303,550	303,550	299,528	4,022
Unappropriated	-	-	211,287	(211,287)
Total general government	<u>3,776,965</u>	<u>3,776,965</u>	<u>3,692,410</u>	<u>84,555</u>
Public safety:				
Fire	15,614,500	15,614,500	15,837,253	(222,753)
Police	18,163,600	18,163,600	17,852,190	311,410
Total public safety	<u>33,778,100</u>	<u>33,778,100</u>	<u>33,689,443</u>	<u>88,657</u>
Sanitation	<u>2,422,150</u>	<u>2,422,150</u>	<u>2,229,784</u>	<u>192,366</u>
Total expenditures	<u>\$ 39,977,215</u>	<u>\$ 39,977,215</u>	<u>\$ 39,611,637</u>	<u>\$ 365,578</u>

CITY OF LAFAYETTE  
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS

Special Revenue Funds

Park and Recreation Operating—To account for expenditures of the City's Park and Recreation Department. The City has a wide range of park and recreation activities including a zoo, picnic shelters, swimming pools, biking and walking trails and a fitness center. Financing is provided by a specific property tax levy.

Park Nonreverting Operating—To account for fees and related expenses from park department activities.

Health and Wellness—To account for the City's health and wellness activities and programs.

Police Donations—To account for donations and expenditures for law enforcement-related activities and programs.

Economic Development—To account for expenditures related to projects promoting economic development.

Federal Grants—To account for expenditures of federal financial awards.

Police Continuing Education—To account for police fees collected to finance police officers' continuing education, training, supplies and equipment.

Unsafe Building—To account for the demolition expenditures of abandoned properties and structures within the City.

State Grants—To account for expenditures of state financial awards.

Rainy Day—To account for unused and unencumbered funds that are transferred from a fund that has a tax levy.

LOIT Special Distribution—To account for expenditures of road construction and reconstruction

Railroad—To account for expenditures relating to the City's railroad relocation project.

Fire Donations—To account for donations and expenditures for firefighting-related activities and programs.

Band—A property tax-supported fund for a citizens' band.

Fire Training (Arson Invstg)—To account for fire arson investigation training activities.

Police Training—To account for training expenditures of the City's Police Department.

Police Unclaimed Property—To account for the confiscated property of the local police agencies.

Police Drug Free—To account for law enforcement activities geared toward reducing drug crimes.

HOME (Community Development)—The HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing a direct rental assistance to low-income persons.

CDBG (Community Development)—Provides annual grants on a formula basis to entitled cities to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

Beautification—To account for expenditures of general landscaping and tree planting on City owned property.

Tax Incremental Financing (TIF) McCarty—To account for expenditures for public improvement projects in the McCarty tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to assessed valuation of the property before redevelopment.

Tax Incremental Financing (TIF) Twyckenham—To account for expenditures for public improvement projects in the Twyckenham tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property before redevelopment.

### Capital Projects Funds

Cumulative Capital Improvement—To account for state cigarette tax distributions used for improvement projects.

Cumulative Capital Development—To account for expenditures relating to the purchase or lease of capital improvements in the City. Financing is provided by a specific property tax levy.

CITY OF LAFAYETTE  
 COMBINING BALANCE SHEET  
 Nonmajor Governmental Funds - Special Revenue Funds  
 December 31, 2018

	Park and Recreation Operating	Park Nonreverting Operating	Health and Wellness	Police Donations	Economic Development	Federal Grants
<u>Assets</u>						
Cash and cash equivalents	\$ 143,425	\$ 3,633	\$ 123,497	\$ 6,670	\$ 98,188	\$ (15,280)
Cash with fiscal agents	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Taxes	58,826	-	-	-	5,724	-
Accounts	-	-	-	-	475	93,074
Intergovernmental	38,606	-	-	-	3,751	-
Restricted cash, cash equivalents and investments	-	-	-	-	-	-
Total assets	<u>\$ 240,857</u>	<u>\$ 3,633</u>	<u>\$ 123,497</u>	<u>\$ 6,670</u>	<u>\$ 108,138</u>	<u>\$ 77,794</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts Payable	\$ 126,826	\$ 8,984	\$ 1,246	\$ -	\$ 129,463	\$ 533
Accrued payroll and withholding payable	93,026	6,214	-	-	14,522	-
Intergovernmental payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Unearned revenue	98,892	16,488	-	-	9,475	-
Customer deposits payable	-	4,100	-	-	-	-
Total liabilities	<u>318,744</u>	<u>35,786</u>	<u>1,246</u>	<u>-</u>	<u>153,460</u>	<u>533</u>
Fund Balances:						
Restricted	(77,887)	(32,153)	-	-	-	77,261
Committed	-	-	-	-	(45,322)	-
Assigned	-	-	122,251	6,670	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>(77,887)</u>	<u>(32,153)</u>	<u>122,251</u>	<u>6,670</u>	<u>(45,322)</u>	<u>77,261</u>
Total liabilities and fund balances	<u>\$ 240,857</u>	<u>\$ 3,633</u>	<u>\$ 123,497</u>	<u>\$ 6,670</u>	<u>\$ 108,138</u>	<u>\$ 77,794</u>

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

CITY OF LAFAYETTE  
 COMBINING BALANCE SHEET  
 Nonmajor Governmental Funds - Special Revenue Funds  
 December 31, 2018

Police Continuing Education	Unsafe Building	State Grants	Rainy Day	LOIT Special Distribution	Railroad
\$ 309,244	\$ 30,119	\$ (6,916)	\$ 943,694	\$ 267,282	\$ 221,605
-	-	-	-	-	-
-	-	-	4,060,237	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 309,244</u>	<u>\$ 30,119</u>	<u>\$ (6,916)</u>	<u>\$ 5,003,931</u>	<u>\$ 267,282</u>	<u>\$ 221,605</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	260,281	-
-	1,500	-	-	-	-
<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>260,281</u>	<u>-</u>
-	-	-	-	-	-
-	-	(6,916)	-	7,001	-
-	-	-	-	-	221,605
309,244	28,619	-	5,003,931	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>309,244</u>	<u>28,619</u>	<u>(6,916)</u>	<u>5,003,931</u>	<u>7,001</u>	<u>221,605</u>
<u>\$ 309,244</u>	<u>\$ 30,119</u>	<u>\$ (6,916)</u>	<u>\$ 5,003,931</u>	<u>\$ 267,282</u>	<u>\$ 221,605</u>

Continued on next page

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

CITY OF LAFAYETTE  
 COMBINING BALANCE SHEET  
 Nonmajor Governmental Funds - Special Revenue Funds  
 December 31, 2018

<u>Assets</u>	<u>Fire Donations</u>	<u>Band</u>	<u>Police Training</u>	<u>Fire Training (Arns Invstg)</u>	<u>Police Unclaimed Property</u>	<u>Police Drug Free</u>
Cash and cash equivalents	\$ 420,140	\$ 21,952	\$ 11,580	\$ 13,484	\$ 494,598	\$ 5,024
Cash with fiscal agents	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)						
Loans	-	-	-	-	-	-
Taxes	-	334	-	-	-	-
Accounts	-	-	-	6,008	-	-
Intergovernmental	-	219	-	-	-	-
Restricted cash, cash equivalents and investments	-	-	-	-	-	-
Total assets	<u>\$ 420,140</u>	<u>\$ 22,505</u>	<u>\$ 11,580</u>	<u>\$ 19,492</u>	<u>\$ 494,598</u>	<u>\$ 5,024</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts Payable	\$ -	\$ 11,626	\$ -	\$ 2,039	\$ -	\$ 2,400
Accrued payroll and withholding payable	-	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Unearned revenue	-	553	-	-	-	-
Customer deposits payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>12,179</u>	<u>-</u>	<u>2,039</u>	<u>-</u>	<u>2,400</u>
Fund Balances:						
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	420,140	10,326	11,580	17,453	494,598	2,624
Unassigned	-	-	-	-	-	-
Total fund balances	<u>420,140</u>	<u>10,326</u>	<u>11,580</u>	<u>17,453</u>	<u>494,598</u>	<u>2,624</u>
Total liabilities and fund balances	<u>\$ 420,140</u>	<u>\$ 22,505</u>	<u>\$ 11,580</u>	<u>\$ 19,492</u>	<u>\$ 494,598</u>	<u>\$ 5,024</u>

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

CITY OF LAFAYETTE  
 COMBINING BALANCE SHEET  
 Nonmajor Governmental Funds - Special Revenue Funds  
 December 31, 2018

HOME - Community Development	CDBG - Community Development	Beautification	TIF McCarty	TIF Twychenham	Total Nonmajor Special Revenue Funds
\$ 119,563	\$ 1,629	\$ 28,908	\$ 1,846,245	\$ 469,787	\$ 5,558,071
-	-	-	2,517,068	-	2,517,068
-	-	-	-	-	4,060,237
37,190	3,700	-	-	-	40,890
-	-	-	38,144	19,393	122,421
50,765	193,421	-	-	-	343,743
-	-	-	-	101,815	144,391
-	-	-	3,542,296	447,488	3,989,784
<u>\$ 207,518</u>	<u>\$ 198,750</u>	<u>\$ 28,908</u>	<u>\$ 7,943,753</u>	<u>\$ 1,038,483</u>	<u>\$ 16,776,605</u>
\$ 50,765	\$ 193,682	\$ -	\$ 353	\$ 84,625	\$ 612,542
-	-	-	-	-	113,762
-	-	-	3,542,296	-	3,542,296
-	-	-	-	80,901	80,901
-	-	-	32,453	-	292,734
-	-	-	38,144	19,393	182,945
-	-	-	-	-	5,600
<u>50,765</u>	<u>193,682</u>	<u>-</u>	<u>3,613,246</u>	<u>184,919</u>	<u>4,830,780</u>
156,753	5,068	-	4,330,507	853,564	5,313,198
-	-	-	-	-	176,283
-	-	28,908	-	-	6,456,344
-	-	-	-	-	-
<u>156,753</u>	<u>5,068</u>	<u>28,908</u>	<u>4,330,507</u>	<u>853,564</u>	<u>11,945,825</u>
<u>\$ 207,518</u>	<u>\$ 198,750</u>	<u>\$ 28,908</u>	<u>\$ 7,943,753</u>	<u>\$ 1,038,483</u>	<u>\$ 16,776,605</u>

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

CITY OF LAFAYETTE  
 COMBINING BALANCE SHEET  
 Nonmajor Governmental Funds - Capital Projects Funds  
 December 31, 2018

	Cumulative Capital Improvement	Cumulative Capital Development	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 17,753	\$ 234,256	\$ 252,009	\$ 5,810,080
Cash with fiscal agents	-	-	-	2,517,068
Investments	-	-	-	4,060,237
Receivables (net of allowance for uncollectibles)				
Loans	-	-	-	40,890
Taxes	-	9,537	9,537	131,958
Accounts	-	-	-	343,743
Intergovernmental	14,485	6,252	20,737	165,128
Restricted cash, cash equivalents and investments	-	-	-	3,989,784
Total assets	\$ 32,238	\$ 250,045	\$ 282,283	\$ 17,058,888
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ -	\$ 31,570	\$ 31,570	\$ 644,112
Accrued payroll and withholding payable	-	-	-	113,762
Intergovernmental payable	-	-	-	3,542,296
Accrued interest payable	-	-	-	80,901
Performance deposits payable	-	3,854	3,854	296,588
Unearned revenue	14,485	15,789	30,274	213,219
Customer deposits payable	-	-	-	5,600
Total liabilities	14,485	51,213	65,698	4,896,478
Fund Balances:				
Restricted	17,753	198,832	216,585	5,529,783
Committed	-	-	-	176,283
Assigned	-	-	-	6,456,344
Unassigned	-	-	-	-
Total fund balances	17,753	198,832	216,585	12,162,410
Total liabilities and fund balances	\$ 32,238	\$ 250,045	\$ 282,283	\$ 17,058,888

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

CITY OF LAFAYETTE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 Nonmajor Governmental Funds - Special Revenue Funds  
 For the Year Ended December 31, 2018

	Park and Recreation Operating	Park Nonreverting Operating	Health and Wellness	Police Donations	Economic Development	Federal Grants
<u>Revenues</u>						
General Property Taxes	\$ 3,621,621	\$ -	\$ -	\$ -	\$ 358,588	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	247,732	-	-	-	27,355	387,376
Charges for services	62,396	1,128,136	-	-	1,600	-
Fines and forfeits	-	-	-	-	-	-
Other	50,906	64,883	60,667	16,972	8,858	6,086
Interest and investment revenue	-	-	-	-	-	-
Total revenues	<u>3,982,655</u>	<u>1,193,019</u>	<u>60,667</u>	<u>16,972</u>	<u>396,401</u>	<u>393,462</u>
<u>Expenditures</u>						
Current:						
General Government	-	-	117,807	-	-	1,312
Public Safety	-	-	-	18,558	-	178,637
Highways and Streets	-	-	-	-	-	-
Culture and Recreation	4,303,579	1,279,286	-	-	-	-
Economic Development	-	-	-	-	491,528	209,846
Debt service:						
Interest	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-
Capital outlay:						
Public Safety	-	-	-	-	-	-
Culture and Recreation	30,469	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Total expenditures	<u>4,334,048</u>	<u>1,279,286</u>	<u>117,807</u>	<u>18,558</u>	<u>491,528</u>	<u>389,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(351,393)</u>	<u>(86,267)</u>	<u>(57,140)</u>	<u>(1,586)</u>	<u>(95,127)</u>	<u>3,667</u>
<u>Other financing sources (uses)</u>						
Transfers In	-	-	-	-	-	-
Net change in fund balances	(351,393)	(86,267)	(57,140)	(1,586)	(95,127)	3,667
Fund balances - beginning	<u>273,506</u>	<u>54,114</u>	<u>179,391</u>	<u>8,256</u>	<u>49,805</u>	<u>73,594</u>
Fund balances - ending	<u>\$ (77,887)</u>	<u>\$ (32,153)</u>	<u>\$ 122,251</u>	<u>\$ 6,670</u>	<u>\$ (45,322)</u>	<u>\$ 77,261</u>

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

CITY OF LAFAYETTE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 Nonmajor Governmental Funds - Special Revenue Funds  
 For the Year Ended December 31, 2018

Police Continuing Education	Unsafe Building	State Grants	Rainy Day	LOIT Special Distribution	Railroad
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,200	-	-	-	-
-	-	61,623	258,913	-	-
58,367	-	-	-	-	-
13,681	-	-	-	-	-
9,780	24,209	-	-	-	-
-	-	-	78,405	-	-
<u>81,828</u>	<u>25,409</u>	<u>61,623</u>	<u>337,318</u>	<u>-</u>	<u>-</u>
-	238	-	-	-	52
99,377	-	-	-	-	-
-	-	-	-	426,017	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,542	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>124,919</u>	<u>238</u>	<u>-</u>	<u>-</u>	<u>426,017</u>	<u>52</u>
<u>(43,091)</u>	<u>25,171</u>	<u>61,623</u>	<u>337,318</u>	<u>(426,017)</u>	<u>(52)</u>
-	-	-	625,000	-	-
(43,091)	25,171	61,623	962,318	(426,017)	(52)
<u>352,335</u>	<u>3,448</u>	<u>(68,539)</u>	<u>4,041,613</u>	<u>433,018</u>	<u>221,657</u>
<u>\$ 309,244</u>	<u>\$ 28,619</u>	<u>\$ (6,916)</u>	<u>\$ 5,003,931</u>	<u>\$ 7,001</u>	<u>\$ 221,605</u>

Continued on next page

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

CITY OF LAFAYETTE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 Nonmajor Governmental Funds - Special Revenue Funds  
 For the Year Ended December 31, 2018

	Fire Donations	Band	Police Training	Fire Training (Arsn Invstg)	Police Unclaimed Property	Police Drug Free
<u>Revenues</u>						
General Property Taxes	\$ -	\$ 20,919	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	1,596	-	-	-	-
Charges for services	25	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	351,274	-	6,803	28,322	158,009	21,697
Interest and investment revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>351,299</b>	<b>22,515</b>	<b>6,803</b>	<b>28,322</b>	<b>158,009</b>	<b>21,697</b>
<u>Expenditures</u>						
Current:						
General Government	-	23,252	-	-	-	-
Public Safety	33,565	-	9,094	14,874	25,780	19,073
Highways and Streets	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Debt service:						
Interest	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-
Capital outlay:						
Public Safety	2,252	-	-	8,706	-	-
Culture and Recreation	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
<b>Total expenditures</b>	<b>35,817</b>	<b>23,252</b>	<b>9,094</b>	<b>23,580</b>	<b>25,780</b>	<b>19,073</b>
Excess (deficiency) of revenues over (under) expenditures	315,482	(737)	(2,291)	4,742	132,229	2,624
<u>Other financing sources (uses)</u>						
Transfers In	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>315,482</b>	<b>(737)</b>	<b>(2,291)</b>	<b>4,742</b>	<b>132,229</b>	<b>2,624</b>
Fund balances - beginning	104,658	11,063	13,871	12,711	362,369	-
<b>Fund balances - ending</b>	<b>\$ 420,140</b>	<b>\$ 10,326</b>	<b>\$ 11,580</b>	<b>\$ 17,453</b>	<b>\$ 494,598</b>	<b>\$ 2,624</b>

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

CITY OF LAFAYETTE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 Nonmajor Governmental Funds - Special Revenue Funds  
 For the Year Ended December 31, 2018

HOME - Community Development	CDBG - Community Development	Beautification	TIF MCCarty	TIF Twychenham	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 2,463,468	\$ 1,253,138	\$ 7,717,734
-	-	-	-	-	1,200
564,467	676,406	-	-	-	2,225,468
-	-	-	-	-	1,250,524
-	-	-	-	-	13,681
1,214	-	-	37,043	-	846,723
-	-	-	-	2,936	81,341
<u>565,681</u>	<u>676,406</u>	<u>-</u>	<u>2,500,511</u>	<u>1,256,074</u>	<u>12,136,671</u>
-	-	-	-	-	142,661
-	-	-	-	-	398,958
-	-	-	-	-	426,017
-	-	5,310	-	-	5,588,175
600,960	684,908	-	608,247	21,778	2,617,267
-	-	-	-	173,083	173,083
-	-	-	-	597,000	597,000
-	-	-	-	-	36,500
-	-	-	-	-	30,469
-	-	-	1,309,659	773,723	2,083,382
<u>600,960</u>	<u>684,908</u>	<u>5,310</u>	<u>1,917,906</u>	<u>1,565,584</u>	<u>12,093,512</u>
<u>(35,279)</u>	<u>(8,502)</u>	<u>(5,310)</u>	<u>582,605</u>	<u>(309,510)</u>	<u>43,159</u>
-	-	-	-	-	625,000
<u>(35,279)</u>	<u>(8,502)</u>	<u>(5,310)</u>	<u>582,605</u>	<u>(309,510)</u>	<u>668,159</u>
<u>192,032</u>	<u>13,570</u>	<u>34,218</u>	<u>3,747,902</u>	<u>1,163,074</u>	<u>11,277,666</u>
<u>\$ 156,753</u>	<u>\$ 5,068</u>	<u>\$ 28,908</u>	<u>\$ 4,330,507</u>	<u>\$ 853,564</u>	<u>\$ 11,945,825</u>

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

CITY OF LAFAYETTE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 Nonmajor Governmental Funds - Capital Projects Funds  
 For the Year Ended December 31, 2018

	<u>Cumulative Capital Improvement</u>	<u>Cumulative Capital Development</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Revenues</u>				
General Property Taxes	\$ -	\$ 603,591	\$ 603,591	\$ 8,321,325
Licenses and permits	-	-	-	1,200
Intergovernmental	156,947	39,500	196,447	2,421,915
Charges for services	-	-	-	1,250,524
Fines and forfeits	-	-	-	13,681
Other	-	14,300	14,300	861,023
Interest and investment revenue	-	-	-	81,341
	<u>156,947</u>	<u>657,391</u>	<u>814,338</u>	<u>12,951,009</u>
<u>Expenditures</u>				
Current:				
General Government	-	-	-	142,661
Public Safety	-	-	-	398,958
Highways and Streets	-	-	-	426,017
Culture and Recreation	-	-	-	5,588,175
Economic Development	52,316	199,989	252,305	2,869,572
Debt service:				
Interest	-	-	-	173,083
Principal retirement	-	-	-	597,000
Capital outlay:				
Public Safety	-	-	-	36,500
Culture and Recreation	-	-	-	30,469
Economic Development	<u>241,936</u>	<u>368,306</u>	<u>610,242</u>	<u>2,693,624</u>
	<u>294,252</u>	<u>568,295</u>	<u>862,547</u>	<u>12,956,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(137,305)</u>	<u>89,096</u>	<u>(48,209)</u>	<u>(5,050)</u>
<u>Other financing sources (uses)</u>				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>625,000</u>
Net change in fund balances	(137,305)	89,096	(48,209)	619,950
Fund balances - beginning	<u>155,058</u>	<u>109,736</u>	<u>264,794</u>	<u>11,542,460</u>
Fund balances - ending	<u>\$ 17,753</u>	<u>\$ 198,832</u>	<u>\$ 216,585</u>	<u>\$ 12,162,410</u>

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

CITY OF LAFAYETTE  
NONMAJOR ENTERPRISE FUND DESCRIPTIONS

Parking Operations – To account for revenues and expenditures related to the City’s street parking and the parking garage.

Community Dev Blk Grant (LHR) – To account for an original grant for the redevelopment of urban housing. The fund had investments to repay the loans on the housing. The fund was closed during 2018.

CITY OF LAFAYETTE  
 COMBINING STATEMENT OF NET POSITION  
 Nonmajor Enterprise Funds  
 December 31, 2018

<u>Assets</u>	<u>Parking Operations</u>	<u>Community Dev Blk Grant (LHR)</u>	<u>Total Nonmajor Enterprise funds</u>
Current assets:			
Operating cash	\$ 452,481	\$ -	\$ 452,481
Accounts receivable (net of allowance)	9,874	-	9,874
Total current assets	<u>462,355</u>	<u>-</u>	<u>462,355</u>
Noncurrent assets:			
Capital assets:			
Land, improvements, and construction in progress	683,981	-	683,981
Other capital assets, net of depreciation	2,060,022	-	2,060,022
Total noncurrent assets	<u>2,744,003</u>	<u>-</u>	<u>2,744,003</u>
Total assets	<u>\$ 3,206,358</u>	<u>\$ -</u>	<u>\$ 3,206,358</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	5,434	-	5,434
Accrued payroll and withholding payable	7,794	-	7,794
Customer deposits	2,564	-	2,564
Total current liabilities	<u>15,792</u>	<u>-</u>	<u>15,792</u>
Total liabilities	<u>\$ 15,792</u>	<u>\$ -</u>	<u>\$ 15,792</u>
<u>Net Position</u>			
Net investment in capital assets	2,744,003	-	2,744,003
Unrestricted	446,563	-	446,563
Total net position	<u>\$ 3,190,566</u>	<u>\$ -</u>	<u>\$ 3,190,566</u>

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

CITY OF LAFAYETTE  
 COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
 Nonmajor Enterprise Funds  
 For the Year Ended December 31, 2018

	<u>Parking Operations</u>	<u>Community Dev Blk Grant (LHR)</u>	<u>Total Enterprise funds</u>
Operating revenues:			
Parking	\$ 435,063	\$ -	\$ 435,063
Total operating revenues	<u>435,063</u>	<u>-</u>	<u>435,063</u>
Operating expenses:			
Administration and general	-	2,200	2,200
Parking operations and maintenance	338,146	-	338,146
Depreciation and amortization	<u>120,572</u>	<u>-</u>	<u>120,572</u>
Total operating expenses	<u>458,718</u>	<u>2,200</u>	<u>460,918</u>
Operating income (loss)	<u>(23,655)</u>	<u>(2,200)</u>	<u>(25,855)</u>
Nonoperating revenues (expenses):			
Interest and investment revenue	-	13,077	13,077
Miscellaneous revenue	7,873	-	7,873
Interest expense	<u>-</u>	<u>(15,561)</u>	<u>(15,561)</u>
Total nonoperating revenues (expenses)	<u>7,873</u>	<u>(2,484)</u>	<u>5,389</u>
Income (loss) before transfers	<u>(15,782)</u>	<u>(4,684)</u>	<u>(20,466)</u>
Transfers out	<u>-</u>	<u>(58,755)</u>	<u>(58,755)</u>
Change in net position	(15,782)	(63,439)	(79,221)
Total net position - beginning	<u>3,206,348</u>	<u>63,439</u>	<u>3,269,787</u>
Total net position - ending	<u>\$ 3,190,566</u>	<u>\$ -</u>	<u>\$ 3,190,566</u>

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

CITY OF LAFAYETTE  
COMBINING STATEMENT OF CASH FLOWS  
Nonmajor Enterprise Funds  
For The Year Ended December 31, 2018

	Parking Operations	Community Dev Blk Grant (LHR)	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ 445,007	\$ -	\$ 445,007
Payments to employees	(242,353)	-	(242,353)
Payments to suppliers	(92,012)	(2,200)	(94,212)
Net cash provided (used) by operating activities	<u>110,642</u>	<u>(2,200)</u>	<u>108,442</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	(58,755)	(58,755)
Nonoperating revenue	7,873	-	7,873
Loan Proceeds	-	(783,353)	(783,353)
Net cash provided (used) by noncapital financing activities	<u>7,873</u>	<u>(842,108)</u>	<u>(834,235)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(35,357)	-	(35,357)
Principal paid on capital debt	-	(855,000)	(855,000)
Interest paid on capital debt	-	(18,873)	(18,873)
Net cash provided (used) by capital and related financing activities	<u>(35,357)</u>	<u>(873,873)</u>	<u>(909,230)</u>
Cash flows from investing activities			
Sale of investments	-	860,000	860,000
Interest received	-	21,301	21,301
Net cash provided (used) by investing activities	<u>-</u>	<u>881,301</u>	<u>881,301</u>
Net increase (decrease) in cash and cash equivalents	83,158	(836,880)	(753,722)
Balances - beginning of year	<u>369,323</u>	<u>836,880</u>	<u>1,206,203</u>
Balances - end of the year	<u>\$ 452,481</u>	<u>\$ -</u>	<u>\$ 452,481</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	\$ (23,656)	\$ (2,200)	\$ (25,856)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	120,572	-	120,572
Changes in assets and liabilities:			
Accounts receivable	7,905	-	7,905
Customer deposits	2,040	-	2,040
Accounts payable	717	-	717
Accrued wages payable	3,064	-	3,064
Net cash provided (used) by operating activities	<u>\$ 110,642</u>	<u>\$ (2,200)</u>	<u>\$ 108,442</u>

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

CITY OF LAFAYETTE  
NONMAJOR FIDUCIARY FUND DESCRIPTIONS

Police Pension—To account for the provision of retirement and disability benefits to police officers hired prior to May 1, 1977.

Fire Pension—To account for the provision of retirement and disability benefits to firefighters hired prior to May 1, 1977.

CITY OF LAFAYETTE  
 COMBINING STATEMENT OF NET POSITION  
 Nonmajor Fiduciary Funds  
 December 31, 2018

	Police Pension	Fire Pension	Totals
Assets			
Cash and cash equivalents	\$ 907,174	\$ 930,480	\$ 1,837,654
Liabilities			
Accounts payable	\$ -	\$ 27,945	\$ 27,945
Net Position			
Held in trust for pension benefits and other purposes	\$ 907,174	\$ 902,535	\$ 1,809,709

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

CITY OF LAFAYETTE  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 Nonmajor Fiduciary Funds  
 For the Year Ended December 31, 2018

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions			
Contributions:			
State Contributions	\$ 1,583,118	\$ 2,574,431	\$ 4,157,549
Miscellaneous revenue	3,200	3,200	6,400
Total contributions	<u>1,586,318</u>	<u>2,577,631</u>	<u>4,163,949</u>
Deductions			
Administration and general	8,918	44,616	53,534
Benefits	<u>1,568,734</u>	<u>2,543,512</u>	<u>4,112,246</u>
Total deductions	<u>1,577,652</u>	<u>2,588,128</u>	<u>4,165,780</u>
Change in net position	8,666	(10,497)	(1,831)
Net Position -- beginning of the year	<u>898,508</u>	<u>913,032</u>	<u>1,811,540</u>
Net Position -- end of the year	<u>\$ 907,174</u>	<u>\$ 902,535</u>	<u>\$ 1,809,709</u>

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

CITY OF LAFAYETTE  
 BUDGETARY COMPARISON SCHEDULES  
 Other Nonmajor Governmental Funds  
 For the Year Ended December 31, 2018

	Park and Recreation Operating				Economic Development			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget
	Original	Final			Original	Final		
Revenues:								
Taxes:								
Property Taxes	\$ 3,894,629	\$ 3,894,629	\$ 3,621,621	\$ (273,008)	\$ 378,426	\$ 378,426	\$ 358,588	\$ (19,838)
Intergovernmental	230,132	130,132	247,732	117,600	22,361	22,361	27,355	4,994
Charges for services	57,000	105,000	62,396	(42,604)	-	-	1,600	1,600
Other	75,000	75,000	50,906	(24,094)	30,000	30,000	8,858	(21,142)
Total revenues	<u>4,256,761</u>	<u>4,204,761</u>	<u>3,982,655</u>	<u>(222,106)</u>	<u>430,787</u>	<u>430,787</u>	<u>396,401</u>	<u>(34,386)</u>
Expenditures:								
Current:								
Culture and Recreation:								
Personal Services	3,127,450	3,127,450	3,087,637	39,813	-	-	-	-
Supplies	408,950	408,950	463,592	(54,642)	-	-	-	-
Other Srv & Chrgs	830,465	830,465	752,351	78,114	-	-	-	-
Capital Outlays	29,000	29,000	30,469	(1,469)	-	-	-	-
Total culture and recreation	<u>4,395,865</u>	<u>4,395,865</u>	<u>4,334,048</u>	<u>61,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Economic development:								
Personal Services	-	-	-	-	485,650	485,650	472,561	13,089
Supplies	-	-	-	-	4,000	4,000	2,292	1,708
Other srv & chrgs	-	-	-	-	25,750	25,750	16,675	9,075
Total economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515,400</u>	<u>515,400</u>	<u>491,528</u>	<u>23,872</u>
Total expenditures	<u>4,395,865</u>	<u>4,395,865</u>	<u>4,334,048</u>	<u>61,817</u>	<u>515,400</u>	<u>515,400</u>	<u>491,528</u>	<u>23,872</u>
Net change in fund balances	(139,104)	(191,104)	(351,393)	(160,289)	(84,613)	(84,613)	(95,127)	(10,514)
Fund balances - beginning	<u>335,335</u>	<u>335,335</u>	<u>273,506</u>	<u>(61,829)</u>	<u>91,916</u>	<u>91,916</u>	<u>49,805</u>	<u>(42,111)</u>
Fund balances - ending	<u>\$ 196,231</u>	<u>\$ 144,231</u>	<u>\$ (77,887)</u>	<u>\$ (222,118)</u>	<u>\$ 7,303</u>	<u>\$ 7,303</u>	<u>\$ (45,322)</u>	<u>\$ (52,625)</u>

Continued on next page

CITY OF LAFAYETTE  
 BUDGETARY COMPARISON SCHEDULES  
 Other Nonmajor Governmental Funds  
 For the Year Ended December 31, 2018

	TIF McCarty				TIF Twyckenham			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget
	Original	Final			Original	Final		
Revenues:								
Taxes:								
Property Taxes	\$ 2,801,930	\$ 2,801,930	\$ 2,463,468	\$ (338,462)	\$ 1,164,470	\$ 1,164,470	\$ 1,253,138	\$ 88,668
Other	-	-	37,043	37,043	-	-	2,936	2,936
Total revenues	<u>2,801,930</u>	<u>2,801,930</u>	<u>2,500,511</u>	<u>(301,419)</u>	<u>1,164,470</u>	<u>1,164,470</u>	<u>1,256,074</u>	<u>91,604</u>
Expenditures:								
Current:								
Economic development:								
Other srv & chrgs	2,347,500	2,347,500	608,247	1,739,253	31,000	31,000	21,778	9,222
Capital outlays	902,000	902,000	1,309,659	(407,659)	356,000	356,000	773,723	(417,723)
Total economic development	<u>3,249,500</u>	<u>3,249,500</u>	<u>1,917,906</u>	<u>1,331,594</u>	<u>387,000</u>	<u>387,000</u>	<u>795,501</u>	<u>(408,501)</u>
Debt service:								
Interest	-	-	-	-	-	-	173,083	(173,083)
Principal retirement	-	-	-	-	773,163	773,163	597,000	176,163
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>773,163</u>	<u>773,163</u>	<u>770,083</u>	<u>3,080</u>
Total expenditures	<u>3,249,500</u>	<u>3,249,500</u>	<u>1,917,906</u>	<u>1,331,594</u>	<u>1,160,163</u>	<u>1,160,163</u>	<u>1,565,584</u>	<u>(405,421)</u>
Net change in fund balances	(447,570)	(447,570)	582,605	1,030,175	4,307	4,307	(309,510)	(313,817)
Fund balances - beginning	<u>2,297,268</u>	<u>2,297,268</u>	<u>3,747,902</u>	<u>1,450,634</u>	<u>754,040</u>	<u>754,039</u>	<u>1,163,074</u>	<u>409,035</u>
Fund balances - ending	<u>\$ 1,849,698</u>	<u>\$ 1,849,698</u>	<u>\$ 4,330,507</u>	<u>\$ 2,480,809</u>	<u>\$ 758,347</u>	<u>\$ 758,346</u>	<u>\$ 853,564</u>	<u>\$ 95,218</u>

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CITY OF LAFAYETTE  
 BUDGETARY COMPARISON SCHEDULES  
 Other Nonmajor Governmental Funds  
 For the Year Ended December 31, 2018

	Cumulative Capital Improvement				Cumulative Capital Development			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget
	Original	Final			Original	Final		
Revenues:								
Taxes:								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 630,709	\$ 630,709	\$ 603,591	\$ (27,118)
Intergovernmental	152,408	152,408	156,947	4,539	-	-	39,500	39,500
Other	-	-	-	-	-	-	14,300	14,300
Total revenues	<u>152,408</u>	<u>152,408</u>	<u>156,947</u>	<u>4,539</u>	<u>630,709</u>	<u>630,709</u>	<u>657,391</u>	<u>26,682</u>
Expenditures:								
Current:								
Economic development:								
Other srv & chrgs	-	-	-	-	308,268	308,268	199,989	108,279
Capital outlays	170,000	170,000	294,252	124,252	475,000	475,000	368,306	106,694
Total economic development	<u>170,000</u>	<u>170,000</u>	<u>294,252</u>	<u>124,252</u>	<u>783,268</u>	<u>783,268</u>	<u>568,295</u>	<u>214,973</u>
Total expenditures	<u>170,000</u>	<u>170,000</u>	<u>294,252</u>	<u>124,252</u>	<u>783,268</u>	<u>783,268</u>	<u>568,295</u>	<u>214,973</u>
Net change in fund balances	(17,592)	(17,592)	(137,305)	(119,713)	(152,559)	(152,559)	89,096	241,655
Fund balances - beginning	<u>185,895</u>	<u>165,895</u>	<u>155,058</u>	<u>(10,837)</u>	<u>128,742</u>	<u>128,742</u>	<u>109,736</u>	<u>(19,006)</u>
Fund balances - ending	<u>\$ 168,303</u>	<u>\$ 148,303</u>	<u>\$ 17,753</u>	<u>\$ (130,550)</u>	<u>\$ (23,817)</u>	<u>\$ (23,817)</u>	<u>\$ 198,832</u>	<u>\$ 222,649</u>

Continued on next page

CITY OF LAFAYETTE  
 BUDGETARY COMPARISON SCHEDULES  
 Other Nonmajor Governmental Funds  
 For the Year Ended December 31, 2018

	Band			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	\$ 22,075	\$ 22,075	\$ 20,919	\$ (1,156)
Intergovernmental	1,304	1,304	1,596	292
Other	-	-	-	-
Total revenues	<u>23,379</u>	<u>23,379</u>	<u>22,515</u>	<u>(864)</u>
Expenditures:				
Culture and Recreation:				
Other Srv & Chrsg	<u>23,252</u>	<u>23,252</u>	<u>23,252</u>	<u>-</u>
Total culture and recreation	<u>23,252</u>	<u>23,252</u>	<u>23,252</u>	<u>-</u>
Total expenditures	<u>23,252</u>	<u>23,252</u>	<u>23,252</u>	<u>-</u>
Net change in fund balances	127	127	(737)	(864)
Fund balances - beginning	<u>11,252</u>	<u>11,252</u>	<u>11,063</u>	<u>(189)</u>
Fund balances - ending	<u>\$ 11,379</u>	<u>\$ 11,379</u>	<u>\$ 10,326</u>	<u>\$ (1,053)</u>

# **STATISTICAL SECTION**

## Statistical Section

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This part of the City of Lafayette's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
- Revenue capacity —These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes, and other major revenue sources.
- Debt capacity – These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
- Demographic and economic information – These schedules offer demographic economic indicators to help the reader understand the environment within which the City's financial activities take place.
- Operating information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF LAFAYETTE  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS

	2018	2017 (2)	2016	2015 (1)	2014 (1)	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 209,964,999	\$ 200,313,371	\$ 189,907,832	\$ 172,421,498	\$ 154,609,386	\$ 161,561,118	\$ 150,361,978	\$ 141,133,453	\$ 135,035,618	\$ 124,720,267
Restricted	6,194,508	6,014,020	6,056,829	2,050,866	1,713,160	1,858,289	1,165,914	199,807	-	-
Unrestricted	(36,733,801)	(36,000,481)	(27,671,396)	(19,238,638)	35,301,468	20,905,747	29,797,974	5,001,321	10,431,647	10,746,283
<b>Total governmental activities</b>	<b>\$ 179,425,706</b>	<b>\$ 170,326,910</b>	<b>\$ 168,293,265</b>	<b>\$ 155,233,726</b>	<b>\$ 191,624,014</b>	<b>\$ 184,325,154</b>	<b>\$ 181,325,866</b>	<b>\$ 146,334,581</b>	<b>\$ 145,467,265</b>	<b>\$ 135,466,550</b>
Business-type activities										
Net investment in capital assets	\$ 153,196,033	\$ 104,409,458	\$ 138,610,168	\$ 127,894,536	\$ 112,992,073	\$ 106,883,781	\$ 110,981,625	\$ 100,964,208	\$ 101,628,288	\$ 92,680,086
Restricted	44,714,189	46,956,920	8,269,635	8,335,002	8,454,592	5,831,958	5,269,490	4,315,441	-	-
Unrestricted	(7,005,221)	24,668,398	21,782,372	26,826,816	36,923,521	36,326,334	30,995,548	32,954,599	27,867,904	29,749,947
<b>Total business-type activities</b>	<b>\$ 190,905,001</b>	<b>\$ 176,034,776</b>	<b>\$ 168,662,175</b>	<b>\$ 163,056,354</b>	<b>\$ 158,370,186</b>	<b>\$ 149,042,073</b>	<b>\$ 147,246,663</b>	<b>\$ 138,234,248</b>	<b>\$ 129,496,192</b>	<b>\$ 122,430,033</b>
Primary government										
Net investment in capital assets	363,161,032	304,722,829	328,518,000	300,316,034	267,601,459	268,444,899	261,343,603	242,097,661	236,663,906	217,400,353
Restricted	50,908,697	52,970,940	14,326,464	10,385,868	10,167,752	7,690,247	6,435,404	4,515,248	-	-
Unrestricted	(43,739,022)	(11,332,083)	(5,889,024)	7,588,178	72,224,989	57,232,081	60,793,522	37,955,920	38,299,551	40,496,230
<b>Total primary government</b>	<b>\$ 370,330,707</b>	<b>\$ 346,361,686</b>	<b>\$ 336,955,440</b>	<b>\$ 318,290,080</b>	<b>\$ 349,994,200</b>	<b>\$ 333,367,227</b>	<b>\$ 328,572,529</b>	<b>\$ 284,568,829</b>	<b>\$ 274,963,457</b>	<b>\$ 257,896,583</b>

Source - 2018 City of Lafayette Comprehensive Annual Financial Report, 2009-2017 City of Lafayette Audited Financial Statements

- (1) The City implemented the reporting of net pension liability through GASB 68 during 2015. 2014 was restated.  
(2) The City implemented the reporting of opeb liability through GASB 75 during 2018. 2017 was restated.

Net position is defined as the difference between total assets and deferred outflows or resources less total liabilities and deferred inflows of resources and can generally be thought of as the net worth of the City of Lafayette

CITY OF LAFAYETTE  
CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,999,174	\$ 5,372,471	\$ 3,718,623	\$ 5,494,824	\$ 4,598,931	\$ 4,131,608	\$ 5,613,047	\$ 5,128,906	\$ 4,992,367	\$ 4,843,010
Public safety	32,163,964	34,115,434	26,762,483	29,221,205	28,310,091	27,583,781	26,532,846	24,203,644	24,985,993	26,054,109
Highways and streets	12,027,597	9,771,396	9,542,124	9,744,609	9,156,462	7,650,926	7,708,735	7,902,828	7,635,715	7,545,193
Sanitation	2,722,074	2,476,778	2,426,587	2,087,140	2,037,651	2,110,763	2,022,147	1,879,156	1,896,451	1,920,641
Culture and recreation	6,684,389	5,825,264	5,514,340	5,247,735	5,293,836	5,109,955	5,685,888	5,669,544	5,649,119	5,717,205
Economic development	15,348,917	17,140,165	18,668,916	10,854,496	9,237,249	9,707,497	8,378,482	19,221,279	9,066,563	7,874,160
<b>Total governmental activities expenses</b>	<b>72,946,115</b>	<b>74,701,508</b>	<b>66,633,073</b>	<b>62,650,009</b>	<b>58,634,220</b>	<b>56,294,530</b>	<b>55,941,145</b>	<b>64,005,357</b>	<b>54,226,208</b>	<b>53,954,318</b>
Business-type activities:										
Water utility	9,780,490	8,722,564	9,366,084	8,961,667	8,400,547	7,890,298	7,435,934	6,900,252	6,761,292	7,127,141
Wastewater utility	24,383,814	24,635,240	26,486,317	23,663,343	21,660,017	25,063,741	20,916,575	19,931,509	18,078,238	17,894,413
Parking operations	458,717	385,410	451,504	334,239	237,129	86,535	155,580	156,726	163,917	171,822
Community Dev Blk Grant (LHR)	17,761	42,541	64,520	73,192	75,512	74,216	80,595	75,965	334,765	(271)
<b>Total business-type activities expenses</b>	<b>34,640,782</b>	<b>33,785,755</b>	<b>36,368,425</b>	<b>33,032,441</b>	<b>30,373,205</b>	<b>33,114,790</b>	<b>28,588,684</b>	<b>27,064,452</b>	<b>25,338,212</b>	<b>25,193,105</b>
<b>Total primary government expenses</b>	<b>\$ 107,586,897</b>	<b>\$ 108,487,263</b>	<b>\$ 103,001,498</b>	<b>\$ 95,682,450</b>	<b>\$ 89,007,425</b>	<b>\$ 89,409,320</b>	<b>\$ 84,529,829</b>	<b>\$ 91,069,809</b>	<b>\$ 79,564,420</b>	<b>\$ 79,147,423</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 686,818	\$ 605,723	\$ 728,408	\$ 707,752	\$ 763,846	\$ 449,543	\$ 451,708	\$ 447,609	\$ 401,044	\$ 370,755
Public safety	72,886	84,689	107,467	164,163	100,794	127,729	120,088	120,666	91,886	121,374
Highways and streets	38,889	33,034	46,131	31,133	3,026,579	2,718,171	2,341,069	2,205,417	2,221,757	2,204,105
Sanitation	-	-	-	-	-	-	-	-	-	-
Culture and recreation	1,190,482	1,130,758	1,130,853	978,904	886,756	8,356	21,722	9,413	6,907	1,277,020
Economic development	2,654	38,792	13,541	2,100	8,655	1,002,517	1,444,534	1,166,699	1,293,707	24,278
Operating grants and contributions	1,730,401	1,545,839	2,254,635	2,719,778	2,194,428	1,956,023	5,407,377	8,915,457	4,832,881	3,079,205
Capital grants and contributions	3,053,686	4,722,960	2,919,780	10,385	39,050	172,965	27,909,900	2,326,873	1,650,608	1,042,193
<b>Total governmental activities program revenues</b>	<b>6,775,816</b>	<b>8,161,795</b>	<b>7,200,815</b>	<b>4,614,215</b>	<b>7,020,108</b>	<b>6,435,304</b>	<b>37,696,398</b>	<b>15,192,134</b>	<b>10,498,790</b>	<b>8,118,930</b>
Business-type activities:										
Charges for services:										
Water utility	8,689,291	7,488,320	7,454,864	7,317,615	7,474,195	7,448,458	7,986,406	7,675,608	7,385,503	7,331,670
Wastewater utility	38,157,341	35,564,862	32,603,704	31,706,401	30,516,869	27,625,118	25,299,461	25,493,837	22,942,360	21,103,192
Parking operations	435,063	446,297	380,178	328,006	287,114	84,366	76,682	108,884	90,826	119,608
Community Dev Blk Grant (LHR)	-	-	-	-	62,923	73,997	74,801	53,635	-	-
Capital grants and contributions	1,163,554	1,167,195	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>48,445,249</b>	<b>44,666,674</b>	<b>40,438,746</b>	<b>39,352,022</b>	<b>38,341,101</b>	<b>35,231,939</b>	<b>33,437,350</b>	<b>33,331,964</b>	<b>30,418,689</b>	<b>28,554,470</b>
<b>Total primary government program revenues</b>	<b>\$ 55,221,065</b>	<b>\$ 52,828,469</b>	<b>\$ 47,639,561</b>	<b>\$ 43,966,237</b>	<b>\$ 45,361,209</b>	<b>\$ 41,667,243</b>	<b>\$ 71,133,748</b>	<b>\$ 48,524,098</b>	<b>\$ 40,917,479</b>	<b>\$ 36,673,400</b>

CITY OF LAFAYETTE  
CHANGE IN NET POSITION (Continued)  
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Net (Expenses)/Revenue</b>										
Governmental activities	\$ (66,170,299)	\$ (66,539,713)	\$ (59,432,258)	\$ (58,035,794)	\$ (51,614,112)	\$ (49,859,226)	\$ (18,244,747)	\$ (48,813,223)	\$ (43,727,418)	\$ (45,835,388)
Business-type activities	13,804,467	10,880,919	4,070,321	6,319,581	7,967,896	2,117,149	4,848,666	6,267,512	5,080,477	3,361,365
Total primary government net expenses	<u>\$ (52,365,832)</u>	<u>\$ (55,658,794)</u>	<u>\$ (55,361,937)</u>	<u>\$ (51,716,213)</u>	<u>\$ (43,646,216)</u>	<u>\$ (47,742,077)</u>	<u>\$ (13,396,081)</u>	<u>\$ (42,545,711)</u>	<u>\$ (38,646,941)</u>	<u>\$ (42,474,023)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 46,267,559	\$ 44,345,009	\$ 41,894,612	\$ 39,648,908	\$ 39,126,526	\$ 35,613,459	\$ 36,355,229	\$ 33,431,234	\$ 36,383,599	\$ 35,040,875
Intergovernmental revenues	23,446,452	21,538,613	25,325,917	18,768,874	15,161,246	14,603,682	15,174,836	12,092,519	13,167,939	14,183,145
Payment in lieu of taxes	2,503,000	1,930,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Investment earnings	357,699	122,044	46,835	39,986	19,277	30,833	35,782	45,980	49,883	90,932
Other	2,635,630	2,651,846	2,524,964	2,590,125	1,509,494	1,416,608	1,658,545	2,101,809	2,245,623	1,805,155
Transfers	58,755	-	-	-	-	-	(2,688,353)	(691,003)	(818,911)	(10,778)
Total governmental activities	<u>75,269,095</u>	<u>70,587,512</u>	<u>72,492,328</u>	<u>63,747,893</u>	<u>58,516,543</u>	<u>54,364,582</u>	<u>53,236,039</u>	<u>49,680,539</u>	<u>53,728,133</u>	<u>53,809,329</u>
Business-type activities:										
Investment earnings	875,010	322,048	141,449	149,674	250,039	59,490	73,419	87,536	457,215	190,784
Other	249,503	197,941	217,122	202,741	8,359	121,808	13,462	1,485	16,608	23,227
Transfers	(58,755)	-	-	-	-	-	2,688,353	691,003	818,911	10,778
Contributed capital	-	-	1,176,923	1,090,107	858,847	1,372,650	1,388,516	1,690,520	692,948	930,653
Total business-type activities	<u>1,065,758</u>	<u>519,989</u>	<u>1,535,494</u>	<u>1,442,522</u>	<u>1,117,245</u>	<u>1,553,948</u>	<u>4,163,750</u>	<u>2,470,544</u>	<u>1,985,682</u>	<u>1,155,442</u>
Total primary government	<u>\$ 76,334,853</u>	<u>\$ 71,107,501</u>	<u>\$ 74,027,822</u>	<u>\$ 65,190,415</u>	<u>\$ 59,633,788</u>	<u>\$ 55,918,530</u>	<u>\$ 57,399,789</u>	<u>\$ 52,151,083</u>	<u>\$ 55,713,815</u>	<u>\$ 54,964,771</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 9,098,796	\$ 4,047,799	\$ 13,060,070	\$ 5,712,099	\$ 6,902,431	\$ 4,505,356	\$ 34,991,292	\$ 867,316	\$ 10,000,715	\$ 7,973,941
Business-type activities	14,870,225	11,400,908	5,605,815	7,762,103	9,085,141	3,671,097	9,012,416	8,738,056	7,066,159	4,516,807
Total primary government	<u>\$ 23,969,021</u>	<u>\$ 15,448,707</u>	<u>\$ 18,665,885</u>	<u>\$ 13,474,202</u>	<u>\$ 15,987,572</u>	<u>\$ 8,176,453</u>	<u>\$ 44,003,708</u>	<u>\$ 9,605,372</u>	<u>\$ 17,066,874</u>	<u>\$ 12,490,748</u>

Source - 2018 City of Lafayette Comprehensive Annual Financial Report, 2009-2017 City of Lafayette Audited Financial Statements

Changes in net assets is defined as the incremental difference between total assets and total liabilities as a result of operations during the fiscal year.

CITY OF LAFAYETTE  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011 (A)	2010	2009
General Fund										
Unassigned fund balance	\$ 2,058,481	\$ 4,040,415	\$ 4,417,376	\$ 2,739,793	\$ 603,525	\$ (420,734)	\$ 368,868	\$ (510,470)	\$ -	\$ -
Unrestricted	-	-	-	-	-	-	-	-	512,350	-
Unreserved	-	-	-	-	-	-	-	-	-	(1,990,398)
Total general fund	<u>2,058,481</u>	<u>4,040,415</u>	<u>4,417,376</u>	<u>2,739,793</u>	<u>603,525</u>	<u>(420,734)</u>	<u>368,868</u>	<u>(510,470)</u>	<u>512,350</u>	<u>(1,990,398)</u>
All Other Governmental Funds										
Restricted fund balance	23,094,771	13,545,811	16,568,759	28,250,624	42,849,878	28,569,046	37,092,660	7,980,254	-	-
Committed fund balance	2,528,401	5,137,701	5,456,093	8,181,841	7,214,809	8,997,955	5,359,577	551,112	-	-
Assigned fund balance	7,910,822	2,253,160	3,108,625	1,696,153	1,555,337	4,060,365	4,293,273	463,444	-	-
Unassigned fund balance	-	4,041,613	4,004,302	2,804,302	2,869,203	-	-	3,146,026	-	-
Unrestricted	-	-	-	-	-	-	-	-	13,929,427	-
Unreserved	-	-	-	-	-	-	-	-	-	18,023,792
Total all other governmental funds	<u>33,533,994</u>	<u>24,978,285</u>	<u>29,137,779</u>	<u>40,932,920</u>	<u>54,489,227</u>	<u>41,627,366</u>	<u>46,745,510</u>	<u>12,140,836</u>	<u>13,929,427</u>	<u>18,023,792</u>
Total all funds	<u>\$ 35,592,475</u>	<u>\$ 29,018,700</u>	<u>\$ 33,555,155</u>	<u>\$ 43,672,713</u>	<u>\$ 55,092,752</u>	<u>\$ 41,206,632</u>	<u>\$ 47,114,378</u>	<u>\$ 11,630,366</u>	<u>\$ 14,441,777</u>	<u>\$ 16,033,394</u>

Source - 2018 City of Lafayette Comprehensive Annual Financial Report, 2009-2017 City of Lafayette Audited Financial Statements

(A) In fiscal year 2011, the City implemented GASB Statement No. 54, which establishes criteria for classifying fund balances into specifically defined classifications and clarified definitions for governmental fund types. Presentation is not comparable to prior years.

CITY OF LAFAYETTE  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
General property taxes	\$ 46,306,216	\$ 44,441,315	\$ 41,862,955	\$ 39,850,718	\$ 40,375,053	\$ 36,403,124	\$ 35,637,505	\$ 31,720,278	\$ 39,282,536	\$ 34,199,583
Licenses and permits	480,045	484,553	563,600	476,710	495,789	216,641	222,808	190,281	150,452	130,714
Intergovernmental	23,550,856	23,297,277	30,070,457	21,476,415	20,318,529	19,114,725	19,384,917	17,522,149	18,358,803	19,185,021
Payment in lieu of taxes	2,503,000	1,930,000	2,700,000	2,700,000						
Charges for services	1,309,088	1,260,153	1,313,281	1,346,138	1,247,357	1,627,977	1,946,896	1,677,357	1,900,788	1,855,085
Fines and forfeits	201,592	112,899	149,868	190,064	316,875	180,493	163,926	159,252	149,309	171,055
Other revenues	6,171,459	7,614,381	9,140,721	8,161,662	9,627,723	9,069,551	12,685,433	14,835,524	11,851,890	9,701,538
<b>Total revenues</b>	<b>80,522,256</b>	<b>79,140,578</b>	<b>85,800,882</b>	<b>74,201,707</b>	<b>72,381,326</b>	<b>66,612,511</b>	<b>70,041,485</b>	<b>66,104,841</b>	<b>71,693,778</b>	<b>65,242,996</b>
<b>Expenditures</b>										
General government	3,823,345	3,506,567	3,288,082	3,265,011	3,143,929	2,915,054	4,280,052	3,536,843	3,483,153	3,356,793
Public safety	33,808,238	32,324,941	31,031,660	29,330,561	28,497,785	27,293,929	26,439,852	24,138,135	25,670,931	24,994,073
Highways and streets	8,285,375	6,119,345	5,927,796	6,387,429	5,017,832	4,500,052	4,616,737	5,214,428	4,938,531	4,743,646
Sanitation	2,229,784	1,993,828	1,931,983	1,910,382	1,903,624	1,917,286	1,972,727	1,819,195	1,667,735	1,663,202
Culture and recreation	5,781,165	5,006,618	4,666,881	5,486,737	5,355,635	5,199,586	5,537,324	5,389,623	5,432,906	5,518,480
Economic development	6,339,593	7,467,531	13,556,675	23,167,009	20,309,626	20,171,964	19,142,600	26,867,353	21,454,849	18,151,446
Capital outlay	16,668,642	19,682,257	23,903,197	21,807,505	15,393,255	10,984,480	5,994,188	5,685,212	8,825,788	9,984,316
Debt service										
Principal	9,004,205	11,975,043	11,188,078	-	-	-	-	-	-	-
Interest	1,375,908	1,365,904	1,206,495	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>87,316,255</b>	<b>89,442,034</b>	<b>96,700,847</b>	<b>91,354,634</b>	<b>79,621,686</b>	<b>72,982,351</b>	<b>67,983,480</b>	<b>72,650,789</b>	<b>71,473,893</b>	<b>68,411,956</b>
Excess of revenues over (under) expenditures	(6,793,999)	(10,301,456)	(10,899,965)	(17,152,927)	(7,240,360)	(6,369,840)	2,058,005	(6,545,948)	219,885	(3,168,960)
<b>Other Financing Sources (Uses)</b>										
Transfers in	4,536,755	9,599,188	1,550,000	4,501,626	74,053	-	436,175	336,600	-	-
Transfers out	(4,978,000)	(9,599,188)	(1,550,000)	(4,501,626)	(74,053)	-	(1,647,785)	(1,027,605)	-	-
Bond issue proceeds	12,841,559	5,765,000	750,210	4,420,000	21,126,480	14,970,477	9,713,417	-	26,965,396	-
Premium on sale of bond	48,841	-	-	-	-	-	-	-	-	-
Interest and investment revenue	-	-	32,192	-	-	-	-	-	-	-
Contribution in aid of construction	-	-	-	-	-	-	21,006,000	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(14,554,782)	(8,368,909)	-	(27,340,000)	-
Loans proceeds	-	-	-	-	-	46,399	1,279,545	650,000	-	3,810,196
Capital lease proceeds	918,618	-	-	1,312,888	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>13,367,773</b>	<b>5,765,000</b>	<b>782,402</b>	<b>5,732,888</b>	<b>21,126,480</b>	<b>462,094</b>	<b>22,418,443</b>	<b>(41,005)</b>	<b>(374,604)</b>	<b>3,810,196</b>
<b>Net change in fund balances</b>	<b>\$ 6,573,774</b>	<b>\$ (4,536,456)</b>	<b>\$ (10,117,563)</b>	<b>\$ (11,420,039)</b>	<b>\$ 13,886,120</b>	<b>\$ (5,907,746)</b>	<b>\$ 24,476,448</b>	<b>\$ (6,586,953)</b>	<b>\$ (154,719)</b>	<b>\$ 641,236</b>
Debt service as a percentage of noncapital expenditures (a)	14.7%	19.1%	17.0%							

Source - 2018 City of Lafayette Comprehensive Annual Financial Report, 2009-2017 City of Lafayette Audited Financial Statements

(a) Formula = Debt service payments (principal and interest) / (total Governmental Fund expenditures - Governmental Fund capital outlay) per reconciliation  
Debt service principal and interest were not presented separately in the 2007-2015 audit reports.

CITY OF LAFAYETTE  
TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

Fiscal Year	General Property	License Excise	Wheel	Financial Institution	CVET	COIT	CEDIT	Total
2018	\$ 32,855,109	\$ 1,963,861	\$ 921,540	\$ 375,015	\$ 167,324	\$ 8,182,634	\$ 6,593,862	\$ 51,059,345
2017	31,571,808	1,825,592	936,602	396,773	172,503	7,664,262	6,202,642	48,770,182
2016	31,013,758	1,820,132	894,396	440,947	177,916	6,868,751	5,583,378	46,799,278
2015	29,388,808	1,563,772	903,786	409,028	199,722	6,524,892	5,319,034	44,309,042
2014	28,035,956	1,742,572	874,404	385,745	177,841	6,448,037	5,455,096	43,119,651
2013	25,664,330	1,605,494	853,375	400,849	189,882	5,606,328	4,446,630	38,766,888
2012	25,585,023	1,548,269	866,208	404,532	189,539	5,322,352	4,645,154	38,561,077
2011	24,242,804	1,386,005	850,552	398,660	188,984	4,384,399	3,896,425	35,347,829
2010	25,580,617	1,428,135	853,989	401,302	186,007	5,103,091	4,453,068	38,006,209
2009	24,725,485	1,362,950	784,858	424,620	185,480	5,618,851	5,090,454	38,192,698

Source: City of Lafayette Statement of Revenues, Expenditures and Changes in Fund Balances. While the Statement of Revenues list total tax revenue, the sources were itemized for this schedule.

CITY OF LAFAYETTE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST NINE FISCAL YEARS

<u>Tax Collections Measurement:</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Tax Levy	\$ 34,670,087	\$ 33,290,398	\$ 32,066,206	\$ 30,744,984	\$ 29,242,542	\$ 28,290,954	\$ 27,655,516	\$ 27,782,034	\$ 26,192,192
Circuit Breaker Levy Reduction	2,165,737	1,868,196	1,505,375	1,664,486	1,584,752	1,483,207	1,424,486	1,475,662	898,527
Adjusted Current Tax Levy	32,504,350	31,422,202	30,560,831	29,080,498	27,657,790	26,807,747	26,231,030	26,306,372	25,293,665
Current Tax Collections	32,855,109	30,727,037	29,150,171	27,205,325	24,334,048	21,738,452	21,657,352	20,364,381	22,950,875
Percent of Current Tax Levy Collected	94.8%	92.3%	90.9%	88.5%	83.2%	76.8%	78.3%	73.3%	87.6%
Delinquent Tax Collections	750,724	679,909	1,863,588	2,183,483	3,701,908	3,925,878	3,927,671	3,878,423	2,629,742
Total Tax Collections	33,605,834	31,406,946	31,013,759	29,388,808	28,035,956	25,664,330	25,585,023	24,242,804	25,580,617
Percent of Total Tax Collections of Current Tax Levy	103.4%	100.0%	101.5%	101.1%	101.4%	95.7%	97.5%	92.2%	101.1%
Outstanding Delinquent Taxes	733,501	2,104,199	882,999	2,270,478	2,838,429	4,426,191	4,538,700	4,549,908	4,881,887
Percent of Delinquent Taxes to Current Tax Levy	2.3%	6.7%	2.9%	7.4%	9.7%	15.6%	16.4%	16.4%	18.6%

Source - Tippecanoe County Auditor's Settlement Worksheets and Abstract. City of Lafayette budget forms approved by the Department of Local Government Finance (DLGF).

CITY OF LAFAYETTE  
ACTUAL AND ASSESSED VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year	Actual Value	Assessed Valuation	Assessed Valuation Percent Increase	Assessed Valuation Percent of Actual	Total Direct Tax Rate
2018	\$ 5,518,887,453	\$ 3,153,546,131	-0.6%	57.1%	\$ 1.0994
2017	5,343,681,608	3,174,141,686	2.5%	59.4%	1.0488
2016	5,194,766,034	3,096,090,188	1.7%	59.6%	1.0357
2015	5,032,933,928	3,043,153,744	3.1%	60.5%	1.0103
2014	4,970,655,230	2,950,513,823	5.7%	59.4%	0.9911
2013	4,725,260,097	2,790,860,693	2.9%	59.1%	1.0137
2012	4,634,505,003	2,712,920,917	-0.2%	58.5%	1.0194
2011	4,789,280,121	2,717,069,303	-6.9%	56.7%	1.0225
2010	4,923,281,070	2,918,350,046	-2.5%	59.3%	0.8975
2009	5,030,259,760	2,993,993,285	-	59.5%	0.8389
Average Annual Rate of Increase (Decrease)			0.6%		

Note: GASB Statement 44 has called for a new report on the assessed values that breaks the total value into major components such as residential, commercial and industrial property as well as any adjustments and credits. At the time of CAFR production, this information is not available from the County Auditor's office. Therefore, the City has presented this information in the prior year format.

CITY OF LAFAYETTE  
 DIRECT PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
*(rate per \$100 of net assessed value)*

Fiscal Year	General Fund Rate	Fire Pension	Police Pension	Redevelopment General Rate	Cumulative Capital Development Rate	Band Rate	Motor Vehicle Highway Rate	Park And Recreation Rate	Park Bond Rate	(A) Total City
2018	\$ 0.8168	\$ -	\$ -	\$ 0.0120	\$ 0.0200	\$ 0.0007	\$ 0.0990	\$ 0.1235	\$ 0.0274	\$ 1.0994
2017	0.7896	-	-	0.0146	0.0200	0.0007	0.0819	0.1165	0.0255	1.0488
2016	0.7822	-	-	0.0141	0.0200	0.0007	0.0802	0.1099	0.0286	1.0357
2015	0.7810	-	-	0.0095	0.0200	0.0007	0.0707	0.1072	0.0212	1.0103
2014	0.7557	-	-	0.0143	0.0200	0.0008	0.0652	0.1106	0.0245	0.9911
2013	0.7362	-	-	0.0150	0.0200	0.0006	0.0833	0.1215	0.0371	1.0137
2012	0.7644	-	-	0.0140	0.0200	0.0009	0.0879	0.1142	0.0180	1.0194
2011	0.7509	-	-	0.0147	0.0200	0.0002	0.0729	0.1109	0.0529	1.0225
2010	0.6543	-	-	0.0114	0.0200	0.0006	0.0825	0.0971	0.0316	0.8975
2009	0.6086	0.0187	0.0154	0.0096	0.0200	0.0007	0.0511	0.0838	0.0310	0.8389

Source - From Published Rates obtained from approved budget orders of the Indiana Department of Local Government Finance (DLGF)

(A) Obtained from the Budget Order (Lafayette Civil City).

Notes: The City's levy increases are limited to the 6-year average increase in Indiana personal income.

CITY OF LAFAYETTE  
 COMPARATIVE SCHEDULE OF DISTRICT CERTIFIED TAX RATES  
 LAST TEN FISCAL YEARS  
*(rate per \$100 of net assessed value)*

	Year Taxes Payable									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total District Certified Tax Rate (1)										
Lafayette - Fairfield Twp. -LSC - B	\$ 2.5899	\$ 2.5415	\$ 2.4224	\$ 2.5474	\$ 2.5183	\$ 2.6016	\$ 2.6077	\$ 2.5792	\$ 2.3952	\$ 2.4497
Lafayette - Fairfield Twp. -TSC - B	2.5255	2.4641	2.4742	2.4109	2.4686	2.5896	2.6068	2.5894	2.4006	2.2327
Lafayette -Wea Twp. - LSC	2.5941	2.5463	2.4278	2.5518	2.5215	2.6076	2.6088	2.5890	2.3969	2.4595
Lafayette -Wea Twp. - TSC	2.5297	2.4689	2.4796	2.4153	2.4718	2.5956	2.6079	2.5992	2.4023	2.2425
Lafayette - Sheffield Twp. - TSCB	2.5200	2.4583	2.4686	2.4053	2.4633	2.5833	2.6014	2.5896	2.3921	2.2208
Lafayette - Wea Twp. -TSC -B Annex	2.5297	2.4689	2.4796	2.4153	2.4718	2.5956	2.6079	2.5992	2.4023	2.2291
Lafayette -Perry Twp. - TSC	2.5150	2.4543	2.4650	2.4018	2.4593	2.5803	2.5962	2.5862	2.3892	2.2176

(1) Includes certified tax rates of overlapping taxing units

CITY OF LAFAYETTE  
 DETAIL OF NET ASSESSED VALUATION  
 (Assessment for the Year 2017 Payable in 2018)

	Lafayette Fairfield Twp-LSC	Lafayette Fairfield Twp-TSC	Lafayette Wea Twp-LSC	Lafayette Wea Twp-TSC	Lafayette Sheffield Twp-TSC	Lafayette Wea Twp-TSC-Annex	Lafayette Perry Twp-TSC	Totals	Percent
Value of Land	\$ 339,344,400	\$ 25,620,900	\$ 79,436,600	\$ 99,963,300	\$ 13,113,700	\$ 6,640,300	\$ 7,020,600	\$ 571,139,800	
Value of Improvements	2,138,277,700	281,876,900	321,124,800	614,899,100	73,346,100	24,066,700	81,341,200	3,534,932,500	
Total value of real estate	2,477,622,100	307,497,800	400,561,400	714,862,400	86,459,800	30,707,000	88,361,800	4,106,072,300	
Less: Mortgage, veterans, blind, age 65 & other exemptions	(584,999,905)	(11,775,855)	(172,902,136)	(237,814,978)	(13,109,328)	-	(650,388)	(1,021,252,590)	
Tax-exempt property	(152,641,504)	(8,660,890)	(6,497,400)	(9,892,030)	-	(872,600)	(40,165,940)	(218,730,364)	
Tax increment financing	(341,058,005)	(105,717,858)	(43,024,763)	(101,653,498)	(28,002,222)	(13,355,079)	(17,419,802)	(650,231,227)	
Tax abatements	-	-	-	-	-	-	-	-	
Net value of real estate	1,398,922,686	181,343,197	178,137,101	365,501,894	45,348,250	16,479,321	30,125,670	2,215,858,119	69.75%
Business Personal Property	619,767,305	91,318,070	2,896,023	221,125,585	392,229,490	2,727,210	22,413,260	1,352,476,943	
Less: Tax-exempt property	(124,646,039)	(1,888,550)	(298,990)	(57,603,190)	(247,101,750)	(43,316)	(20,483,520)	(452,065,355)	
Net value of personal property	495,121,266	89,429,520	2,597,033	163,522,395	145,127,740	2,683,894	1,929,740	900,411,588	28.35%
Net value of railroads and utilities	45,841,030	4,774,100	4,574,270	4,813,850	50,460	190,340	94,160	60,338,210	1.90%
Total net assessed valuation	\$ 1,939,884,982	\$ 275,546,817	\$ 185,308,404	\$ 533,838,139	\$ 190,526,450	\$ 19,353,555	\$ 32,149,570	\$ 3,176,607,917	100.00%
Percentage of Total	61.07%	8.67%	5.83%	16.81%	6.00%	0.61%	1.01%	100.00%	

**Summary**

	Real Property	Personal Property/ Utilities	Total	Percent
Total Value	\$ 4,106,072,300	\$ 1,412,815,153	\$ 5,518,887,453	100.00%
Deduction & exemptions	(1,021,252,590)	-	(1,021,252,590)	-18.50%
Tax exempt property	(218,730,364)	(452,065,355)	(670,795,719)	-12.15%
Tax increment financing	(650,231,227)	-	(650,231,227)	-11.78%
Total net assessed valuation	\$ 2,215,858,119	\$ 960,749,798	\$ 3,176,607,917	57.56%
Percent	69.76%	30.24%	100.00%	

Source: Tippecanoe County Auditor's Office - Information from the County Abstract prepared by the Indiana Department of Local Government Finance.

CITY OF LAFAYETTE  
PROPERTY TAX COLLECTIONS - CASH BASIS  
2009-2018

Fund Name	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual	2009 Actual
General	\$ 24,328,872	\$ 23,726,260	\$ 23,377,466	\$ 22,690,077	\$ 21,331,402	\$ 18,635,832	\$ 19,182,698	\$ 17,801,131	\$ 16,696,417	\$ 17,675,555
MVH	2,953,801	2,464,162	2,402,210	2,054,084	1,845,575	2,109,816	2,206,919	1,729,006	2,106,504	1,484,096
Park and Recreation	3,685,277	3,504,305	3,290,322	3,114,037	3,130,488	3,077,342	2,867,237	2,630,271	2,479,292	2,433,801
Park Bond	872,878	814,022	900,254	652,140	733,581	939,666	451,929	1,254,656	806,855	900,332
Economic Development	358,588	439,742	422,796	276,347	405,333	379,809	351,500	348,647	291,081	278,813
Band	20,919	21,085	20,991	20,362	22,676	15,197	22,596	4,744	15,320	20,330
Cumulative Capital Development	597,499	602,232	599,720	581,760	566,900	506,558	502,143	474,350	510,668	580,860
<b>Total</b>	<b>\$ 32,817,834</b>	<b>\$ 31,571,808</b>	<b>\$ 31,013,759</b>	<b>\$ 29,388,807</b>	<b>\$ 28,035,955</b>	<b>\$ 25,664,220</b>	<b>\$ 25,585,022</b>	<b>\$ 24,242,805</b>	<b>\$ 22,906,137</b>	<b>\$ 23,373,787</b>

Source: City's tax collection records

CITY OF LAFAYETTE  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR

Taxpayer	2017/2018 Net Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Type of Business
Caterpillar, Inc.	\$ 221,477,320	6.97%	Manufacturing diesel engines
Subaru of Indiana Automotive, Inc. (SIA)	192,131,884	6.05%	Automotive manufacturer
Tate & Lyle Ingredients America, Inc.	164,223,580	5.17%	Food Manufacturing
Wabash National Corporation	59,918,986	1.89%	Manufacturing
Fairfield Manufacturing Company	49,900,730	1.57%	Manufacturing
Hawthorne Holdings LLC	46,974,995	1.48%	Real Estate and Apartments
Arconic	43,603,770	1.37%	Manufacturing
Edward Rose of IN/Bay Pointe Apts.	29,927,290	0.94%	Real Estate and Apartments
Duke Energy Indiana/PSI Energy, Inc.	25,873,791	0.81%	Electric Utility
Unity Healthcare LLC	24,552,025	0.77%	Healthcare
<b>Total</b>	<b><u>\$ 858,584,371</u></b>	<b>27.03%</b>	

- (1) The total net assessed valuation of the City is \$3,176,607,917 for taxes payable in 2018, according to the Tippecanoe County Auditor's Office.
- (2) Tax abatements have been granted
- (3) Formerly known as the Aluminum Co. of America (ALCOA). The company split into two independent companies (ARCONIC and ALOCA) in 2016. The net assessed value of ALOCA is \$13,033,063.

Source: County Auditor's office and the DLGF.

CITY OF LAFAYETTE  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2018

Market value	\$ 1,089,692,300
Applicable percentage	<u>2%</u>
Debt limit	<u>\$ 21,793,846</u>
Debt applicable to limit:	
Total bonded debt	206,750,000
Less:	
Tax increment bonds	(41,162,521)
Enterprise fund debt	<u>(159,749,010)</u>
Legal debt margin	<u>\$ 5,838,469</u>

Legal Debt Margin Calculation for Fiscal Years 2009 Through 2018

Fiscal Year	Population	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit	Net Debt Applicable to Limit Per Capita
2018	75,306	\$ 21,793,846	\$ 15,955,377	5,838,469	73.21%	\$ 212
2017	74,352	21,160,945	12,670,945	8,490,000	59.88%	170
2016	71,189	20,640,601	11,525,000	9,115,601	55.84%	162
2015	71,111	20,287,692	14,490,000	5,797,692	71.42%	204
2014	70,873	19,670,092	17,390,000	2,280,092	88.41%	245
2013	70,804	18,605,738	20,240,000	(1,634,262)	108.78%	286
2012	69,978	18,086,139	16,285,000	1,801,139	90.04%	233
2011	69,807	18,113,795	17,990,000	123,795	99.32%	258
2010	68,904	19,455,667	25,290,000	(5,834,333)	129.99%	367
2009	65,704	19,959,955	7,990,000	11,969,955	40.03%	122

CITY OF LAFAYETTE  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2018

Governmental Unit	Debt Outstanding	(A) Estimated Percentage Applicable (%)	Estimated Share of Overlapping Debt	Debt per Capita	Ratio of Debt/ Net Assessed Value	Ratio of Debt/ Personal Income
Debt repaid with property taxes						
Overlapping Debt						
Lafayette School Corporation	\$ 132,789,017	100.00%	\$ 132,789,017			
Tippecanoe County Public Library	6,941,112	32.11%	2,228,852			
Tippecanoe County	29,521,747	29.66%	8,755,351			
Greater Lafayette Public Transportation Corp	2,005,175	36.74%	736,700			
Tippecanoe School Corporation	107,762,944	14.50%	<u>15,624,646</u>			
Subtotal, overlapping debt			<u>160,134,567</u>	\$ 2,126	5.04%	5.70%
City direct debt						
General obligation bonds	13,234,144	100%	13,234,144			
Redevelopment bonds	41,162,521	100%	41,162,521			
Capital leases	2,368,349	100%	<u>2,368,349</u>			
Subtotal, city direct debt			<u>56,765,014</u>	\$ 754	1.79%	2.02%
Total direct and overlapping debt			<u>\$ 216,899,581</u>	\$ 2,880	6.83%	7.72%

(A) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Sources: Assessed value data used to estimate applicable percentages and the debt outstanding provided the by the Indiana Gateway Portal.

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

CITY OF LAFAYETTE  
RATIOS OF OUTSTANDING DEBT BY TYPE  
AS OF DECEMBER 31, 2018

Year	Governmental Activities			Business-Type Activities				Total Government	Estimated Population	Debt Per Capita	Estimated Personal Income	Debt Percent of Income
	General Obligation Bonds	Redevelopment Bonds	Capital Leases	Sewer Revenue Bonds	Water Revenue Bonds	Parking Revenue Bonds	Loans and Capital Leases					
2018	\$ 13,234,144	\$ 41,162,521	\$ 2,368,349	\$ 140,344,402	\$ 19,404,608	\$ -	\$ 996,000	\$ 217,510,024	75,306	\$ 2,888	\$ 2,809,591,554	7.7%
2017	1,385,606	45,187,023	1,693,522	150,433,195	-	-	1,920,000	200,619,346	74,352	2,698	2,668,301,000	7.5%
2016	2,295,909	44,755,711	2,110,733	103,066,990	-	-	2,791,000	155,020,343	71,189	2,178	2,551,612,000	6.1%
2015	3,191,212	50,941,466	1,780,472	109,745,883	-	-	3,610,000	169,269,033	71,111	2,380	2,497,418,000	6.8%
2014	4,076,515	52,777,221	1,022,598	117,029,212	-	-	3,757,000	172,279,598	70,873	2,431	2,449,017,000	7.0%
2013	4,956,818	37,182,177	1,550,458	113,242,850	-	-	3,897,000	154,222,458	70,804	2,178	2,377,244,000	6.5%
2012	5,882,117	41,382,317	2,137,145	52,675,894	-	-	48,362,080	151,389,225	69,978	2,163	2,341,744,000	6.5%
2011	6,370,000	44,632,535	1,443,117	54,386,130	340,000	1,327,000	51,877,080	161,412,197	69,807	2,312	2,270,124,000	7.1%
2010	7,195,000	47,757,751	1,396,885	56,063,600	1,138,742	1,492,000	54,196,970	170,305,855	68,904	2,472	2,104,742,000	8.1%
2009	7,990,000	52,627,448	5,038,163	57,661,029	1,783,401	1,643,000	55,304,862	183,436,025	65,704	2,792	1,958,768,000	9.4%

CITY OF LAFAYETTE  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
AS OF DECEMBER 31, 2018

Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	EDIT Bonds	Total		
2018	\$ 13,234,144	\$ 5,113,678	\$ 18,347,822	0.6%	\$ 243.64
2017	1,385,606	7,046,974	8,432,580	0.3%	113.41
2016	2,295,909	9,160,270	11,456,179	0.4%	160.93
2015	3,191,212	11,218,566	14,409,778	0.5%	202.64
2014	4,076,515	13,221,862	17,298,377	0.6%	244.08
2013	4,956,818	15,180,158	20,136,976	0.7%	284.40
2012	5,882,117	10,346,512	16,228,629	0.6%	231.91
2011	6,370,000	11,554,274	17,924,274	0.7%	256.77
2010	7,195,000	12,112,036	19,307,036	0.7%	280.20
2009	7,990,000	-	7,990,000	0.3%	121.61

CITY OF LAFAYETTE  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS

Wastewater Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage %
				Principal	Interest	Total	
2018	\$ 37,748,323	\$ 18,952,538	\$ 18,795,785	\$ 9,100,000	\$ 5,157,768	\$ 14,257,768	1.32
2017	35,564,862	19,366,865	16,197,997	6,645,000	2,828,069	9,473,069	1.71
2016	32,556,664	18,474,270	14,082,394	6,965,000	3,890,038	10,855,038	1.30
2015	31,706,401	18,379,485	13,326,916	6,790,000	4,204,735	10,994,735	1.21
2014	30,510,429	17,387,484	13,122,945	6,445,000	4,155,679	10,600,679	1.24
2013	27,624,802	18,445,358	9,179,444	5,932,000	3,861,796	9,793,796	0.94
2012	25,285,883	16,811,912	8,473,971	5,260,000	3,959,464	9,219,464	0.92
2011	25,488,412	15,688,011	9,800,401	5,147,340	4,104,666	9,252,006	1.06
2010	22,945,861	14,559,082	8,386,779	3,301,000	3,369,207	6,670,207	1.26
2009	21,120,014	13,746,664	7,373,350	1,585,000	2,512,793	4,097,793	1.80

Water Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage %
				Principal	Interest	Total	
2018	\$ 8,704,340	\$ 7,984,410	\$ 719,930	\$ 265,000	\$ 222,000	\$ 487,000	1.48

CITY OF LAFAYETTE  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate (%)
2018	75,306	\$ 2,809,592	\$ 37,309	3.2%
2017	74,352	2,701,506	36,334	2.7%
2016	71,189	2,551,612	35,843	3.4%
2015	71,111	2,497,418	35,120	4.0%
2014	70,873	2,449,017	34,555	4.8%
2013	70,804	2,377,244	33,575	5.8%
2012	69,978	2,341,744	33,464	8.2%
2011	69,807	2,270,124	32,520	8.2%
2010	68,904	2,104,742	30,546	8.5%
2009	65,704	1,958,768	29,812	10.2%

CITY OF LAFAYETTE  
PRINCIPAL EMPLOYERS  
CURRENT YEAR

		2018		
Employer	Type of Business	Employees	Rank	Percentage of Total (%)
Purdue University	Education	18,385	1	44.42%
Subaru (SIA)	Automotive Manufacturing	5,600	2	13.53%
Wabash National	Manufacturing	3,200	3	7.73%
IU Health Arnett	Health Care	1,808	4	4.37%
Franciscan-St. E Health	Health Care	2,100	5	5.07%
Caterpillar	Manufacturing	1,800	6	4.35%
IU Health Arnett	Health Care	1,783	7	4.31%
Lafayette School Corp.	Education	1,250	8	3.02%
Tippecanoe School Corp.	Education	1,015	9	2.45%
Oerlikon Fairfield	Manufacturing	765	10	1.85%
Total Number of Employees		37,706		91.10%
Total Employees - Lafayette Area Labor Force (Employers >300 Employees)		41,391		100.00%

Sources: Greater Lafayette Commerce [begreaterlafayette.com](http://begreaterlafayette.com)

CITY OF LAFAYETTE  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 AS OF DECEMBER 31, 2018

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	28	26	24	24	23	23	24	25	28	26
Public Safety										
Police	185	187	183	174	171	168	166	164	164	162
Fire	147	150	145	142	141	136	143	142	145	143
Highways and Streets	63	63	58	56	57	58	57	56	60	58
Sanitation	27	23	24	23	23	23	23	24	25	23
Culture and Recreation	40	39	33	34	33	35	36	36	37	37
Economic Development	5	5	5	5	5	5	5	5	6	6
Urban redevelopment and housing	-	-	-	2	3	3	3	3	3	3
City Utilities										
Water Utility	52	54	52	50	50	50	47	47	47	45
Wastewater Utility	98	97	91	85	85	85	77	75	63	66
Total	<u>645</u>	<u>644</u>	<u>615</u>	<u>595</u>	<u>591</u>	<u>586</u>	<u>581</u>	<u>577</u>	<u>578</u>	<u>569</u>

Source - City of Lafayette Payroll Department

Notes: The functional breakout is from the "Statement of Activities."

CITY OF LAFAYETTE  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
AS OF DECEMBER 31, 2018

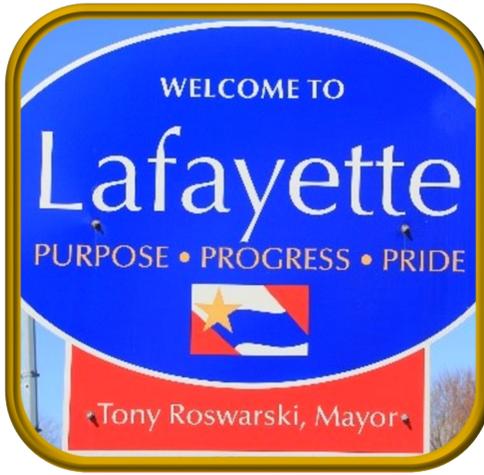
Function/program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Police</b>										
Physical arrests	9,409	8,244	6,810	6,268	4,927	5,199	5,574	5,850	5,514	5,461
Parking violations	103	89	98	104	410	259	174	352	302	393
Traffic violations	17,468	18,932	17,883	14,201	12,752	13,198	15,849	17,586	15,115	14,433
<b>Fire</b>										
Emergency responses	7,651	7,645	7,333	7,406	5,844	6,260	6,042	5,903	5,415	4,866
Fires extinguished	281	346	269	256	321	376	316	294	302	256
Inspections	3,320	3,430	3,011	4,629	4,095	3,327	3,059	4,423	2,785	2,350
<b>Refuse collection</b>										
Refuse collected (tons/month)	1,577	1,551	1,550	1,583	1,743	1,649	1,616	1,646	1,681	1,658
Recycling collected (tons/month)	406	423	415	385	389	354	391	302	256	204
<b>Other public works</b>										
Street Maintained (miles)	289	303	303	268	268	265	264	261	260	260
Potholes repaired (tonnage)	1,497	2,322	2,014	1,977	1,873	1,636	1,106	1,555	1,778	1,303
Crack Sealing (tons used)	26	27	25	26	31	18	23	11	18	10
<b>Parks and recreation</b>										
Zoo Education Programs	2,462	2,526	2,208	1,981	1,857	1,933	1,720	1,554	1,635	1,311
Zoo Education Participation	43,567	53,672	43,363	38,017	33,233	37,540	25,147	24,635	34,564	30,327
Kids Camp Participation	10,254	9,956	11,475	9,471	8,947	10,051	10,089	8,845	8,326	7,207
Camp Participation Hours	82,032	76,768	91,800	72,768	71,576	80,592	80,712	70,780	70,696	64,064
<b>Water</b>										
New billable housing starts	195	218	99	87	81	83	95	96	92	56
Water mains breaks	70	52	60	59	92	79	59	62	75	58
Average daily consumption (millions of gallons)	9.27	9.01	8.77	8.50	7.40	8.23	9.32	9.04	9.86	10.14
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	19,300	19,950	18,660	19,970	18,570	18,420	17,650	20,650	18,370	19,800
Sources - Various city departments										

CITY OF LAFAYETTE  
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
 AS OF DECEMBER 31, 2018

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Public Safety:</b>										
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Training Center	1	1	1	1	1	1	1	-	-	-
Patrol Units	102	90	90	66	66	66	45	45	45	45
<b>Fire</b>										
Fire Stations	8	8	8	8	8	8	8	8	8	8
Training Center	1	1	1	1	1	1	1	1	1	1
Fire Trucks	16	15	15	15	15	15	15	16	16	16
<b>Refuse Collection</b>										
Collection Trucks	23	23	23	24	21	21	23	19	17	17
<b>Highways and Streets</b>										
Traffic Signals	110	110	110	107	107	106	108	108	108	89
Miles of Streets	307.11	307.05	306.36	268.41	268.20	264.57	264.36	260.78	259.91	259.74
<b>Culture and Recreation</b>										
Acreage	700	700	700	700	700	700	700	700	700	700
Playgrounds	16	16	16	16	16	16	15	15	15	15
Baseball/Softball Diamonds	12	11	11	11	11	11	11	11	11	11
Soccer/Football Fields	8	8	8	8	8	8	8	8	8	8
Swimming Pools	3	3	3	3	3	3	3	3	3	3
Community Center	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Water Mains (miles)	342.34	341.07	341.07	340.17	339.13	337.47	336.46	335.43	332.55	331.93
Fire Hydrants	3,385	3,368	3,368	3,360	3,347	3,332	3,285	3,209	3,184	3,158
Storage Capacity (thousand of gallons)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Wastewater</b>										
Sanitary Sewers (miles)	310.99	309.72	309.72	309.09	308.33	307.54	307.03	306.14	304.79	302.73
Storm Sewers (miles)	166.79	166.77	166.77	166.43	166.02	165.59	165.33	164.85	164.12	163.01
Treatment Capacity (thousand of gallons)	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000

Sources - Various city departments

Note: No capital asset indicators are available for the general government function



CITY OF LAFAYETTE, INDIANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED DECEMBER 31, 2018