

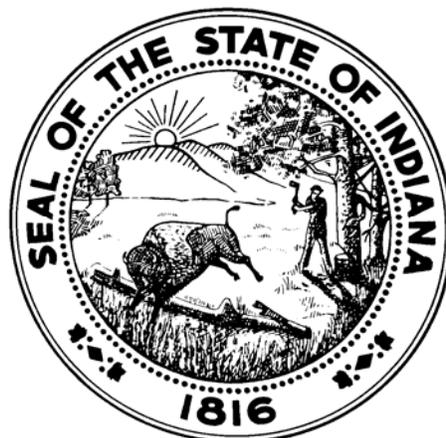
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STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2006

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
MARSHALL COUNTY, INDIANA



FILED
04/04/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Toni L. Hutchings	01-01-04 to 12-31-07
Mayor	Gary L. Cook	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Gary L. Cook	01-01-04 to 12-31-07
President of the Common Council	Donald Gardner Jack Greenlee	01-01-06 to 12-31-06 01-01-07 to 12-31-07
Superintendent of Water Utility	Jeffrey J. Yeazel	01-01-06 to 12-31-07
Superintendent of Wastewater Utility	Donnie Davidson	01-01-06 to 12-31-07



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WATER AND WASTEWATER UTILITIES,
CITY OF PLYMOUTH, MARSHALL COUNTY, INDIANA

We have audited the accompanying financial statements of the business-type activities of the Water and Wastewater Utilities, City of Plymouth, as of and for the year ended December 31, 2006. These financial statements are the responsibility of the Utilities' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note I, the financial statements of the Water and Wastewater Utilities, City of Plymouth, are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Utilities. They do not purport to, and do not, present fairly the financial position of the City of Plymouth as of December 31, 2006, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities for the Water and Wastewater Utilities, as of December 31, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Utilities have not presented a Management Discussion and Analysis, that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

March 7, 2007

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
STATEMENT OF NET ASSETS
December 31, 2006

<u>Assets</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
Current assets:		
Cash and cash equivalents	\$ 161,819	\$ 168,804
Interest receivable	708	700
Accounts receivable (net of allowance)	72,755	76,532
Other receivables	28,444	71,727
Cylinder deposits	4,050	100
Inventories	54,015	407,828
Prepaid items	<u>15,629</u>	<u>32,408</u>
 Total current assets	 <u>337,420</u>	 <u>758,099</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Depreciation cash and investments	2,044,517	2,187,837
Bond and interest cash and investments	699,961	356,383
Pretreatment cash and investments	-	21,566
Customer deposits	98,999	-
Interest receivable	<u>8,373</u>	<u>9,049</u>
 Total restricted assets	 <u>2,851,850</u>	 <u>2,574,835</u>
 Deferred charges	 <u>28,708</u>	 <u>7,185</u>
Capital assets:		
Land, improvements to land and construction in progress	208,743	164,463
Other capital assets (net of accumulated depreciation)	<u>7,819,734</u>	<u>15,704,426</u>
 Total capital assets	 <u>8,028,477</u>	 <u>15,868,889</u>
 Total noncurrent assets	 <u>10,909,035</u>	 <u>18,450,909</u>
 Total assets	 <u>11,246,455</u>	 <u>19,209,008</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	16,048	10,445
Accrued wages payable	11,414	19,541
Interfund payables	16	-
Taxes payable	4,519	-
Performance deposits	-	330
Current liabilities payable from restricted assets:		
Customer deposits	98,999	-
Revenue bonds payable	305,000	645,000
Accrued interest payable	<u>13,715</u>	<u>-</u>
 Total current liabilities	 <u>449,711</u>	 <u>675,316</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	<u>2,962,233</u>	<u>344,969</u>
 Total liabilities	 <u>3,411,944</u>	 <u>1,020,285</u>
 <u>Net Assets</u>		
Invested in capital assets, net of related debt	4,723,710	14,870,023
Restricted for debt service	699,961	356,383
Restricted for capital outlay	2,044,517	2,187,837
Unrestricted	<u>366,323</u>	<u>774,480</u>
 Total net assets	 <u>\$ 7,834,511</u>	 <u>\$ 18,188,723</u>

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

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
As Of And For The Year Ended December 31, 2006

	Water Utility	Wastewater Utility
Operating revenues:		
Unmetered water revenue	\$ 2,865	\$ -
Metered water revenue	1,181,189	1,610,686
Surcharge revenue	-	537,040
Fire protection revenue	341,759	-
Penalties	15,203	15,631
Other	-	446,436
	<u>1,541,016</u>	<u>2,609,793</u>
Total operating revenues		
Operating expenses:		
Source of supply	17,259	-
Water treatment	115,127	-
Transmission and distribution	249,985	-
Pumping	121,750	-
Collection system	-	934,445
Stormwater	-	99,292
Customer accounts	142,869	21,032
Administration and general	300,412	442,750
Depreciation	218,157	586,596
	<u>1,165,559</u>	<u>2,084,115</u>
Total operating expenses		
Operating income	<u>375,457</u>	<u>525,678</u>
Nonoperating revenues (expenses):		
Interest and investment revenue	107,089	105,488
Miscellaneous revenue	45,924	2,923
Gain on disposal of capital assets	200	-
Interest expense	(191,634)	(123,103)
Amortization of bond issue costs	(11,522)	(8,041)
Miscellaneous expense	(1,000)	-
	<u>(50,943)</u>	<u>(22,733)</u>
Total nonoperating expenses		
Income before contributions and transfers	324,514	502,945
Capital contributions	<u>257,927</u>	<u>183,037</u>
Change in net assets	582,441	685,982
Total net assets - beginning	<u>7,252,070</u>	<u>17,502,741</u>
Total net assets - ending	<u>\$ 7,834,511</u>	<u>\$ 18,188,723</u>

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

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
As Of And For The Year Ended December 31, 2006

	<u>Water Utility</u>	<u>Wastewater Utility</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,528,993	\$ 2,625,964
Payments to suppliers and contractors	(453,111)	(618,620)
Payments to employees	<u>(435,165)</u>	<u>(904,823)</u>
Net cash provided by operating activities	<u>640,717</u>	<u>1,102,521</u>
Cash flows from capital and related financing activities:		
Capital contributions	257,927	183,037
Acquisition and construction of capital assets	(286,123)	(441,942)
Principal paid on capital debt	(290,000)	(615,000)
Interest paid on capital debt	<u>(172,438)</u>	<u>(82,536)</u>
Net cash used by capital and related financing activities	<u>(490,634)</u>	<u>(956,441)</u>
Cash flows from investing activities:		
Interest received	<u>105,200</u>	<u>103,749</u>
Net increase in cash and cash equivalents	255,283	249,829
Cash and cash equivalents, January 1	<u>2,750,013</u>	<u>2,484,761</u>
Cash and cash equivalents, December 31	<u>\$ 3,005,296</u>	<u>\$ 2,734,590</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 375,457</u>	<u>\$ 525,678</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	218,157	586,596
Nonoperating revenue	46,124	2,923
(Increase) decrease in assets:		
Accounts receivable	(14,491)	16,171
Cylinder deposits	(1,020)	-
Inventories	12,187	(18,921)
Prepaid items	(704)	297
Increase (decrease) in liabilities:		
Accounts payable	1,519	(11,391)
Accrued wages payable	1,216	1,168
Taxes payable	(212)	-
Due to other	31	-
Customer deposits	<u>2,453</u>	<u>-</u>
Total adjustments	<u>265,260</u>	<u>576,843</u>
Net cash provided by operating activities	<u>\$ 640,717</u>	<u>\$ 1,102,521</u>
Noncash investing, capital and financing activities:		
Completed construction in progress	\$ 17,000	\$ 347,076
Disposal of assets	27,655	-

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

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements reflect only the activity of the Water and Wastewater Utilities and are not intended to present fairly the position of the City of Plymouth (City), and the results of its operations and cash flows of its enterprise funds. The Utilities, whose operations are controlled by the City, represents the City's enterprise funds.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

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

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

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

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Restricted Assets

Certain proceeds of the enterprise funds' revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is limited by applicable bond indentures or governing body action.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements.

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

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	25 to 50 years
Improvements other than buildings	5,000	Straight-line	15 to 100 years
Machinery and equipment	5,000	Straight-line	10 to 25 years
Transportation equipment	5,000	Straight-line	5 years

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

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

5. Compensated Absences

a. Sick Leave – Utility employees earn sick leave at the rate of ½ day per month after 3 calendar months, not to exceed 5 sick days per year. Unused sick leave may be accumulated to a maximum of 50 days. Accumulated sick leave is not paid to employees.

b. Vacation Leave – Utility employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
NOTES TO FINANCIAL STATEMENTS
(Continued)

- c. Personal Leave – Utility employees earn personal leave at the rate of 2 days per year. Personal leave does not accumulate from year to year.

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

6. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

II. Detailed Notes on All Funds

A. Deposits

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

B. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 177,016	\$ -	\$ -	\$ 177,016
Construction in progress	<u>17,000</u>	<u>31,727</u>	<u>17,000</u>	<u>31,727</u>
Total capital assets, not being depreciated	<u>194,016</u>	<u>31,727</u>	<u>17,000</u>	<u>208,743</u>
Capital assets, being depreciated:				
Buildings	4,404,630	-	-	4,404,630
Improvements other than buildings	7,032,680	237,463	-	7,270,143
Machinery and equipment	<u>962,863</u>	<u>33,933</u>	<u>27,655</u>	<u>969,141</u>
Totals	<u>12,400,173</u>	<u>271,396</u>	<u>27,655</u>	<u>12,643,914</u>

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility (continued):				
Capital assets, being depreciated:				
Less accumulated depreciation for:				
Buildings	973,881	85,257	-	1,059,138
Improvements other than buildings	2,786,443	108,446	-	2,894,889
Machinery and equipment	873,354	24,454	27,655	870,153
Totals	4,633,678	218,157	27,655	4,824,180
Total capital assets, being depreciated, net	7,766,495	53,239	-	7,819,734
Total capital assets, net	\$ 7,960,511	\$ 84,966	\$ 17,000	\$ 8,028,477
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 164,463	\$ -	\$ -	\$ 164,463
Construction in progress	138,671	208,405	347,076	-
Total capital assets, not being depreciated	303,134	208,405	347,076	164,463
Capital assets, being depreciated:				
Buildings	11,515,498	-	-	11,515,498
Improvements other than buildings	10,781,954	520,150	-	11,302,104
Machinery and equipment	1,749,911	60,463	-	1,810,374
Totals	24,047,363	580,613	-	24,627,976
Less accumulated depreciation for:				
Buildings	3,672,923	243,979	-	3,916,902
Improvements other than buildings	3,429,807	221,591	-	3,651,398
Machinery and equipment	1,234,224	121,026	-	1,355,250
Totals	8,336,954	586,596	-	8,923,550
Total capital assets, being depreciated, net	15,710,409	(5,983)	-	15,704,426
Total capital assets, net	\$ 16,013,543	\$ 202,422	\$ 347,076	\$ 15,868,889

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

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2006	Committed	Required Future Funding
Water Utility - Street Resurfacing	\$ 35,354	\$ 31,727	\$ 3,627	\$ -

D. Interfund Balances and Activity

Interfund Receivables and Payables

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

Due To	Due From Water Utility
General Fund	\$ 16

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

E. Long-Term Liabilities

1. Revenue Bonds

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

Purpose	Interest Rates	Amount	Less: Unamortized Discount	Less: Unamortized Loss on Refunding	Revenue Bonds
1998 Waterworks refunding	4.75%	\$ 415,000	\$ 2,620	\$ 30,233	\$ 382,147
1999 Waterworks improvements	4.50%	2,920,000	34,914	-	2,885,086
1996 Sewage works refunding	5.25%	<u>1,080,000</u>	<u>8,897</u>	<u>81,134</u>	<u>989,969</u>
Totals		<u>\$ 4,415,000</u>	<u>\$ 46,431</u>	<u>\$ 111,367</u>	<u>\$ 4,257,202</u>

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2007	\$ 305,000	\$ 157,293	\$ 645,000	\$ 49,753
2008	320,000	142,377	435,000	14,405
2009	335,000	126,713	-	-
2010	350,000	110,097	-	-
2011	365,000	92,580	-	-
2012-2016	1,660,000	172,614	-	-
Totals	<u>\$ 3,335,000</u>	<u>\$ 801,674</u>	<u>\$ 1,080,000</u>	<u>\$ 64,158</u>

2. Changes in Long-Term Liabilities

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

Liability	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable:					
Water Utility	\$ 3,625,000	\$ -	\$ 290,000	\$ 3,335,000	\$ 305,000
Wastewater Utility	1,695,000	-	615,000	1,080,000	645,000
Total long-term liabilities	<u>\$ 5,320,000</u>	<u>\$ -</u>	<u>\$ 905,000</u>	<u>\$ 4,415,000</u>	<u>\$ 950,000</u>

F. Restatements

For the year ended December 31, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Wastewater Utility. The prior period adjustment represents a reclassification of inventory of materials and supplies, and an overstatement of accounts payable at December 31, 2005.

	Balance as Reported December 31, 2005	Prior Period Adjustments	Balance as Restated January 1, 2006
Net assets	<u>\$ 17,405,676</u>	<u>\$ 97,065</u>	<u>\$ 17,502,741</u>

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Other Information

A. Risk Management

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

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

Job Related Illnesses or Injuries to Employees

During 1991, the City and Utilities joined together with other governmental entities to form the Indiana Public Employers' Plan, a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of insurance costs related to job related illnesses or injuries to employees. The City, including the Utilities, pays an annual premium to the risk pool for its share of the costs of coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

Dental Benefits To Employees And Dependents

The City and the Utilities have chosen to be self-insured for risks associated with employee dental benefits. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. The total charge allocated to each of the funds is calculated based on the actual claims.

B. Rate Structure

1. Water Utility

The current rate structure was approved by the City Council on December 9, 2002. The Utility has 3,493 customers.

2. Wastewater Utility

The current rate structure was approved by the City Council on October 9, 2006. The Utility has 3,493 customers.

C. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City, including the Utilities, contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
NOTES TO FINANCIAL STATEMENTS
(Continued)

employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Utility authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the City as a whole (and is not presented as an asset/liability of the proprietary funds).

Actuarial Information for the Above Plan

		PERF
Annual required contribution	\$	119,121
Interest on net pension obligation		(3,368)
Adjustment to annual required contribution		3,838
Annual pension cost		119,591
Contributions made		117,187
Increase in net pension obligation		2,404
Net pension obligation, beginning of year		(46,449)
Net pension obligation, end of year	\$	(44,045)

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
Utilities	4.88%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 118,110	78%	\$ (45,814)
	06-30-04	107,243	101%	(46,449)
	06-30-05	119,591	109%	(44,045)

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 2,086,208	\$ 2,113,645	\$ (27,437)	99%	\$ 2,345,717	(1%)
07-01-04	2,117,686	2,191,486	(73,800)	97%	2,432,123	(3%)
07-01-05	2,210,116	2,596,765	(386,649)	85%	2,220,740	(17%)

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
EXIT CONFERENCE

The contents of this report were discussed on March 7, 2007, with Toni L. Hutchings, Clerk-Treasurer; and Gary L. Cook, Mayor. Our audit disclosed no material items that warrant comment at this time.