

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

ANNUAL FINANCIAL REPORT

2007

WATER, WASTEWATER AND STORM WATER UTILITIES

TOWN OF PLAINFIELD

HENDRICKS COUNTY, INDIANA



**FILED**  
09/30/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wesley Bennett	01-01-07 to 12-31-11
President of the Common Council	Robin Brandgard	01-01-07 to 12-31-08
Superintendent of Utilities	Jason Castetter	01-01-07 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF THE WATER, WASTEWATER AND STORM WATER UTILITIES,  
TOWN OF PLAINFIELD, HENDRICKS COUNTY, INDIANA

We have audited the accompanying financial statements of the business-type activities of the Water, Wastewater and Storm Water Utilities, departments of the Town of Plainfield, as of and for the year ended December 31, 2007. 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, Wastewater and Storm Water Utilities, Town of Plainfield, 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 Town that is attributable to the transactions of the Utilities. They do not purport to, and do not, present fairly the financial position of the Town of Plainfield as of December 31, 2007, 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, Wastewater and Storm Water Utilities, as of December 31, 2007, 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 Town has not presented Management's 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

August 28, 2008

TOWN OF PLAINFIELD  
STATEMENT OF NET ASSETS  
December 31, 2007

<u>Assets</u>	2007		
	Water	Wastewater	Storm Water
<b>Current assets:</b>			
Cash and cash equivalents	\$ 3,164,054	\$ 2,611,780	\$ 1,623,227
Accounts receivable (net of allowance)	181,472	503,571	186,556
Other Receivable	3,696	-	-
Interfund receivables:			
Due from Water	-	154,149	-
Due from Storm Water	-	256,780	-
Due from Town	427,333	18,938	-
Due from Wastewater	128,611	-	-
Inventories	127,192	31,968	-
Prepaid items	6,629	6,629	-
<b>Total current assets</b>	<b>4,038,987</b>	<b>3,583,815</b>	<b>1,809,783</b>
<b>Noncurrent assets:</b>			
Restricted cash, cash equivalents and investments:			
Bond and interest cash and investments	151,025	-	-
Construction cash and investments	126,846	-	8,587,380
Customer deposits	254,283	-	-
Availability cash and investments	100,186	1,560,570	-
Inspection cash and investments	-	651,441	-
<b>Total restricted assets</b>	<b>632,340</b>	<b>2,212,011</b>	<b>8,587,380</b>
Deferred charges	247,311	371,165	33,333
<b>Capital assets:</b>			
Land, improvements to land and construction in progress	568,228	1,259,916	1,497,437
Other capital assets (net of accumulated depreciation)	51,363,882	87,399,512	4,024,048
<b>Total capital assets</b>	<b>51,932,110</b>	<b>88,659,428</b>	<b>5,521,485</b>
<b>Total noncurrent assets</b>	<b>52,811,761</b>	<b>91,242,604</b>	<b>14,142,198</b>
<b>Total assets</b>	<b>56,850,748</b>	<b>94,826,419</b>	<b>15,951,981</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	99,051	285,146	613,356
Interfund payables:			
Due to Wastewater	154,149	-	256,780
Due to Town	-	233,733	-
Due to Water	-	128,611	-
Accrued wages payable	27,667	43,327	7,539
Taxes payable	8,193	-	-
Current liabilities payable from restricted assets:			
Customer deposits	192,768	-	-
Revenue bonds payable	305,000	520,000	-
<b>Total current liabilities</b>	<b>786,828</b>	<b>1,210,817</b>	<b>877,675</b>
<b>Noncurrent liabilities:</b>			
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	6,304,455	13,025,581	-
Bond anticipation note payable	-	-	10,000,000
<b>Total noncurrent liabilities</b>	<b>6,304,455</b>	<b>13,025,581</b>	<b>10,000,000</b>
<b>Total liabilities</b>	<b>7,091,283</b>	<b>14,236,398</b>	<b>10,877,675</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	45,322,655	75,400,114	3,866,878
Restricted for debt service	151,025	-	-
Restricted for construction	126,846	-	8,602,173
Restricted for inspection	-	651,441	-
Restricted for availability fees	100,186	1,560,570	-
Restricted for customer deposits	254,283	-	-
Unrestricted	3,804,470	2,977,896	(7,394,745)
<b>Total net assets</b>	<b>\$ 49,759,465</b>	<b>\$ 80,590,021</b>	<b>\$ 5,074,306</b>

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

TOWN OF PLAINFIELD  
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS  
As Of And For The Year Ended December 31, 2007

	<u>2007</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Storm Water</u>
Operating revenues:			
Unmetered revenue	\$ 13,386	\$ -	\$ 1,682,829
Metered revenue	2,779,380	4,725,774	-
Fire protection revenue	203,604	-	-
Other	<u>498,686</u>	<u>1,173,566</u>	<u>269,576</u>
Total operating revenues	<u>3,495,056</u>	<u>5,899,340</u>	<u>1,952,405</u>
Operating expenses:			
Transmission and distribution	215,198	-	-
Pumping - operations and maintenance	-	217,252	240
Treatment and disposal - operations and maintenance	-	256,891	-
Other	406,295	743,306	165,592
Salaries and wages	663,666	648,513	22,765
Employee pensions and benefits	176,445	171,449	4,003
Chemicals	97,386	44,507	-
Materials and supplies	124,679	78,980	8,194
Contractual services	367,607	974,209	387,085
Transportation expenses	19,185	18,588	-
Insurance expense	23,475	27,402	-
Depreciation	<u>946,632</u>	<u>1,435,465</u>	<u>83,260</u>
Total operating expenses	<u>3,040,568</u>	<u>4,616,562</u>	<u>671,139</u>
Operating income	<u>454,488</u>	<u>1,282,778</u>	<u>1,281,266</u>
Nonoperating revenues (expenses):			
Interest and investment revenue	123,913	337,481	15,083
Interest expense	(289,676)	(642,703)	-
Gain on sale of asset	13,724	8,140	-
Amortization expense	<u>(18,132)</u>	<u>(26,864)</u>	<u>(16,667)</u>
Total nonoperating revenues (expenses)	<u>(170,171)</u>	<u>(323,946)</u>	<u>(1,584)</u>
Income before contributions and transfers	284,317	958,832	1,279,682
Capital contributions	<u>791,100</u>	<u>760,968</u>	<u>1,089,675</u>
Change in net assets	1,075,417	1,719,800	2,369,357
Total net assets - beginning (as previously reported)	48,691,217	78,870,221	2,777,590
Prior period adjustment	<u>(7,169)</u>	<u>-</u>	<u>(72,641)</u>
Total net assets - beginning (as restated)	<u>48,684,048</u>	<u>78,870,221</u>	<u>2,704,949</u>
Total net assets - ending	<u>\$ 49,759,465</u>	<u>\$ 80,590,021</u>	<u>\$ 5,074,306</u>

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

TOWN OF PLAINFIELD  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
As Of And For The Year Ended December 31, 2007

	2007		
	Water	Wastewater	Storm Water
Cash flows from operating activities:			
Receipts from customers and users	\$ 3,020,358	\$ 4,722,816	\$ 1,854,497
Payments to suppliers and contractors	(1,415,697)	(2,269,775)	(376,204)
Payments to employees	(832,951)	(797,526)	(18,187)
Other receipts	498,686	1,173,566	-
Net cash provided by operating activities	<u>1,270,396</u>	<u>2,829,081</u>	<u>1,460,106</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	-	-	10,000,000
Capital contributions	61,655	9,968	-
Acquisition and construction of capital assets	(528,764)	(665,917)	(1,297,093)
Principal paid on capital debt	(300,000)	(995,000)	-
Interest paid on capital debt	(432,396)	(949,595)	-
Bond issue costs paid	-	-	(50,000)
Proceeds from sales of capital assets	20,125	18,939	-
Net cash provided (used) by capital and related financing activities	<u>(1,179,380)</u>	<u>(2,581,605)</u>	<u>8,652,907</u>
Cash flows from investing activities:			
Interest received	123,913	337,481	15,085
Net cash provided by investing activities	<u>123,913</u>	<u>337,481</u>	<u>15,085</u>
Net increase in cash and cash equivalents	214,929	584,957	10,128,098
Cash and cash equivalents, January 1	<u>3,581,465</u>	<u>4,238,834</u>	<u>82,509</u>
Cash and cash equivalents, December 31	<u>\$ 3,796,394</u>	<u>\$ 4,823,791</u>	<u>\$ 10,210,607</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	<u>\$ 454,488</u>	<u>\$ 1,282,778</u>	<u>\$ 1,281,266</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	946,632	1,435,465	83,260
(Increase) decrease in assets:			
Accounts receivable	27,684	(2,958)	(97,908)
Other receivable	(3,696)	-	-
Interfund receivable	31,739	19,621	-
Allowance for uncollectible accounts	-	-	-
Inventories	6,912	(481)	-
Prepaid items	342	259	-
Increase (decrease) in liabilities:			
Accounts payable	30,885	122,638	185,950
Interfund payables	(243,350)	(50,677)	-
Accrued wages payable	7,160	22,436	7,538
Taxes payable	(1,319)	-	-
Customer deposits	12,919	-	-
Total adjustments	<u>815,908</u>	<u>1,546,303</u>	<u>178,840</u>
Net cash provided by operating activities	<u>\$ 1,270,396</u>	<u>\$ 2,829,081</u>	<u>\$ 1,460,106</u>

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

WATER, WASTEWATER AND STORMWATER UTILITY  
CITY OF PLAINFIELD  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements reflect only the activity of the Utilities and are not intended to present fairly the position of the Town of Plainfield (Town), and the results of its operations and cash flows of its enterprise funds. The Utilities, whose operations are controlled by the Town, represent the Town'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.

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

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.

WATER, WASTEWATER AND STORM WATER UTILITY  
CITY OF PLAINFIELD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Open-end mutual funds are reported at fair value.

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.

2. 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 both government-wide and fund financial statements.

3. Restricted Assets

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

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:

WATER, WASTEWATER AND STORM WATER UTILITY  
CITY OF PLAINFIELD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Water Utility:			
Land	\$ 1,000	N/A	N/A
Buildings and building improvements	50,000	Straight-line	50 years
Improvements other than buildings	5,000	Straight-line	66 years
Machinery and equipment	5,000	Straight-line	5 years
Transportation Infrastructure	5,000	Straight-line	5 years
	100,000	Straight-line	25-75 years
Wastewater Utility:			
Land	1,000	N/A	N/A
Buildings and building improvements	50,000	Straight-line	50 years
Improvements other than buildings	5,000	Straight-line	50 years
Machinery and equipment	5,000	Straight-line	5 years
Transportation Infrastructure	5,000	Straight-line	3-15 years
	100,000	Straight-line	25-100 years
Storm Water Utility:			
Land	1,000	N/A	N/A
Buildings and building improvements	50,000	Straight-line	50 years
Improvements other than buildings	5,000	Straight-line	50 years
Machinery and equipment	5,000	Straight-line	5 years
Transportation Infrastructure	5,000	Straight-line	3-15 years
	100,000	Straight-line	25-50 years

N/A – Not applicable.

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives 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. The total interest expense incurred by the Utilities during the current year was \$932,379. Of the amount, \$0 was included as part of the cost of capital assets under construction in connection with construction of facilities.

5. Compensated Absences

- a. Sick Leave – Utility employees earn sick leave at the rate of eight hours per month. Unused sick leave may be accumulated to a maximum of 240 hours. Accumulated sick leave is not paid to employees.

WATER, WASTEWATER AND STORM WATER UTILITY  
CITY OF PLAINFIELD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

- b. Vacation Leave – Utility employees earn vacation leave at rates from 48 to 312 per year based upon the number of years of service. Vacation leave does not accumulate from year to year. Accumulated vacation leave is paid to employees through upon termination.

Vacation and sick leave is accrued when incurred.

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

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 receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2007, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 528,078	\$ 40,150	\$ -	\$ 568,228
Construction in progress	412,011	425,114	837,125	-
Total capital assets, not being depreciated	<u>940,089</u>	<u>465,264</u>	<u>837,125</u>	<u>568,228</u>
Capital assets, being depreciated:				
Buildings and building improvements	13,449,465	982,625	-	14,432,090
Improvements other than buildings	47,938,106	583,945	-	48,522,051
Machinery and equipment	228,639	63,500	48,011	244,128
Totals	<u>61,616,210</u>	<u>1,630,070</u>	<u>48,011</u>	<u>63,198,269</u>

WATER, WASTEWATER AND STORM WATER UTILITY  
CITY OF PLAINFIELD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Water Utility (continued):				
Less accumulated depreciation for:				
Buildings and building improvements	1,823,108	286,528	-	2,109,636
Improvements other than buildings	8,959,484	641,218	-	9,600,702
Machinery and equipment	<u>146,772</u>	<u>18,886</u>	<u>41,609</u>	<u>124,049</u>
 Totals	 <u>10,929,364</u>	 <u>946,632</u>	 <u>41,609</u>	 <u>11,834,387</u>
 Total capital assets, being depreciated, net	 <u>50,686,846</u>	 <u>683,438</u>	 <u>6,402</u>	 <u>51,363,882</u>
 Total capital assets, net	 <u>\$ 51,626,935</u>	 <u>\$ 1,148,702</u>	 <u>\$ 843,527</u>	 <u>\$ 51,932,110</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 1,001,362	\$ 47,985	\$ -	\$ 1,049,347
Construction in progress	<u>4,042,023</u>	<u>529,778</u>	<u>4,361,232</u>	<u>210,569</u>
 Total capital assets, not being depreciated	 <u>5,043,385</u>	 <u>577,763</u>	 <u>4,361,232</u>	 <u>1,259,916</u>
 Capital assets, being depreciated:				
Buildings and building improvements	24,925,590	43,428	-	24,969,018
Improvements other than buildings	76,260,668	5,156,955	-	81,417,623
Machinery and equipment	<u>360,576</u>	<u>-</u>	<u>77,988</u>	<u>282,588</u>
 Totals	 <u>101,546,834</u>	 <u>5,200,383</u>	 <u>77,988</u>	 <u>106,669,229</u>
 Less accumulated depreciation for:				
Buildings and building improvements	6,301,501	499,380		6,800,881
Improvements other than buildings	11,316,316	920,759		12,237,075
Machinery and equipment	283,625	15,326	67,190	231,761
 Totals	 <u>17,901,442</u>	 <u>1,435,465</u>	 <u>67,190</u>	 <u>19,269,717</u>
 Total capital assets, being depreciated, net	 <u>83,645,392</u>	 <u>3,764,918</u>	 <u>10,798</u>	 <u>87,399,512</u>
 Total capital assets, net	 <u>\$ 88,688,777</u>	 <u>\$ 4,342,681</u>	 <u>\$ 4,372,030</u>	 <u>\$ 88,659,428</u>

WATER, WASTEWATER AND STORM WATER UTILITY  
CITY OF PLAINFIELD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	<u>Beginning Balance as Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Storm Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 62,350	\$ 4,400	\$ -	\$ 66,750
Construction in progress	<u>-</u>	<u>1,653,730</u>	<u>223,043</u>	<u>1,430,687</u>
 Total capital assets, not being depreciated	 <u>62,350</u>	 <u>1,658,130</u>	 <u>223,043</u>	 <u>1,497,437</u>
Capital assets, being depreciated:				
Improvements other than buildings	2,783,900	1,379,086	-	4,162,986
Totals	<u>2,783,900</u>	<u>1,379,086</u>	<u>-</u>	<u>4,162,986</u>
Less accumulated depreciation for:				
Improvements other than buildings	<u>55,678</u>	<u>83,260</u>	<u>-</u>	<u>138,938</u>
Totals	<u>55,678</u>	<u>83,260</u>	<u>-</u>	<u>138,938</u>
 Total capital assets, being depreciated, net	 <u>2,728,222</u>	 <u>1,295,826</u>	 <u>-</u>	 <u>4,024,048</u>
 Total capital assets, net	 <u>\$ 2,790,572</u>	 <u>\$ 2,953,956</u>	 <u>\$ 223,043</u>	 <u>\$ 5,521,485</u>

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

Water	\$ 946,632
Wastewater	1,435,465
Storm Water	<u>83,260</u>
Total depreciation expense	<u>\$ 2,465,357</u>

C. Construction Commitments

Construction work in progress is composed of the following:

WATER, WASTEWATER AND STORM WATER UTILITY  
CITY OF PLAINFIELD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Project	Total Project Authorized	Expended to December 31, 2007	Committed	Required Future Funding
Wastewater Utility:				
Harlen Street	\$ 794,160	\$ 18,448	\$ -	\$ 775,712
Expansion North WWTP	19,421	19,421	-	-
West Fork Interceptor	172,700	172,700	-	-
Totals	<u>\$ 986,281</u>	<u>\$ 210,569</u>	<u>\$ -</u>	<u>\$ 775,712</u>
Storm Water Utility:				
Maple Grove	\$ 1,305,488	\$ 1,305,488	\$ -	\$ -
Harlen Street	794,160	108,538	-	685,622
Buchanan St Outlet Basis	16,661	16,661	-	-
Totals	<u>\$ 2,116,309</u>	<u>\$ 1,430,687</u>	<u>\$ -</u>	<u>\$ 685,622</u>

D. Interfund Balances and Activity

Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2007, is as follows:

Due To	Due From				Totals
	Town	Water Utility	Wastewater Utility	Storm Water Utility	
Water Utility	\$ 427,333	\$ -	\$ 128,611	\$ -	\$ 555,944
Wastewater Utility	18,938	154,149	-	256,780	429,867
Town	-	-	233,733	-	233,733
Totals	<u>\$ 446,271</u>	<u>\$ 154,149</u>	<u>\$ 362,344</u>	<u>\$ 256,780</u>	<u>\$ 1,219,544</u>

Interfund balances resulted from the time lag between the dates that payments between funds are made. The wastewater payables to the Town are for items that were paid from those funds that were related to a wastewater construction project.

E. Long-Term Liabilities

1. Revenue Bonds

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

WATER, WASTEWATER AND STORM WATER UTILITY  
CITY OF PLAINFIELD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Interest Rates	Balance at 12-31-07	Unamortized Premium	Unamortized Deferral of Loss	Net Amount
Water Utility:					
2003 Improvement	2.00% to 4.50%	\$ 4,760,000	\$ -	\$ -	\$ 4,760,000
2004 Refunding	3.00% to 4.75%	<u>1,875,000</u>	<u>35,698</u>	<u>(61,243)</u>	<u>1,849,455</u>
Totals		<u>\$ 6,635,000</u>	<u>\$ 35,698</u>	<u>\$ (61,243)</u>	<u>\$ 6,609,455</u>
Wastewater Utility:					
1999A Improvement	4.85% to 5.00%	\$ 1,370,000	\$ -	\$ -	\$ 1,370,000
2003A Refunding	3.50% to 4.75%	10,645,000	-	(99,419)	10,545,581
2003B Improvement	3.50% to 4.00%	<u>1,630,000</u>	<u>-</u>	<u>-</u>	<u>1,630,000</u>
Totals		<u>\$ 13,645,000</u>	<u>\$ -</u>	<u>\$ (99,419)</u>	<u>\$ 13,545,581</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2008	\$ 305,000	\$ 141,278	\$ 270,000	\$ 337,063
2009	310,000	273,406	530,000	598,265
2010	320,000	263,331	545,000	579,803
2011	330,000	251,806	560,000	560,173
2012	340,000	1,051,463	2,835,000	2,391,825
2013-2016	1,500,000	608,483	8,905,000	1,671,948
2017-2021	2,395,000	81,463	-	616,075
2022-2024	<u>1,135,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 6,635,000</u>	<u>\$ 2,671,230</u>	<u>\$ 13,645,000</u>	<u>\$ 6,755,152</u>

2. Advance Refunding

In prior years, the Utility defeased certain revenue 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 Utilities' financial statements. The following outstanding bonds, at December 31, 2007, were considered defeased:

	Amount
1996 Water Improvement	\$ 2,205,000
1993 Wastewater Improvement	2,555,000

WATER, WASTEWATER AND STORM WATER UTILITY  
CITY OF PLAINFIELD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Bond Anticipation Note (BAN)

The Stormwater Utility obtained a BAN for \$10,000,000 on May 1, 2007. The BAN matures on January 1, 2009. Interest payments of \$445,306 and \$205,000 are due January 1, 2008 and January 1, 2009, respectively.

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable:					
Water Utility	\$ 6,935,000	\$ -	\$ 300,000	\$ 6,635,000	\$ 305,000
Premium	39,665		3,967	35,698	-
Less deferred amount on refunding	68,048	-	6,805	61,243	-
Total revenue bonds payable	<u>6,906,617</u>	<u>-</u>	<u>297,162</u>	<u>6,609,455</u>	<u>305,000</u>
Wastewater	14,640,000	-	995,000	13,645,000	520,000
Less deferred amount on refunding	113,622	-	14,203	99,419	-
Total wastewater revenue bonds payable	<u>14,526,378</u>	<u>-</u>	<u>980,797</u>	<u>13,545,581</u>	<u>520,000</u>
Storm Water	-	-	-	-	-
Bond Anticipation Note	-	10,000,000	-	10,000,000	-
Total long-term liabilities	<u>\$ 21,432,995</u>	<u>\$ 10,000,000</u>	<u>\$ 1,277,959</u>	<u>\$ 30,155,036</u>	<u>\$ 825,000</u>

G. Restatements

For the year ended December 31, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Utilities. Prior period adjustments represent items that did not meet the capitalization threshold and therefore should have been expensed.

	Balance as Reported December 31, 2006	Prior Period Adjustments	Balance as Restated January 1, 2007
Water construction in progress	\$ 419,140	\$ (7,129)	\$ 412,011
Water sales tax payable	9,171	(40)	9,131
Water net assets	48,691,217	(7,169)	48,684,048
Storm Water construction in progress	72,641	(72,641)	-
Storm Water net assets	2,777,590	(72,641)	2,704,949

WATER, WASTEWATER AND STORM WATER UTILITY  
CITY OF PLAINFIELD  
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; 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; 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.

B. Rate Structure

1. Water Utility

On July 8, 1989, the Town Council adopted Ordinance No. 5-89 to withdraw from the jurisdiction of the Indiana Regulatory Commission. The current rate structure was approved by the Council on July 22, 2002. The Utility has 7,871 customers.

2. Wastewater Utility

The current rate structure was approved by the Town Council on August 11, 2003. The Utility has 9,078 customers.

3. Storm Water Utility

The current rate structure was approved by the Town Council on July 24, 2006. The Utility has 10,196 customers.

C. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town, 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 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 Utilities authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

WATER, WASTEWATER AND STORM WATER UTILITY  
CITY OF PLAINFIELD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The 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 Town and the Utilities is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the Town as a whole and is presented in the governmental activities of the financial statements and is not presented as an asset/liability of the proprietary funds.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 177,953
Interest on net pension obligation	(4,972)
Adjustment to annual required contribution	5,666
Annual pension cost	178,647
Contributions made	151,702
Increase in net pension obligation	26,945
Net pension obligation, beginning of year	(68,581)
Net pension obligation, end of year	\$ (41,636)
Contribution rates:	
Utilities	5.75%
Plan members	3%
Actuarial valuation date	07-01-07
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	4 year smoothed market

WATER, WASTEWATER AND STORM WATER UTILITY  
 CITY OF PLAINFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

<u>Actuarial Assumptions</u>	<u>PERF</u>
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

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-05	\$ 79,867	150%	\$ (60,030)
	06-30-06	127,315	107%	(68,581)
	06-30-07	178,647	85%	(41,636)

WATER, WASTEWATER, AND STORM WATER UTILITIES  
TOWN OF PLAINFIELD  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

PERF Pension Plan

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability - AAL	Excess Of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	Excess/ (Unfunded) AAL As A % Of Covered Payroll
07-01-05	\$ 1,703,575	\$ 2,002,048	\$ (298,473)	85%	\$ 2,141,343	14%
07-01-06	1,932,438	2,257,467	(325,029)	86%	2,669,116	12%
07-01-07	2,085,136	2,532,404	(447,268)	82%	2,864,501	16%

Information not available to separate Town and Utilities.

TOWN OF PLAINFIELD  
AUDIT RESULTS AND COMMENTS

ACCOUNTS RECEIVABLE

The detailed customer accounts receivable register does not reconcile with the accounts receivable amount recorded on the general ledger.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS

The Utilities have ordinances concerning their bonds. However, the Utilities did not transfer a monthly amount into the bond and interest accounts or maintain a debt reserve account as specified in the ordinances.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient:

The Town has not implemented internal controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles (GAAP), the proper recording of nonroutine and nonsystematic transactions, and over period-end financial reporting processes, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

WATER, WASTEWATER AND STORM WATER UTILITY  
TOWN OF PLAINFIELD  
EXIT CONFERENCE

The contents of this report were discussed on September 2, 2008, with Wesley Bennet, Clerk-Treasurer; Robin Brandgard, President of the Common Council; Crissy L. Livengood, Staff Accountant; Susan Jensen, Staff Accountant; and Scott Walker, Town Consultant.