

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

ANNUAL FINANCIAL REPORT

2008

WASTEWATER UTILITY

CITY OF GREENWOOD

JOHNSON COUNTY, INDIANA



FILED
01/14/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeannine Myers	01-01-08 to 12-31-09
Mayor	Charles E. Henderson	01-01-08 to 12-31-09
President of the Board of Public Works and Safety	Charles E. Henderson	01-01-08 to 12-31-09
President of the Common Council	Ron Deer	01-01-08 to 12-31-09
Office Manager	Arnold Kaptain	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WASTEWATER UTILITY,
CITY OF GREENWOOD, JOHNSON COUNTY, INDIANA

We have audited the accompanying financial statements of the business-type activities of the Wastewater Utility, a department of the City of Greenwood, as of and for the year ended December 31, 2008. These financial statements are the responsibility of the Utility's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Wastewater Utility, City of Greenwood, 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 Utility. They do not purport to, and do not, present fairly the financial position of the City of Greenwood as of December 31, 2008, 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 Wastewater Utility, as of December 31, 2008, 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.

The Utility 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

October 14, 2009

WASTEWATER UTILITY
CITY OF GREENWOOD
STATEMENT OF NET ASSETS
December 31, 2008

	2008
<u>Assets</u>	<u>Wastewater</u>
Current assets:	
Cash and cash equivalents	\$ 1,157,443
Due from City	658,774
Interest receivable	17,898
Accounts receivable (net of allowance)	1,127,794
Total current assets	2,961,909
Noncurrent assets:	
Restricted cash, cash equivalents and investments:	
Depreciation cash and investments	213,785
Bond sinking cash and investments	1,179,816
Sewer availability cash and investments	3,339,879
Sewer bond proceeds cash and investments	2,325
Waste management cash and investments	30,799
Total restricted assets	4,766,604
Deferred charges	226,283
Capital assets:	
Land, improvements to land and construction in progress	4,952,873
Other capital assets (net of accumulated depreciation)	75,356,023
Total capital assets	80,308,896
Total noncurrent assets	85,301,783
Total assets	88,263,692
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	386,585
Contracts payable	20,124
Accrued wages payable	19,144
Payroll withholding payable	16,546
Compensated absences	14,637
15 year law agreements payable	242,622
Interest payable	173,645
Deferred revenue	80,393
Current liabilities payable from restricted assets:	
Revenue bonds payable	715,000
Total current liabilities	1,668,696
Noncurrent liabilities:	
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	13,181,118
Total noncurrent liabilities	13,181,118
Total liabilities	14,849,814
<u>Net Assets</u>	
Invested in capital assets, net of related debt	66,412,778
Restricted for debt	1,179,816
Restricted for capital improvements	3,342,204
Unrestricted	2,479,080
Total net assets	\$ 73,413,878

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

WASTEWATER UTILITY
CITY OF GREENWOOD
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
As Of And For The Year Ended December 31, 2008

	<u>2008</u>
	<u>Wastewater</u>
Operating revenues:	
Residential	\$ 4,091,762
Commercial	1,562,214
Industrial	128,360
Penalties	96,202
Other revenue	8,149
Flat rate revenues	672,565
Waste management	<u>1,921,435</u>
Total operating revenues	<u>8,480,687</u>
Operating expenses:	
General:	
Salaries and wages	262,521
Benefits and taxes	92,522
Office supplies	13,904
Professional services	233,709
Communication and transportation	118,187
Contractual services	135,000
Other services	694
Operations and maintenance:	
Salaries and wages	657,374
Benefits and taxes	251,484
Office supplies	4,720
Operating supplies	464,757
Repairs and maintenance	334,828
Other supplies	2,069
Professional services	226,055
Communication and transportation	29,618
Contractual services	798,750
Printing and advertising	38
Utilities	162,656
Purchased wastewater treatment	3,256,430
Other services	23,172
Machinery and equipment	74,100
Rentals	11,162
Insurance	5,000
Waste management:	
Purchased waste removal	1,297,982
Amortization expense	25,819
Depreciation expense	1,810,541
Interest expense	
Total operating expenses	<u>10,293,092</u>
Operating loss	<u>(1,812,405)</u>
Nonoperating revenues (expenses):	
Interest and investment revenue	276,407
Interest expense	(711,320)
Miscellaneous expense	<u>(21,794)</u>
Total nonoperating revenues (expenses)	<u>(456,707)</u>
Loss before contributions	(2,269,112)
Capital contributions	996,885
Change in net assets	(1,272,227)
Total net assets - beginning	<u>74,686,105</u>
Total net assets - ending	<u>\$ 73,413,878</u>

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

WASTEWATER UTILITY
CITY OF GREENWOOD
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
As Of And For The Year Ended December 31, 2008

	<u>2008</u>
	<u>Wastewater</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 8,329,919
Payments to suppliers and contractors	(9,254,600)
Payments to employees	(354,991)
Other payments	(39,692)
Other receipts	<u>8,149</u>
Net cash used by operating activities	<u>(1,311,215)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(5,830,734)
Principal paid on capital debt	(681,500)
Interest paid on capital debt	<u>(699,744)</u>
Net cash used by capital and related financing activities	<u>(7,211,978)</u>
Cash flows from investing activities:	
Interest received	<u>276,407</u>
Net cash provided by investing activities	<u>276,407</u>
Net increase in cash and cash equivalents	(8,246,786)
Cash and cash equivalents, January 1	<u>14,170,833</u>
Cash and cash equivalents, December 31	<u>\$ 5,924,047</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	<u>\$ (1,812,405)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,810,540
Amortization expense	25,819
(Increase) decrease in assets:	
Accounts receivable	(177,504)
Allowance for uncollectible accounts	(17,898)
Miscellaneous	(21,794)
Increase (decrease) in liabilities:	
Accounts payable	(60,922)
Employee benefits payable	(3,890)
Wages payable	2,486
Compensated absence payable	1,456
Allowance for uncollectible accounts	34,885
Contracts payable	<u>(1,091,988)</u>
Total adjustments	<u>501,190</u>
Net cash used by operating activities	<u>\$ (1,311,215)</u>
Noncash investing, capital and financing activities:	
Contributions of capital assets from government	<u>\$ 996,885</u>

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

WASTEWATER UTILITY
CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements reflect only the activity of the Utility and are not intended to present fairly the position of the City of Greenwood (City), and the results of its operations and cash flows of its enterprise funds. The Utility, whose operations are controlled by the City, represents a substantial portion of 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 Utility's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

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

WASTEWATER UTILITY
CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Prepaid Items

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 they are maintained in separate bank accounts and 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 750	Straight-line	50 years
Improvements other than buildings	750	Straight-line	50 years
Treatment plant	750	Straight-line	10 years
Machinery and equipment - other	750	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. The total interest expense incurred by the Utility during the current year was \$711,320. None of that amount was included as part of the cost of capital assets under construction.

WASTEWATER UTILITY
CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Compensated Absences

Employees earn paid time-off (PTO) for sick, vacation, and personal leave at the rate of 91 hours to 240 hours per year. Employees may carry over 80 hours of unused PTO each year. Accumulated PTO is paid to employees through cash payments upon termination.

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 and Investments

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

B. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 294,579	\$ -	\$ -	\$ 294,579
Construction in progress	<u>1,622,059</u>	<u>5,822,985</u>	<u>2,786,750</u>	<u>4,658,294</u>
 Total capital assets, not being depreciated	 <u>1,916,638</u>	 <u>5,822,985</u>	 <u>2,786,750</u>	 <u>4,952,873</u>
Capital assets, being depreciated:				
Buildings	792,722	-	-	792,722
Improvements other than buildings	85,487,188	3,783,635	-	89,270,823
Machinery and equipment	842,595	7,750	-	850,345
Office/miscellaneous equipment	171,046	-	-	171,046
Transportation equipment	579,315	-	-	579,315
Treatment plant	<u>177,854</u>	<u>-</u>	<u>-</u>	<u>177,854</u>
 Totals	 <u>88,050,720</u>	 <u>3,791,385</u>	 <u>-</u>	 <u>91,842,105</u>

WASTEWATER UTILITY
CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Buildings	597,068	16,547	-	613,615
Improvements other than buildings	12,633,539	1,730,597	-	14,364,136
Machinery and equipment	696,787	17,565	-	714,352
Office/miscellaneous equipment	171,046	-	-	171,046
Transportation equipment	458,532	28,047	-	486,579
Treatment plant	118,569	17,785	-	136,354
	<u>14,675,541</u>	<u>1,810,541</u>	<u>-</u>	<u>16,486,082</u>
Totals				
Total capital assets, being depreciated, net	<u>73,375,179</u>	<u>1,980,844</u>	<u>-</u>	<u>75,356,023</u>
Total capital assets, net	<u>\$ 75,291,817</u>	<u>\$ 7,803,829</u>	<u>\$ 2,786,750</u>	<u>\$ 80,308,896</u>

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

Wastewater	<u>\$ 1,810,541</u>
Total depreciation expense	<u>\$ 1,810,541</u>

C. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2008	Committed	Required Future Funding
Cobblestone life station	\$ 2,534,391	\$ 2,255,384	\$ -	\$ 279,007
Graham road project	23,500	18,450	-	5,050
Western regional sanitary sewer	1,200,000	411,620	-	788,380
Cobblestone force main	462,112	462,112	-	-
Cobblestone gravity line	369,672	369,672	-	-
Lone Pine Farms lift station	1,980,056	1,141,056	-	839,000
	<u>\$ 6,569,731</u>	<u>\$ 4,658,294</u>	<u>\$ -</u>	<u>\$ 1,911,437</u>
Totals				

WASTEWATER UTILITY
CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Interfund Balances and Activity

Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2008, is as follows:

Due To	Due From General Fund
Wastewater Utility	\$ 658,774

Interfund balances resulted because goods and services provided by the General Fund were reimbursed from the Wastewater Utility, twice in the year 2006. The General Fund will reimburse the Wastewater Utility in the first quarter in 2009.

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:

Purpose	Interest Rates	Amount
1997 Sewage works refunding	4.20% to 5.00%	\$ 1,235,000
1997 Series B sewage works refunding	4.60% to 4.875%	4,205,000
1998 Series C sewage works refunding	4.20% to 4.91%	8,538,500
 Total		 \$ 13,978,500

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Wastewater Utility	
	Principal	Interest
2009	\$ 715,000	\$ 669,166
2010	750,000	636,529
2011	790,000	601,986
2012	830,000	565,301
2013	870,000	526,646
2014-2018	5,015,000	1,967,840
2019-2023	5,008,500	629,085
 Totals	 \$ 13,978,500	 \$ 5,596,553

WASTEWATER UTILITY
CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable:					
Wastewater Utility	\$ 14,660,000	\$ -	\$ 681,500	\$ 13,978,500	\$ 715,000
Less unamortized discount	(46,693)	-	(4,482)	(42,211)	-
Less deferred amount on refunding	(54,779)	-	(14,608)	(40,171)	-
Total revenue bonds payable	<u>14,558,528</u>	<u>-</u>	<u>662,410</u>	<u>13,896,118</u>	<u>715,000</u>
Total long-term liabilities	<u>\$ 14,558,528</u>	<u>\$ -</u>	<u>\$ 662,410</u>	<u>\$ 13,896,118</u>	<u>\$ 715,000</u>

III. Other Information

A. Risk Management

The Utility 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; medical benefits to employees, retirees, and dependents (excluding postemployment 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, retirees, and dependents (excluding postemployment benefits); 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.

Medical Benefits

The Utility has chosen to establish a risk financing fund for risks associated with medical benefits. The risk financing fund is where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$1,000,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. The cost of administration, including stop loss coverage and actual claims paid are allocated to four different coverage groups. These allocated costs are reimbursed by the City Funds - General and Fire and by the Wastewater Utility Funds based on the costs associated with each coverage.

WASTEWATER UTILITY
CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Postemployment Benefits

In addition to the pension benefits described below, the Utility provides postemployment health insurance benefits, as authorized by IC 5-10-8, to all employees who retire from the Utility on or after attaining a specific age with at least 25 years of service. Currently, one retiree meets these eligibility requirements. The Utility provides the cost of these postemployment benefits that exceed 50% of the monthly health insurance premium. Expenditures for those postemployment benefits include insurance premiums and benefit payments under the self-insurance plan and are recognized on a pay-as-you-go basis. Expenditures for postemployment benefits cannot be reasonably estimated.

C. Rate Structure

Wastewater Utility

The current rate structure was approved by the City Council on May 2, 2003.

D. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The City, including the Utility, 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 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 Utility's annual pension cost and related information, as provided by the actuary, is presented in this note.

WASTEWATER UTILITY
CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 397,974
Interest on net pension obligation	(606)
Adjustment to annual required contribution	690
Annual pension cost	398,058
Contributions made	400,642
Decrease in net pension obligation	(2,584)
Net pension obligation, beginning of year	(8,357)
Net pension obligation, end of year	\$ (10,941)

	PERF
Contribution rates:	
Utility	7%
Plan members	3%
Actuarial valuation date	07-01-06
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

<u>Actuarial Assumptions</u>	PERF
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%

WASTEWATER UTILITY
CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	06-30-06	\$ 339,332	89%	\$ (62,230)
	06-30-07	387,636	86%	(8,357)
	06-30-08	398,058	101%	(10,941)

WASTEWATER UTILITY
CITY OF GREENWOOD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Funds

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	3,828,562	5,065,417	\$ (1,236,855)	76%	5,335,140	(23%)
07-01-07	4,477,577	5,644,589	(1,167,012)	79%	5,446,536	(21%)
07-01-08	5,067,704	6,394,417	(1,326,713)	79%	5,762,005	(23%)

The above schedule represents data for City and Utility employees. Information is not available to distinguish between City and Utility employees.

WASTEWATER UTILITY
CITY OF GREENWOOD
AUDIT RESULTS AND COMMENTS

PRESCRIBED FORMS

The following form was not used in the prescribed manner. The Wastewater Billing Form was not always date stamped when received and did not include a description of the method of payment (i.e. cash, check, money order).

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OLD OUTSTANDING CHECKS (WARRANTS)

Our review of the bank reconcilements as of December 31, 2008, revealed checks outstanding in excess of two years.

IC 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

WASTEWATER UTILITY
CITY OF GREENWOOD
AUDIT RESULTS AND COMMENTS
(Continued)

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

If the outstanding check is an overpayment of sewer fees, a stop payment should be made on the check at the bank, and the check should be receipted back into the fund it was paid from. That customer's account should then be adjusted to reflect the overpayment still owed to the customer. Any wastewater overpayment that remains unclaimed by a payor for more than seven (7) years after the termination of the service for which overpayment was made becomes the property of the municipality. [IC 36-9-23-28.5]

CONDITION OF RECORDS

The detail records presented for audit of the Wastewater Customer Accounts Receivable balance at December 31, 2008, did not agree to the balance in the General Ledger. An unknown variance of \$75,994.63 was noted.

At all times, the manual and/or 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)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

WASTEWATER UTILITY
CITY OF GREENWOOD
EXIT CONFERENCE

The contents of this report were discussed on December 1, 2009, with Charles E. Henderson, Mayor; and Jeannine Myers, Clerk-Treasurer.