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

EXAMINATION REPORT
OF
WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
MARSHALL COUNTY, INDIANA

January 1, 2009 to December 31, 2009



FILED
05/19/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statement of Net Assets	4
Statement of Revenues, Expenses, and Changes in Fund Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15
Required Supplementary Information:	
Schedule of Funding Progress	16
Exit Conference.....	17

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Toni L. Hutchings	01-01-08 to 12-31-11
Mayor	Mark Senter	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Mark Senter	01-01-08 to 12-31-11
President of the Common Council	Charles Ripley	01-01-09 to 12-31-10
Superintendent of Water Utility	Jeffrey J. Yeazel Donnie Davidson	01-01-09 to 12-31-09 01-01-10 to 12-31-10
Superintendent of Wastewater Utility	Donnie Davidson	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the business-type activities of the Water and Wastewater Utilities (Utilities), departments of the City of Plymouth, as of and for the year ended December 31, 2009. The Utilities' management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note I, the financial statements of the Utilities 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, 2009, 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 Utilities, as of December 31, 2009, 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 Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Utilities have 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

May 5, 2010

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
STATEMENT OF NET ASSETS
December 31, 2009

<u>Assets</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
Current assets:		
Cash and cash equivalents	\$ 184,327	\$ 579,197
Interest receivable	463	690
Accounts receivable (net of allowance)	50,255	59,686
Other receivables	41,458	55,603
Cylinder deposits	3,140	100
Inventories	82,355	283,579
Prepaid items	<u>16,121</u>	<u>26,510</u>
Total current assets	<u>378,119</u>	<u>1,005,365</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Depreciation cash and investments	1,579,550	2,170,909
Bond and interest cash and investments	251,505	78,875
Construction cash and investments	-	693,587
Pretreatment cash and investments	-	47,293
Customer deposits	<u>110,867</u>	<u>-</u>
Total restricted assets	<u>1,941,922</u>	<u>2,990,664</u>
Deferred charges	<u>59,526</u>	<u>64,198</u>
Capital assets:		
Land, improvements to land and construction in progress	216,989	426,236
Other capital assets (net of accumulated depreciation)	<u>7,964,316</u>	<u>17,415,143</u>
Total capital assets	<u>8,181,305</u>	<u>17,841,379</u>
Total noncurrent assets	<u>10,182,753</u>	<u>20,896,241</u>
Total assets	<u>10,560,872</u>	<u>21,901,606</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	67,868	88,083
Accrued wages payable	11,588	19,792
Taxes payable	5,694	-
Current liabilities payable from restricted assets:		
Customer deposits	110,867	-
Revenue bonds payable	310,000	120,000
Accrued interest payable	<u>820</u>	<u>-</u>
Total current liabilities	<u>506,837</u>	<u>227,875</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	<u>1,594,870</u>	<u>3,247,368</u>
Total liabilities	<u>2,101,707</u>	<u>3,475,243</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	6,191,305	14,456,379
Restricted for debt service	251,505	78,875
Restricted for customer deposits	110,867	-
Restricted for capital outlay	1,579,550	2,911,789
Unrestricted	<u>325,938</u>	<u>979,320</u>
Total net assets	<u>\$ 8,459,165</u>	<u>\$ 18,426,363</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, 2009

	Water Utility	Wastewater Utility
Operating revenues:		
Metered revenue	\$ 1,049,692	\$ 1,429,258
Unmetered water revenue	4,858	-
Stormwater revenue	-	172,208
Surcharge revenue	-	466,673
Fire protection revenue	352,714	-
Penalties	14,232	18,017
Other	21,882	174,858
Total operating revenues	1,443,378	2,261,014
Operating expenses:		
Source of supply	26,926	-
Water treatment	153,851	-
Transmission and distribution	294,031	-
Pumping	102,152	-
Collection system	-	1,003,066
Stormwater	-	82,903
Customer accounts	155,789	25,681
Administration and general	382,615	574,073
Depreciation	193,986	661,795
Total operating expenses	1,309,350	2,347,518
Operating income (loss)	134,028	(86,504)
Nonoperating revenues (expenses):		
Interest and investment revenue	20,008	30,917
Miscellaneous revenue	22,858	4,609
Interest expense	(116,303)	(211,975)
Amortization of bond issue costs	-	(4,546)
Miscellaneous expense	(1,850)	-
Total nonoperating revenues (expenses)	(75,287)	(180,995)
Change in net assets	58,741	(267,499)
Total net assets - beginning	8,400,424	18,693,862
Total net assets - ending	\$ 8,459,165	\$ 18,426,363

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

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
STATEMENT OF CASH FLOWS
As Of And For The Year Ended December 31, 2009

	Water Utility	Wastewater Utility
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,449,664	\$ 2,306,470
Payments to suppliers and contractors	(553,195)	(860,230)
Payments to employees	(533,790)	(765,077)
	<u>362,679</u>	<u>681,163</u>
Net cash provided by operating activities		
Cash flows from capital and related financing activities:		
Proceeds from capital debt	1,990,000	-
Acquisition and construction of capital assets	(170,206)	(2,350,033)
Principal paid on capital debt	(2,710,000)	(120,000)
Interest paid on capital debt	(225,609)	(211,974)
	<u>(1,115,815)</u>	<u>(2,682,007)</u>
Net cash used by capital and related financing activities		
Cash flows from investing activities:		
Interest received	21,409	36,110
	<u>21,409</u>	<u>36,110</u>
Net decrease in cash and cash equivalents	(731,727)	(1,964,734)
Cash and cash equivalents, January 1	2,857,976	5,534,595
Cash and cash equivalents, December 31	<u>\$ 2,126,249</u>	<u>\$ 3,569,861</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 134,028	\$ (86,504)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	193,986	661,795
Other nonoperating revenues	21,008	4,609
(Increase) decrease in assets:		
Accounts receivable	3,806	45,456
Inventories	(18,035)	7,598
Prepaid items	(3,340)	(1,283)
Increase (decrease) in liabilities:		
Accounts payable	34,945	56,433
Accrued wages payables	(5,848)	(6,941)
Customer deposits	2,480	-
Taxes payable	(351)	-
	<u>228,651</u>	<u>767,667</u>
Total adjustments		
Net cash provided by operating activities	<u>\$ 362,679</u>	<u>\$ 681,163</u>

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, represent 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 Other 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.

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

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.

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 1/2 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 upon termination of employment.

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

- 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.
- 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 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, 2009, 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>4,308</u>	<u>35,665</u>	<u>-</u>	<u>39,973</u>
 Total capital assets, not being depreciated	 <u>181,324</u>	 <u>35,665</u>	 <u>-</u>	 <u>216,989</u>
Capital assets, being depreciated:				
Buildings	4,451,216	5,107	-	4,456,323
Improvements other than buildings	7,757,779	114,290	-	7,872,069
Machinery and equipment	<u>1,035,352</u>	<u>15,144</u>	<u>-</u>	<u>1,050,496</u>
 Totals	 <u>13,244,347</u>	 <u>134,541</u>	 <u>-</u>	 <u>13,378,888</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water Utility (continued):				
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Buildings	1,230,957	86,189	-	1,317,146
Improvements other than buildings	3,094,614	90,692	-	3,185,306
Machinery and equipment	895,015	17,105	-	912,120
Totals	<u>5,220,586</u>	<u>193,986</u>	<u>-</u>	<u>5,414,572</u>
Total capital assets, being depreciated, net	<u>8,023,761</u>	<u>(59,445)</u>	<u>-</u>	<u>7,964,316</u>
Total capital assets, net	<u>\$ 8,205,085</u>	<u>\$ (23,780)</u>	<u>\$ -</u>	<u>\$ 8,181,305</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 164,463	\$ -	\$ -	\$ 164,463
Construction in progress	825,559	-	563,786	261,773
Total capital assets, not being depreciated	<u>990,022</u>	<u>-</u>	<u>563,786</u>	<u>426,236</u>
Capital assets, being depreciated:				
Buildings	11,532,839	856,166	-	12,389,005
Improvements other than buildings	11,534,255	1,988,063	-	13,522,318
Machinery and equipment	2,200,575	69,590	21,649	2,248,516
Totals	<u>25,267,669</u>	<u>2,913,819</u>	<u>21,649</u>	<u>28,159,839</u>
Less accumulated depreciation for:				
Buildings	4,405,183	261,066	-	4,666,249
Improvements other than buildings	4,108,484	250,726	-	4,359,210
Machinery and equipment	1,590,883	150,003	21,649	1,719,237
Totals	<u>10,104,550</u>	<u>661,795</u>	<u>21,649</u>	<u>10,744,696</u>
Total capital assets, being depreciated, net	<u>15,163,119</u>	<u>2,252,024</u>	<u>-</u>	<u>17,415,143</u>
Total capital assets, net	<u>\$ 16,153,141</u>	<u>\$ 2,252,024</u>	<u>\$ 563,786</u>	<u>\$ 17,841,379</u>

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

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

Water	\$	193,986
Wastewater		<u>661,795</u>
 Total depreciation expense	 \$	 <u><u>855,781</u></u>

C. Construction Commitments

Construction work in progress is composed of the following:

	Total Project Authorized	Expended to December 31, 2009	Committed
Water Utility:			
Main replacement project	\$ 31,604	\$ 22,153	\$ 9,451
Dora Ln. & Baker St. inter-connect	<u>19,641</u>	<u>17,820</u>	<u>1,821</u>
 Total construction work in progress	 <u><u>\$ 51,245</u></u>	 <u><u>\$ 39,973</u></u>	 <u><u>\$ 11,272</u></u>
Wastewater Utility:			
Plum & Schuyler streets	\$ 349,836	\$ 251,878	\$ 97,958
Weir covers	<u>12,624</u>	<u>9,895</u>	<u>2,729</u>
 Total construction work in progress	 <u><u>\$ 362,460</u></u>	 <u><u>\$ 261,773</u></u>	 <u><u>\$ 100,687</u></u>

D. Interfund Transfers

Interfund transfers at December 31, 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Water Utility	General	\$ 70,711
Wastewater Utility	General	<u>139,209</u>
 Total		 <u><u>\$ 209,920</u></u>

The Utilities typically uses transfers to fund ongoing operating subsidies.

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

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
2009 Waterworks refunding revenue bonds	2.0% - 2.6%	\$ 1,990,000
2008 Wastewater improvements	6.1%	<u>3,385,000</u>
Total		<u>\$ 5,375,000</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2010	\$ 310,000	\$ 38,008	\$ 120,000	\$ 204,655
2011	360,000	33,920	125,000	197,335
2012	370,000	26,670	130,000	189,558
2013	375,000	19,270	140,000	181,475
2014	380,000	11,483	140,000	172,935
2015-2019	195,000	2,535	835,000	723,460
2020-2024	-	-	1,080,000	436,760
2025-2027	-	-	815,000	89,365
Totals	<u>\$ 1,990,000</u>	<u>\$ 131,886</u>	<u>\$ 3,385,000</u>	<u>\$ 2,195,543</u>

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable:					
Water Utility	\$ 2,710,000	\$ 1,990,000	\$ 2,710,000	\$ 1,990,000	\$ 310,000
Wastewater Utility	3,505,000	-	120,000	3,385,000	120,000
Total long-term liabilities	<u>\$ 6,215,000</u>	<u>\$ 1,990,000</u>	<u>\$ 2,830,000</u>	<u>\$ 5,375,000</u>	<u>\$ 430,000</u>

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

III. Other Information

A. Risk Management

The Utilities are 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, retirees, 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 in 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. The total charge allocated to each of the funds is calculated based on the actual claims.

B. Rate Structure

1. Water Utility

On March 13, 1989, the Common Council adopted Ordinance 1465 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Common Council on October 26, 2009, with two effective dates of January 1, 2010 and 2011. The Utility has 3,972 customers.

2. Wastewater Utility

The current rate structure was approved by the Common Council on March 24, 2008. The Utility has 3,898 customers.

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

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 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.

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.

Actuarial Information for the Above Plan

Annual required contribution	\$ 158,764
Interest on net pension obligation	(700)
Adjustment to annual required contribution	<u>797</u>
Annual pension cost	158,861
Contributions made	<u>154,794</u>
Increase in net pension obligation	4,067
Net pension obligation, beginning of year	<u>(9,649)</u>
Net pension obligation, end of year	<u><u>\$ (5,582)</u></u>

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

Contribution rates:	
Government	5.88%
Plan members	3%
Actuarial valuation date	07-01-09
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

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06-30-07	\$ 137,329	93%	\$ (10,120)
06-30-08	145,296	100%	(9,649)
06-30-09	158,861	97%	(5,582)

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)
07-01-07	\$ 3,033,896	\$ 3,046,547	\$ (12,651)	100%	\$ 2,480,525	(1%)
07-01-08	3,357,263	3,427,681	(70,418)	98%	2,540,225	(3%)
07-01-09	3,102,771	3,556,771	(454,000)	87%	2,702,379	(17%)

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
EXIT CONFERENCE

The contents of this report were discussed on May 5, 2010, with Toni L. Hutchings, Clerk-Treasurer; and Mark Senter, Mayor. Our examination disclosed no material items that warrant comment at this time.