

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, 2011 to December 31, 2011



FILED
11/13/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Toni L. Hutchings	01-01-08 to 12-31-15
Mayor	Mark Senter	01-01-08 to 12-31-15
President of the Board of Public Works and Safety	Mark Senter	01-01-08 to 12-31-15
President of the Common Council	Charles Ripley Mike Delp	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Water and Wastewater Utilities	Donnie Davidson	01-01-11 to 12-31-12



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2011. 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 Water and Wastewater Utilities, City of Plymouth, are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Utilities. They do not purport to, and do not, present fairly the financial position of the City of Plymouth as of December 31, 2011, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities for the Water and Wastewater Utilities, as of December 31, 2011, 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 Water and Wastewater 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

August 13, 2012

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
STATEMENT OF NET ASSETS
December 31, 2011

<u>Assets</u>	Water Utility	Wastewater Utility
Current assets:		
Cash and cash equivalents	\$ 176,002	\$ 673,282
Interest receivable	366	874
Accounts receivable (net of allowance)	77,263	94,466
Other receivables	33,721	57,008
Cylinder deposits	3,395	100
Inventories	191,451	328,910
Prepaid items	<u>14,272</u>	<u>27,449</u>
Total current assets	<u>496,470</u>	<u>1,182,089</u>
	111,350	152,348
Noncurrent assets:	300,366	100,287
Restricted cash, cash equivalents and investments:		
Depreciation cash and investments	1,212,993	2,592,603
Bond and interest cash and investments	231,677	210,927
Construction cash and investments	-	550,853
Pretreatment cash and investments	-	44,665
Customer deposits	<u>121,934</u>	<u>-</u>
Total restricted assets	<u>1,566,604</u>	<u>3,399,048</u>
Deferred charges	<u>37,547</u>	<u>57,065</u>
Capital assets:		
Land, improvements to land and construction in progress	477,802	164,463
Other capital assets (net of accumulated depreciation)	<u>7,931,867</u>	<u>16,965,103</u>
Total capital assets	<u>8,409,669</u>	<u>17,129,566</u>
Total noncurrent assets	<u>10,314,186</u>	<u>20,685,966</u>
Total assets	<u>10,922,006</u>	<u>22,020,403</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	14,754	8,037
Accrued wages payable	18,064	25,578
Taxes payable	6,936	-
Current liabilities payable from restricted assets:		
Customer deposits	121,934	-
Revenue bonds payable	370,000	130,000
Accrued interest payable	<u>2,377</u>	<u>-</u>
Total current liabilities	<u>534,065</u>	<u>163,615</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	<u>896,303</u>	<u>2,994,327</u>
Total liabilities	<u>1,430,368</u>	<u>3,157,942</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	7,103,898	14,005,239
Restricted for debt service	231,677	210,927
Restricted for customer deposits	121,934	-
Restricted for capital outlay	1,212,993	3,188,121
Unrestricted	<u>409,420</u>	<u>1,205,539</u>
Total net assets	<u>\$ 9,079,922</u>	<u>\$ 18,609,826</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, 2011

	Water Utility	Wastewater Utility
Operating revenues:		
Metered revenue	\$ 1,362,862	\$ 1,815,533
Unmetered water revenue	2,871	-
Storm water revenue	-	172,561
Surcharge revenue	-	684,065
Fire protection revenue	398,431	-
Penalties	18,358	27,518
Other	16,269	109,381
 Total operating revenues	 1,798,791	 2,809,058
Operating expenses:		
Source of supply	73,030	-
Water treatment	134,994	-
Transmission and distribution	201,911	-
Pumping	117,480	-
Collection system	-	1,028,943
Stormwater	-	101,768
Customer accounts	192,279	8,812
Administration and general	451,301	607,478
Depreciation	199,006	681,686
 Total operating expenses	 1,370,001	 2,428,687
 Operating income	 428,790	 380,371
Nonoperating revenues (expenses):		
Interest and investment revenue	7,699	16,174
Miscellaneous revenue	52,786	2,304
Interest expense	(44,872)	(197,335)
Amortization of bond issue costs	(15,154)	(4,546)
 Total nonoperating expenses	 459	 (183,403)
 Change in net assets	 429,249	 196,968
Total net assets - beginning	8,650,673	18,412,858
Total net assets - ending	\$ 9,079,922	\$ 18,609,826

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, 2011

	Water Utility	Wastewater Utility
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,796,592	\$ 2,796,327
Payments to suppliers and contractors	(635,957)	(935,561)
Payments to employees	(601,630)	(819,014)
	<u>559,005</u>	<u>1,041,752</u>
Net cash provided by operating activities		
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(321,914)	(306,659)
Principal paid on capital debt	(360,000)	(125,000)
Interest paid on capital debt	(33,921)	(197,334)
	<u>(715,835)</u>	<u>(628,993)</u>
Net cash used by capital and related financing activities		
Cash flows from investing activities:		
Interest received	8,128	17,029
	<u>8,128</u>	<u>17,029</u>
Net increase (decrease) in cash and cash equivalents	(148,702)	429,788
Cash and cash equivalents, January 1	1,891,308	3,642,542
Cash and cash equivalents, December 31	<u>\$ 1,742,606</u>	<u>\$ 4,072,330</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 428,790	\$ 380,371
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	199,006	681,686
Other nonoperating revenues	52,786	2,304
(Increase) decrease in assets:		
Accounts receivable	(6,280)	(12,731)
Inventories	(109,795)	(7,638)
Prepaid items	567	(641)
Cylinder deposits	(75)	-
Increase (decrease) in liabilities:		
Accounts payable	(11,851)	(2,605)
Accrued wages payables	1,219	1,006
Customer deposits	4,080	-
Taxes payable	558	-
	<u>130,215</u>	<u>661,381</u>
Total adjustments		
Net cash provided by operating activities	<u>\$ 559,005</u>	<u>\$ 1,041,752</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 (Utilities) and are not intended to present fairly the position of the City of Plymouth (City), and the results of its operations and cash flows of its enterprise funds. The Utilities, whose operations are controlled by the City, represents 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 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.

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 Utilities have elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

When both restricted and unrestricted resources are available for use, the Utilities' policy is to use restricted resources first, then unrestricted resources as they are needed.

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 AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
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.

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 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 indentures or governing body action.

The financial statements report \$1,566,604 and \$3,398,048 of restricted assets, in the Water Utility and the Wastewater Utility, respectively, of which \$121,934 in the Water Utility is restricted by enabling legislation.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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.
- 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

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. The Utilities do not have a deposit policy for custodial credit risk. At December 31, 2011, the Utilities had deposit balances in the amount of \$1,445,036 in the Water Utility and \$3,355,256 in the Wastewater Utility.

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

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, 2011, 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>91,052</u>	<u>282,849</u>	<u>73,115</u>	<u>300,786</u>
Total capital assets, not being depreciated	<u>268,068</u>	<u>282,849</u>	<u>73,115</u>	<u>477,802</u>
Capital assets, being depreciated:				
Buildings	4,461,603	-	-	4,461,603
Improvements other than buildings	8,090,814	73,115	-	8,163,929
Machinery and equipment	<u>1,075,983</u>	<u>39,065</u>	<u>-</u>	<u>1,115,048</u>
Totals	<u>13,628,400</u>	<u>112,180</u>	<u>-</u>	<u>13,740,580</u>
Less accumulated depreciation for:				
Buildings	1,403,638	86,795	-	1,490,432
Improvements other than buildings	3,279,008	95,063	-	3,374,071
Machinery and equipment	<u>927,062</u>	<u>17,148</u>	<u>-</u>	<u>944,210</u>
Totals	<u>5,609,708</u>	<u>199,006</u>	<u>-</u>	<u>5,808,713</u>
Total capital assets, being depreciated, net	<u>8,018,692</u>	<u>(86,826)</u>	<u>-</u>	<u>7,931,867</u>
Total Water Utility capital assets, net	<u>\$ 8,286,760</u>	<u>\$ 196,023</u>	<u>\$ 73,115</u>	<u>\$ 8,409,669</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	<u>150,031</u>	<u>159,305</u>	<u>309,336</u>	<u>-</u>
Total capital assets, not being depreciated	<u>314,494</u>	<u>159,305</u>	<u>309,336</u>	<u>164,463</u>
Capital assets, being depreciated:				
Buildings	12,407,319	-	-	12,407,319
Improvements other than buildings	13,903,275	309,336	-	14,212,611
Machinery and equipment	<u>2,297,750</u>	<u>147,354</u>	<u>-</u>	<u>2,445,104</u>
Totals	<u>28,608,344</u>	<u>456,690</u>	<u>-</u>	<u>29,065,034</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>
Less accumulated depreciation for:				
Buildings	4,945,550	280,254	-	5,225,804
Improvements other than buildings	4,632,942	287,096	-	4,920,038
Machinery and equipment	<u>1,839,753</u>	<u>114,336</u>	-	<u>1,954,089</u>
 Totals	 <u>11,418,245</u>	 <u>681,686</u>	 -	 <u>12,099,931</u>
 Total capital assets, being depreciated, net	 <u>17,190,099</u>	 <u>(224,996)</u>	 -	 <u>16,965,103</u>
 Total Wastewater Utility capital assets, net	 <u>\$17,504,593</u>	 <u>\$ (65,691)</u>	 <u>\$ 309,336</u>	 <u>\$17,129,566</u>

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

Water	\$ 199,006
Wastewater	<u>681,686</u>
Total depreciation expense	<u>\$ 880,692</u>

C. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Expended to December 31,</u>	<u>Committed</u>
Water Utility:		
Meter change out program	\$ 226,463	\$ 60,000
Filter replacement (Ledyard Plant)	55,418	159,300
Filter media	<u>18,905</u>	<u>30,000</u>
 Totals	 <u>\$ 300,786</u>	 <u>\$ 249,300</u>

D. Interfund Transfers

Interfund transfers at December 31, 2011, were as follows:

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

The Utilities pay this money to the City in lieu of taxes. This is posted as an administration and general expense.

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	Balance at December 31	Less: Unamortized Discount	Less: Deferral on Refunding	Amount
2009 Waterworks refunding revenue bonds	2.0% - 2.6%	\$ 1,320,000	\$ 14,229	\$ 39,468	\$ 1,266,303
2008 Wastewater improvements	6.1%	3,140,000	15,673	-	3,124,327
Totals		<u>\$ 4,460,000</u>	<u>\$ 29,902</u>	<u>\$ 39,468</u>	<u>\$ 4,390,630</u>

Revenue bonds debt service requirements to maturity are as follows:

	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
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	195,000	2,535	150,000	164,243
2016	-	-	160,000	154,940
2017-2021	-	-	925,000	617,625
2022-2026	-	-	1,205,000	299,358
2027-2031	-	-	290,000	13,420
Totals	<u>\$ 1,320,000</u>	<u>\$ 59,958</u>	<u>\$ 3,140,000</u>	<u>\$ 1,793,554</u>

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

Type of Liability	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable:					
Water Utility	\$1,680,000	\$ -	\$ 360,000	\$1,320,000	\$ 370,000
Wastewater Utility	3,265,000	-	125,000	3,140,000	130,000
Less unamortized discount	35,047	-	5,145	29,902	5,145
Less deferral on refunding	51,019	-	11,551	39,468	11,551
Total long-term liabilities	<u>\$4,858,934</u>	<u>\$ -</u>	<u>\$ 468,304</u>	<u>\$4,390,630</u>	<u>\$ 483,304</u>

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

F. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

Revenue bond operations and maintenance account	\$ 442,604
Customer deposits	121,934
Capital outlay	<u>4,401,114</u>
Total restricted assets	<u>\$ 4,965,652</u>

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 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 3 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 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 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 using trends in actual claims experience.

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 4,067 customers.

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

2. Wastewater Utility

The current rate structure was approved by the Common Council on June 28, 2010. The Utility has 3,980 customers.

C. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City, including the Utilities, contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 3 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of INPRS.

WATER AND WASTEWATER UTILITIES
CITY OF PLYMOUTH
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2012, with Toni L. Hutchings, Clerk-Treasurer; Mark Senter, Mayor and President of the Board of Public Works and Safety; and Mike Delp, President of the Common Council. Our examination disclosed no material items that warrant comment at this time.