

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

EXAMINATION REPORT
OF

WATER, WASTEWATER, AND
STORM WATER UTILITIES
TOWN OF PLAINFIELD
HENDRICKS COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
11/21/2013

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wesley Bennett	01-01-12 to 12-31-15
President of the Town Council	Robin Brandgard	01-01-12 to 12-31-13
Superintendent of Utilities	Jason Castetter	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the major enterprise funds of the Water, Wastewater, and Storm Water Utilities, departments of the Town of Plainfield, as of and for the year ended December 31, 2012. 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 statements 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, 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 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, 2012, 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 major enterprise funds for the Water, Wastewater, and Storm Water Utilities, as of December 31, 2012, 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, Wastewater, and Storm Water 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 7, 2013

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2012

	<u>Water</u>	<u>Wastewater</u>	<u>Storm Water</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 5,780,614	\$ 1,893,735	\$ 2,981,841
Accounts receivable (net of allowance)	276,941	339,526	166,786
Other receivable	24,919	-	-
Materials and supplies inventories	105,663	24,206	17,222
Prepaid items	8,499	5,379	1,791
	<u>6,196,636</u>	<u>2,262,845</u>	<u>3,167,640</u>
Total current assets			
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Bond and interest cash and investments	585,932	3,385,191	1,408,984
Construction cash and investments	-	-	82
Customer deposits cash and investments	299,376	-	-
Availability cash and investments	515,297	602,254	132,773
Inspection cash and investments	-	218,946	-
	<u>1,400,604</u>	<u>4,206,391</u>	<u>1,541,839</u>
Total restricted assets			
Capital assets:			
Land, improvements to land, and construction in progress	3,226,485	15,908,718	1,590,441
Other capital assets (net of accumulated depreciation)	50,358,278	80,647,127	11,002,620
	<u>53,584,763</u>	<u>96,555,845</u>	<u>12,593,061</u>
Total capital assets			
Total noncurrent assets			
	<u>54,985,367</u>	<u>100,762,236</u>	<u>14,134,900</u>
Total assets			
	<u>61,182,003</u>	<u>103,025,081</u>	<u>17,302,540</u>
Deferred outflows of resources:			
Deferred bond issue costs, premiums/discounts, and deferral of loss on debt refunding	199,918	-	169,520
	<u>199,918</u>	<u>-</u>	<u>169,520</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	180,245	218,534	102,302
Accrued wages payable	24,015	28,099	6,990
Taxes payable	12,816	-	-
Current liabilities payable from restricted assets:			
Customer deposits	245,477	-	-
Revenue bonds payable	454,000	-	140,000
Accrued interest payable	112,869	-	192,021
	<u>1,029,421</u>	<u>246,633</u>	<u>441,313</u>
Total current liabilities			
Noncurrent liabilities:			
General obligation bonds payable (net of unamortized discounts)			
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	6,913,353	17,045,000	8,225,000
Capital leases payable	-	-	-
Bond anticipation note payable	656,945	-	-
	<u>7,570,298</u>	<u>17,045,000</u>	<u>8,225,000</u>
Total noncurrent liabilities			
Total liabilities			
	<u>8,599,719</u>	<u>17,291,633</u>	<u>8,666,313</u>
<u>Net Position</u>			
Net investment in capital assets	45,560,465	79,510,845	4,228,061
Restricted for debt service	585,932	3,385,191	1,408,984
Restricted for construction	-	-	82
Restricted for inspection	-	218,946	-
Restricted for availability fees	515,297	602,254	132,773
Unrestricted	6,120,509	2,016,213	3,035,848
	<u>52,782,203</u>	<u>85,733,448</u>	<u>8,805,748</u>
Total net position			

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

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
PROPRIETARY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
As Of And For The Year Ended December 31, 2012

	<u>Water</u>	<u>Wastewater</u>	<u>Storm Water</u>
Operating revenues:			
Metered revenue	\$ 4,290,385	\$ 5,024,961	\$ 2,006,868
Unmetered revenue	347,247	754,748	118,339
Other	64,197	91,558	934
	<u>4,701,829</u>	<u>5,871,267</u>	<u>2,126,141</u>
Total operating revenues			
Operating expenses:			
Transmission and distribution	498,987	-	-
Treatment and disposal - operations and maintenance	-	258,030	-
Other	12,816	-	12,298
Salaries and wages	634,713	831,140	243,325
Employee pensions and benefits	291,666	346,371	85,290
Sludge removal	-	126,432	1,986
Chemicals	199,777	88,282	-
Materials and supplies	77,251	63,388	95,654
Contractual services	567,432	1,473,161	276,757
Transportation expenses	-	-	-
Insurance expense	51,457	32,050	10,676
Depreciation	1,394,608	1,441,496	268,353
	<u>3,728,707</u>	<u>4,660,350</u>	<u>994,340</u>
Total operating expenses			
Operating income (loss)	<u>973,122</u>	<u>1,210,917</u>	<u>1,131,801</u>
Nonoperating revenues (expenses):			
Gain on refunding	-	741,631	-
Interest expense	(275,259)	(695,145)	(384,042)
Amortization expense	(22,252)	-	(10,595)
	<u>(297,511)</u>	<u>46,486</u>	<u>(394,637)</u>
Total nonoperating revenues (expenses)			
Income (loss) before contributions and transfers	<u>675,611</u>	<u>1,257,403</u>	<u>737,164</u>
Change in net position	675,611	1,257,403	737,164
Total net position - beginning	<u>52,106,591</u>	<u>84,476,045</u>	<u>8,068,584</u>
Total net position - ending	<u>\$ 52,782,202</u>	<u>\$ 85,733,448</u>	<u>\$ 8,805,748</u>

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

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2012

	<u>Water</u>	<u>Wastewater</u>	<u>Storm Water</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 4,322,552	\$ 5,063,057	\$ 2,123,105
Payments to suppliers and contractors	(1,337,057)	(1,980,065)	(505,984)
Payments to employees	(918,790)	(1,170,295)	(327,921)
Other receipts	<u>467,909</u>	<u>846,306</u>	<u>934</u>
Net cash provided (used) by operating activities	<u>2,534,614</u>	<u>2,759,003</u>	<u>1,290,133</u>
Cash flows from noncapital financing activities:			
Transfer to other funds	(812,575)	(14,467,559)	(593,574)
Interfund loans	-	-	-
Transfers from other funds	<u>812,575</u>	<u>14,467,559</u>	<u>593,574</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	-	10,340,000	-
Cash paid out for bond issuance costs	-	(585,298)	-
Additional proceeds from bond refunding	-	1,785,337	-
Acquisition and construction of capital assets	(205,063)	(41,443)	(488,268)
Principal paid on capital debt	(436,000)	(10,902,608)	-
Interest paid on capital debt	<u>(283,997)</u>	<u>(898,359)</u>	<u>(192,021)</u>
Net cash provided (used) by capital and related financing activities	<u>(925,060)</u>	<u>(302,371)</u>	<u>(680,289)</u>
Net increase in cash and cash equivalents	1,609,555	2,456,633	609,844
Cash and cash equivalents, January 1	<u>5,571,664</u>	<u>3,643,493</u>	<u>3,913,837</u>
Cash and cash equivalents, December 31	<u>\$ 7,181,219</u>	<u>\$ 6,100,126</u>	<u>\$ 4,523,681</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	<u>\$ 973,122</u>	<u>\$ 1,210,917</u>	<u>\$ 1,131,801</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	1,394,608	1,441,496	268,353
(Increase) decrease in assets:			
Accounts receivable	32,167	38,096	(2,102)
Other receivable	(17,159)	-	-
Inventories	7,066	(12,012)	25,789
Prepaid items	463	(223)	(72)
Increase (decrease) in liabilities:			
Accounts payable	115,300	73,512	(134,330)
Taxes payable	(6,483)	-	-
Accrued wages payable	7,589	7,217	694
Customer deposits	<u>27,942</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>1,561,493</u>	<u>1,548,086</u>	<u>158,332</u>
Net cash provided by operating activities	<u>\$ 2,534,615</u>	<u>\$ 2,759,003</u>	<u>\$ 1,290,133</u>

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

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN 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 a substantial portion of the Town's enterprise funds.

B. Fund Financial Statements

Major enterprise funds financial statements consist of the Statement of Net Position - Proprietary Funds; Proprietary Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows - Proprietary Funds. Major enterprise funds 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 major enterprise funds 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.

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.

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.

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
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. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of major enterprise fund's activities 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 the major enterprise funds 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 Position - Proprietary Funds because their use is limited by applicable bond covenants.

The financial statements report \$1,101,229, \$4,206,391, and \$1,541,839 of restricted net position of the Water, Wastewater, and Storm Water Utilities, respectively, of which \$0 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Water Utility:			
Land	\$ 1,000	N/A	N/A
Buildings and 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
Machinery and equipment	5,000	Straight-line	5 years

N/A = Not applicable

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Wastewater Utility:			
Land	1,000	N/A	N/A
Buildings and 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
Storm Water Utility:			
Land	1,000	N/A	N/A
Buildings and 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

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.

5. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position - Proprietary Funds. 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

1. 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, 2012, the Water, Wastewater, and Storm Water Utilities had deposit balances in the amount of \$7,181,218, \$6,100,126, and \$4,523,680, respectively.

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.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the Utilities to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

government sponsored enterprise. Indiana Code also authorizes the Utilities to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50 percent of the funds held by the Utilities and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the Utilities may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Utilities' purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

The Utilities had no investments as of December 31, 2012.

B. Capital Assets

Capital asset activity for the year ended December 31, 2012, 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	\$ 568,228	\$ -	\$ -	\$ 568,228
Construction in progress	<u>6,365,759</u>	<u>205,063</u>	<u>3,912,565</u>	<u>2,658,257</u>
Total capital assets, not being depreciated	<u>6,933,987</u>	<u>205,063</u>	<u>3,912,565</u>	<u>3,226,485</u>
Capital assets, being depreciated:				
Buildings	14,465,469	-	-	14,465,469
Improvements other than buildings	48,649,290	3,912,565	-	52,561,855
Machinery and equipment	<u>375,429</u>	<u>-</u>	<u>-</u>	<u>375,429</u>
Totals	<u>63,490,188</u>	<u>3,912,565</u>	<u>-</u>	<u>67,402,753</u>

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
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	(3,256,416)	(365,447)	-	(3,621,863)
Improvements other than buildings	(12,172,358)	(1,008,361)	-	(13,180,719)
Machinery and equipment	(221,093)	(20,800)	-	(241,893)
 Totals	 <u>(15,649,867)</u>	 <u>(1,394,608)</u>	 <u>-</u>	 <u>(17,044,475)</u>
 Total capital assets, being depreciated, net	 <u>47,840,321</u>	 <u>2,517,957</u>	 <u>-</u>	 <u>50,358,278</u>
 Total capital assets, net	 <u>\$ 54,774,308</u>	 <u>\$ 2,723,020</u>	 <u>\$ 3,912,565</u>	 <u>\$ 53,584,763</u>
 Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 1,049,347	\$ -	\$ -	\$ 1,049,347
Construction in progress	8,196,913	6,746,443	83,985	14,859,371
 Total capital assets, not being depreciated	 <u>9,246,260</u>	 <u>6,746,443</u>	 <u>83,985</u>	 <u>15,908,718</u>
 Capital assets, being depreciated:				
Buildings	25,008,555	-	-	25,008,555
Improvements other than buildings	81,608,412	83,985	-	81,692,397
Machinery and equipment	427,081	-	-	427,081
 Totals	 <u>107,044,048</u>	 <u>83,985</u>	 <u>-</u>	 <u>107,128,033</u>
 Less accumulated depreciation for:				
Buildings	(8,299,021)	(499,380)	-	(8,798,401)
Improvements other than buildings	(16,420,590)	(919,951)	-	(17,340,541)
Machinery and equipment	(319,798)	(22,164)	-	(341,962)
 Totals	 <u>(25,039,409)</u>	 <u>(1,441,496)</u>	 <u>-</u>	 <u>(26,480,905)</u>
 Total capital assets, being depreciated, net	 <u>82,004,639</u>	 <u>(1,357,511)</u>	 <u>-</u>	 <u>80,647,128</u>
 Total capital assets, net	 <u>\$ 91,250,899</u>	 <u>\$ 5,388,932</u>	 <u>\$ 83,985</u>	 <u>\$ 96,555,846</u>
 Storm Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 123,240	\$ -	\$ -	\$ 123,240
Construction in progress	4,340,678	488,268	3,361,745	1,467,201
 Total capital assets, not being depreciated	 <u>4,463,918</u>	 <u>488,268</u>	 <u>3,361,745</u>	 <u>1,590,441</u>
 Capital assets, being depreciated:				
Buildings	37,834	-	-	37,834
Improvements other than buildings	8,252,038	3,361,745	-	11,613,783
Machinery and equipment	503,066	-	-	503,066
 Totals	 <u>8,792,938</u>	 <u>3,361,745</u>	 <u>-</u>	 <u>12,154,683</u>

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Storm Water Utility (continued):				
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Buildings	(1,261)	(1,261)	-	(2,522)
Improvements other than buildings	(789,533)	(232,276)	-	(1,021,809)
Machinery and equipment	<u>(92,916)</u>	<u>(34,816)</u>	-	<u>(127,732)</u>
Totals	<u>(883,710)</u>	<u>(268,353)</u>	-	<u>(1,152,063)</u>
Total capital assets, being depreciated, net	<u>7,909,228</u>	<u>3,093,392</u>	-	<u>11,002,620</u>
Total capital assets, net	<u>\$ 12,373,146</u>	<u>\$ 3,581,660</u>	<u>\$ 3,361,745</u>	<u>\$ 12,593,061</u>

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

Water	\$ 1,394,608
Wastewater	1,441,496
Storm Water	<u>268,353</u>
Total depreciation expense	<u>\$ 3,104,457</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:		
Swinford	\$ 2,453,194	\$ 5,269,000
Water Exploration	<u>205,063</u>	<u>300,000</u>
Total Water Utility	<u>2,658,257</u>	<u>5,569,000</u>
Wastewater Utility:		
North Plant and Water Tower	3,351,443	5,000,000
Expansion North WTP	9,573,738	3,000,000
West Fork Interceptor	381,584	600,000
WCCD Expansion	986,458	986,458
South Hills Phase II	32,438	1,500,000
North Plant and Deer Path	<u>533,710</u>	<u>1,200,000</u>
Total Wastewater Utility	<u>14,859,371</u>	<u>12,286,458</u>

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Project	Expended to December 31	Committed
Storm Water Utility:		
Main Street Drainage	45,306	50,000
West Fork Interceptor	238,041	600,000
US 40 Avon	74,513	100,000
South Hills Drainage	925,067	1,500,000
Shoure Landfill	101,030	200,000
Talon Stream	<u>83,244</u>	<u>1,800,000</u>
 Total Storm Water Utility	 <u>1,467,201</u>	 <u>4,250,000</u>
 Totals	 <u>\$ 18,984,828</u>	 <u>\$ 22,105,458</u>

D. 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 (Premium) Discount	Less: Deferral on Refunding	Amount
Water Utility:					
2003 Improvement	2% to 4.50%	\$ 4,110,000	\$ -	\$ (27,219)	\$ 4,137,219
2004 Refunding	3% to 4.75%	920,000	15,866	-	904,134
2009 SRF	3.87%	<u>2,326,000</u>	<u>-</u>	<u>-</u>	<u>2,326,000</u>
 Total Water Utility		 <u>7,356,000</u>	 <u>15,866</u>	 <u>(27,219)</u>	 <u>7,367,353</u>
Wastewater Utility:					
2012 Refunding		10,340,000	-	-	10,340,000
2009B SRF		<u>6,705,000</u>	<u>-</u>	<u>-</u>	<u>6,705,000</u>
 Total Wastewater Utility		 <u>17,045,000</u>	 <u>-</u>	 <u>-</u>	 <u>17,045,000</u>
Storm Water Utility:					
2009A Improvement	3.50% to 5.00%	<u>8,365,000</u>	<u>-</u>	<u>-</u>	<u>8,365,000</u>
 Total Storm Water Utility		 <u>8,365,000</u>	 <u>-</u>	 <u>-</u>	 <u>\$ 8,365,000</u>
 Totals		 <u>\$ 32,766,000</u>	 <u>\$ 15,866</u>	 <u>\$ (27,219)</u>	 <u>\$ 32,777,353</u>

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

	Water Utility		Wastewater Utility		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 454,000	\$ 315,754	\$ 294,000	\$ 408,187	\$ 140,000	\$ 381,772
2014	473,000	297,722	337,000	602,021	140,000	376,693
2015	487,000	277,810	1,005,000	586,459	145,000	371,705
2016	506,000	257,296	1,024,000	560,442	150,000	366,543
2017	551,000	235,674	1,057,000	529,846	155,000	361,205
2018-2022	3,163,000	798,594	5,879,000	2,043,227	855,000	1,711,983
2023-2027	1,365,000	190,090	6,096,000	736,829	2,170,000	1,483,905
2028-2032	<u>357,000</u>	<u>20,860</u>	<u>1,353,000</u>	<u>55,446</u>	<u>4,610,000</u>	<u>349,234</u>
Totals	<u>\$7,356,000</u>	<u>\$2,393,800</u>	<u>\$17,045,000</u>	<u>\$5,522,457</u>	<u>\$8,365,000</u>	<u>\$5,403,039</u>

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water Utility:					
Revenue bonds payable:					
Water Utility	\$ 7,792,000	\$ -	\$ 436,000	\$ 7,356,000	\$ 454,000
Less deferred amount on refunding	<u>(34,024)</u>	<u>-</u>	<u>(6,805)</u>	<u>(27,219)</u>	<u>-</u>
Total revenue bonds payable - Water Utility	<u>7,826,024</u>	<u>-</u>	<u>442,805</u>	<u>7,383,219</u>	<u>454,000</u>
Wastewater Utility:					
Revenue bonds payable:					
Wastewater Utility	11,460,000	17,045,000	11,460,000	17,045,000	294,000
Less deferred amount on refunding	<u>(61,252)</u>	<u>-</u>	<u>(61,252)</u>	<u>-</u>	<u>-</u>
Total revenue bonds payable - Wastewater Utility	<u>11,521,252</u>	<u>17,045,000</u>	<u>11,521,252</u>	<u>17,045,000</u>	<u>294,000</u>
Storm Water Utility:					
Revenue bonds payable:					
Storm Water Utility	<u>8,365,000</u>	<u>-</u>	<u>-</u>	<u>8,365,000</u>	<u>140,000</u>
Total long-term liabilities	<u>\$27,712,276</u>	<u>\$17,045,000</u>	<u>\$11,964,057</u>	<u>\$32,793,219</u>	<u>\$ 888,000</u>

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

2012 Refunding Revenue Bonds

On December 20, 2012, the Town of Plainfield issued \$10,340,000 in refunding revenue bonds with an average interest rate of 1.9 percent to refund \$11,460,000 of outstanding 1999A, 2003A, and 2003B Series Revenue Bonds with an average interest rate of 3.5 percent – 4.7 percent. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position - Proprietary Funds. The refunding resulted in the accounting gain of \$741,631 and an economic loss of \$1,758,265.

E. Segment Information

The Utilities issued revenue bonds to finance construction of utility assets. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the Utilities is presented below.

Condensed Statement of Net Position - Proprietary Funds			
	Water	Wastewater	Storm Water
Assets:			
Current assets	\$ 6,196,636	\$ 2,262,845	\$ 3,167,640
Restricted assets	1,400,604	4,206,391	1,541,839
Capital assets	53,584,763	96,555,845	12,593,061
Total assets	\$ 61,182,003	\$ 103,025,081	\$ 17,302,540
Deferred outflows of resources:			
Deferred bond issue costs, premiums/discounts, and deferral of loss on debt refunding	\$ 199,918	\$ -	\$ 169,520
Liabilities:			
Current liabilities	\$ 1,029,421	\$ 246,633	\$ 441,313
Noncurrent liabilities	7,570,298	17,045,000	8,225,000
Total liabilities	\$ 8,599,719	\$ 17,291,633	\$ 8,666,313
Net position:			
Net investment in capital assets	\$ 45,560,465	\$ 79,510,845	\$ 4,228,061
Restricted	1,101,229	4,206,390	1,541,839
Unrestricted	6,120,509	2,016,213	3,035,848
Total net position	\$ 52,782,203	\$ 85,733,448	\$ 8,805,748

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Condensed Proprietary Statement of Revenues, Expenses, and Changes in Net Position

Charged (pledged against bonds)	\$ 4,701,829	\$ 5,871,267	\$ 2,126,141
Depreciation expense	(1,394,608)	(1,441,496)	(268,353)
Other operating expenses	<u>(2,334,099)</u>	<u>(3,218,854)</u>	<u>(725,987)</u>
Operating income	973,122	1,210,917	1,131,801
Nonoperating revenues (expenses):			
Gain on refunding	-	741,631	-
Interest expense	(275,259)	(695,145)	(384,042)
Amortization expense	<u>(22,252)</u>	<u>-</u>	<u>(10,595)</u>
Change in net position	675,611	1,257,403	737,164
Total net position - beginning	<u>52,106,591</u>	<u>84,476,045</u>	<u>8,068,584</u>
Total net position - ending	<u>\$ 52,782,202</u>	<u>\$ 85,733,448</u>	<u>\$ 8,805,748</u>

Condensed Statement of Cash Flows - Proprietary Funds

Net cash provided (used) by:			
Operating activities	\$ 2,534,614	\$ 2,759,003	\$ 1,290,133
Capital and related financing activities	<u>(925,060)</u>	<u>(302,371)</u>	<u>(680,289)</u>
Net increase (decrease)	1,609,554	2,456,632	609,844
Beginning cash and cash equivalents	<u>5,571,665</u>	<u>3,643,494</u>	<u>3,913,836</u>
Ending cash and cash equivalents	<u>\$ 7,181,219</u>	<u>\$ 6,100,126</u>	<u>\$ 4,523,680</u>

F. Restricted Assets

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

	<u>Water</u>	<u>Wastewater</u>	<u>Storm Water</u>
Customer deposits	\$ 299,376	\$ -	\$ -
Revenue bond operations and maintenance account	585,932	3,385,191	1,408,984
Availability	515,297	602,254	132,773
Inspection	-	218,946	-
Revenue bond construction account	<u>-</u>	<u>-</u>	<u>82</u>
Total restricted assets	<u>\$ 1,400,605</u>	<u>\$ 4,206,391</u>	<u>\$ 1,541,839</u>

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Subsequent Events

On May 21, 2013, the Town of Plainfield issued Refunding Revenue Bonds in the amount of \$4,970,000 to refund the 2003 Waterworks Revenue Bonds in the amount of \$4,110,000 and the 2004 Waterworks Revenue Bonds in the amount of \$920,000. The bond issue also funded \$69,513 of bond issuance costs. The interest rate on the new bond was 2.1 percent.

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The policy of the Utilities is not to purchase commercial insurance for the 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. Instead, the Utilities record as a disbursement any replacement items purchased.

B. Rate Structure

Water Utility

On July 8, 1989, the Town Council adopted Ordinance 5-89 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on July 27, 2009.

Wastewater Utility

The current rate structure was approved by the Town Council on November 9, 2009.

Storm Water Utility

The current rate structure was approved by the Town Council on July 24, 2006.

C. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Town 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 members' 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. That 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 the plan members for PERF are established and can be amended by the Board of Trustees of INPRS.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available.

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

The contents of this report were discussed on August 8, 2013, with Wesley Bennett, Clerk-Treasurer; Robin Brandgard, President of the Town Council; and Scott Walker, Town Consultant. Our examination disclosed no material items that warrant comment at this time.