

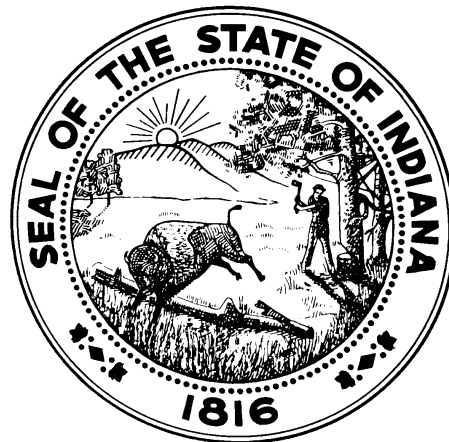
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT

OF

AVIATION COMMISSION AND WASTEWATER UTILITY  
CITY OF GREENWOOD  
JOHNSON COUNTY, INDIANA

January 1, 2006 to December 31, 2006



**FILED**  
12/26/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeannine Myers	01-01-06 to 12-31-07
Mayor	Charles E. Henderson	01-01-06 to 12-31-07
President of the Board of Public Works	Charles E. Henderson	01-01-06 to 12-31-07
President of the Common Council	Ron Bates Keith R. Hardin	01-01-06 to 12-31-06 01-01-07 to 12-31-07
Office Manager	Arnie Kaplain	01-01-06 to 12-31-07
Superintendent	Keith Meier	01-01-06 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the business-type activities of the Aviation Commission and Wastewater Utility, departments of the City of Greenwood, as of and for the year ended December 31, 2006. These financial statements are the responsibility of the Units' 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 Aviation Commission and 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 Commission and Utility. They do not purport to, and do not, present fairly the financial position of the City of Greenwood as of December 31, 2006, 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 Aviation Commission and Wastewater Utility, as of December 31, 2006, 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 City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules 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

June 28, 2007

AVIATION COMMISSION AND WASTEWATER UTILITY  
CITY OF GREENWOOD  
STATEMENT OF NET ASSETS  
December 31, 2006

<u>Assets</u>	<u>Aviation</u>	<u>Wastewater</u>
Current assets:		
Cash and cash equivalents	\$ 173,604	\$ 4,155,820
Interest receivable	-	2,003
Accounts receivable (net of allowance)	31,485	963,647
Due from City	-	658,773
Grant receivable	23,199	-
Prepaid items	4,024	13,393
	<u>232,312</u>	<u>5,793,636</u>
Total current assets		
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Depreciation cash and investments	-	206,476
Bond sinking cash and investments	-	1,175,114
Sewer availability cash and investments	-	10,435,999
Sewer bond proceeds cash and investments	-	2,321
Waste management cash and investments	-	137,353
Restricted grant proceeds	2,792	-
	<u>2,792</u>	<u>11,957,263</u>
Total restricted assets		
Deferred charges	7,396	277,921
	<u>7,396</u>	<u>277,921</u>
Capital assets:		
Land, improvements to land and construction in progress	4,564,641	785,175
Other capital assets (net of accumulated depreciation)	3,211,096	72,176,642
	<u>7,775,737</u>	<u>72,961,817</u>
Total capital assets		
Total noncurrent assets		
	<u>7,785,925</u>	<u>85,197,001</u>
Total assets		
	<u>8,018,237</u>	<u>90,990,637</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	8,893	692,099
Customer deposits payable	18,015	-
Contracts payable	89,533	1,299,518
Accrued wages payable	-	13,148
Payroll withholding payable	-	11,155
Compensated absences	-	23,058
15 year law agreement payable	-	163,155
Deferred revenue	16,870	87,828
Current liabilities payable from restricted assets:		
Revenue bonds payable	78,625	650,000
Accrued interest payable	-	181,159
	<u>211,936</u>	<u>3,121,120</u>
Total current liabilities		
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	1,584,430	14,539,438
	<u>1,584,430</u>	<u>14,539,438</u>
Total liabilities		
	<u>1,796,366</u>	<u>17,660,558</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	6,112,682	57,772,379
Restricted for debt	-	1,175,114
Restricted for capital improvements	2,792	10,438,320
Unrestricted	106,397	3,944,266
	<u>6,221,871</u>	<u>73,330,079</u>
Total net assets		
	<u>\$ 6,221,871</u>	<u>\$ 73,330,079</u>

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

AVIATION COMMISSION AND 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, 2006

	<u>Aviation</u>	<u>Wastewater</u>
Operating revenues:		
Hanger rental	\$ 264,393	\$ -
Metered wastewater revenue:		
Residential	-	3,665,131
Commercial	-	1,702,474
Industrial	-	119,916
Penalties	-	124,359
Other wastewater revenue	-	29,379
Flat rate revenues	-	1,612,004
Waste management	-	1,249,000
	<u>264,393</u>	<u>8,502,263</u>
Operating expenses:		
General:		
Salaries and wages	6,076	169,959
Benefits and taxes	-	79,883
Office supplies	940	9,271
Repairs and maintenance	20,767	-
Professional services	-	178,404
Communication and transportation	644	72,123
Contractual services	6,331	125,639
Printing and advertising	87	-
Utilities	34,215	-
Rentals	300	-
Other services	-	145
Insurance	7,570	180,345
Operations and maintenance:		
Salaries and wages	-	516,607
Benefits and taxes	-	65,963
Office supplies	-	6,836
Operating supplies	-	6,166
Repairs and maintenance	-	203,718
Professional services	-	163,730
Communication and transportation	-	27,154
Contractual services	-	789,839
Utilities	-	124,552
Purchased wastewater treatment	-	3,280,672
Other services	-	29
Machinery and equipment	-	1,557,029
Other capital outlay	-	29,419
Waste management:		
Salaries and wages	-	118,675
Office supplies	-	967
Repairs and maintenance	-	720
Professional services	-	10,676
Communication and transportation	-	11,855
Printing and advertising	-	4,361
Purchased waste disposal	-	1,146,254
Rentals	-	45,168
Other services	-	1,058
Machinery and equipment	-	476
Amortization expense	448	25,819
Depreciation expense	343,045	1,668,478
Miscellaneous expenses	1,787	-
	<u>422,210</u>	<u>10,621,990</u>
Operating loss	<u>(157,817)</u>	<u>(2,119,727)</u>
Nonoperating revenues (expenses):		
Interest and investment revenue	10,954	803,435
Interest expense	<u>(94,820)</u>	<u>(776,579)</u>
	<u>(83,866)</u>	<u>26,856</u>
Income (loss) before contributions and transfers	(241,683)	(2,092,871)
Capital contributions	<u>375,912</u>	<u>3,421,746</u>
Change in net assets	134,229	1,328,875
Total net assets - beginning, as previously stated	6,087,642	72,357,266
Prior period adjustment - see note	-	<u>(356,062)</u>
	<u>6,087,642</u>	<u>72,001,204</u>
Total net assets - beginning, restated	<u>6,087,642</u>	<u>72,001,204</u>
Total net assets - ending	<u>\$ 6,221,871</u>	<u>\$ 73,330,079</u>

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

AVIATION COMMISSION AND WASTEWATER UTILITY  
CITY OF GREENWOOD  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
As Of And For The Year Ended December 31, 2006

	Aviation	Wastewater
Cash flows from operating activities:		
Receipts from customers and users	\$ 244,955	\$ 8,290,908
Payments to suppliers and contractors	(72,813)	(6,731,313)
Payments to employees	(6,076)	(942,572)
Payments to other funds	-	(658,773)
Other receipts	-	153,738
	166,066	111,988
Net cash provided by operating activities		
Cash flows from capital and related financing activities:		
Capital contributions	882,775	-
Acquisition and construction of capital assets	(892,662)	(922,185)
Principal paid on capital debt	(84,094)	(620,000)
Interest paid on capital debt	(101,719)	(764,293)
	(195,700)	(2,306,478)
Net cash used by capital and related financing activities		
Cash flows from investing activities:		
Interest received	10,954	802,843
	10,954	802,843
Net decrease in cash and cash equivalents	(18,680)	(1,391,647)
Cash and cash equivalents, January 1	195,076	17,504,730
Cash and cash equivalents, December 31	\$ 176,396	\$ 16,113,083
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (157,817)	\$ (2,119,727)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	343,045	1,668,478
Amortization expense	448	25,819
(Increase) decrease in assets:		
Accounts receivable	(22,665)	(145,444)
Due from City	-	(658,773)
Prepaid items	-	11,243
Increase (decrease) in liabilities:		
Accounts payable	128	390,158
Employee benefits payable	-	738
Customer deposits payable	1,302	-
Wages payable	-	1,543
Compensated absence payable	-	6,234
Deferred revenue	1,625	87,828
Contracts payable	-	792,237
15 year agreement payable	-	51,654
	323,883	2,231,715
Total adjustments		
Net cash provided by operating activities	\$ 166,066	\$ 111,988
Noncash investing, capital and financing activities:		
Contributions of capital assets	-	3,421,746
Construction of capital asset by increase in contracts payable	89,553	20,662

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

AVIATION COMMISSION AND 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 Aviation Commission and Wastewater Utility (Commission and 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 Commission and Utility, whose operations are controlled by the City, represent 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 City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Commission's and 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 Commission and 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.

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

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

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

Open-end mutual funds are reported at fair value.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because 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:

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 750	Straight-line	50 years
Improvements other than buildings	750	Straight-line	50 years
Machinery and equipment – treatment plant	750	Straight-line	10 years
Machinery and equipment - other	750	Straight-line	5 years
Transportation equipment	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 \$757,489. None of that amount was included as part of the cost of capital assets under construction.

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. Unused PTO may be accumulated to a maximum of 320 hours. Accumulated PTO is paid to employees through cash payments upon termination.

Paid time-off is accrued when incurred.

6. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

II. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2006, the bank balance was insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

B. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	01-01-06 Balance	Increases	Decreases	12-31-06 Balance
Aviation Commission:				
Capital assets, not being depreciated:				
Land	\$ 3,382,821	\$ -	\$ -	\$ 3,382,821
Construction in progress	<u>1,734,177</u>	<u>411,649</u>	<u>964,006</u>	<u>1,181,820</u>
 Total capital assets, not being depreciated	 <u>5,116,998</u>	 <u>411,649</u>	 <u>964,006</u>	 <u>4,564,641</u>
Capital assets, being depreciated:				
Buildings	2,443,647	-	-	2,443,647
Improvements other than buildings	5,216,687	964,006	-	6,180,693
Machinery and equipment	<u>138,568</u>	<u>-</u>	<u>-</u>	<u>138,568</u>
 Totals	 <u>7,798,902</u>	 <u>964,006</u>	 <u>-</u>	 <u>8,762,908</u>
Less accumulated depreciation for:				
Buildings	683,488	48,873	-	732,361
Improvements other than buildings	4,489,774	284,934	-	4,774,708
Machinery and equipment	<u>35,505</u>	<u>9,238</u>	<u>-</u>	<u>44,743</u>
 Totals	 <u>5,208,767</u>	 <u>343,045</u>	 <u>-</u>	 <u>5,551,812</u>
 Total capital assets, being depreciated, net	 <u>2,590,135</u>	 <u>620,961</u>	 <u>-</u>	 <u>3,211,096</u>
 Total capital assets, net	 <u>\$ 7,707,133</u>	 <u>\$ 1,032,610</u>	 <u>\$ 964,006</u>	 <u>\$ 7,775,737</u>
	01-01-06 Balance as Restated	Increases	Decreases	12-31-06 Balance
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 294,579	\$ -	\$ -	\$ 294,579
Construction in progress	<u>24,258,942</u>	<u>779,007</u>	<u>24,547,353</u>	<u>490,596</u>
 Total capital assets, not being depreciated	 <u>24,553,521</u>	 <u>779,007</u>	 <u>24,547,353</u>	 <u>785,175</u>

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

	01-01-06 Balance as Restated	Increases	Decreases	12-31-06 Balance
Wastewater Utility (continued):				
Capital assets, being depreciated:				
Buildings	792,722	-	-	792,722
Improvements other than buildings	54,697,015	27,969,100	-	82,666,115
Machinery and equipment	670,174	163,837	-	834,011
Office/miscellaneous equipment	171,046	-	-	171,046
Transportation equipment	462,398	-	-	462,398
Treatment plant	177,854	-	-	177,854
	<u>56,971,209</u>	<u>28,132,937</u>	-	<u>85,104,146</u>
Totals				
Less accumulated depreciation for:				
Buildings	563,977	16,545	-	580,522
Improvements other than buildings	9,350,802	1,600,803	-	10,951,605
Machinery and equipment	670,174	9,657	-	679,831
Office/miscellaneous equipment	163,039	7,579	-	170,618
Transportation equipment	428,035	16,109	-	444,144
Treatment plant	82,999	17,785	-	100,784
	<u>11,259,026</u>	<u>1,668,478</u>	-	<u>12,927,504</u>
Totals				
Total capital assets, being depreciated, net	<u>45,712,183</u>	<u>26,464,459</u>	-	<u>72,176,642</u>
Total capital assets, net	<u>\$ 70,265,704</u>	<u>\$ 27,243,466</u>	<u>\$ 24,547,353</u>	<u>\$ 72,961,817</u>

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

	<u>2006</u>
Aviation Commission	\$ 343,045
Wastewater	<u>1,668,478</u>
Total depreciation expense	<u>\$ 2,011,523</u>

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

C. Construction Commitments

Construction work in progress is composed of the following:

Aviation Commission:

Project	Total Project Authorized	Expended to December 31, 2006	Committed	Required Future Funding
Runway extension AIP 17	\$ 155,485	\$ 155,485	\$ -	\$ -
Runway extension AIP 18	1,052,632	1,024,784	-	27,848
Taxiway extension	178,603	1,551	-	177,052
Totals	<u>\$ 1,386,720</u>	<u>\$ 1,181,820</u>	<u>\$ -</u>	<u>\$ 204,900</u>

Wastewater Utility:

Project	Total Project Authorized	Expended to December 31, 2006	Committed	Required Future Funding
Western regional sanitary sewer	\$ 2,125,059	\$ 411,621	\$ -	\$ 1,713,438
Graham road project	23,500	10,225	-	13,275
Cobblestone lift station	295,000	68,750	-	226,250
Totals	<u>\$ 2,443,559</u>	<u>\$ 490,596</u>	<u>\$ -</u>	<u>\$ 1,952,963</u>

D. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2006, is as follows:

Due To	Due From General Fund
Wastewater Utility	<u>\$ 658,773</u>

Interfund balances resulted because goods and services provided by the General Fund were reimbursed from the Wastewater Utility twice.

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

2. Interfund Transfers

Due to cash flow problems, the Wastewater Operating Fund transferred \$97,509 to the Waste Management Operating Fund to pay for expenses of Waste Management. Waste Management is not expected to pay the amount back.

E. Long-Term Liabilities

1. Revenue Bonds

The Commission and Utility 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
1999 Airport bonds	5.25% to 5.75%	\$ 695,000
2003 Airport bonds	5%	968,055
1997 Sewage works refunding	4.20% to 5.00%	1,980,000
1997 Series B sewage works refunding	4.60% to 4.875%	4,450,000
1998 Series C sewage works	4.20% to 4.91%	<u>8,880,000</u>
 Total		 <u>\$ 16,973,055</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Aviation Commission		Wastewater Utility	
	Principal	Interest	Principal	Interest
2007	\$ 78,625	\$ 90,016	\$ 650,000	\$ 728,616
2008	85,784	85,758	680,000	799,744
2009	93,063	80,985	715,000	669,166
2010	95,469	75,860	750,000	636,529
2011	98,010	70,569	790,000	601,986
2012-2016	593,420	262,467	4,585,000	2,416,863
2017-2021	521,970	91,242	5,780,000	1,205,370
2022-2026	96,714	3,162	1,360,000	66,640
 Totals	 <u>\$ 1,663,055</u>	 <u>\$ 760,059</u>	 <u>\$ 15,310,000</u>	 <u>\$ 7,124,914</u>

AVIATION COMMISSION AND 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, 2006, was as follows:

	01-01-06 Balance	Additions	Reductions	12-31-06 Balance	Due Within One Year
Revenue bonds payable:					
Aviation Commission	\$ 1,747,149	\$ -	\$ 84,094	\$ 1,663,055	\$ 78,625
Wastewater Utility	15,930,000	-	620,000	15,310,000	650,000
Less unamortized discount	(55,657)	-	(4,482)	(51,175)	-
Less deferred amount on refunding	(83,995)	-	(14,608)	(69,387)	-
Total Wastewater Utility	<u>15,790,348</u>	<u>-</u>	<u>600,910</u>	<u>15,189,438</u>	<u>650,000</u>
Total long-term liabilities	<u>\$ 17,537,497</u>	<u>\$ -</u>	<u>\$ 685,004</u>	<u>\$ 16,852,493</u>	<u>\$ 650,000</u>

F. Restricted Assets

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

Bond sinking	\$ 1,175,114
Availability fees	10,435,999
Bond proceeds	<u>2,321</u>
Total restricted assets	<u>\$ 11,613,434</u>

G. Restatements

For the year ended December 31, 2005, certain changes have been made to the financial statements to more appropriately reflect the financial activity of the Wastewater Utility. Prior period adjustments represent payments recorded as additions to a construction project in prior years that were actually repairs to an existing asset and should have been expensed.

	Balance as Reported December 31, 2005	Prior Period Adjustments	Balance as Restated January 1, 2006
Construction in progress	\$ 24,615,004	\$ (356,062)	\$ 24,258,942
Net assets	72,357,266	(356,062)	72,001,204

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

III. Other Information

A. Risk Management

The Commission and Utility 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 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 Commission and Utility have 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 cost are reimbursed by the City Funds – General and Fire and by the Wastewater Utility Funds based on the costs associated with each coverage group.

B. Postemployment Benefits

In addition to the pension benefits described below, the Commission and Utility provide postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire on or after attaining a specific age with at least 25 years of service. Currently, one retiree meets these eligibility requirements. The Commission and Utility provide 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 7, 2003.

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

D. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City, including the Aviation Commission and Wastewater 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 Commission's and Utility's annual pension costs 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 Commission and Utility is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the City as a whole.

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 338,308
Interest on net pension obligation	(7,338)
Adjustment to annual required contribution	8,362
Annual pension cost	339,332
Contributions made	300,351
Increase in net pension obligation	38,981
Net pension obligation, beginning of year	(101,211)
Net pension obligation, end of year	\$ (62,230)
Contribution rates:	
Commission and Utility	5.75%
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	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

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 231,851	95%	\$ (103,955)
	06-30-05	266,242	99%	(101,211)
	06-30-06	339,332	113%	(62,230)

AVIATION COMMISSION AND WASTEWATER UTILITY  
 CITY OF GREENWOOD  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employee's 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)
07-01-04	\$ 3,248,996	\$ 3,927,090	\$ (678,094)	83%	\$ 4,785,036	(14%)
07-01-05	3,457,869	4,753,988	(1,296,119)	73%	5,032,112	(26%)
07-01-06	3,828,562	5,065,417	(1,236,855)	76%	5,335,140	(23%)

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

AVIATION COMMISSION AND WASTEWATER UTILITY  
CITY OF GREENWOOD  
AUDIT RESULTS AND COMMENTS

PRESCRIBED FORMS – Wastewater Utility

The following prescribed or approved forms were not always in use: Wastewater Billing Form and Receipts Form. The forms also were not date stamped as 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)

CONTRACTS – Aviation Commission

Rent collected for hangars did not always agree with the amount per contract. All contracts should be updated to agree with rent billed. Some hangar contracts were not presented for audit.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK ACCOUNT RECONCILIATIONS – Wastewater Utility

Depository reconciliations of the First Indiana Fund balance to the bank account balances were not presented for audit. Depository reconciliations of the Wastewater Operating, Wastewater Sinking, Wastewater Depreciation, and Waste Management funds were presented for audit; however, there were differences noted that have been identified, but correcting entries were not posted to ledger. Audit adjusting entries were presented to management and were approved and posted.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

AVIATION COMMISSION AND WASTEWATER UTILITY  
CITY OF GREENWOOD  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2007, with Charles E. Henderson, Mayor; Jeannine Myers, Clerk-Treasurer; Keith R. Hardin, President of the Common Council; Ron Bates, Council member; Jessie Reed, Council member; Norm Gabehart, Director of Operations; and Patrick A. Sherman, financial consultant.