

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

ANNUAL FINANCIAL REPORT

2006

WATER, WASTEWATER, AND STORM WATER UTILITIES

TOWN OF PLAINFIELD

HENDRICKS COUNTY, INDIANA



FILED

12/31/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Auditor's Report	3
Statement of Net Assets	4
Statement of Revenues, Expenses, and Changes in Fund Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7-17
Required Supplementary Information: Schedule of Funding Progress	18
Audit Results and Comments: Internal Controls	19
Computer output	19
Bond ordinances and resolutions	19
Exit Conference	20

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wesley Bennett	01-01-06 to 12-31-11
President of the Town Council	Robin Brandgard	01-01-06 to 12-31-07
Superintendent of Utilities	Jason Castetter	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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 AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the business-type activities of the Water, Wastewater, and Storm Water Utilities (Utilities), departments of the Town of Plainfield, as of and for the year ended December 31, 2006. These financial statements are the responsibility of the Utilities' 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 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 business-type activities 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, 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 Water, Wastewater, and Storm Water Utilities, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Town has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

December 10, 2007

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
STATEMENT OF NET ASSETS
December 31, 2006

<u>Assets</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Storm Water Utility</u>
Current assets:			
Cash and cash equivalents	\$ 2,493,992	\$ 1,193,493	\$ 82,509
Accounts receivable (net of allowance)	209,157	500,613	88,648
Interfund receivables:			
Due from Town	203,604	-	-
Due from Utility	108,990	379,190	-
Inventories	134,104	31,487	-
Prepaid items	6,971	6,888	-
Total current assets	<u>3,156,818</u>	<u>2,111,671</u>	<u>171,157</u>
Noncurrent assets:			
Restricted cash, cash equivalents and investments:			
Availability cash and investments	461,623	-	-
Bond and interest cash and investments	295,559	811,146	-
Construction cash and investments	124,280	1,566,187	-
Inspection cash and investments	-	668,008	-
Customer deposits	206,011	-	-
Total restricted assets	<u>1,087,473</u>	<u>3,045,341</u>	<u>-</u>
Deferred charges	265,443	398,029	-
Capital assets:			
Land, improvements to land and construction in progress	947,218	5,043,384	134,991
Other capital assets (net of accumulated depreciation)	50,686,843	83,645,391	2,728,222
Total capital assets	<u>51,634,061</u>	<u>88,688,775</u>	<u>2,863,213</u>
Total noncurrent assets	<u>52,986,977</u>	<u>92,132,145</u>	<u>2,863,213</u>
Total assets	<u>56,143,795</u>	<u>94,243,816</u>	<u>3,034,370</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	68,166	162,508	-
Interfund payables:			
Due to Town	-	233,733	-
Due to Utility	122,410	108,990	256,780
Taxes payable	9,471	-	-
Compensated absences	20,507	20,891	-
Current liabilities payable from restricted assets:			
Customer deposits	179,849	-	-
Revenue bonds payable	300,000	490,000	-
Accrued interest payable	145,559	321,095	-
Total current liabilities	<u>845,962</u>	<u>1,337,217</u>	<u>256,780</u>
Noncurrent liabilities:			
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	6,606,617	14,036,378	-
Total liabilities	<u>7,452,579</u>	<u>15,373,595</u>	<u>256,780</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	44,727,444	74,162,398	2,728,222
Restricted for debt service	295,559	811,146	-
Restricted for construction	124,280	1,566,187	-
Restricted for inspection	-	668,008	-
Restricted for availability fees	461,623	-	-
Restricted for customer deposits	206,011	-	-
Unrestricted	2,876,299	1,662,482	49,368
Total net assets	<u>\$ 48,691,216</u>	<u>\$ 78,870,221</u>	<u>\$ 2,777,590</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 REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
As Of And For The Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Storm Water Utility
Operating revenues:			
Unmetered revenue	\$ 13,851	\$ -	\$ -
Metered water revenue	2,509,958	3,961,845	149,100
Fire protection revenue	203,604	-	-
Other	<u>657,731</u>	<u>1,255,039</u>	<u>32,263</u>
Total operating revenues	<u>3,385,144</u>	<u>5,216,884</u>	<u>181,363</u>
Operating expenses:			
Transmission and distribution	238,420	-	-
Pumping - operations and maintenance	-	51,123	240
Treatment and disposal - operations and maintenance	-	323,755	-
Other	-	-	732
Salaries and wages	640,773	588,400	-
Employee pensions and benefits	162,351	141,201	-
Chemicals	79,301	54,212	-
Materials and supplies	193,926	281,984	-
Contractual services	266,929	968,861	131,023
Transportation expenses	11,808	3,679	-
Insurance expense	60,821	59,053	-
Utility tax	23,370	-	-
Depreciation	918,161	1,369,474	55,678
Amortization	18,132	26,864	-
Miscellaneous expenses	<u>99,246</u>	<u>408,216</u>	<u>-</u>
Total operating expenses	<u>2,713,238</u>	<u>4,276,822</u>	<u>187,673</u>
Operating income (loss)	<u>671,906</u>	<u>940,062</u>	<u>(6,310)</u>
Nonoperating revenues (expenses):			
Interest and investment revenue	67,932	149,558	-
Interest expense	<u>(297,883)</u>	<u>(656,393)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(229,951)</u>	<u>(506,835)</u>	<u>-</u>
Income (loss) before contributions and extraordinary loss	441,955	433,227	(6,310)
Capital contributions	1,347,325	2,389,900	2,783,900
Loss on write-off of receivable	<u>(400,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	1,389,280	2,823,127	2,777,590
Total net assets - beginning (as previously reported)	39,224,574	74,749,961	-
Correction of error - see Note II.G.	8,077,362	1,297,133	-
Total net assets - beginning (as restated)	<u>47,301,936</u>	<u>76,047,094</u>	<u>-</u>
Total net assets - ending	<u>\$ 48,691,216</u>	<u>\$ 78,870,221</u>	<u>\$ 2,777,590</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
ENTERPRISE FUNDS
As Of And For The Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Storm Water Utility
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,659,357	\$ 3,904,206	\$ 244,591
Payments to suppliers and contractors	(1,136,209)	(2,703,205)	(131,995)
Payments to employees	(803,124)	(729,601)	-
Other receipts	<u>657,731</u>	<u>1,255,039</u>	<u>32,263</u>
Net cash provided by operating activities	<u>1,377,755</u>	<u>1,726,439</u>	<u>144,859</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,838,870)	(503,248)	(62,350)
Principal paid on capital debt	(290,000)	-	-
Interest paid on capital debt	<u>(149,485)</u>	<u>(354,475)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(2,278,355)</u>	<u>(857,723)</u>	<u>(62,350)</u>
Cash flows from investing activities:			
Interest received	<u>67,932</u>	<u>149,557</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(832,668)	1,018,273	82,509
Cash and cash equivalents, January 1	<u>4,414,133</u>	<u>3,220,560</u>	<u>-</u>
Cash and cash equivalents, December 31	<u>\$ 3,581,465</u>	<u>\$ 4,238,833</u>	<u>\$ 82,509</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 671,906	\$ 940,062	\$ (6,310)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	918,161	1,369,474	55,678
Amortization expense	18,132	26,863	-
(Increase) decrease in assets:			
Accounts receivable	(68,056)	(57,639)	(88,648)
Interfund receivables	122,410	(8,948)	-
Prepaid items	7,350	7,433	-
Increase (decrease) in liabilities:			
Accounts payable	(88,538)	(171,616)	-
Interfund payables	(251,259)	(379,190)	184,139
Taxes payable	9,471	-	-
Customer deposits	<u>38,178</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>705,849</u>	<u>786,377</u>	<u>151,169</u>
Net cash provided by operating activities	<u>\$ 1,377,755</u>	<u>\$ 1,726,439</u>	<u>\$ 144,859</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets from developers	\$ 1,347,325	\$ 2,389,900	\$ 2,783,900
Purchase of equipment on account	-	275,501	72,641
Discounted acquisition of property	350,000	-	-

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 the Town's enterprise funds.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

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 Town 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 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, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
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.

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 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Water Utility:			
Land	\$ 1,000	N/A	N/A
Buildings and building 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
Transportation	5,000	Straight-line	5 years
Infrastructure	100,000	Straight-line	25-75 years
Wastewater Utility:			
Land	1,000	N/A	N/A
Buildings and building improvements	50,000	Straight-line	50 years
Improvements other than buildings	5,000	Straight-line	50 years
Machinery and equipment	5,000	Straight-line	5 years
Transportation	5,000	Straight-line	3-15 years
Infrastructure	100,000	Straight-line	25-100 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
Storm Water Utility:			
Land	\$ 1,000	N/A	N/A
Buildings and building improvements	50,000	Straight-line	50 years
Improvements other than buildings	5,000	Straight-line	50 years
Machinery and equipment	5,000	Straight-line	5 years
Transportation	5,000	Straight-line	3-15 years
Infrastructure	100,000	Straight-line	25-50 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

5. Compensated Absences

- a. Sick Leave – Utilities employees earn sick leave at the rate of 8 to 12 hours per month. Unused sick leave may be accumulated to a maximum of 240 or 360 hours. Accumulated sick leave is not paid to employees.
- b. Vacation Leave – Utilities employees earn vacation leave at rates from 48 to 312 hours per year based upon the number of years of service. Vacation leave does not accumulate from year to year. Accumulated vacation leave is paid to employees through cash payments upon termination.

Vacation and sick leave 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 balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

B. Capital Assets

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

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 37,770	\$ 490,308	\$ -	\$ 528,078
Construction in progress	438,461	455,811	475,132	419,140
Total capital assets, not being depreciated	476,231	946,119	475,132	947,218
Capital assets, being depreciated:				
Building and building improvements	11,899,542	1,549,921	-	13,449,463
Improvements other than buildings	46,422,818	1,515,288	-	47,938,106
Machinery and equipment	228,639	-	-	228,639
Totals	58,550,999	3,065,209	-	61,616,208
Less accumulated depreciation for:				
Buildings and building improvements	1,556,233	266,876	-	1,823,109
Improvements other than buildings	8,326,052	633,432	-	8,959,484
Machinery and equipment	128,919	17,853	-	146,772
Totals	10,011,204	918,161	-	10,929,365
Total capital assets, being depreciated, net	48,539,795	2,147,048	-	50,686,843
Total capital assets, net	\$ 49,016,026	\$ 3,093,167	\$ 475,132	\$ 51,634,061
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 1,001,361	\$ -	\$ -	\$ 1,001,361
Construction in progress	3,668,314	413,845	40,136	4,042,023
Total capital assets, not being depreciated	4,669,675	413,845	40,136	5,043,384
Capital assets, being depreciated:				
Building and building improvements	24,691,851	233,740	-	24,925,591
Improvements other than buildings	73,699,469	2,561,200	-	76,260,669
Machinery and equipment	360,576	-	-	360,576
Totals	98,751,896	2,794,940	-	101,546,836

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

	Beginning Balance	Increases	Decreases	Ending Balance
Wastewater Utility:				
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Buildings and building improvements	5,802,989	498,512	-	6,301,501
Improvements other than buildings	10,464,283	852,036	-	11,316,319
Machinery and equipment	264,699	18,926	-	283,625
Totals	16,531,971	1,369,474	-	17,901,445
Total capital assets, being depreciated, net	82,219,925	1,425,466	-	83,645,391
Total capital assets, net	\$ 86,889,600	\$ 1,839,311	\$ 40,136	\$ 88,688,775
Stormwater Utility:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 62,350	\$ -	\$ 62,350
Construction in progress	-	72,641	-	72,641
Total capital assets, not being depreciated	-	134,991	-	134,991
Capital assets, being depreciated:				
Improvements other than buildings	-	2,783,900	-	2,783,900
Less accumulated depreciation for:				
Improvements other than buildings	-	55,678	-	55,678
Total capital assets, being depreciated, net	-	2,728,222	-	2,728,222
Total capital assets, net	\$ -	\$ 2,863,213	\$ -	\$ 2,863,213

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

Water	\$ 918,161
Wastewater	1,369,474
Stormwater	55,678
Total depreciation expense	\$ 2,343,313

C. Construction Commitments

Construction work in progress is composed of the following:

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

Project	Total Project Authorized	Expended to December 31, 2006	Committed	Required Future Funding
Water Utility:				
Anderson Park wells	\$ 212,994	\$ 212,994	\$ -	\$ -
Swinford wells	139,680	132,445	-	7,235
Liberty water wells	66,571	66,571	-	-
United water wells	7,129	7,130	-	(1)
Totals	<u>\$ 426,374</u>	<u>\$ 419,140</u>	<u>\$ -</u>	<u>\$ 7,234</u>
Wastewater Utility:				
Clarks Creek sewer	\$ 3,430,313	\$ 3,430,313	\$ -	\$ -
Crystal Bay lift station	834,867	611,710	-	223,157
Totals	<u>\$ 4,265,180</u>	<u>\$ 4,042,023</u>	<u>\$ -</u>	<u>\$ 223,157</u>
Stormwater Utility:				
Sugar Grove lines	<u>\$ 196,326</u>	<u>\$ 72,641</u>	<u>\$ -</u>	<u>\$ 123,685</u>

D. Interfund Balances and Activity

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

Due To	Due From				Totals
	General Fund	Water Utility	Wastewater Utility	Stormwater Utility	
Water Utility	\$ 203,604	\$ -	\$ 108,990	\$ -	312,594
Wastewater Utility	-	122,410	-	256,780	379,190
High School Bond Fund	-	-	34,000	-	34,000
Rainy Day Fund	-	-	199,733	-	199,733
Totals	<u>\$ 203,604</u>	<u>\$ 122,410</u>	<u>\$ 342,723</u>	<u>\$ 256,780</u>	<u>\$ 925,517</u>

Interfund balances resulted from the time lag between the dates that payments between funds are made. The wastewater payables to the High School Bond Fund and Rainy Day Fund are for items that were paid from those funds that were related to a wastewater construction project.

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
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 12-31-06	Unamortized Premium	Unamortized Deferral of Loss	Net Amount
Water Utility:					
2003 Improvement	2.00% to 4.50%	\$ 4,885,000	\$ -	\$ -	\$ 4,885,000
2004 Refunding	3.00% to 4.75%	<u>2,050,000</u>	<u>39,665</u>	<u>(68,048)</u>	<u>2,021,617</u>
Totals		<u>\$ 6,935,000</u>	<u>\$ 39,665</u>	<u>\$ (68,048)</u>	<u>\$ 6,906,617</u>
Wastewater Utility:					
1999A Improvement	4.85% to 5.00%	\$ 1,370,000	\$ -	\$ -	\$ 1,370,000
2003A Refunding	3.50% to 4.75%	11,160,000	-	(113,622)	11,046,378
2003B Improvement	3.50% to 4.00%	<u>2,110,000</u>	<u>-</u>	<u>-</u>	<u>2,110,000</u>
Totals		<u>\$ 14,640,000</u>	<u>\$ -</u>	<u>\$ (113,622)</u>	<u>\$ 14,526,378</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2007	\$ 300,000	\$ 145,559	\$ 490,000	\$ 633,615
2008	305,000	282,556	505,000	616,203
2009	310,000	273,406	520,000	598,265
2010	320,000	263,331	535,000	579,802
2011	330,000	251,806	555,000	560,173
2012-2016	1,840,000	1,051,463	3,130,000	2,425,205
2017-2021	2,395,000	608,483	3,915,000	1,671,948
2022-2026	<u>1,135,000</u>	<u>81,463</u>	<u>4,990,000</u>	<u>616,075</u>
Totals	<u>\$ 6,935,000</u>	<u>\$ 2,958,067</u>	<u>\$ 14,640,000</u>	<u>\$ 7,701,286</u>

2. Advance Refunding

In prior years, the Utilities defeased certain revenue and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Utilities' financial statements. The following outstanding bonds, at December 31, 2006, were considered defeased:

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

	Amount
1996 Water improvement	\$ 2,205,000
1993 Wastewater improvement	2,555,000

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable:					
Water Utility	\$ 7,225,000	\$ -	\$ 290,000	\$ 6,935,000	\$ 300,000
Premium	43,631	-	3,966	39,665	-
Less deferred amount on refunding	74,853	-	6,805	68,048	-
Total water revenue bonds payable	7,193,778	-	287,161	6,906,617	300,000
Wastewater Utility	14,640,000	-	-	14,640,000	490,000
Less deferred amount on refunding	127,825	-	14,203	113,622	-
Total wastewater revenue bonds payable	14,512,175	-	(14,203)	14,526,378	490,000
Total long-term liabilities	\$ 21,705,953	\$ -	\$ 272,958	\$ 21,432,995	\$ 790,000

F. Restatements

For the year ended December 31, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Utilities. Prior period adjustments represent errors in the calculation of deflated cost of capital assets and accumulated depreciation. Prior period adjustments also represent errors in items that were expensed in 2005 that should have been recorded in construction in progress and projects that were transferred to capital assets that were not completed and should have remained in construction in progress.

	Balance as Reported December 31, 2005	Prior Period Adjustments	Balance as Restated January 1, 2006
Water improvements other than buildings	\$ 43,721,718	\$ 2,701,100	\$ 46,422,818
Water buildings and building improvements	11,969,442	(69,900)	11,899,542
Water unrestricted net assets	39,224,574	8,077,362	47,301,936
Water accumulated depreciation	15,322,680	(5,311,476)	10,011,204
Water construction in progress	303,775	134,686	438,461
Wastewater building and building improvements	23,670,378	1,021,473	24,691,851
Wastewater improvement other than buildings	77,128,240	(3,428,771)	73,699,469
Wastewater unrestricted net assets	74,749,961	1,297,133	76,047,094
Wastewater construction in progress	3,315	3,664,999	3,668,314
Wastewater accumulated depreciation, improvements other than buildings	10,503,715	(39,432)	10,464,283

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

G. Loss on receivable

The Water Utility reported a \$750,000 receivable in 2005. The receivable was related to a contract with the Indianapolis Water Company. The contract was in dispute and the Utility was not receiving payments on the receivable. In 2006, the Utility negotiated the purchase of a water plant from the Indianapolis Water Company. To settle the dispute over the receivable, a discount of \$350,000 was taken from the price of the plant. The \$350,000 discount was to eliminate the receivable and completely settle the dispute. The Water Utility is reporting a loss of \$400,000 for the difference between the receivable and the settlement.

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; 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; 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.

B. Subsequent Events

On May 31, 2007, the Wastewater Utility entered into an agreement for a bond anticipation note for \$10,000,000. The note has an interest rate of 4.1% and is payable on January 1, 2009.

C. Rate Structure

1. Water Utilities

On July 8, 1989, the Town Council adopted Ordinance No. 5-89 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on July 22, 2002. The Utility has 8,221 customers.

2. Wastewater Utilities

The current rate structure was approved by the Town Council on August 11, 2003. The Utility has 9,068 customers.

3. Storm Water Utilities

The current rate structure was approved by the Town Council on July 24, 2006. The Utility has 10,356 customers.

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

D. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town, including the Utilities, contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Utilities authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 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 Utilities' annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the Town as a whole and is presented in the governmental activities of the financial statements and is not presented as an asset/liability of the proprietary funds.

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 126,707
Interest on net pension obligation	(4,352)
Adjustment to annual required contribution	4,960
Annual pension cost	127,315
Contributions made	135,866
Decrease in net pension obligation	(8,551)
Net pension obligation, beginning of year	(60,030)
Net pension obligation, end of year	\$ (68,581)
Contribution rates:	
Utilities	4%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

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	\$ 75,448	116%	\$ (19,907)
	06-30-05	79,867	150%	(60,030)
	06-30-06	127,315	170%	(68,581)

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

PERF Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,608,441	\$ 1,571,961	\$ 36,480	102%	\$ 1,791,829	2%
07-01-05	1,703,575	2,002,048	(298,473)	85%	2,141,343	(14%)
07-01-06	1,932,438	2,257,467	(325,029)	86%	2,669,116	(12%)

Information not available to separate Town and Utilities.

WATER, WASTEWATER, AND STORM WATER UTILITIES
TOWN OF PLAINFIELD
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Controls over the disbursing, recording, and accounting for the financial activities were insufficient. Town funds directly paid for costs relating to the Wastewater Crystal Bay Lift Station construction project. In 2006, a total of \$233,733 was paid from the Rainy Day Fund and the High School Construction Bond Fund for costs relating to the Wastewater Crystal Bay Lift Station.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Payments or transfers which are not authorized by statute, ordinance or resolution must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPUTER OUTPUT

Access to records and information generated by the computer system was limited due to an inability to create specified reports needed. A detail of billings could not be agreed to the recordings in the ledger. A report for adjustments or cash receipts could not be created except for daily amounts.

Public records, financial statement information and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-15-6-3(d) states:

"No financial records or records relating thereto shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the State Board of Accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced as described in subsection (e)."

ORDINANCES AND RESOLUTIONS

The Utilities have ordinances concerning the bonds. However, the Utilities did not transfer a monthly amount into the bond and interest accounts or maintain a debt reserve account as specified in the ordinances.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

The contents of this report were discussed on December 17, 2007, with Wesley, Bennett, Clerk-Treasurer; Robin Brandgard, President of the Town Council; and Kent McPhail, Town Council member.