

**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, 2011 to December 31, 2011



**FILED**  
11/21/2012



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Statement of Net Assets - Proprietary Funds.....	4
Proprietary Statement of Revenues, Expenses and Other Changes in Fund Net Assets .....	5
Statement of Cash Flows Proprietary Funds.....	6
Notes to Financial Statements .....	7-19
Exit Conference.....	20

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wesley Bennett	01-01-08 to 12-31-15
President of the Town Council	Robin Brandgard	01-01-11 to 12-31-12
Superintendent of Utilities	Jason Castetter	01-01-11 to 12-31-12



**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](http://www.in.gov/sboa)

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 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, 2011. The Utilities' management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

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

As discussed in Note I, the financial statements of the Water, 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, 2011, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities for the Water, Wastewater, and Storm Water Utilities, as of December 31, 2011, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Water, 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.

STATE BOARD OF ACCOUNTS

September 11, 2012

WATER, WASTEWATER, AND STORM WATER UTILITIES  
TOWN OF PLAINFIELD  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
December 31, 2011

<u>Assets</u>	<u>Water</u>	<u>Wastewater</u>	<u>Storm Water</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 4,077,627	\$ 1,599,744	\$ 2,820,459
Accounts receivable (net of allowance)	309,108	377,622	164,684
Other receivable	7,760	-	-
Inventories	112,729	12,194	43,011
Prepaid items	<u>8,962</u>	<u>5,156</u>	<u>1,719</u>
<b>Total current assets</b>	<b><u>4,516,186</u></b>	<b><u>1,994,716</u></b>	<b><u>3,029,873</u></b>
<b>Noncurrent assets:</b>			
<b>Restricted cash, cash equivalents and investments:</b>			
Bond and interest cash and investments	495,355	1,573,003	1,030,691
Construction cash and investments	-	-	34,914
Depreciation cash and investments	288,393	-	-
Availability cash and investments	710,289	335,852	27,773
Inspection cash and investments	<u>-</u>	<u>134,894</u>	<u>-</u>
<b>Total restricted assets</b>	<b><u>1,494,037</u></b>	<b><u>2,043,749</u></b>	<b><u>1,093,378</u></b>
Deferred charges	<u>222,170</u>	<u>255,194</u>	<u>180,115</u>
<b>Capital assets:</b>			
Land, improvements to land and construction in progress	6,933,987	9,246,260	4,463,918
Other capital assets (net of accumulated depreciation)	<u>47,840,321</u>	<u>82,004,638</u>	<u>7,909,228</u>
<b>Total capital assets</b>	<b><u>54,774,308</u></b>	<b><u>91,250,898</u></b>	<b><u>12,373,146</u></b>
<b>Total noncurrent assets</b>	<b><u>56,490,515</u></b>	<b><u>93,549,841</u></b>	<b><u>13,646,639</u></b>
<b>Total assets</b>	<b><u>61,006,701</u></b>	<b><u>95,544,557</u></b>	<b><u>16,676,512</u></b>
<b><u>Liabilities</u></b>			
<b>Current liabilities:</b>			
Accounts payable	64,945	145,022	236,632
Accrued wages payable	16,426	20,882	6,296
Taxes payable	19,299	-	-
<b>Current liabilities payable from restricted assets:</b>			
Customer deposits	217,535	-	-
Revenue bonds payable	436,000	-	140,000
Accrued interest payable	<u>118,769</u>	<u>-</u>	<u>-</u>
<b>Total current liabilities</b>	<b><u>872,974</u></b>	<b><u>165,904</u></b>	<b><u>382,928</u></b>
<b>Noncurrent liabilities:</b>			
<b>General obligation bonds payable (net of unamortized discounts)</b>			
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	7,370,191	10,902,608	8,225,000
Bond anticipation note payable	<u>656,945</u>	<u>-</u>	<u>-</u>
<b>Total noncurrent liabilities</b>	<b><u>8,027,136</u></b>	<b><u>10,902,608</u></b>	<b><u>8,225,000</u></b>
<b>Total liabilities</b>	<b><u>8,900,110</u></b>	<b><u>11,068,512</u></b>	<b><u>8,607,928</u></b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	46,311,172	80,348,290	4,008,146
Restricted for debt service	495,355	1,573,003	1,030,691
Restricted for construction	-	-	34,914
Restricted for inspection	-	134,894	-
Restricted for availability fees	710,289	335,852	27,773
Restricted for customer deposits	280,908	-	-
Unrestricted	<u>4,308,867</u>	<u>2,084,006</u>	<u>2,967,060</u>
<b>Total net assets</b>	<b><u>\$ 52,106,591</u></b>	<b><u>\$ 84,476,045</u></b>	<b><u>\$ 8,068,584</u></b>

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 OTHER CHANGES IN FUND NET ASSETS  
As Of And For The Year Ended December 31, 2011

	<u>Water</u>	<u>Wastewater</u>	<u>Storm Water</u>
Operating revenues:			
Metered revenue	\$ 3,894,536	\$ 5,259,720	\$ 1,986,740
Unmetered revenue	1,319,055	1,082,404	24,800
Other	<u>105,025</u>	<u>42,599</u>	<u>94,441</u>
 Total operating revenues	 <u>5,318,616</u>	 <u>6,384,723</u>	 <u>2,105,981</u>
Operating expenses:			
Transmission and distribution	451,647	-	-
Treatment and disposal-operations and maintenance	-	640,507	-
Other	24,498	5,180	3,621
Salaries and wages	635,300	825,860	250,040
Employee pensions and benefits	296,486	352,048	98,158
Sludge removal	-	88,751	-
Chemicals	246,601	63,629	-
Materials and supplies	229,538	19,730	12,527
Contractual services	566,352	1,007,800	394,469
Transportation expenses	28,737	-	-
Insurance expense	25,037	685	12,117
Depreciation	<u>954,995</u>	<u>1,443,365</u>	<u>201,118</u>
 Total operating expenses	 <u>3,459,191</u>	 <u>4,447,555</u>	 <u>972,050</u>
 Operating income (loss)	 <u>1,859,425</u>	 <u>1,937,168</u>	 <u>1,133,931</u>
Nonoperating revenues (expenses):			
Interest expense	(432,278)	(865,074)	(388,943)
Amortization expense	<u>(38,257)</u>	<u>(22,275)</u>	<u>(32,242)</u>
 Total nonoperating revenues (expenses)	 <u>(470,535)</u>	 <u>(887,349)</u>	 <u>(421,185)</u>
 Income (loss) before contributions and transfers	 1,388,890	 1,049,819	 712,746
 Change in net assets	 1,388,890	 1,049,819	 712,746
Total net assets - beginning as previously reported	51,265,412	83,459,170	7,099,058
Restatement of beginning net assets (Note II H)	<u>(547,711)</u>	<u>(32,944)</u>	<u>256,780</u>
Total net assets - beginning, as restated	<u>50,717,701</u>	<u>83,426,226</u>	<u>7,355,838</u>
Total net assets - ending	<u>\$ 52,106,591</u>	<u>\$ 84,476,045</u>	<u>\$ 8,068,584</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, 2011

	<u>Water</u>	<u>Wastewater</u>	<u>Storm Water</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 3,894,329	\$ 5,047,210	\$ 1,988,113
Payments to suppliers and contractors	(1,670,035)	(1,793,164)	(421,697)
Payments to employees	(898,651)	(1,157,026)	(347,386)
Other receipts	<u>1,442,300</u>	<u>1,125,002</u>	<u>119,240</u>
Net cash provided (used) by operating activities	<u>2,767,943</u>	<u>3,222,022</u>	<u>1,338,270</u>
Cash flows from capital and related financing activities:			
Capital contributions	141,647	-	-
Acquisition and construction of capital assets	(2,512,879)	(1,786,832)	(346,300)
Principal paid on capital debt	(520,100)	(1,139,000)	(140,000)
Interest paid on capital debt	<u>(371,406)</u>	<u>(787,453)</u>	<u>(388,943)</u>
Net cash provided (used) by capital and related financing activities	<u>(3,262,738)</u>	<u>(3,713,285)</u>	<u>(875,243)</u>
Net increase in cash and cash equivalents	(494,795)	(491,263)	463,027
Cash and cash equivalents, January 1	<u>6,066,459</u>	<u>4,134,758</u>	<u>3,450,810</u>
Cash and cash equivalents, December 31	<u>\$ 5,571,664</u>	<u>\$ 3,643,495</u>	<u>\$ 3,913,837</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	<u>\$ 1,859,425</u>	<u>\$ 1,937,168</u>	<u>\$ 1,133,931</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	\$ 954,995	\$ 1,443,365	\$ 201,118
(Increase) decrease in assets:			
Accounts receivable	(257)	(212,510)	1,372
Other receivable	47,852	-	-
Inventories	4,317	9,888	(16,706)
Prepaid items	(3,393)	685	228
Increase (decrease) in liabilities:			
Accounts payable	(54,758)	22,544	17,515
Taxes payable	(13,783)	-	-
Accrued wages payable	3,128	20,882	812
Customer deposits	<u>(29,583)</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>908,518</u>	<u>1,284,854</u>	<u>204,339</u>
Net cash provided by operating activities	<u>\$ 2,767,943</u>	<u>\$ 3,222,022</u>	<u>\$ 1,338,270</u>

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

WATER, WASTEWATER, AND STORMWATER 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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The utilities have elected not to follow subsequent private-sector guidance.

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The utilities' cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the utilities to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

WATER, WASTEWATER, AND STORMWATER 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.

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 business-type 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 business-type activity 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.

The financial statements report \$4,631,164 of restricted net assets by utility, none of which is restricted by enabling legislation.

Water	\$ 1,494,037
Wastewater	2,043,749
Storm Water	<u>1,093,378</u>
 Total	 <u><u>\$ 4,631,164</u></u>

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.

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

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:

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

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

depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Utilities do not have a deposit policy for custodial credit risk. At December 31, 2011, the Utilities had deposit balances in the amount of \$13,128,994.

Water	\$ 5,571,664
Wastewater	3,643,493
Storm Water	<u>3,913,837</u>
 Total	 <u>\$ 13,128,994</u>

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 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, 2011.

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

B. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activity</u>				
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 568,228	\$ -	\$ -	\$ 568,228
Construction in progress	<u>3,886,259</u>	<u>2,479,500</u>	<u>-</u>	<u>6,365,759</u>
Total capital assets, not being depreciated	<u>4,454,487</u>	<u>2,479,500</u>	<u>-</u>	<u>6,933,987</u>
Capital assets, being depreciated:				
Buildings	14,432,090	33,379	-	14,465,469
Improvements other than buildings	48,649,290	-	-	48,649,290
Machinery and equipment	<u>375,429</u>	<u>-</u>	<u>-</u>	<u>375,429</u>
Totals	<u>63,456,809</u>	<u>33,379</u>	<u>-</u>	<u>63,490,188</u>
Less accumulated depreciation for:				
Buildings	(2,969,220)	(287,196)	-	(3,256,416)
Improvements other than buildings	(11,529,444)	(642,914)	-	(12,172,358)
Machinery and equipment	<u>(196,208)</u>	<u>(24,885)</u>	<u>-</u>	<u>(221,093)</u>
Totals	<u>(14,694,872)</u>	<u>(954,995)</u>	<u>-</u>	<u>(15,649,867)</u>
Total capital assets, being depreciated, net	<u>48,761,937</u>	<u>(921,616)</u>	<u>-</u>	<u>47,840,321</u>
Total capital assets, net	<u>\$53,216,424</u>	<u>\$ 1,557,884</u>	<u>\$ -</u>	<u>\$54,774,308</u>
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 1,049,347	\$ -	\$ -	\$ 1,049,347
Construction in progress	<u>6,449,618</u>	<u>1,747,295</u>	<u>-</u>	<u>8,196,913</u>
Total capital assets, not being depreciated	<u>7,498,965</u>	<u>1,747,295</u>	<u>-</u>	<u>9,246,260</u>
Capital assets, being depreciated:				
Buildings	24,969,018	39,537	-	25,008,555
Improvements other than buildings	81,608,412	-	-	81,608,412
Machinery and equipment	<u>427,081</u>	<u>-</u>	<u>-</u>	<u>427,081</u>
Totals	<u>107,004,511</u>	<u>39,537</u>	<u>-</u>	<u>107,044,048</u>
Less accumulated depreciation for:				
Buildings	(7,799,641)	(499,380)	-	(8,299,021)
Improvements other than buildings	(15,500,644)	(919,946)	-	(16,420,590)
Machinery and equipment	<u>(295,760)</u>	<u>(24,038)</u>	<u>-</u>	<u>(319,798)</u>
Totals	<u>(23,596,045)</u>	<u>(1,443,364)</u>	<u>-</u>	<u>(25,039,409)</u>
Total capital assets, being depreciated, net	<u>83,408,466</u>	<u>(1,403,827)</u>	<u>-</u>	<u>82,004,639</u>
Total capital assets, net	<u>\$90,907,431</u>	<u>\$ 343,468</u>	<u>\$ -</u>	<u>\$91,250,899</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activity</u>				
Storm Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 123,240	\$ -	\$ -	\$ 123,240
Construction in progress	<u>3,870,678</u>	<u>470,000</u>	<u>-</u>	<u>4,340,678</u>
Total capital assets, not being depreciated	<u>3,993,918</u>	<u>470,000</u>	<u>-</u>	<u>4,463,918</u>
Capital assets, being depreciated:				
Buildings	-	37,834	-	37,834
Improvements other than buildings	8,271,996	-	19,958	8,252,038
Machinery and equipment	<u>503,066</u>	<u>-</u>	<u>-</u>	<u>503,066</u>
Totals	<u>8,775,062</u>	<u>37,834</u>	<u>19,958</u>	<u>8,792,938</u>
Less accumulated depreciation for:				
Buildings	-	(1,261)	-	(1,261)
Improvements other than buildings	(624,492)	(165,041)	-	(789,533)
Machinery and equipment	<u>(58,100)</u>	<u>(34,816)</u>	<u>-</u>	<u>(92,916)</u>
Totals	<u>(682,592)</u>	<u>(201,118)</u>	<u>-</u>	<u>(883,710)</u>
Total capital assets, being depreciated, net	<u>8,092,470</u>	<u>(163,284)</u>	<u>19,958</u>	<u>7,909,228</u>
Total capital assets, net	<u>\$ 12,086,388</u>	<u>\$ 306,716</u>	<u>\$ 19,958</u>	<u>\$ 12,373,146</u>

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

	<u>2011</u>
Water	\$ 954,995
Wastewater	1,443,364
Storm Water	<u>201,118</u>
Total depreciation expense	<u>\$ 2,599,477</u>

C. Construction Commitments

Construction work in progress is composed of the following:

	<u>2011</u>	
<u>Project</u>	<u>Expended to December 31,</u>	<u>Committed</u>
Water Utility:		
Master Plan DPW	\$ 3,217,166	\$ 3,500,000
North Plant	672,399	2,000,000
Swinford	2,453,194	5,269,000
Centex Settlement	<u>23,000</u>	<u>25,000</u>
Totals	<u>\$ 6,365,759</u>	<u>\$ 10,794,000</u>

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

<u>Project</u>	2011	
	Expended to December 31,	Committed
Wastewater Utility:		
North Plant and Water Tower	\$ 3,351,443	\$ 5,000,000
Vestal Road Extension	467	-
Avon US 40 Project	74,513	150,000
Expansion North WTP	2,868,738	3,000,000
West Fork Interceptor	381,584	600,000
WCCD Expansion	986,458	986,458
North Plant And Deer Path	533,710	1,200,000
Totals	\$ 8,196,913	\$ 10,936,458
Storm Water Utility:		
Treatment Plant	\$ 2,590,016	\$ 6,966,000
Main Street Drainage	45,306	50,000
Vestal Road Extension	4,632	1,500,000
West Fork Interceptor	238,041	600,000
US 40 Avon	74,513	100,000
Sugar Hills Estate	39,080	40,000
Denver Street	17,452	20,000
Deer Path	70,000	100,000
South Hills Drainage	567,942	1,500,000
Buchannon Street	617,403	1,000,000
Talon Stream	76,294	1,800,000
Totals	\$ 4,340,678	\$ 13,676,000
Totals	\$ 18,903,350	\$ 35,406,458

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:

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

Purpose	Interest Rates	Balance at December 31	Less: Unamortized (Premium) Discount	Less: Deferral on Refunding	Amount
Water Utility:					
2003 Improvement	2% to 4.50%	\$ 4,245,000	\$ -	\$ -	\$ 4,245,000
2004 Refunding	3% to 4.75%	1,125,000	19,832	(34,023)	1,139,191
2009 SRF	3.87%	<u>2,422,000</u>	<u>-</u>	<u>-</u>	<u>2,422,000</u>
Totals		<u>\$ 7,792,000</u>	<u>\$ 19,832</u>	<u>\$ (34,023)</u>	<u>\$ 7,806,191</u>
Wastewater Utility:					
1999A Improvement	4.85% to 5.00%	\$ 1,370,000	\$ -	\$ -	\$ 1,370,000
2003A Refunding	3.50% to 4.75%	8,910,000	-	(42,608)	8,952,608
2003B Improvement	3.50% to 4.00%	<u>580,000</u>	<u>-</u>	<u>-</u>	<u>580,000</u>
Totals		<u>\$ 10,860,000</u>	<u>\$ -</u>	<u>\$ (42,608)</u>	<u>\$ 10,902,608</u>
Storm Water Utility:					
2009A Improvement	3.50% to 5.00%	\$ 8,365,000	\$ -	\$ -	\$ 8,365,000
Totals		<u>\$ 8,365,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,365,000</u>
Grand Total		<u>\$ 27,017,000</u>	<u>\$ 19,832</u>	<u>\$ (76,631)</u>	<u>\$ 27,073,799</u>

Revenue bonds debt service requirements to maturity are as follows:

	Water Utility		Wastewater Utility		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 436,000	\$ 333,069	\$ 600,000	\$ -	\$ 140,000	\$ 384,043
2013	449,000	315,754	625,000	502,905	140,000	379,153
2014	468,000	297,722	650,000	477,905	145,000	374,243
2015	482,000	277,811	680,000	448,760	150,000	369,168
2016	501,000	257,295	710,000	417,698	155,000	363,918
2017-2021	3,039,000	930,737	4,105,000	1,566,540	855,000	1,729,225
2022-2026	1,891,000	273,260	4,090,000	497,563	2,170,000	1,533,623
2027-2031	<u>526,000</u>	<u>41,216</u>	<u>-</u>	<u>-</u>	<u>4,610,000</u>	<u>461,520</u>
Totals	<u>\$ 7,792,000</u>	<u>\$ 2,726,864</u>	<u>\$ 11,460,000</u>	<u>\$ 3,911,370</u>	<u>\$ 8,365,000</u>	<u>\$ 5,594,890</u>

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

The Wastewater Utility is in the process of drawing down a State Revolving Fund (SRF) loan for construction related projects. The projects have not yet been completed and therefore a formal debt amortization schedule has not been established; however, principal and interest payments related to the drawdown of the SRF funds in the amounts of \$564,000 and \$237,548, respectively, were paid by Bank of New York Mellon, acting as paying agent for the utility, during the calendar year 2011. As a result, the amounts reported in the financial statements for principal and interest paid on outstanding debt, as well as the outstanding debt balances reported in the notes to the financial statements, do not agree by these amounts.

2. Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds payable:					
Water Utility	\$ 8,214,000	\$ -	\$ 422,000	\$ 7,792,000	\$ 436,000
Wastewater Utility	12,035,000	-	1,175,000	10,860,000	-
Storm Water Utility	8,505,000	-	140,000	8,365,000	140,000
Less deferred amount on refunding:					
Water Utility	(42,585)	-	(14,191)	(28,394)	-
Wastewater Utility	(71,013)	-	(42,608)	(28,405)	-
Storm Water Utility	-	-	-	-	-
Total revenue bonds payable	28,867,598	-	1,793,799	27,073,799	576,000
Compensated absences	-	-	-	-	-
Total Long-term liabilities	<u>\$ 28,867,598</u>	<u>\$ -</u>	<u>\$ 1,793,799</u>	<u>\$ 27,073,799</u>	<u>\$ 576,000</u>

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.

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

Condensed Statement of Net Assets

	Water	Wastewater	Storm Water
<b>Assets:</b>			
Current assets	\$ 4,516,186	\$ 1,994,716	\$ 3,029,873
Restricted assets	1,494,037	2,043,749	1,093,378
Deferred charges	222,170	255,194	180,115
Capital assets	<u>54,774,308</u>	<u>91,250,898</u>	<u>12,373,146</u>
<b>Total assets</b>	<b><u>\$ 61,006,701</u></b>	<b><u>\$ 95,544,557</u></b>	<b><u>\$ 16,676,512</u></b>
<b>Liabilities:</b>			
Current liabilities	\$ 872,974	\$ 165,904	\$ 242,928
Noncurrent liabilities	<u>8,027,136</u>	<u>10,902,608</u>	<u>8,365,000</u>
<b>Total liabilities</b>	<b><u>\$ 8,900,110</u></b>	<b><u>\$ 11,068,512</u></b>	<b><u>\$ 8,607,928</u></b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	\$46,311,172	\$80,348,290	\$ 4,008,146
Restricted	1,486,552	2,043,749	1,093,378
Unrestricted	<u>4,308,867</u>	<u>2,084,006</u>	<u>2,967,060</u>
<b>Total net assets</b>	<b><u>\$ 52,106,591</u></b>	<b><u>\$ 84,476,045</u></b>	<b><u>\$ 8,068,584</u></b>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	Water	Wastewater	Storm Water
Charged (pledged against bonds)	\$ 5,318,616	\$ 6,384,723	\$ 2,105,981
Depreciation expense	(954,995)	(1,443,365)	(201,118)
Other operating expenses	<u>(2,504,196)</u>	<u>(3,004,190)</u>	<u>(770,932)</u>
<b>Operating income</b>	<b>1,859,425</b>	<b>1,937,168</b>	<b>1,133,931</b>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings	-	-	-
interest expense	(432,278)	(865,074)	(388,943)
Amortization expense	<u>(38,257)</u>	<u>(22,275)</u>	<u>(32,242)</u>
<b>Change in net assets</b>	<b>1,388,890</b>	<b>1,049,819</b>	<b>712,746</b>
Beginning net assets, as previously reported	51,265,412	83,459,170	7,099,058
Restatement of beginning net assets	<u>(547,711)</u>	<u>(32,944)</u>	<u>256,780</u>
<b>Beginning net assets, as restated</b>	<b><u>50,717,701</u></b>	<b><u>83,426,226</u></b>	<b><u>7,355,838</u></b>
<b>Ending net assets</b>	<b><u>\$ 52,106,591</u></b>	<b><u>\$ 84,476,045</u></b>	<b><u>\$ 8,068,584</u></b>

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

Condensed Statement of Cash Flows

	2011		
	Water	Wastewater	Storm Water
Net cash provided (used) by			
Operating activities	\$ 2,767,943	\$ 3,222,022	\$ 1,338,270
Noncapital financing activities	-	-	-
Capital and related financing activities	<u>(3,262,738)</u>	<u>(3,713,285)</u>	<u>(875,243)</u>
Net increase (decrease)	(494,795)	(491,263)	463,027
Beginning cash and cash equivalents	<u>6,066,459</u>	<u>4,134,758</u>	<u>3,450,810</u>
Ending cash and cash equivalents	<u>\$ 5,571,664</u>	<u>\$ 3,643,495</u>	<u>\$ 3,913,837</u>

F. Restricted Assets

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

	2011		
	Water	Wastewater	Storm Water
Customer deposits	\$ 288,393	\$ -	\$ -
Revenue bond operations and maintenance account	495,355	1,573,003	1,030,691
Availability	710,290	335,852	27,774
Inspection	-	134,894	-
Revenue bond construction account	<u>-</u>	<u>-</u>	<u>34,914</u>
Total restricted assets	<u>\$ 1,494,038</u>	<u>\$ 2,043,749</u>	<u>\$ 1,093,379</u>

G. Restatements

For the year ended December 31, 2011, certain changes have been made to the financial statements to more appropriately reflect financial activity of the utilities. Prior period adjustments represent adjustments to amounts due to and due from the various utilities included in prior reports.

Opinion Unit	Balance as Reported December 31, 2010	Fund Reclassification	New Funds	Prior Period Adjustments	Balance as Restated January 1, 2011
Water Fund Balance	\$ 51,265,412	\$ 610	\$ -	\$ (547,711)	\$ 50,717,701
Wastewater Fund Balance	83,459,170	710	-	(32,944)	83,426,226
Storm Water Fund Balance	7,099,058	-	-	256,780	7,355,838

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

III. Other Information

A. Risk Management

The utilities are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; 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 and Single-Employer Defined Benefit Pension Plans

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 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.

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

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 by the Board of Trustees of INPRS. The net pension obligation is a liability of the Town of Plainfield and not obligated by any of the utilities.

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 UTILITY  
TOWN OF PLAINFIELD  
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2012, 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.