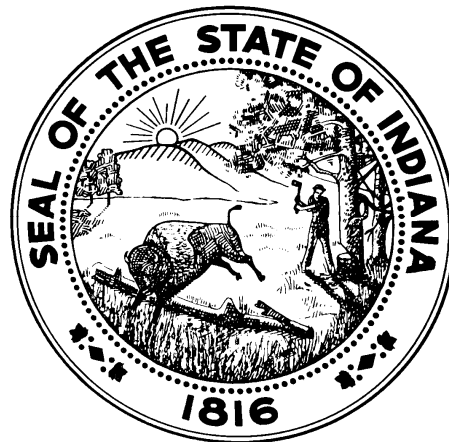


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF

ELECTRIC, WATER, WASTEWATER,
AND STORM WATER UTILITIES
CITY OF GREENFIELD
HANCOCK COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED
10/29/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Larry J. Breese	01-01-08 to 12-31-11
Mayor	Honorable Bradford DeReamer	01-01-08 to 12-31-11
President of the Board of Public Works	Honorable Bradford DeReamer Joseph Duffy	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Common Council	Donald J. Davis Gary P. Evans	01-01-08 to 12-31-08 01-01-09 to 12-31-09
Controller of Utilities	Otto W. Krohn, C.P.A	01-01-08 to 12-31-09
Superintendent of Electric Utility	Nelson Castordale	01-01-08 to 12-31-09
Superintendent of Water Utility	Mark Nance Dave Scheiter	01-01-08 to 01-09-09 01-10-09 to 12-31-09
Superintendent of Wastewater Utility	Dave Scheiter	01-01-08 to 12-31-09
Superintendent of Storm Water Utility	Dan Miller	01-01-08 to 12-31-09
Utility Office Manager	Judy Smoll	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE ELECTRIC, WATER, WASTEWATER, AND
STORM WATER UTILITIES, CITY OF GREENFIELD, HANCOCK COUNTY, INDIANA

We have examined the accompanying financial statements of the business-type activities of the Electric, Water, Wastewater, and Storm Water Utilities (Utilities), departments of the City of Greenfield (City), as of and for the year ended December 31, 2008. The Utilities' management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

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

As discussed in Note I, the financial statements of the Utilities, are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Utilities. They do not purport to, and do not, present fairly the financial position of the City of Greenfield as of December 31, 2008, 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 Utilities, as of December 31, 2008, 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.

STATE BOARD OF ACCOUNTS

September 28, 2009

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
STATEMENT OF NET ASSETS
December 31, 2008

<u>Assets</u>	Electric Utility	Water Utility	Wastewater Utility	Storm Water Utility
Current assets:				
Cash and cash equivalents	\$ 2,732,527	\$ 1,752,842	\$ 456,718	\$ 847,662
Investments	2,124,034	2,121,272	541,190	-
Accounts receivable (net of allowance)	1,847,813	188,773	182,886	58,023
Interfund receivables:				
Interfund loans	-	375,000	-	-
Inventories	601,072	179,388	23,652	4,393
Prepaid items	-	1,423	628	-
	<u>7,305,446</u>	<u>4,618,698</u>	<u>1,205,074</u>	<u>910,078</u>
Noncurrent assets:				
Restricted cash, cash equivalents and investments:				
Depreciation cash and investments	20,983	3,846	-	-
Bond and interest cash and investments	-	324,619	115,696	-
Debt service reserve cash and investments	-	888,250	680,000	-
Reserve cash and investments	47,813	-	-	-
Availability cash and investments	40,698	34,160	178,773	-
Connection cash and investments	-	-	647,530	-
Customer deposits	481,941	147,299	-	-
	<u>591,435</u>	<u>1,398,174</u>	<u>1,621,999</u>	<u>-</u>
Deferred charges	-	127,702	65,589	-
Capital assets:				
Land, improvements to land and construction in progress	196,305	221,152	385,119	49,559
Other capital assets (net of accumulated depreciation)	15,515,863	25,002,796	26,617,281	4,462,539
	<u>15,712,168</u>	<u>25,223,948</u>	<u>27,002,400</u>	<u>4,512,098</u>
Total noncurrent assets	<u>16,303,603</u>	<u>26,749,824</u>	<u>28,689,988</u>	<u>4,512,098</u>
Total assets	<u>23,609,049</u>	<u>31,368,522</u>	<u>29,895,062</u>	<u>5,422,176</u>
Liabilities				
Current liabilities:				
Accounts payable	2,572,151	75,172	274,014	5,027
Accrued wages payable	47,974	31,216	29,761	3,046
Accrued payroll taxes payable	3,638	2,376	2,272	233
Interfund payables:				
Interfund loans	-	-	-	375,000
Contracts payable	-	-	-	-
Taxes payable	59,888	11,344	-	-
Matured unpaid bonds and coupons	-	30,609	1,000	-
Current liabilities payable from restricted assets:				
Customer deposits	175,289	54,061	-	-
Revenue bonds payable	-	430,000	450,000	-
	<u>2,858,940</u>	<u>634,778</u>	<u>757,047</u>	<u>383,306</u>
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts)	-	9,161,045	4,935,250	-
	<u>-</u>	<u>9,161,045</u>	<u>4,935,250</u>	<u>-</u>
Total liabilities	<u>2,858,940</u>	<u>9,795,823</u>	<u>5,692,297</u>	<u>383,306</u>
Net Assets				
Invested in capital assets, net of related debt	15,712,168	15,632,903	21,617,150	4,512,098
Restricted for debt service	-	1,212,869	795,696	-
Unrestricted	5,037,941	4,726,927	1,789,919	526,772
	<u>\$ 20,750,109</u>	<u>\$ 21,572,699</u>	<u>\$ 24,202,765</u>	<u>\$ 5,038,870</u>

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

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
As Of And For The Year Ended December 31, 2008

	Electric Utility	Water Utility	Wastewater Utility	Storm Water Utility
Operating revenues:				
Residential sales	\$ 6,748,304	\$ 1,500,890	\$ 1,687,446	\$ 440,758
Commercial and industrial sales	14,806,268	678,328	680,592	320,349
Public street and highway lighting	623,768	-	-	-
Fire protection revenue	-	205,177	-	-
Penalties	96,134	19,142	50,328	12,700
Other	91,699	10,837	52,785	1,889
	<u>22,366,173</u>	<u>2,414,374</u>	<u>2,471,151</u>	<u>775,696</u>
Total operating revenues				
Operating expenses:				
Purchased power	17,221,333	-	-	-
Source of supply and expense - operations and maintenance	-	10,095	-	-
Water treatment expense - operations and maintenance	-	480,214	-	-
Transmission and distribution - operations and maintenance	1,410,419	601,748	-	-
Collection system - operations and maintenance	-	-	270,438	117,866
Treatment and disposal - operations and maintenance	-	-	877,209	-
Customer accounts	180,524	140,661	71,646	58,227
Administration and general	973,097	516,147	527,248	127,368
Depreciation and amortization	488,761	643,837	753,736	74,144
	<u>20,274,134</u>	<u>2,392,702</u>	<u>2,500,277</u>	<u>377,605</u>
Total operating expenses				
Operating income (loss)	<u>2,092,039</u>	<u>21,672</u>	<u>(29,126)</u>	<u>398,091</u>
Nonoperating revenues (expenses):				
Interest and investment revenue	149,437	156,134	84,583	17,904
Interest expense	-	(407,691)	(200,416)	-
Loss on disposal of assets	(10,119)	(550)	(857)	-
	<u>139,318</u>	<u>(252,107)</u>	<u>(116,690)</u>	<u>17,904</u>
Total nonoperating revenues (expenses)				
Income (loss) before contributions	2,231,357	(230,435)	(145,816)	415,995
Capital contributions	<u>68,700</u>	<u>1,788,703</u>	<u>1,512,969</u>	<u>899,876</u>
Change in net assets	<u>2,300,057</u>	<u>1,558,268</u>	<u>1,367,153</u>	<u>1,315,871</u>
Total net assets - beginning (as restated Note II. F)	<u>18,450,052</u>	<u>20,014,431</u>	<u>22,835,612</u>	<u>3,722,999</u>
Total net assets - ending	<u>\$ 20,750,109</u>	<u>\$ 21,572,699</u>	<u>\$ 24,202,765</u>	<u>\$ 5,038,870</u>

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

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
As Of And For The Year Ended December 31, 2008

	Electric Utility	Water Utility	Wastewater Utility	Storm Water Utility
Cash flows from operating activities:				
Receipts from customers and users	\$ 21,787,654	\$ 2,352,683	\$ 2,383,861	\$ 764,489
Payments to suppliers and contractors	(18,529,627)	(925,935)	(547,521)	(193,553)
Payments to employees	(1,340,875)	(939,502)	(961,852)	(175,833)
Other receipts	91,699	10,837	52,785	1,889
Net cash provided by operating activities	<u>2,008,851</u>	<u>498,083</u>	<u>927,273</u>	<u>396,992</u>
Cash flows from noncapital financing activities:				
Interfund loans	-	125,000	-	(125,000)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>(125,000)</u>
Cash flows from capital and related financing activities:				
Capital contributions	68,700	653,440	182,351	-
Acquisition and construction of capital assets	(1,198,440)	(225,459)	(630,568)	(79,709)
Principal paid on capital debt	-	(415,000)	(435,000)	-
Interest paid on capital debt	-	(400,882)	(194,941)	-
Net cash used by capital and related financing activities	<u>(1,129,740)</u>	<u>(387,901)</u>	<u>(1,078,158)</u>	<u>(79,709)</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	367,548	105,014	687,052	-
Purchase of investments	(1,058,474)	(270,977)	-	-
Interest received	149,437	156,134	84,583	17,904
Net cash provided (used) by investing activities	<u>(541,489)</u>	<u>(9,829)</u>	<u>771,635</u>	<u>17,904</u>
Net increase in cash and cash equivalents	337,622	225,353	620,750	210,187
Cash and cash equivalents, January 1	<u>2,986,340</u>	<u>2,925,663</u>	<u>1,457,967</u>	<u>637,475</u>
Cash and cash equivalents, December 31	<u>\$ 3,323,962</u>	<u>\$ 3,151,016</u>	<u>\$ 2,078,717</u>	<u>\$ 847,662</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	<u>\$ 2,092,039</u>	<u>\$ 21,672</u>	<u>\$ (29,126)</u>	<u>\$ 398,091</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	488,761	635,856	747,177	74,144
Amortization of bond issue costs	-	7,982	6,559	-
Increase in assets:				
Accounts receivable (net)	(508,039)	(54,625)	(34,505)	(9,318)
Inventories	(63,420)	(7,948)	(1,329)	(4,393)
Increase (decrease) in liabilities:				
Accounts payable	(24,928)	(105,715)	237,603	(58,691)
Accrued wages payable	2,990	(2,687)	919	(2,639)
Accrued payroll taxes payable	229	(223)	(25)	(202)
Taxes payable	19,259	3,014	-	-
Customer deposits	1,960	757	-	-
Total adjustments	<u>(83,188)</u>	<u>476,411</u>	<u>956,399</u>	<u>(1,099)</u>
Net cash provided by operating activities	<u>\$ 2,008,851</u>	<u>\$ 498,083</u>	<u>\$ 927,273</u>	<u>\$ 396,992</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	<u>\$ -</u>	<u>\$ 1,135,262</u>	<u>\$ 1,330,618</u>	<u>\$ 899,876</u>

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

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements reflect only the activity of the Electric, Water, Wastewater, and Storm Water Utilities (Utilities) and are not intended to present fairly the position of the City of Greenfield (City), and the results of its operations and cash flows of its enterprise funds. The Utilities, whose operations are controlled by the City, represents a substantial portion of the City's enterprise funds.

B. Fund Financial Statements

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

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

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

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

a. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Utilities do not have a deposit policy for custodial credit risk. At December 31, 2008, the Utilities had deposit balances in the amount of \$10,946,663. Of this amount, the following was exposed to custodial credit risk:

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

	2008
Uninsured and uncollateralized deposits	\$ 245,257
Uninsured deposits collateralized with securities held by the pledging financial institution	-
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	-
	-
Total	\$ 245,257

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

b. Investments

As of December 31, 2008, the Utilities had the following investments:

Investment Type	Primary Government Market Value
U.S. treasuries and securities	\$ -
U.S. agencies	3,284,706
Mutual funds	-
Repurchase agreements	-
	-
Total	\$ 3,284,706

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% of the funds held by the Utilities and available for investment. The portfolio

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Utilities do not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Utilities must follow state statute and limit the stated final maturities of the investments to no more than two years. The Utilities do not have a formal investment policy for interest rate risk for investments.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ -	\$ -	\$ -
U.S. agencies	100,268	3,184,438	-
Mutual bond funds	-	-	-
Repurchase agreements	-	-	-
Totals	<u>\$ 100,268</u>	<u>\$ 3,184,438</u>	<u>\$ -</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The Utilities do not have a formal investment policy for credit risk for investments.

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
 CITY OF GREENFIELD
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Utilities do not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

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 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 covenant. Additionally, deposits made by customers for utility service and fees for service connection and availability are classified as restricted assets on the Statement of Net Assets because their use is limited by the applicable ordinance that established the deposit and fees.

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
Land	\$ 1	N/A	N/A
Buildings	2,500	Straight-line	50 years
Improvements other than buildings	2,500	Straight-line	20-50 years
Machinery and equipment	2,500	Straight-line	5-50 years
Transportation equipment	2,500	Straight-line	5-10 years

N/A – Not applicable.

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Compensated Absences

- a. Sick Leave – employees earn sick leave at the rate of 7 days per year. Unused sick leave may be accumulated to a maximum of 100 days. At the end of each year, days in excess of 100 days are purchased from the employee by paying each day at the employee's daily rate of pay on January 1 of that year. Accumulated sick leave is not paid to employees upon separation.
- b. Vacation Leave – employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year. Accumulated vacation leave is paid to employees through cash payments upon separation.
- c. Personal Leave – employees earn personal leave at the rate of 3 days per year. Personal leave does not accumulate from year to year.

No liability is reported for vacation, sick, or personal leave.

6. Long-Term Obligations

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

II. Detailed Notes on All Funds

A. Deposits and Investments

Deposits, made in accordance with IC 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Electric Utility:				
Capital assets, not being depreciated:				
Land	\$ 189,663	\$ 6,642	\$ -	\$ 196,305
Construction in progress	55,544	-	55,544	-
Total capital assets, not being depreciated	245,207	6,642	55,544	196,305
Capital assets, being depreciated:				
Buildings	1,309,731	10,916	-	1,320,647
Improvements other than buildings	10,953,693	1,044,800	48,928	11,949,565
Machinery and equipment	6,123,695	90,936	4,471	6,210,160
Transportation equipment	956,436	100,690	42,099	1,015,027
Totals	19,343,555	1,247,342	95,498	20,495,399
Less accumulated depreciation for:				
Buildings	153,659	19,038	-	172,697
Improvements other than buildings	2,412,081	198,383	48,033	2,562,431
Machinery and equipment	1,639,799	218,168	2,983	1,854,984
Transportation equipment	370,615	53,172	34,363	389,424
Totals	4,576,154	488,761	85,379	4,979,536
Total capital assets, being depreciated, net	14,767,401	758,581	10,119	15,515,863
Total capital assets, net	\$ 15,012,608	\$ 765,223	\$ 65,663	\$ 15,712,168
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 221,152	-	-	\$ 221,152
Capital assets, being depreciated:				
Buildings	9,851,083	-	-	9,851,083
Improvements other than buildings	17,430,010	1,126,177	-	18,556,187
Machinery and equipment	6,069,241	234,544	6,302	6,297,483
Transportation equipment	315,169	-	-	315,169
Totals	33,665,503	1,360,721	6,302	35,019,922

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility (continued):				
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Buildings	1,248,149	183,262	-	1,431,411
Improvements other than buildings	6,235,733	293,799	-	6,529,532
Machinery and equipment	1,732,898	131,293	5,752	1,858,439
Transportation equipment	170,242	27,502	-	197,744
Totals	9,387,022	635,856	5,752	10,017,126
Total capital assets, being depreciated, net	24,278,481	724,865	550	25,002,796
Total capital assets, net	<u>\$ 24,499,633</u>	<u>\$ 724,865</u>	<u>\$ 550</u>	<u>\$ 25,223,948</u>
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 42,536	\$ 450	\$ -	\$ 42,986
Construction in progress	81,182	476,195	215,244	342,133
Total capital assets, not being depreciated	123,718	476,645	215,244	385,119
Capital assets, being depreciated:				
Buildings	11,935,632	-	-	11,935,632
Improvements other than buildings	19,041,531	1,693,817	-	20,735,348
Machinery and equipment	4,527,950	37,614	5,627	4,559,937
Transportation equipment	530,951	-	-	530,951
Totals	36,036,064	1,731,431	5,627	37,761,868
Less accumulated depreciation for:				
Buildings	2,008,058	238,713	-	2,246,771
Improvements other than buildings	5,501,583	336,908	-	5,838,491
Machinery and equipment	2,546,757	124,498	4,770	2,666,485
Transportation equipment	345,782	47,058	-	392,840
Totals	10,402,180	747,177	4,770	11,144,587
Total capital assets, being depreciated, net	25,633,884	984,254	857	26,617,281
Total capital assets, net	<u>\$ 25,757,602</u>	<u>\$ 1,460,899</u>	<u>\$ 216,101</u>	<u>\$ 27,002,400</u>

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Storm Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 49,559	\$ -	\$ -	\$ 49,559
Capital assets, being depreciated:				
Buildings	1,717	-	-	1,717
Improvements other than buildings	3,536,014	974,960	-	4,510,974
Machinery and equipment	15,371	4,625	-	19,996
Transportation equipment	18,521	-	-	18,521
Totals	3,571,623	979,585	-	4,551,208
Less accumulated depreciation for:				
Buildings	34	35	-	69
Improvements other than buildings	11,312	70,720	-	82,032
Machinery and equipment	1,327	1,537	-	2,864
Transportation equipment	1,852	1,852	-	3,704
Totals	14,525	74,144	-	88,669
Total capital assets, being depreciated, net	3,557,098	905,441	-	4,462,539
Total capital assets, net	\$ 3,606,657	\$ 905,441	\$ -	\$ 4,512,098

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

Electric	\$ 488,761
Water	635,856
Wastewater	747,177
Storm Water	74,144
Total depreciation expense	\$ 1,945,938

C. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2008	Committed
Wastewater Utility:			
Sanitary Sewer Rehabilitation	\$ 252,512	\$ 239,886	\$ 12,626
Lift Station/Radio Telemetry Upgrade	196,258	102,247	94,011
Totals	\$ 448,770	\$ 342,133	\$ 106,637

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
 CITY OF GREENFIELD
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

D. Interfund Loan

The composition of interfund loan balances as of December 31, 2008, is as follows:

Receivable	Payable Storm Water Utility
Water Utility	\$ <u>375,000</u>

The Water Utility loaned the Storm Water Utility \$500,000 in 2007. This is an interest free loan that is to be repaid in annual installments of \$125,000.

E. Long-Term Liabilities

1. Revenue Bonds

The Utilities issues 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
Water Utility - 2004 New Water Plant and Well Field	2.25% - 4.5%	\$ 9,700,000
Wastewater Utility - 2003 New Wastewater Treatment Plant	2% - 3.75%	<u>5,440,000</u>
Total		<u>\$ 15,140,000</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2009	\$ 430,000	\$ 388,431	\$ 450,000	\$ 184,066
2010	445,000	375,531	470,000	170,566
2011	460,000	361,625	485,000	156,466
2012	480,000	346,675	505,000	141,310
2013	500,000	329,875	525,000	125,150
2014-2018	2,870,000	1,345,000	3,005,000	338,488
2019-2023	3,665,000	691,970	-	-
2024-2028	850,000	38,250	-	-
Totals	<u>\$ 9,700,000</u>	<u>\$ 3,877,357</u>	<u>\$ 5,440,000</u>	<u>\$ 1,116,046</u>

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Revenue bonds payable:					
Water Utility	\$ 10,115,000	\$ -	\$ 415,000	\$ 9,700,000	\$ 430,000
Less unamortized bond discount	<u>115,765</u>	<u>-</u>	<u>6,810</u>	<u>108,955</u>	<u>-</u>
Total Water Utility	<u>9,999,235</u>	<u>-</u>	<u>408,190</u>	<u>9,591,045</u>	<u>430,000</u>
Wastewater Utility	5,875,000	-	435,000	5,440,000	450,000
Less unamortized bond discount	<u>60,225</u>	<u>-</u>	<u>5,475</u>	<u>54,750</u>	<u>-</u>
Total Wastewater Utility	<u>5,814,775</u>	<u>-</u>	<u>429,525</u>	<u>5,385,250</u>	<u>450,000</u>
Total long-term liabilities	<u>\$ 21,749,235</u>	<u>\$ -</u>	<u>\$ 1,278,190</u>	<u>\$ 20,471,045</u>	<u>\$ 1,330,000</u>

F. Restatements

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Utilities. Prior period adjustment represents the Construction in Progress costs expensed in the previous year.

<u>Wastewater Utility</u>	Balance as Reported December 31, 2007	Prior Period Adjustments	Balance as Restated January 1, 2008
Construction in progress	<u>\$ 3,443,565</u>	<u>\$ 31,647</u>	<u>\$ 3,475,212</u>
Net assets	<u>\$ 22,803,965</u>	<u>\$ 31,647</u>	<u>\$ 22,835,612</u>

III. Other Information

A. Risk Management

The Utilities are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; 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

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Rate Structure

1. Electric Utility

The current rate structure was approved by the City Council in 2007. The Utility has 9,560 customers.

2. Water Utility

The current rate structure was approved by the City Council on October 27, 2008. The Utility has 7,364 customers.

3. Wastewater Utility

The current rate structure was approved by the City Council on September 24, 2008. The Utility has 7,383 customers.

4. Storm Water Utility

The current rate structure was approved by the City Council on September 24, 2008. The Utility has 7,154 customers.

C. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
 CITY OF GREENFIELD
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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 City's and 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 City and the Utilities is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the City as a whole.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 364,521
Interest on net pension obligation	(10,380)
Adjustment to annual required contribution	11,829
Annual pension cost	365,970
Contributions made	342,200
Increase (decrease) in net pension obligation	23,770
Net pension obligation, beginning of year	(143,170)
Net pension obligation, end of year	\$ (119,400)
Contribution rates:	
Utilities	7.5%
Plan members	3.0%
Actuarial valuation date	07-01-07
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

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
 CITY OF GREENFIELD
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

<u>Actuarial Assumptions</u>	<u>PERF</u>
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

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-06	\$ 318,894	91%	\$ (147,767)
	06-30-07	326,050	99%	(143,170)
	06-30-08	365,970	94%	(119,400)

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
EXAMINATION RESULTS AND COMMENTS

DELINQUENT ACCOUNTS (Applies to Wastewater and Storm Water Utilities)

Delinquent Wastewater and Storm Water fees and penalties were not recorded with the County Recorder during the year 2008. These delinquent Wastewater fees and penalties were not certified to the County Auditor which would result in a lien against the property. A similar comment has appeared in the last two reports.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (1), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

(1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

(A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.

(B) A description of the premises, as shown by the records of the county auditor.

(C) The amount of the delinquent fees, together with the penalty; or

(2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May"

DUMPING CHARGES - INTERNAL CONTROL (Applies to Wastewater Utility)

Controls over the recording and accounting for the Wastewater Utility dumping charges were insufficient: There was no written documentation that an employee verified the gallonage of dumping loads. Dumping charges were based solely on gallonage amounts written in a log by the individual company drivers.

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

CAPITAL ASSET RECORDS (Applies to Electric Utility)

The Electric Utility's Summarized Activity Schedule supports the General Ledger for the Capital Assets. However, the Schedule does not include the disposals for the Accumulated Depreciation account and therefore the ending Accumulated Depreciation balance did not agree to the General Ledger. In addition, the Utility has some errors in the detailed records of capital assets for its Utility Plant in Service accounts. The records were established as a data base in 2005. The detailed records have not been updated since then. The values of additions and disposals have been maintained but not posted to the detail. The records in the data base are now three years old. Since the data base is used to calculate depreciation and the prior two years of additions have not been added to the detail, the depreciation expense is understated because depreciation expense was not calculated on those additions. In addition, the prior year examination noted that some additions were posted to the wrong asset. The errors noted involved contractor work where wire and poles were replaced at the same time. The additions were not allocated properly even though the invoice noted the split cost by account number. Therefore, those assets are carrying the wrong value and an adjustment should be made.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ELECTRIC, WATER, WASTEWATER, AND STORM WATER UTILITIES
CITY OF GREENFIELD
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2009, with Honorable Bradford DeReamer, Mayor; Larry J. Breese, Clerk-Treasurer; and Gary P. Evans, President of the Common Council.