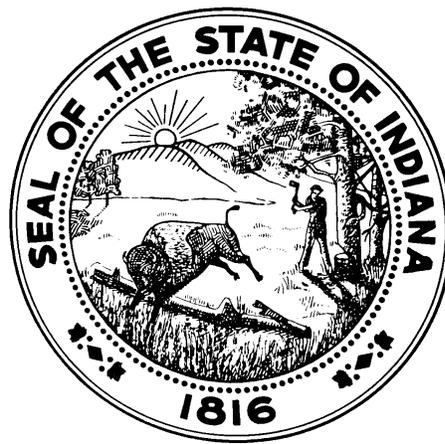


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2007

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA



FILED
09/30/2008

CRAWFORDSVILLE ELECTRIC LIGHT & POWER

TABLE OF CONTENTS

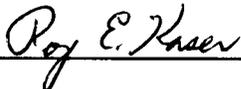
	<u>PAGE</u>
Governing Body and Officials List	2
Independent Auditor's Report	3-4
Management Discussion and Analysis	5-8
Financial Statements:	
Statement of Net Assets (Combined)	9-10
Statement of Revenues and Expenses (Combined)	11
Statement of Cash Flows (Combined)	12
Notes to Financial Statements	13-17
Combining Statements:	
Statement of Net Assets (Electric)	18-19
Statement of Revenues and Expenses (Electric)	20
Statement of Cash Flows (Electric)	21
Statement of Net Assets (Telecom)	22-23
Statement of Revenues and Expenses (Telecom)	24
Statement of Cash Flows (Telecom)	25
Supplemental Information	26-34
Audit Result and Comments:	
Capitalization Policy	35
Optical Images of Warrants	35
Internal Controls	35-36
Condition of Financial Statements and Supporting Records	36-38
Condition of Records	39-44
Supporting Documentation	44-45
Exit Conference	46
Official Response	47

CRAWFORDSVILLE ELECTRIC LIGHT & POWER

January 1, 2007 to December 31, 2007

Herewith is the Annual Report for the Year 2007 covering the operations of the Crawfordsville Electric Light & Power:

Thomas J. Sheets	President of Utility Board	811 West Main Street Crawfordsville, Indiana
Donald L. Fine	Vice-President of Utility Board	2718 Eagles Way Crawfordsville, Indiana
Michael R. Zurawski	Secretary of Utility Board	700 South Water Street Crawfordsville, Indiana
Samuel H. Hildebrand	Board Member	412 West Main Street Crawfordsville, Indiana
Dennis J. Hohlbein	Board Member	407 East Main Street Crawfordsville, Indiana
Roy E. Kaser	Manager	532 South Golf Blvd. Crawfordsville, Indiana
Terry Harris	Utility Attorney	1415 Durham Drive Crawfordsville, Indiana
Loran Rutledge	Council Liaison to Utility Board	1715 Lebanon Road Crawfordsville, Indiana
Charlie Coons	Mayor	1514 South Elm Street Crawfordsville, Indiana
Nellie Thompson	City Clerk-Treasurer	806 South Green Street Crawfordsville, Indiana
John F. Lamb	Chief Accountant	1307 East Main St. Crawfordsville, Indiana



Roy E. Kaser, Manager



John F. Lamb, Chief Accountant



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

TO: THE OFFICIALS OF THE CRAWFORDSVILLE ELECTRIC LIGHT AND POWER,
CITY OF CRAWFORDSVILLE, MONTGOMERY COUNTY, INDIANA

We have audited the accompanying financial statements of the business-type activities of the Crawfordsville Electric Light and Power, a department of the City of Crawfordsville, as of and for the year ended December 31, 2007. These financial statements are the responsibility of the Utility's management. Our responsibility is to express opinions 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 opinions.

The financial statements of the Electric Utility, City of Crawfordsville, 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 Utility. They do not purport to, and do not, present the financial position of the City of Crawfordsville as of December 31, 2007, and the changes in its financial positions and its cash flows, where applicable, for the year then ended in conformity with accounting principles general accepted in the United States of America.

Crawfordsville Electric Light and Power commingled the Accelplus Building Corporation, a separate legal entity, records with that of its Electric Utility and Telecom division. This resulted in an understatement of the 2007 beginning net assets of \$220,628.82 and an undetermined effect for ending net assets. The financial statements included the Building Corporation accounts that should not have been included as a part of Crawfordsville Electric Light and Power including capitalized interest of \$929,893.20 and unamortized issuance costs of \$621,411.04. The full effects of this commingling of records could not be reasonably determined.

In addition, the condition of the financial statements was such that thirty four of the thirty eight line items included in the Statement of Net Assets were misstated. Due to a lack of supporting documentation, some account balances could not be determined. The audit adjustments totaled \$2,792,609.94. The total effect of the quality of the financial statements on financial position, results of operations and cash flows could not be reasonably determined. As well, Note I the Summary of Significant Accounting Policies, should have disclosed that the financial statements of the Electric Utility, City of Crawfordsville, are a portion of the business-type activities of the City and that the financial statements do not present the financial position of the City of Crawfordsville, as of December 31, 2007. Certain other note disclosures are either missing data or are not presenting the information required in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
(Continued)

In our opinion, because of the effects of the matters discussed in the preceding paragraphs resulting in inaccurate and incomplete financial presentation, the financial statements referred to above do not present fairly, in all material respects, the respective financial position of the business-type activities of the Electric Utility as of December 31, 2007, 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 Management Discussion and Analysis on pages 5 through 8 is not a required part of the basic financial statements and we did not audit and do not express an opinion on such information. However, we have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. As a result of such limited procedures, we believe that the Management Discussion and Analysis is not in conformity with the accounting principles generally accepted in the United States of America due to the inclusion of the Condensed Comparative Financial Data schedule which included 2007 data that did not agree with the 2007 financial statements and the comparative year 2006 data did not agree with the prior audited financial statements. Also, the Company Debt section of the Management Discussion and Analysis stated that Accelplus, Crawfordsville Electric Light and Power's Telecom division, issued \$16,660,000 in Communication Lease Revenue Bonds. The Accelplus Building Corporation, a separate legal entity, issued the Communication Lease Revenue Bonds. The 2007 addition of a capital leased asset and capital lease payable of \$16,660,000 for the Telecom division was not disclosed.

STATE BOARD OF ACCOUNTS

August 21, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

This discussion and analysis of Crawfordsville Electric Light and Power's consolidated financial performance provides an overview of the utility's activities for the fiscal year ended December 31, 2007. This discussion includes only the activity of Crawfordsville Electric Light and Power and its telecom division, Accelplus and does not present information relative to the activities and financial performance of the City of Crawfordsville. Please read it in conjunction with the accompanying basis consolidated financial statements and the accompanying notes to the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements presented herein include all the activities of Crawfordsville Electric Light and Power and its divisions. The utility follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission and approved by the Indiana Utility Regulatory Commission. These statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principals. CEL&P and its divisions have implemented all the Governmental Accounting Standards Board pronouncements and any applicable Financial Accounting Standards pronouncements that do not conflict.

The consolidated statements of revenues, expenses and changes in net assets and cash flows present all the activity of Crawfordsville Electric Light & Power and its divisions and uses the concepts as prescribed by GASB Statement Number 34.

CONDENSED COMPARITIVE FINANCIAL DATA

Net Assets	2007	2006
Current and other assets	\$ 7,000,772	\$ 5,238,126
Capital Assets	<u>38,641,832</u>	<u>23,663,329</u>
Total Assets	\$ 28,901,455	\$ 28,901,455
Long-Term Liabilities	\$ 0	\$ 170,000
Other Liabilities	<u>20,808,238</u>	<u>3,475,392</u>
Total Liabilities	\$ 20,808,238	\$ 3,645,392
Net Assets:		
Invested in capital assets, net of		
Related debt	\$ 20,328,540	\$ 19,488,963
Restricted	3,009,105	2,831,756
Unrestricted	<u>1,852,275</u>	<u>2,935,032</u>
Total Net Assets	\$ 25,189,920	\$ 25,255,751

A condensed comparative financial statement follows:

INCOME	2007	2006
Operating Revenues	\$ 29,725,081	\$ 30,283,764
Expense		
Fuel Expense	\$ 820,935	\$ 1,017,627
Purchased Power Expense	21,163,315	20,926,512
Other Operating Expense	4,651,666	4,297,794
Maintenance Expense	1,487,757	1,517,832
Depreciation Expense	1,379,665	1,348,059
Taxes	<u>813,574</u>	<u>830,932</u>
Total Operating Expense	\$ 30,316,912	\$ 29,938,756
Other Income	\$ 956,215	\$ 412,385
Other Expense	<u>144,332</u>	<u>170,225</u>
Net Income	\$ 337,050	\$ 587,170

The primary revenue source is from the sale of electricity to utility customers.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes are presented in the supplemental data section of this report.

FINANCIAL HIGHLIGHTS

The assets of Crawfordsville Electric Light & Power exceeded the liabilities at the close of fiscal year 2007 by \$25.3 million.

Our total revenue and the average per KWH increased in the year 2007. The following items attributed to the increase in net income:

1. Total KWH purchased increased by 4.5% and the average price per KWH increased .005/KWH.
2. Total KWH unaccounted for or system losses were 14,214,725 KWH (2.6%).
3. During the year 2006 all Energy Cost Adjustments (ECA) were positive and previous quarters' collections were less than the estimated collections.

Accelplus had roughly \$315,000 in revenues during 2007.

SIGNIFICANT CAPITAL ASSET ADDITIONS

During the year 2007, Crawfordsville Electric Light and Power added \$824,522 in capital assets. The major projects included in this total are as follows:

1. We installed new street lights on Washington St at a cost of \$202,835.
2. We purchase of new transformers at a cost of \$157,832
3. New overhead lines at a cost of \$148,787.

SIGNIFICANT EVENTS

CEL&P has a number of construction projects proposed for the year of 2008. We are still in the process of replacing street lights in the downtown area. This project will continue on into 2008. CEL&P had the Dry Branch Substation transformer go out of service in July 2007 and is expect to be out until August 2008.

COMPANY DEBT

CEL&P did not incur any additional long-term debt during the year of 2006. Details of changes in long-term debt may be found in the notes to the financial statements for Revenue Bonds of 1992.

Accelplus secured financing for the fiber-to-the-home project. Accelplus issued \$16,660,000 in Communication Lease Revenue Bonds. The construction of the outside plant is scheduled to be completed by the last quarter of 2007. New Customers were signed up and in service beginning in March 2007.

Crawfordsville Electric Light & Power
Statement of Net Assets
ELECTRIC UTILITY ALL DIVISIONS
December 31, 2007

	<u>2007</u>	<u>2006</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
ASSETS		
Current Assets		
Cash	\$ 575,862.76	\$ 368,724.26
Cash Equivalents	1,930,893.33	2,367,187.36
Interest Receivable	23,765.60	3,690.20
Customer Receivables, (net)	1,451,620.22	1,143,635.10
Project SAFE Vouchers	15,092.34	-
Due From Other Funds	-	-
Fuel Stock	192,494.67	222,938.84
Plant Materials and Operating Supplies	680,645.77	669,491.81
Prepaid Maintenance Charges	71,970.42	48,781.45
Prepaid Insurance	124,995.23	121,733.03
Other Prepayments	103,155.19	75,152.95
Temporary Facilities	5,038.63	12,625.68
Misc. Deferred Debits Less Amortization	1,661,616.23	8,577.12
Other Deferred Debits	152,392.72	187,812.93
Transportation Clearing	11,229.87	4,025.86
Total Current Assets	<u>\$ 7,000,772.98</u>	<u>\$ 5,234,376.59</u>
Noncurrent Assets		
Restricted Assets		
Cash	\$ 948,197.19	\$ 574,399.03
Cash Held with Agent	\$ 4,960,278.20	
Investments	2,065,347.81	\$ 2,257,356.77
Interest Receivable	53,428.05	\$ 32,544.53
Capital Assets		
Land and Intangibles	2,184,248.70	\$ 2,121,697.17
Capital Leased Asset	10,311,683.29	
Buildings and Improvements, (net)	3,576,604.12	3,655,276.38
Equipment, (net)	14,542,045.42	15,034,038.68
Total Noncurrent Assets	<u>\$ 38,641,832.78</u>	<u>\$ 23,675,312.56</u>
Total Assets	<u>\$ 45,642,605.76</u>	<u>\$ 28,909,689.15</u>

Crawfordsville Electric Light & Power
Statement of Net Assets
ELECTRIC UTILITY ALL DIVISIONS
December 31, 2007
(Continued)

	2007	2006
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
LIABILITIES		
Current Liabilities		
Account Payable	\$ 3,324,193.73	\$ 2,945,205.94
Accrued Taxes Payable	1,007.33	17,782.30
Accrued Interest Payable	4,439.98	5.60
Unemployment Reserve	4,830.66	4,830.66
State Sales Tax Payable	56,765.48	61,696.13
Pension Fund Payable (Employer's Contribution)	49,312.97	51,313.59
Retirement Benefits Reserve	(754.82)	18,098.46
Accrued Payroll	79,672.20	65,276.25
Project SAFE Vouchers Received (Not Applied)	50,219.81	14.10
Due To Other Funds	-	4,743.37
Customers Meter Deposits Payable	151,272.23	146,147.23
Capital Lease Payable	16,108,054.29	
Accrued Lease Payable Capital Lease	979,224.79	
Revenue Bonds 1992 Issue (Current)	-	155,000.00
Total Current Liabilities	<u>\$ 20,808,238.65</u>	<u>\$ 3,470,113.63</u>
Noncurrent Liabilities		
Revenue Bonds Payable		
1992 Issue	\$ -	\$ 170,000.00
Total Noncurrent Liabilities	<u>\$ -</u>	<u>\$ 170,000.00</u>
Total Liabilities	<u>\$ 20,808,238.65</u>	<u>\$ 3,640,113.63</u>
NET ASSETS		
Invested in capital assets	\$ 20,328,540.47	\$ 20,486,012.23
Restricted Funds	3,009,105.02	2,831,755.80
Unrestricted	1,852,275.22	1,951,807.49
Total Net Assets	<u>\$ 25,189,920.71</u>	<u>\$ 25,269,575.52</u>

Crawfordsville Electric Light & Power
Statement of Revenues, Expenses, and Changes in Fund Net Assets
ELECTRIC UTILITY ALL DIVISIONS
For the Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
OPERATING REVENUES		
Residential Sales	\$ 6,617,599.21	\$ 6,394,217.55
Commercial and Industrial Sales	20,238,756.86	20,231,642.46
Outdoor and Street Lighting Sales	237,821.41	248,689.42
Sales to Other Authorities	107,933.73	98,736.94
Sales for Resale	1,859,772.71	2,956,356.67
Telecom Sales	315,798.26	100,610.29
Other Operating Revenue	347,399.30	253,511.02
Total Operating Revenues	<u>\$ 29,725,081.48</u>	<u>\$ 30,283,764.35</u>
OPERATING EXPENSES		
Utility Operating Expense	\$ 2,417,129.18	\$ 2,625,006.29
Steam Power Generation	21,163,315.60	20,926,512.10
Purchased Power	1,285,795.46	1,334,773.06
Transmission & Distribution	422,005.80	399,745.08
Customer Accounts Expense	2,158,475.98	2,225,349.84
Administrative & General	676,900.74	239,870.03
Telecom Expense	1,354,709.95	1,341,470.65
Depreciation	24,825.37	31,414.09
Amortization of U.S.P.	381,047.01	379,982.57
Utility Receipts Tax	218,414.02	236,655.83
F.I.C.A. Tax	214,113.60	214,113.60
Contribution in Lieu of Taxes	-	-
Unemployment Tax	180.00	180.00
Other Taxes	-	-
Total Operating Expenses	<u>\$ 30,316,912.71</u>	<u>\$ 29,955,073.14</u>
Operating Income (Loss)	<u>\$ (591,831.23)</u>	<u>\$ 328,691.21</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	\$ 541,536.70	\$ 174,505.66
Miscellaneous Income	401,122.39	161,440.85
Revenue From Contract Work	130,557.69	110,126.45
Cost of Contract Work	(85,342.49)	(88,273.01)
Gain/Loss on Disposal Assets	(7,316.83)	(8,800.70)
Interest on Long Term Debt 1992	(17,468.76)	(30,239.99)
Other Interest	-	-
Amortization of Debt Discount	(5,573.20)	(5,575.20)
Miscellaneous Income Deductions	(28,633.92)	(28,669.92)
Total Nonoperating Revenue (Expenses)	<u>\$ 928,881.58</u>	<u>\$ 284,514.14</u>
Net Income before Capital Contributions and Transfers	<u>\$ 337,050.35</u>	<u>\$ 613,205.35</u>
TRANSFERS OUT -	\$ (198,886.34)	\$ (198,886.34)
Prior Period Adjustment		
Change in Net Assets	138,164.01	414,319.01
Total Net Assets - Beginning	<u>\$ 25,259,575.52</u>	<u>\$ 24,855,256.51</u>
Total Net Assets - Ending	<u>\$ 25,397,739.53</u>	<u>\$ 25,269,575.52</u>

**Crawfordsville Electric Light & Power
Statement of Cash Flows
ELECTRIC UTILITY ALL DIVISIONS
For the Year Ended December 31, 2007**

	<u>2007</u> <u>ENTERPRISE FUND</u>	<u>2006</u> <u>ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATION ACTIVITIES		
Receipts from Customers	\$ 28,802,272	\$ 28,430,162
Payments to Suppliers	(24,052,576)	(23,756,615)
Payments to Employees	(3,575,076)	(3,327,223)
Internal Activity - Payments From (To) Other Funds	-	195,775
Other Receipts		
Net Cash Provided (Used) By Operation Activities	<u>\$ 1,174,620</u>	<u>\$ 1,542,099</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property, Sales, and Use Taxes	\$ -	\$ -
Rents and Concessions	-	-
Transfers Out	(198,886)	(198,886)
Interfund Loans - Proceeds and Collections	-	-
Net Cash Provided by Noncapital Financing Activities	<u>\$ (198,886)</u>	<u>\$ (198,886)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Purchases and Construction of Capital Assets	\$ (7,817,689)	\$ (1,316,133)
Principal Paid on Capital Debt	(325,000)	(315,000)
Interest Paid on Capital Debt	(13,034)	(30,240)
Capital Contributions	-	39,113
Net Cash Used By Capital and Related Financing Activities	<u>\$ (8,155,723)</u>	<u>\$ (1,622,260)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ 340,734	\$ 505,330
Interest and Dividends	558,371	174,506
Net Cash Provided by Investing Activities	<u>\$ 899,105</u>	<u>\$ 679,836</u>
Net Increase in Cash and Cash Equivalents	<u>\$ (6,434,749)</u>	<u>\$ 450,788</u>
Balances - Beginning of the Year	<u>\$ 4,193,608</u>	<u>\$ 3,742,820</u>
Balances - End of the Year	<u>\$ (2,098,379)</u>	<u>\$ 4,193,608</u>
 Displayed As:		
Cash	\$ 575,863	\$ 368,724
Pooled Cash and Investments	4,377,429	3,824,884
Restricted Assets	4,960,278	-
	<u>\$ 9,913,570</u>	<u>\$ 4,193,608</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating Income (Loss)	\$ (591,831)	\$ 345,008
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:		
Depreciation Expense	1,377,783	1,361,806
Non-Operating Income/Expense--Transfers	360,677	172,982
Changes In Assets and Liabilities	-	-
Receivables, Net	(321,790)	(309,441)
Prepaid and other Assets	(29,207)	(127,415)
Accounts and Other Payables	378,988	99,159
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,174,620</u>	<u>\$ 1,542,099</u>

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2007

Summary of Accounting Policies

NOTE I - NET ASSETS, STATEMENT OF OPERATIONS

Crawfordsville Electric Light & Power, organized and commence operations of a separate division, Accelplus, an Internet Service and Cable Tv Service Provider, commence operations during the year of 2006. The Statement of Net Assets, Statement of Income, Expenses and Net Assets, and the Statement of Cash Flows is presented in this report separately for each Division and in a Consolidated report combining all activity.

Income Recognition

Utility income and expense are recognized on a full accrual basis in accord with generally accepted accounting principals.

Utility Plant and Depreciation

Fixed assets, included in the utility plant account, are carried at cost and are depreciated ratably during the year at 3% per year on the cost price for all assets purchased prior to 1-1-80; all purchased after 1-1-80, are depreciated per an acceptable table of life years per asset type.

Inventories

The utility's inventory is comprised of fuel stock and plant material and operating supplies. All inventory is carried primarily on a weighted average basis.

NOTE II - INVESTMENTS

At December 31, 2007, the following amounts remain invested under certificate of deposit agreements and money market savings accounts that were purchased pursuant to Crawfordsville Electric Light and Power Utility's policy to invest in excess of current requirements.

<u>Fund</u>	<u>Purchase Date</u>	<u>Original Cost</u>	<u>Maturity Date</u>	<u>Maturity Value</u>	<u>Interest Rate</u>
General					
Chase MM	Daily	\$ 302,519.60	Daily	\$ 302,519.60	Daily
Tri County MM	Daily	\$ 1,528,607.45	Daily	\$ 1,528,607.45	Daily
		\$ 1,831,127.05		\$ 1,831,127.05	
Depreciation					
National City MM	Daily	\$ 50,991.30	Daily	\$ 50,991.30	Daily
Tri County MMs	Daily	\$ 187,738.77	Daily	\$ 187,738.77	Daily
	2/28/2007	\$ 150,000.00	1/31/2008	\$ 157,367.84	5.32%
	3/30/2007	\$ 150,000.00	2/29/2008	\$ 157,069.81	5.12%
	4/30/2007	\$ 150,000.00	3/31/2008	\$ 157,125.04	5.16%
	5/31/2007	\$ 150,000.00	4/30/2008	\$ 157,227.74	5.25%
	6/29/2007	\$ 250,000.00	5/30/2008	\$ 262,335.34	5.36%
	7/31/2007	\$ 150,000.00	6/30/2008	\$ 157,213.97	5.24%
	7/31/2007	\$ 150,000.00	7/31/2008	\$ 157,881.53	5.24%
	8/31/2007	\$ 150,000.00	8/29/2008	\$ 157,810.83	5.15%
	9/28/2007	\$ 150,000.00	9/30/2008	\$ 157,032.33	4.65%
	10/31/2007	\$ 150,000.00	10/31/2008	\$ 157,595.75	5.05%
	11/30/2007	\$ 150,000.00	11/26/2008	\$ 156,953.42	4.61%
	12/28/2007	\$ 150,000.00	12/30/2008	\$ 157,501.15	4.96%
		\$ 2,138,730.07		\$ 2,231,844.82	

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31 2007

**Summary of Accounting Policies
(Continued)**

<u>Fund</u>	<u>Purchase Date</u>	<u>Original Cost</u>	<u>Maturity Date</u>	<u>Maturity Value</u>	<u>Interest Rate</u>
Bond & Interest	12/28/2007	\$ 15,347.81	1/31/2008	\$ 15,414.43	4.66%
Cash Reserve	2/28/2007	\$ 221,645.32	1/10/2008	\$ 232,030.07	5.32%
	8/31/2007	\$ 190,500.00	1/10/2008	\$ 194,202.05	5.30%
	12/28/2007	\$ 167,271.44	1/10/2008	\$ 167,546.68	4.62%
		\$ 579,416.76		\$ 593,778.80	
Meter Deposit	12/28/2007	\$ 125,000.00	1/31/2008	\$ 125,542.60	4.66%
Total		\$ 4,689,621.69		\$ 4,797,707.70	

NOTE III - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired.

NOTE IV - ACCOUNTS RECEIVABLE

Customer accounts receivable balances at December 31, 2007 and 2006 are comprised of the following amounts:

	<u>2007</u>	<u>2006</u>
Accounts Receivable - Electric	\$ 1,343,905.21	\$ 1,113,442.15
Accounts Receivable - Miscellaneous	26,773.51	26,659.37
Accounts Receivable - Other	15,092.34	(6,705.00)
	<u>\$ 1,385,771.06</u>	<u>\$ 1,133,396.52</u>

NOTE V - DETAIL OF OTHER OPERATING INCOME

	<u>2007</u>	<u>2006</u>
Forfeited Discounts	\$ 78,530.01	\$ 76,235.52
Sale of Scrap, etc.	141,470.64	96,674.61
Surge Protection, Fiber Lease	127,398.65	80,600.89
	<u>\$ 347,399.30</u>	<u>\$ 253,511.02</u>

NOTE VI - INTEREST INCOME

	<u>2007</u>	<u>2006</u>
General Fund		\$ 60,764
Depreciation Fund		69,460
Cash Reserve Fund		16,898
Bond & Interest Fund		21,325
Meter Deposit Fund		6,058
	<u>\$ -</u>	<u>\$ 174,505</u>

NOTE VII CAPACITY PAYMENT AND PURCHASED POWER

To conform with generally accepted accounting practices, sales of our generation to IMPA should be reflected as wholesale sales of electricity and not as credit to the purchased power account (expense).

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2007

**Summary of Accounting Policies
(Continued)**

NOTE VIII - DETAIL OF DECEMBER 31, 2007 INVENTORIES

	<u>2007</u>	<u>2006</u>
Line, Meter Stock	\$ 501,706.99	\$ 492,266.46
Boiler Parts	178,938.78	177,225.35
	<u>\$ 680,645.77</u>	<u>\$ 669,491.81</u>

NOTE IX- DETAIL OF SALES FOR RESALE OF IMPA

		<u>KWH</u>	<u>Cents Per KWH</u>
Demand Charged	Energy Charges		
<u>(Capacity Payments)</u>	<u>(Fuel Expenses)</u>		
1,105,308	754,465	17,628,550	0.105498

NOTE X - DETAIL OF PURCHASED POWER

			<u>Cents Per KWH</u>
<u>Demand Charges</u>	<u>Energy Charges</u>	<u>Other Charges</u>	
11,679,016	8,610,120	874,180	0.046500

NOTE XI- RATE INCREASE

The most recent general rate increase proceedings were instituted during the year of 1992 with the Indiana Utility Regulatory Commission. Formal approval of Cause #39381 representing an average increase of 1.11% was approved December 2, 1992. Revenues in this financial statement reflect the implementation of the rates as approved in Cause #39381.

NOTE XII - ECA FACTOR APPLIED 2007-2006

Pursuant to Rate Tariffs as approved by the Indiana Utility Regulatory Commission in Cause #39381. Energy Cost Adjustment Factors have been applied to customer's billing on a per KWH basis and on a per KVA/KWH basis for Primary Power customers.

NOTE XIII - CONSTRUCTION WORK IN PROGRESS

The Construction Work in Progress balance at December 31, 2007, consists of projects worked on by outside contracts and utility personnel. All costs are accumulated until the projects are completed and then are transferred to fixed assets and depreciation is begun.

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2007

**Summary of Accounting Policies
(Continued)**

NOTE XIV- REVENUE RECOGNIZED

Crawfordsville Electric Light and Power records total revenues as billed to its customers. The utility does not recognize any unbilled portion which exists at year-end.

NOTE XV - PENSIONS

The utility contributes to the Public Power Employees' Retirement Fund (PERF), an agent multiple-employer public employee retirement system which acts as a common investment and administrative agent for state employees of the various subdivisions of the State of Indiana.

All full-time employees are eligible to participate in this defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3) govern most requirements of the system, including the benefits which vest after ten years of service and give the utility authority to contribute. Employees who have reached fifty years of age may receive retirement benefits with fifteen years of service. An employee may receive benefits at age sixty-five with ten years of service.

Employees are required to contribute 3% of compensation to an annuity savings account. These accumulated employee contributions and allocated interest income are maintained by PERF in a separate system wide fund for all members. Upon retirement, members may select a lump sum distribution of all or part of the savings account. Employees who leave employment before qualifying for benefits receive a refund of this savings account.

Since employees may receive a refund of this savings account, and the employer financed pension is not effected by it, the corresponding information for the savings account is not included in the determination of the pension benefit obligation or related funding and has not been included in this report.

No obligation is attributed to the utility because PERF pools the risk related to retired employees for all employers. Accordingly, the utility's separate actuarial valuation covers only current and terminated employees.

NOTE XVI - BAD DEBTS

Crawfordsville Electric Light & Power's policy in regards to write off of uncollectible accounts is that an account will be declared uncollectible if after pursuit of all legal collection action has been completed and no contact is made, bankruptcies which have been completed, and deceased accounts are written off at year end.

Note XVII- Deferred Debits

Bond issuance costs are amortized using straight-line method over the terms of the related issues.

Note XVIII - 1992 Revenue Bonds

On October 7, 1992, the Crawfordsville Electric Light and Power Utility issued \$3,160,000.00 in Electric Revenue Bonds with an average interest rate of 5.49%. The net proceeds of \$3,112,600.00 (after issuance cost of \$47,400.00 representing underwriter discount) was used to finance a capital improvement project necessary to comply with environmental regulations contained in an Agreed Order with the Indiana Department of Environmental Management and certain costs relative to the issuance of the bonds.

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
NOTES TO FINANCIAL STATEMENTS**

December 31, 2007

**Summary of Accounting Policies
(Continued)**

NOTE XIX - RISK MANAGEMENT

The Utility is 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 nature disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; 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 not significant reductions in insurance by major category of risk.

Job Related Illnesses or Injuries To Employees

During 1990, the Utility joined together with other governmental entities to form the Indiana Public Employers' Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for seven hundred sixtytwo member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The Utility pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

NOTE XX - POST EMPLOYMENT BENEFITS

In additions to the pension benefits described in note XIV, the Utility provides postemployment health insurance benefits until the age of sixty-five, as authorized by IC 5-10-8, to all employees who retire from the Utility on or after attaining age sixty with at least fifteen years of service whose years of service plus their age equals eighty-five or greater. Benefits are based on the employee's age at retirement according to the following schedule:

	Age 55-59	Age 60	Age 61	Age 62-65
Utility Pays	-0-	25%	50%	100%

Currently, two retirees meets these eligibility requirements. The Utility also sponsors a Utility Retirement Payment. This payment is based upon the number of years of service for the utility and the number of unused sick days at the time of retirement. The employee must meet PERF eligibility requirements. The Utility will pay \$20 per each year of service and \$5 per day of unused sick leave if 110 days or greater or \$3 per day of unused sick leave if less than 110 days. In 2006, we had three employees meet the requirements for this payment. Expenditures are recognized on a pay-as-you-go basis and we recognized \$2000.00 for this benefit in 2007.

NOTE XXI - REVENUE BONDS

Crawfordsville Electric Light & Power did not incur any additional long-term debt during the year of 2007. During the year the following changes occurred for the year ending December 31, 2007.

Balance				Balance
	January-07	Additions	Reductions	December-07
	325,000.00	0	325,000.00	0.00

NOTE XXII - ACCELPLUS BONDS

In June 2006, Accelplus Building Corporation issued \$16,660,000 in Communication Lease Revenue Bonds. The proceeds from these bonds will be used to construct a fiber optic communications network and are being held with a fiscal agent. Once the project is complete, the Building Corporation will lease the facilities to Accelplus. This will be considered a capital lease for Accelplus with revenue going to satisfy the debt incurred by the Building Corporation.

**Crawfordsville Electric Light & Power
Statement of Net Assets
ELECTRIC UTILITY
December 31, 2007**

	<u>2007</u>	<u>2006</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
ASSETS		
Current Assets		
Cash	\$ 532,001.16	\$ 357,621.03
Cash Equivalents	1,830,893.33	2,367,187.36
Interest Receivable	-	3,690.20
Customer Receivables, (net)	1,370,549.01	1,133,317.52
Project SAFE Vouchers	15,092.34	-
Due From Other Funds	-	-
Due From TELECOM Division	510,755.11	154,408.99
Interfund Loan Receivable	1,150,000.00	1,150,000.00
Fuel Stock	192,494.67	222,938.84
Plant Materials and Operating Supplies	680,645.77	669,491.81
Prepaid Maintenance Charges	71,970.42	48,781.45
Prepaid Insurance	124,995.23	121,733.03
Other Prepayments	103,155.19	75,152.95
Temporary Facilities	5,038.63	12,625.68
Misc. Deferred Debits Less Amortization	3,003.92	8,577.12
Other Deferred Debits	152,392.72	187,812.93
Transportation Clearing	11,229.87	4,025.86
Total Current Assets	<u>\$ 6,754,217.37</u>	<u>\$ 6,517,364.77</u>
Noncurrent Assets		
Restricted Assets		
Cash	\$ 948,197.19	\$ 574,399.03
Investments	2,065,347.81	2,257,356.77
Interest Receivable	53,428.05	32,544.53
Capital Assets		
Land and Intangibles	1,242,218.12	1,162,280.81
Buildings and Improvements, (net)	3,576,604.12	3,655,276.38
Equipment, (net)	14,542,045.42	15,007,352.57
Total Noncurrent Assets	<u>\$ 22,427,840.71</u>	<u>\$ 22,689,210.09</u>
Total Assets	<u>\$ 29,182,058.08</u>	<u>\$ 29,206,574.86</u>

**Crawfordsville Electric Light & Power
Statement of Net Assets
ELECTRIC UTILITY
December 31, 2007
(Continued)**

	<u>2007</u>	<u>2006</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
LIABILITIES		
Current Liabilities		
Account Payable	\$ 3,324,193.73	\$ 2,945,205.94
Accrued Taxes Payable	9,302.51	17,782.30
Accrued Interest Payable	4,439.98	5.60
Unemployment Reserve	4,830.66	4,830.66
State Sales Tax Payable	56,765.48	61,696.13
Pension Fund Payable (Employer's Contribution)	49,312.97	51,313.59
Retirement Benefits Reserve	(754.82)	18,098.46
Accrued Payroll	79,672.20	65,276.25
Project SAFE Vouchers Received (Not Applied)	50,219.81	14.10
Accrued Employee Flex	3,951.35	-
Due To Telecom	130,791.65	30,423.44
Due To Other Funds	3,337.09	4,743.37
Customers Meter Deposits Payable	148,872.23	146,147.23
Revenue Bonds 1992 Issue (Current)	-	155,000.00
Total Current Liabilities	<u>\$ 3,864,934.84</u>	<u>\$ 3,500,537.07</u>
Noncurrent Liabilities		
Revenue Bonds Payable 1992 Issue	<u>\$ -</u>	<u>\$ 170,000.00</u>
Total Liabilities	<u>\$ 3,864,934.84</u>	<u>\$ 3,670,537.07</u>
NET ASSETS		
Invested in capital assets	\$ 19,360,867.66	\$ 19,499,909.76
Restricted Funds	3,009,105.02	2,831,755.80
Unrestricted	2,947,150.56	3,204,372.23
Total Net Assets	<u>\$ 25,317,123.24</u>	<u>\$ 25,536,037.79</u>

Crawfordsville Electric Light & Power
Statement of Revenues, Expenses, and Changes in Fund Net Assets
ELECTRIC UTILITY
For the Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
OPERATING REVENUES		
Residential Sales	\$ 6,617,599.21	\$ 6,394,217.55
Commercial and Industrial Sales	20,238,756.83	20,231,642.46
Outdoor and Street Lighting Sales	237,821.41	248,689.42
Sales to Other Authorities	107,933.73	98,736.94
Sales for Resale	1,859,772.71	2,956,356.67
Other Operating Revenue	347,399.30	253,511.02
Total Operating Revenues	<u>\$ 29,409,283.19</u>	<u>\$ 30,183,154.06</u>
OPERATING EXPENSES		
Utility Operating Expense		\$ 2,625,006.29
Steam Power Generation	\$ 2,417,129.18	
Purchased Power	21,163,315.60	20,926,512.10
Transmission & Distribution	1,285,795.46	1,334,773.06
Customer Accounts Expense	422,005.80	399,745.08
Administrative & General	2,158,475.98	2,225,349.84
Depreciation	1,354,709.95	1,341,470.65
Amortization of U.S.P.	24,825.37	31,414.09
Utility Receipts Tax	381,047.01	379,982.57
F.I.C.A. Tax	218,414.02	236,655.83
Contribution in Lieu of Taxes	214,113.60	214,113.60
Unemployment Tax	-	-
Other Taxes	180.00	180.00
Total Operating Expenses	<u>\$ 29,640,011.97</u>	<u>\$ 29,715,203.11</u>
Operating Income (Loss)	<u>\$ (230,728.78)</u>	<u>\$ 467,950.95</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	\$ 215,606.79	\$ 174,505.66
Miscellaneous Income	366,375.52	161,440.85
Revenue From Contract Work	130,557.69	110,126.45
Cost of Contract Work	(85,342.49)	(88,273.01)
Gain/Loss on Disposal Assets	(7,316.83)	(8,800.70)
Interest on Long Term Debt 1992	(17,468.76)	(30,239.99)
Amortization of Debt Discount	(5,573.20)	(5,575.20)
Miscellaneous Income Deductions	(28,633.92)	(28,669.92)
Total Nonoperating Revenue (Expenses)	<u>\$ 568,204.80</u>	<u>\$ 284,514.14</u>
Net Income before Capital Contributions and Transfers	<u>\$ 337,476.02</u>	<u>\$ 752,465.09</u>
TRANSFERS OUT -	(198,886.40)	(198,886.34)
Prior Period Adjustment		
Change in Net Assets	138,589.62	553,578.75
Total Net Assets - Beginning	<u>\$ 25,536,037.79</u>	<u>\$ 24,982,459.04</u>
Total Net Assets - Ending	<u>\$ 25,674,627.41</u>	<u>\$ 25,536,037.79</u>

Crawfordsville Electric Light & Power
Statement of Cash Flows
ELECTRIC UTILITY
For the Year Ended December 31, 2007

	2007	2006
	ENTERPRISE FUND	ENTERPRISE FUND
CASH FLOWS FROM OPERATION ACTIVITIES		
Receipts from Customers	\$ 28,421,201	\$ 28,356,503
Payments to Suppliers	(23,624,687)	(23,542,345)
Payments to Employees	(3,575,076)	(3,327,223)
Internal Activity - Payments From (To) Other Funds	-	-
Other Receipts	-	-
Net Cash Provided (Used) By Operation Activities	\$ 1,221,438	\$ 1,486,934
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property, Sales, and Use Taxes	\$ -	\$ -
Rents and Concessions	-	-
Transfers Out	(198,886)	(198,886)
Interfold Loans - Proceeds and Collections	-	-
Net Cash Provided by Noncapital Financing Activities	\$ (198,886)	\$ (198,886)
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Purchases and Construction of Capital Assets	\$ (802,833)	\$ (1,214,200)
Principal Paid on Capital Debt	(325,000)	(315,000)
Interest Paid on Capital Debt	(13,034)	(30,240)
Capital Contributions	-	39,113
Net Cash Used By Capital and Related Financing Activities	\$ (1,140,867)	\$ (1,520,326)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ 570,734	\$ 505,330
Interest and Dividends	174,506	174,506
Net Cash Provided by Investing Activities	\$ 745,240	\$ 679,836
Net Increase in Cash and Cash Equivalents	\$ 626,925	\$ 447,557
Balances - Beginning of the Year	\$ 4,182,505	\$ 3,734,948
Balances - End of the Year	\$ 4,809,430	\$ 4,182,505
Displayed As:		
Cash	\$ 532,001	\$ 357,621
Pooled Cash and Investments	4,277,429	\$ 3,824,884
Restricted Assets	-	-
	\$ 4,809,430	\$ 4,182,505
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating Income (Loss)	\$ (230,729)	\$ 467,951
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:		
Depreciation Expense	1,354,710	1,341,471
Non-Operating Income/Expense--Transfers	-	(4,161)
Changes In Assets and Liabilities		
Receivables, Net	(252,324)	(306,474)
Prepaid and other Assets	(29,207)	(127,416)
Accounts and Other Payables	378,988	99,159
Net Cash Provided (Used) by Operating Activities	\$ 1,221,438	\$ 1,470,530

**Crawfordsville Electric Light & Power
Statement of Net Assets
TELECOM DIVISION
December 31, 2007**

	<u>2007</u> <u>ENTERPRISE FUNDS</u>	<u>2006</u> <u>ENTERPRISE FUNDS</u>
ASSETS		
Current Assets		
Cash	\$ 43,861.60	\$ 11,103.23
Investments	100,000.00	-
Interest Receivable	23,765.60	
Customer Receivables, (net)	81,071.21	10,317.58
Prepaid Maintenance Charges	-	-
Prepaid Insurance	-	-
Due From Electric	111,645.34	30,423.44
Misc. Deferred Debits Less Amortization	1,658,612.31	
Total Current Assets	\$ 2,018,956.06	\$ 51,844.25
Noncurrent Assets		
Restricted Assets		
Cash Held with Agent	4,960,278.20	
Capital Assets		
Land and Intangibles	\$ 942,030.58	\$ 959,416.36
Capital Leased Asset (net)	10,311,683.29	-
Equipment, (net)	25,642.23	26,686.11
Total Noncurrent Assets	\$ 16,239,634.30	\$ 986,102.47
Total Assets	\$ 18,258,590.36	\$ 1,037,946.72

**Crawfordsville Electric Light & Power
Statement of Net Assets
TELECOM DIVISION
December 31, 2007
(Continued)**

	<u>2007</u> <u>ENTERPRISE FUNDS</u>	<u>2006</u> <u>ENTERPRISE FUNDS</u>
LIABILITIES		
Current Liabilities		
Account Payable	\$ -	\$ -
Accrued Taxes Payable	(8,295.18)	-
Customer Deposits Payable	2,400.00	
Loan Payable	16,108,054.29	
Accrued Interest Payable Capital Lease	979,224.79	
Due To Electric Funds	154,408.99	154,408.99
Interfund Loans Payable	1,150,000.00	1,150,000.00
Total Current Liabilities	\$ 18,385,792.89	\$ 1,304,408.99
Noncurrent Liabilities		
Revenue Bonds Payable		
Total Noncurrent Liabilities	-	-
Total Liabilities	\$ 18,385,792.89	\$ 1,304,408.99
NET ASSETS		
Invested in capital assets	\$ 967,672.81	\$ 986,102.47
Restricted Funds		
Unrestricted	(1,094,875.34)	(1,252,564.74)
Total Net Assets	\$ (127,202.53)	\$ (266,462.27)

Crawfordsville Electric Light & Power
Statement of Revenues, Expenses, and Changes in Fund Net Assets
TELECOM DIVISION
For the Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
OPERATING REVENUES		
Internet / Video Revenue	\$ 315,798.26	\$ 100,610.29
Other Revenue	-	-
Total Operating Revenues	<u>\$ 315,798.26</u>	<u>\$ 100,610.29</u>
OPERATING EXPENSES		
Operating Expense	\$ 338,493.22	\$ 105,493.38
Wages	279,868.30	98,055.91
Maintenance Expenses	-	7,173.40
Depreciation	23,073.42	21,291.85
Utility Receipts Tax		
Payroll Taxes	35,465.80	7,855.49
Franchise Fees	-	-
Other Taxes	-	-
Total Operating Expenses	<u>\$ 676,900.74</u>	<u>\$ 239,870.03</u>
Operating Income (Loss)	<u>\$ (361,102.48)</u>	<u>\$ (139,259.74)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	325,929.91	-
Miscellaneous Income	34,746.87	-
Interest on Long Term Debt	-	-
Other Interest	\$ -	\$ -
Amortization of Debt Discount	-	-
Total Nonoperating Revenue (Expenses)	<u>\$ 360,676.78</u>	<u>\$ -</u>
Net Income before Capital Contributions and Transfers	<u>\$ (425.70)</u>	<u>\$ (139,259.74)</u>
CAPITAL CONTRIBUTIONS		
TRANSFERS IN		
TRANSFERS OUT		
Prior Period Adjustment	-	-
Change in Net Assets	(425.70)	(139,259.74)
Total Net Assets - Beginning	(266,462.27)	(127,202.53)
Total Net Assets - Ending	<u>\$ (266,887.97)</u>	<u>\$ (266,462.27)</u>

Crawfordsville Electric Light & Power
Statement of Cash Flows
TELECOM DIVISION
For the Year Ended December 31, 2007

	<u>2007</u> <u>ENTERPRISE FUND</u>	<u>2006</u> <u>ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATION ACTIVITIES		
Receipts from Customers	\$ 381,071	\$ 73,659
Payments to Suppliers	(427,889)	(214,270)
Payments to Employees		
Internal Activity - Payments From (To) Other Funds	-	195,775
Other Receipts		
Net Cash Provided (Used) By Operation Activities	<u>\$ (46,818)</u>	<u>\$ 55,164</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property, Sales, and Use Taxes	\$ -	\$ -
Rents and Concessions	-	-
Transfers Out	-	-
Interfund Loans - Proceeds and Collections	-	50,000
Net Cash Provided by Noncapital Financing Activities	<u>\$ -</u>	<u>\$ 50,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Purchases and Construction of Capital Assets	\$ -	\$ (101,933)
Principal Paid on Capital Debt	-	-
Interest Paid on Capital Debt	-	-
Capital Contributions	-	-
Net Cash Used By Capital and Related Financing Activities	<u>\$ -</u>	<u>\$ (101,933)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ (100,000.00)	\$ -
Interest and Dividends	290,680	-
Net Cash Provided by Investing Activities	<u>\$ 190,680.00</u>	<u>\$ -</u>
Net Increase in Cash and Cash Equivalents	<u>\$ (46,818)</u>	<u>\$ 3,231</u>
Balances - Beginning of the Year	\$ 11,103	\$ 7,872
Balances - End of the Year	<u>\$ 143,862</u>	<u>\$ 11,103</u>
Displayed As:		
Cash	\$ 43,862	\$ 11,103
Pooled Cash and Investments	100,000	-
Restricted Assets	-	-
	<u>\$ 143,862</u>	<u>\$ 11,103</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating Income (Loss)	\$ (361,102)	\$ (139,347)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:		
Depreciation Expense	23,073	20,335
Non-Operating Income/Expense--Transfers	360,677	177,143
Changes In Assets and Liabilities		
Receivables, Net	(69,466)	(2,967)
Prepaid and other Assets	-	-
Accounts and Other Payables	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (46,818)</u>	<u>\$ 55,164</u>

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER

**STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2007**

	<u>1/1/2007</u>	<u>12/31/2007</u>	<u>CHANGE</u>
<u>Assets</u>			
Cash	\$ 363,379.05	\$ 532,001.16	\$ 168,622.11
Investments	5,193,185.14	4,844,438.83	(348,746.31)
Fuel Stock	222,938.84	192,494.67	(30,444.17)
Plant Materials & Supplies	669,491.81	680,645.77	11,153.96
Prepaid Expenses	245,667.43	300,124.84	54,457.41
Deferred Debits	1,357,981.47	1,357,981.47	-
Interest Receivable	36,234.73	53,428.05	17,193.32
Accounts Receivable (Net)	1,133,317.52	1,370,549.01	237,231.49
Utility Plant in Service (Net of Depr. And Amort.)	19,546,662.13	19,546,662.13	-
Construction Work in Progress	293,821.68	293,821.68	-
Unamortized Debt Discount	8,577.12	3,003.92	(5,573.20)
Total Assets	<u>\$ 29,071,256.92</u>	<u>\$ 29,175,151.53</u>	<u>\$ 103,894.61</u>
<u>Liabilities</u>			
Accounts Payable	\$ 2,945,205.94	\$ 2,945,205.94	\$ -
Customer Meter Deposits	146,147.23	146,147.23	-
Accrued Interest	-	-	-
Accrued Taxes	17,782.30	17,782.30	-
Tax Collection Payable	61,696.13	61,696.13	-
Misc. Accruals	144,413.53	144,413.53	-
Unemployment Reserve	4,830.66	4,830.66	-
Bonds Payable	325,000.00	325,000.00	-
Total Liabilities	<u>\$ 3,645,075.79</u>	<u>\$ 3,645,075.79</u>	<u>\$ (0.00)</u>
<u>Capital</u>			
Retained Earnings	\$ 24,237,580.24	\$ 24,237,580.24	\$ -
Contributions	1,188,600.89	1,188,600.89	-
Total Capital	<u>\$ 25,426,181.13</u>	<u>\$ 25,426,181.13</u>	<u>\$ -</u>
TOTAL LIABILITIES & CAPITAL	<u>\$ 29,071,256.92</u>	<u>\$ 29,071,256.92</u>	<u>\$ -</u>

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER

Utility Plant In Service 2007
December 31, 2007

	Beginning Balance <u>1/1/2007</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance <u>12/31/2007</u>
INTANGIBLE PLANT				
Organization	183,203	-	-	183,203
Franchises and Consent	386	-	-	386
Misc. Tangible Plant	125	-	-	125
Total Intangible Plant	<u>183,715</u>	<u>-</u>	<u>-</u>	<u>183,715</u>
PRODUCTION PLANT				
Steam Production				
Land and Land Rights	48,978	-	-	48,978
Structures and Improvements	2,734,788	-	-	2,734,788
Boiler Plant Equipment	6,903,342	41,949	-	6,945,291
Engine Driven Generators	309,739	-	-	309,739
Turbogenerator Units	1,945,702	-	-	1,945,702
Accessory Electric Equipment	337,846	-	-	337,846
Misc. Power Plant Equipment	951,756	2,095	-	953,851
Total Steam Production	<u>13,232,151</u>	<u>44,044</u>	<u>-</u>	<u>13,276,195</u>
TRANSMISSION PLANT				
Land and Land Rights	194,782	-	-	194,782
Station Equipment	2,235	-	-	2,235
Structures and Improvements	58,075	-	-	58,075
Poles and Fixtures	672,853	-	-	672,853
Overhead Conductor & Devices	701,940	-	-	701,940
Total Transmission Plant	<u>1,629,885</u>	<u>-</u>	<u>-</u>	<u>1,629,885</u>
DISTRIBUTION PLANT				
Land and Land Rights	128,097	-	-	128,097
Structures & Improvements	81,280	-	-	81,280
Station Equipment	10,506,079	1,255	-	10,507,334
Poles, Towers, and Fixtures	3,241,884	85,135	14,245	3,312,774
Overhead Conductors & Devices	2,812,315	148,787	1,304	2,959,798
Underground Conduit	334,150	3,642	49	337,743
Underground Conductors & Devices	957,829	40,297	165	997,961
Line Transformers	3,896,159	157,832	84	4,053,907
Services	323,785	9,715	-	333,500
Meters	1,514,313	37,772	4,859	1,547,226
Installation on Customer Premises	354,330	15,979	343	369,966
Leased Property	2,891	-	-	2,891
Street Lighting & Signal System	1,673,459	202,835	640	1,875,654
Total Distribution Plant	<u>25,826,571</u>	<u>703,249</u>	<u>21,689</u>	<u>26,508,131</u>

*See Note 2

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER

Utility Plant In Service 2007
(Continued)

	Beginning Balance <u>1/1/2007</u>	Additions	Retirements	Ending Balance <u>12/31/2007</u>
GENERAL PLANT				
Land and Land Rights	\$ 1,453	\$ -	\$ -	\$ 1,453
Structures and Improvements	\$ 3,714,305	\$ -	\$ -	\$ 3,714,305
Office Furniture	\$ 1,015,469	\$ 71,381	\$ -	\$ 1,086,850
Transportation Equipment	\$ 1,096,343	\$ -	\$ 167,559	\$ 928,784
Stores Equipment	\$ 51,497	\$ -	\$ -	\$ 51,497
Tools, Shop, & Garage Equip.	\$ 204,288	\$ 3,132	\$ -	\$ 207,420
Laboratory Equipment	\$ 262,915	\$ 2,103	\$ -	\$ 265,018
Power Operated Equipment	\$ 85,536	\$ -	\$ -	\$ 85,536
Communication Equipment	\$ 832,709	\$ 613	\$ -	\$ 833,322
Miscellaneous Equipment	\$ 132,978	\$ -	\$ -	\$ 132,978
Total General Plant	\$ 7,397,492	\$ 77,229	\$ 167,559	\$ 7,307,162
Other Tangible Property	\$ 142,087	\$ -	\$ -	\$ 142,087
Total Plant in Service	\$ 48,411,900	\$ 824,522	\$ 189,248	\$ 49,047,174

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER

DEBT SERVICE REQUIREMENTS SCHEDULE

BOND & INTEREST REQUIREMENTS SCHEDULE REFUNDING ISSUE OF 1992

Dated October 1, 1992

	<u>Principal Balance</u>		<u>Principal Payment</u>		<u>Interest Payment</u>
July 1, 2007	\$ 325,000	\$	165,000	\$	8,734.37
January 1, 2008	\$ 160,000	\$	160,000	\$	4,300.00

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER

COMBINED DEBT SERVICE REQUIREMENT SCHEDULE

1990, 1991, & 1992 ISSUES

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
July 1, 2007	\$ 165,000	\$ 8,734.37	\$ 173,734.37
January 1, 2008	<u>\$ 160,000</u>	<u>\$ 4,300.00</u>	<u>\$ 164,300.00</u>
	<u>\$ 325,000.00</u>	<u>\$ 13,034.37</u>	<u>\$ 338,034.37</u>

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER

COMPARATIVE RETAIL SALES/KWH & DOLLARS BY CLASS

YEAR OF 2007

<u>KWH</u>	<u>2007</u>	<u>2006</u>	<u>% CHANGE</u>
Residential Service	86,730,588	81,936,091	5.85%
General Power Service	51,788,306	49,541,816	4.53%
Primary Power Service	297,485,373	302,402,751	-1.63%
Outdoor Lights	1,102,658	1,107,521	-0.44%
Municipal Street Lights	1,147,593	1,160,327	-1.10%
Traffic Signals	146,566	179,182	-18.20%
Municipal Electric Service	<u>1,429,078</u>	<u>1,297,063</u>	<u>10.18%</u>
	<u>439,830,162</u>	<u>437,624,751</u>	<u>0.50%</u>
<u>REVENUE</u>			
Residential Service	\$ 6,617,599.21	\$ 6,394,217.55	3.49%
General Power Service	3,868,494.71	3,707,745.08	4.34%
Primary Power Service	16,370,262.12	16,523,897.38	-0.93%
Outdoor Lights	100,535.01	94,092.18	6.85%
Municipal Street Lights	123,070.46	141,228.14	-12.86%
Traffic Signals	14,215.94	13,369.10	6.33%
Municipal Electric Service	<u>107,933.73</u>	<u>98,736.94</u>	<u>9.31%</u>
	<u>\$ 27,202,111.18</u>	<u>\$ 26,973,286.37</u>	<u>0.85%</u>

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER

SALES GENERATED PER KWH - 2007

	Average Customers Billed	KWH	Sales	Sales Per KWH	Sales Per Customer Billed
RESIDENTIAL SALES					
Residential Sales	8,053	86,730,588	\$ 6,617,599.21	0.076301	821.76
COMMERCIAL & INDUSTRIAL SALES					
General Power	1,480	51,788,306	3,868,494.71	0.074698	2,613.85
Primary Power	92	297,485,373	16,370,262.12	0.055029	177,937.63
Outdoor Lighting	1,322	1,102,658	100,535.01	0.091175	76.05
PUBLIC STREET & HIGHWAY LIGHTING					
Municipal Street Lighting	1	1,147,593	123,070.46	0.107242	123,070.46
Traffic Signals	2	146,566	14,215.94	0.096993	7,107.97
OTHER SALES TO OTHER AUTHORITIES					
Municipal Electric Services	48	1,429,078	107,933.73	0.075527	2,248.62
Total Retail Sales	9,536	437,624,751	27,202,111.18	0.062159	2,852.57
Sales to IMPA (Wholesale)	<u>1</u>	<u>17,628,550</u>	<u>1,859,772.71</u>	0.105498	<u> </u>
Total Sales	<u><u>9,537</u></u>	<u><u>455,253,301</u></u>	<u><u>\$ 29,061,883.89</u></u>	0.063837	<u><u>2,852.57</u></u>

*(w/o outdoor lights)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER

**MONTHLY DEMANDS & NET GENERATION
2007**

	System Maximum Peak <u>Kilowatts</u>	Co-incident Peak <u>Kilowatts</u>	System Peak <u>Day</u>	System Peak <u>Hour</u>	Net <u>KWH</u>	Additional <u>KWH Purchased</u>
January	60,912	60,912	1/18	11:00 AM	396,550	35,907,120
February	60,326	59,866	2/13	11:00 AM	4,657,030	29,827,872
March	58,864	58,784	3/22	11:00 AM	6,238,060	30,779,172
April	60,226	60,226	4/6	2:00 PM	4,621,360	29,340,828
May	75,922	75,922	5/30	3:00 PM	652,320	36,259,416
June	78,738	78,250	6/22	8:00 PM	665,610	39,060,360
July	83,822	83,084	7/31	3:00 PM	1,958,590	42,856,956
August	84,418	84,418	8/1	3:00 PM	1,247,720	43,371,432
September	65,160	65,160	9/7	3:00 PM	360	36,095,760
October	67,140	67,140	10/4	2:00 PM	290	36,064,728
November	59,220	56,988	11/16	1:00 PM	440	34,611,192
December	<u>62,656</u>	<u>61,902</u>	12/8	8:00 AM	<u>1,420,540</u>	<u>34,406,820</u>
	<u>817,404</u>	<u>812,652</u>			<u>21,858,870</u>	<u>428,581,656</u>

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
COMPARATIVE OPERATING REPORT**

	<u>2007</u>		<u>2006</u>	
	<u>TONS OF</u>	<u>COST OF</u>	<u>TONS OF</u>	<u>COST OF</u>
	<u>COAL</u>	<u>COAL</u>	<u>COAL</u>	<u>COAL</u>
PRODUCTION PLANT				
Balance January 1	3,143.10	\$ 196,160.87	3,143.10	\$ 196,160.87
Received during year	16,336.99	1,030,558.26	16,336.99	1,030,558.26
Total Available	19,480.09	1,226,719.13	19,480.09	1,226,719.13
Used during year	15,887.69	998,549.27	15,887.69	998,549.27
Adjustment	115.60	7,327.19	115.60	7,327.19
Balance December 31	3,476.80	\$ 220,842.67	3,476.80	\$ 220,842.67
Coal per KWH Generated		1.33LB		1.33LB
Coal per KWH Net		1.47LB		1.47LB
Additional KWH Purchased From IMPA		428,581,656		428,581,656
Highest Peak Registered		84,418 KW AUGUST 1 @ 3:00PM		84,418 KW AUGUST 1 @ 3:00PM
Co-incidental Peak Registered		84,418 KW AUGUST 1 @ 3:00PM		84,418 KW AUGUST 1 @ 3:00PM
Cost of Coal Per Ton		63.08		63.08
Total Generation		24,333,300		24,333,300
Station Power From Generation		2,474,930		2,474,930
Net Generation		21,858,870		21,858,870
Additional Purchased		428,581,656		428,581,656
Station Power Purchased From IMPA		1,621,130		1,621,130
Total Salable		450,440,526		450,440,526
Total Sold - Retail		437,624,751		437,624,751
Unaccounted For		12,815,775		12,815,775
Less: Service Building Use		956,435		956,435
Net Unaccounted For		11,859,340		11,859,340

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
AUDIT RESULTS AND COMMENTS

CAPITALIZATION POLICY

The Crawfordsville Electric Light and Power and Accelplus do not have an established capitalization policy. This results in inconsistencies in the recording of assets.

The Utility Service Board should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OPTICAL IMAGES OF CHECKS

As reported in previous audit report B31503, the financial institution Tri-County Bank did not return the cancelled checks with the monthly statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

INTERNAL CONTROLS

There were numerous posting errors and supporting documentation issues. There was no evidence that journal entries performed by other accounting staff members were reviewed for accuracy and/or approved by the chief accountant prior to posting.

- (1) The interest receivable accrual workpaper at year end included one investment the unit no longer held and did not include two others that the unit had purchased. This resulted in errors in the monthly and therefore the year end accrual.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
AUDIT RESULTS AND COMMENTS
(Continued)

- (2) The general ledger account for accounts receivable had not been reconciled to the Accounts Receivable Control Ledger resulting in an understatement of the general ledger of \$172,844.14.
- (3) Controls for accounting for interfund receivables and payables were not adequate. The posting of transactions between the two divisions results in the individual financial statements for each division to be out of balance. At year end the Electric Utility and the Telecom division were out of balance with each other by \$226,052.26. This was apparently due to reimbursements owed to the Electric Utility by the Telecom division. These transactions were not supported by any detailed accounting provided for during the audit.
- (4) Controls for the recording of accounts receivable for the Utility and the Telecom division are insufficient. The accounts receivable detail could not be recomputed from the information provided for audit and the general ledger account had not been reconciled to the detail. Conversion of the Telecom division billing from manual to the computerized system may have contributed to this issue. At December 31, 2007, the general ledger balance was \$1,343,905.21 and the accounts receivable billing system balance was \$1,516,749.35.
- (5) Various accounts are supported by computations/spreadsheets maintained by the Chief Accountant's office. These accounts include construction work in progress, retirement benefit reserve and prepaid expenses. The reviewed worksheets did not reconcile with the general ledger at year end.
- (6) Various reports are provided by the computer system to support detail for some accounts such as accounts receivable, accounts payable, customer deposits, asset additions/deletions, material and supplies inventory, and depreciation expense. No evidence was presented that the general ledger was reconciled to these detail reports at year end.

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)

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF FINANCIAL STATEMENTS AND SUPPORTING RECORDS

As stated in the previous Report B31503:

- (1) The financial statements were not ready for audit when the audit was begun.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
AUDIT RESULTS AND COMMENTS
(Continued)

(2) Numerous adjustments would be necessary for fair presentation of financial statements.

Other issues concerning the 2007 financial statements:

(1) The financial statements contained Building Corporation accounts and transactions including:

(a) The closing of 2006 Accelplus Building Corporation income and expenses to Unappropriated Retained Earnings (Electric) resulted in the beginning balance of the equity accounts for the Electric Utility being understated by \$220,628.82.

(b) The Asset section of the financial statements included the line item Misc. Deferred Debits Less Amortization. This line item included \$929,893.20 in capitalized interest expense. All interest expense paid prior to July 1, 2008, is the responsibility of the Accelplus Building Corporation and should not be included in the financial statements of Crawfordsville Electric Light and Power. Misc. Deferred Debits less Amortization also included \$621,411.04 in Unamortized issuance costs COPS account 680.00. This also is a Building Corporation account and should not be included in the financial statements.

(2) The Capital Leased Asset is understated.

(3) The Capital Lease Payable is understated.

(4) The financial statements include a line item "Accrued Lease Payable Capital Lease" for \$979,224.79 which is Accrued Interest COPS account 737.00 on the general ledger.

(5) The combined Statement of Net Assets, Electric Utility All Divisions does not balance by \$355,553.60.

(6) The combined Statement of Revenues, Expenses, and Changes in Fund Net Assets does not have the same Total Net Assets - Ending as the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets - Total Net Assets is higher by \$207,818.82.

(7) The combined Statement of Revenues, Expenses, and Changes in Fund Net Assets - Total Net Assets - Beginning does not agree with the general ledger by an overstatement of \$208,244.43 and does not agree with the prior audit report by an understatement of \$12,384.39. General ledger net assets is understated to the prior audit report by \$220,628.82.

Issues with the financial statement note presentation and supplemental schedules:

(1) Reporting Entity and Fund Financial Statement sections were not included in Note I, the Summary of Significant Account Policies.

(2) Note II - Investments included cash equivalents.

(3) Cash with Fiscal Agent was not included in the Notes.

(4) Note VI - Interest Income, lists no figures for 2007.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
AUDIT RESULTS AND COMMENTS
(Continued)

- (5) Note XVII - Deferred Debits was incomplete, not noting research and development costs which are being amortized over a five year period.
- (6) Note XVIII - 1992 Revenue Bonds note does not state that this debt was paid off during 2007. Note XXI - Revenue Bonds does show that the balance at December 31, 2007, was zero although the Debt Service Requirement Schedule and the Combined Debt Service Requirements Schedule both show an outstanding balance of \$160,000 as of January 1, 2008. These four components of the financial statements should present the same balance.
- (7) Note XXII - Accelplus Bonds is a duplication of the 2006 note and reads like the capital lease would be a future event.
- (8) The Statement of Financial Position should present assets, liabilities and capital figures for January 1, 2007 and December 31, 2007, and the net change between the two. The figures presented do not agree with the financial statements. Figures presented for Liabilities and Capital for January 1, 2007, are the same as the figures presented for December 31, 2007, therefore there is no change presented.
- (9) The Combined Debt Service Requirement Schedule does not include the \$16,660,000 capital lease requirements.
- (10) The Comparative Retail Sales/KWH & Dollars by Class schedule figures do not match the financial statements.
- (11) The Monthly Demands & Net Generation schedule is exactly the same as 2006.
- (12) The Comparative Operating Report has exactly the same 2007 figures as were reported for 2006.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
AUDIT RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of Crawfordsville Electric Light and Power and Accelplus. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

A trial balance worksheet was utilized for the compiling of the financial statements. When it was presented for audit it contained the following errors:

- (1) The adjustment worksheet provided for the chief accountant's adjustments was out of balance by \$3,000.30.
- (2) There were three Statements of Net Assets, one for the Electric Utility, one for the Telecom division and one for all divisions. The Statement of Net Assets for all divisions and for the Telecom division was out of balance by \$135,185.24. This was due to three Statement of Net Asset accounts and three Statement of Revenues, Expenses and Changes in Fund Net Asset accounts being excluded from the financial statements.
- (3) There were one asset account with a credit balance and two liability accounts with debit balances.
- (4) The unrestricted certificate of deposit for the Telecom division had been misclassified as restricted assets. This results in unrestricted assets being understated by \$100,000.00 and restricted assets being overstated by \$100,000.00.
- (5) The classification of cash and cash equivalents and investments was not accurate. Electric Utility Cash Reserve fund investments of \$412,145.32 was misclassified as cash and cash equivalents.
- (6) Interest receivable was not properly classified as to restricted and unrestricted. The Electric unrestricted interest receivable was overstated by \$56,069.24 and restricted interest receivable was understated by the same amount. The Telecom division unrestricted interest receivable was overstated by \$15,186.69 and the restricted was understated by the same amount.

Other issues concerning the general ledger and supporting documentation:

Net Assets:

- (1) During 2006, the Accelplus Building Corporation issued Communication Lease Revenue Bonds to construct and provide initial operating capital for a fiber optic communications network. The Accelplus Building Corporation is a separate legal entity from Crawfordsville Electric Light and Power and its Telecom division, Accelplus. The accounts for the Building Corporation were added to the general ledger of CEL&P. For financial statement presentation, the Building Corporation transactions were removed from the trial balance worksheet but not from the general ledger. During 2006, the Building Corporation had interest income and interest expenses that were recorded in the general ledger. When the general ledger was closed for 2006, those Building Corporation revenue and expense accounts closed to Account 216.00 Unappropriated Retained Earnings (Electric).

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
AUDIT RESULTS AND COMMENTS
(Continued)

- (2) Another issue relating to the Account 216.00 Unappropriated Retained Earnings is that Accelplus' net loss for 2006 also closed to this account. This resulted in Unappropriated Retained Earnings Account 216.00 being understated by an additional \$139,259.74.

These two errors resulted in a total understatement of \$359,888.56 for the beginning net assets for the Electric Utility, an overstatement of \$139,259.74 for the beginning net assets for the Telecom division and a net understatement of \$220,628.82 for all divisions combined.

Interest Receivable:

- (1) Interest receivable was not properly reported as restricted and unrestricted.

Accounts Receivable:

- (1) The Electric Utility accounts receivable per the Accounts Receivable Control Register was \$1,516,749.35, the amount per the general ledger was \$1,343,905.21, a difference of \$172,844.14. In the past the auditors have been able to recompute the accounts receivable balance within very immaterial differences. This year, using the same computations as in the past, our recomputed amount was \$1,095,454.10, a difference from the Control Register of \$421,295.25.
- (2) The Telecom division accounts receivable was supported by the Accounts Receivable Control Register for \$36,043.34 and an accounts receivable report created for the dial-up internet segment of Accelplus for \$5,785.80, totaling \$41,829.14. The general ledger balance was \$81,071.21. This leaves a balance of \$39,242.07 in unsupported accounts receivable for the Telecom division.
- (3) The accounts receivable report created for the dial-up internet segment (Wings) did not properly compute credit balances. This resulted in the total on the report being overstated by an immaterial amount.

Interfund Receivables/Payables:

- (1) Detailed supporting documentation for transactions between accounts is not maintained. The Electric Utility routinely pays vendors and the Telecom division reimburses the Electric Utility. Before the reimbursement occurs the Electric Utility should show an interfund receivable and the Telecom division should show an interfund payable. If the Electric Utility pays the vendor and the expense is posted to the Telecom division the financial statements become out of balance between the Utility and the Telecom division although they will still be in balance for the entity as a whole. At year end the Utility and the Telecom division were out of balance by \$226,052.26 resulting in an unidentified receivable for the Electric Utility and a payable for the Telecom division.
- (2) The beginning balance for the Due from Other Funds account 174.10 and the Interfund Payable account 742.00 were understated by \$90,094.58.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
AUDIT RESULTS AND COMMENTS
(Continued)

- (3) The Due to Accelplus account 242.91 and the Due From CELP account 674.00 both were overstated by \$81,221.90.
- (4) Two interfund amounts identified during the course of the audit were not posted to Account 174.10 Due from Other Funds and Account 742.00 Interfund Payable resulting in both of them being understated by \$137,958.03.

Inventories:

- (1) Fuel stock/coal was recorded at \$192,079.01 at year end. The notes to the financial statements report that inventories are maintained at a weighted average. Testing the total inventory tons computed at the December 2007 cost indicated that the inventory could be overstated by \$51,035.00. There was no supporting computations provided to support the ending general ledger account balance.
- (2) Inventory/Line Material and Inventory/Power Plant Spare Parts inventory accounts were understated by \$56,381.03 and \$14,395.18, respectively. The inventory system provides a Quantities and Values by Warehouse Report at year end after the adjustments for year end counts have been entered. There was a periodic inventory count performed at year end but the general ledger accounts had not been reconciled to the inventory system reports.

Prepays:

- (1) Prepaid expenses - insurance was recomputed based on policy periods and the number of days prepaid. The recomputed amount was \$122,995.19; the general ledger balance was \$124, 995.23, an overstatement of \$2,259.63. The Chief Accountant's office had a worksheet to compute prepaid insurance; the worksheet had a balance of \$122,735.60 a difference from the recomputed balance of \$259.59. The general ledger had not been adjusted to the worksheet.
- (2) Prepaid expenses - maintenance was recomputed also based on period covered and number of days prepaid. The recomputed amount was \$68,765.19; the general ledger balance was \$71,970.42, an overstatement of \$3,205.23. The Chief Accountant's office had a worksheet to compute prepaid maintenance; the worksheet had a balance of \$70,153.56, a difference from the recomputed balance of \$1,388.37. The general ledger had not been adjusted to the worksheet.
- (3) Prepaid expenses - other was also recomputed. The recomputed amount was \$88,930.04, the general ledger was \$103,155.19 and the Chief Accountant's worksheet was \$97,707.22. The prepaid expenses - other was overstated by \$14,225.15.

Deferred debits:

- (1) The Telecom research and development costs are being amortized through 2010. During 2007, the amount amortized was \$36,666.72. The amount that should have been amortized was \$45,895.66. The general ledger ending balance was \$152,392.72 but should have been \$137,686.96 per the amortization schedule.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
AUDIT RESULTS AND COMMENTS
(Continued)

Other receivables:

- (1) The transportation clearing account was overstated by \$4,924.70 due to posting errors. The July expense was erroneously entered as the December expense and the December expense was never entered.

Capital assets and depreciation:

- (1) The general ledger beginning balance for construction work in progress Account 107.00 included \$3,724,624.92 in Accelplus Building Corporation construction work in progress. Throughout 2007 the Building Corporation transactions were posted to the Construction Work in Progress account. In December 2007, \$7,783,242.13 was transferred to Account 607.00 Construction in Progress (Telecom). Also in December an additional \$2,119,089.47 was posted to Account 607.00 for a general ledger ending balance of \$9,902,331.60. The Chief Accountant provided a correcting entry to the general ledger crediting the 107.00 and debiting the 607.00 Account for an additional \$765,697.81. The total of \$10,311,683.29 was capitalized as Capital Leased Asset as a year end adjustment to the general ledger.
- (2) The Capital Leased Asset should have been recorded at the actual cost to Accelplus. At December 31, 2007, the booked Capital Leased Asset was \$10,311,683.29. The Capital Lease Payable was \$16,660,000. Based on this information the capital leased asset appears to be understated by \$6,348,316.71.
- (3) During 2007, a \$126,597.30 digger truck was removed from the capital asset ledger erroneously and the truck that was traded in was not removed from the ledger. The trade-in resulted in a \$3,500.00 gain on sale of asset that was not booked.
- (4) The detailed worksheet provided by the Chief Accountant for Construction Work in Progress Account 107.00 did not start with the same projects that 2006 ended with. The Kentucky Street Tie project totaling \$22,451.20 should have been closed in 2005 but was still included in 2006 Construction Work in Progress ending balance therefore it should have been included in the beginning 2007 balance and closed out of Construction Work in Progress in 2007 with correcting entries for depreciation. No evidential matter concerning this correction was presented for audit.
- (5) Fixed asset additions and deletions were not timely posted.

Accounts payable:

- (1) The general ledger account was overstated to the detail listing report by \$504.40. A test of the detail listing resulted in \$1,716.76 in accounts payable not included on the listing. Accelplus accounts payable of \$20,625.12 was included in the Account Payable/Miscellaneous 232.10 but should have been posted to account 725.00 AP- Accelplus.

Accrued interest payable:

- (1) The general ledger included \$4,439.98 in accrued interest payable on the 1992 bond issue. This debt was paid off in 2007; therefore, there should be no accrual for interest payable at year end.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
AUDIT RESULTS AND COMMENTS
(Continued)

Unemployment reserve:

- (1) The general ledger was maintaining a liability balance of \$4,830.66. There had been no change in this balance in several years. Crawfordsville Electric Light and Power does not pay annual or quarterly federal or state unemployment taxes and only pays what is claimed against them. There is no policy to support a liability reserve.

Accrued pension payable:

- (1) Accrued pension payable based on accrued payroll payable at year end was understated by \$7,451.66.

Accrued FICA and Medicare:

- (1) Accrued FICA and Medicare based on accrued payroll payable was understated by \$5,960.63.

Employee flex payable:

- (1) Employee flex payable should be equal to the amount maintained in the Employees Flexible Benefits bank account. The payable was \$743.47 more than the monies maintained to fund it.

Retirement benefit reserve:

- (1) Retirement benefit reserve Account 263.10, a liability account, at year end had a debit balance of \$754.82 due to a posting error. The posting for the payment of Utility Receipts Tax of \$19,169.52 had erroneously been posted to this account. After correcting the posting error the account was overstated by \$8,451.90. This account should be equal to the value of the employee's unused sick leave to be paid at retirement. A worksheet for this calculation is maintained by the chief accountant's office.

Customer deposits payable:

- (1) Customer deposits payable exceeds the monies maintained to fund it by \$24,486.89 and does not match the Deposit Control Register for the period ending December 31, 2007 by \$25,590.36.

Capital lease payable:

- (1) Capital lease payable at year end on the general ledger is \$16,108,054.00. Per the lease agreement and amortization schedule the total lease payable is \$16,660,000.00, an understatement of \$551,946.00.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
 AUDIT RESULTS AND COMMENTS
 (Continued)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditor's Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPORTING DOCUMENTATION

The supporting detail for Accelplus accounts that were manually billed prior to being computerized were not provided for audit. Due to the lack of supporting information, the validity and accountability for \$39,043.34 of the Accelplus accounts receivable balance could not be established.

The supporting detail for the following account balances were also not provided during the audit:

Account Name	Account No.	Amount Ending Balance	Amount Unsupported
Accounts receivable/Project safe	142.20	\$ 15,092.34	\$ 15,092.34
Accounts receivable/other charges	142.30	29,773.51	29,773.51
Accounts receivable/DSM rebates	143.00	(129.71)	(129.71)
Due from other funds	174.10	518,419.28	226,052.26
Due to CELP	742.00	(518,419.28)	(226,052.26)
Fuel stock/coal	151.00	192,079.01	51,035.00
Fuel stock/diesel	151.10	415.66	415.66
Temporary facilities	185.00	5,038.63	5,038.63
Deferred acquisition costs	none	1,658,616.23	107,308.07
Construction work in progress	107.00	385,101.05	22,451.20
Project SAFE vouchers received	242.50	(50,219.81)	(50,219.81)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
AUDIT RESULTS AND COMMENTS
(Continued)

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

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2008, with Roy E. Kaser, Manager, Thomas J. Sheets, President of the Utility Board; and John F. Lamb, Chief Accountant. Also, the contents of this report were discussed on August 25, 2008, with Charles E. Coons, Mayor; and Terri J. Gadd, Clerk-Treasurer. The official response has been made a part of this report and may be found on page 47.



Crawfordsville Electric Light & Power

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August 28, 2008

State Board of Accounts
302 W Washington Street
Room E418
Indianapolis IN 46204-2765

OFFICIAL RESPONSE

To: Auditors Report of Financial Statements of Crawfordsville Electric Light & Power

Crawfordsville Electric Light & Power does not concur in total with the audit report and findings for the year ended December 31, 2007. Crawfordsville Electric Light & Power has engaged the services of outside personnel to assist with the evaluation of the report comments and to determine the validity of CEL&P's financial statements. Any inaccuracies which are discovered will be corrected. When the review is complete and any inaccuracies corrected, revised financial statements which will give the true and accurate report of the financial status of Crawfordsville Electric Light & Power will be prepared and submitted.

Yours truly,

Roy E. Kaser
Manager