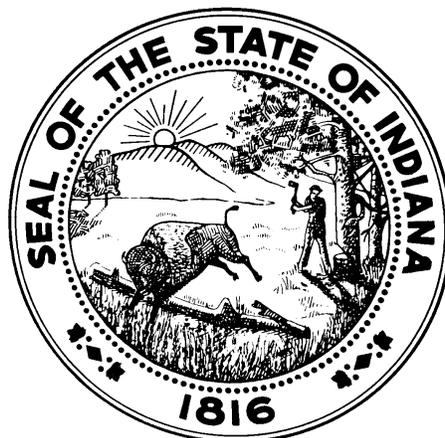


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

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

January 1, 2008 to December 31, 2008



FILED
01/14/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Manager	Roy E. Kaser	01-01-08 to 12-31-09
Controller	John F. Lamb	01-01-08 to 12-31-09
Mayor	Charles E. Coons	01-01-08 to 12-31-11
President of Utility Service Board	Thomas J. Sheets	01-01-08 to 12-31-09
President of the City Council	Nellie Thompson	01-01-08 to 12-31-09



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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 were engaged to audit 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, 2008. These financial statements are the responsibility of the Utility's management.

The financial statements of the Crawfordsville Electric Light and Power, 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 electric utility. They do not purport to, and do not, present fairly the financial position of the City of Crawfordsville, 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.

We were unable to verify the amounts presented in the financial statements to the general ledger. Additionally some general ledger accounts could not be verified to subsidiary records. Deficiencies in the recordkeeping included failure to reconcile subsidiary records to the general ledger accounts. We could not obtain, by any alternative procedures, some account balances which could result in significant misstatement of the financial statements.

Since records were not in the proper condition to audit, as described in the preceding paragraph, and we were unable to apply alternative auditing procedures, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements of the business-type activities of the Crawfordsville Electric Light and Power, a department of the City of Crawfordsville.

The Utility has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

December 2, 2009

Crawfordsville Electric Light & Power
Statement of Net Assets
ELECTRIC UTILITY ALL DIVISIONS
December 31, 2008

	<u>2008</u>	<u>2007</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
ASSETS		
Current Assets		
Cash	\$ 56,857.76	\$ 686,153.80
Cash Equivalents	2,881,662.41	1,830,893.33
Interest Receivable	20,210.39	57,432.70
Customer Receivables, (net)	1,304,127.17	1,487,557.09
Project SAFE Vouchers	28,972.64	15,092.34
Due From Other Funds	1,008,590.63	-
Fuel Stock	300,166.55	196,776.59
Plant Materials and Operating Supplies	670,409.26	691,371.33
Prepaid Maintenance Charges	85,058.33	68,765.19
Prepaid Insurance	97,088.16	122,735.60
Other Prepayments	94,469.70	90,666.60
Temporary Facilities	9,500.17	5,038.63
Misc. Deferred Debits Less Amortization	606,615.54	1,658,612.31
Other Deferred Debits	91,791.30	137,686.96
Transportation Clearing	10,008.87	5,038.63
Total Current Assets	<u>\$ 7,265,528.88</u>	<u>\$ 7,053,821.10</u>
Noncurrent Assets		
Restricted Assets		
Cash	\$ 7,789.98	\$ 1,048,197.19
Cash Equivalents	534,446.07	-
Investments	2,517,571.98	2,065,347.81
Cash Held with Agent Receivable	1,964,490.28	4,960,278.20
Interest Receivable	21,035.30	-
Capital Assets		
Land and Intangibles	2,131,674.14	2,546,778.40
Capital Leased Asset	13,533,198.02	10,311,683.29
Buildings and Improvements, (net)	3,498,148.33	3,576,609.21
Equipment, (net)	14,454,738.08	14,571,022.56
Total Noncurrent Assets	<u>\$ 38,663,092.18</u>	<u>\$ 39,079,916.66</u>
Total Assets	<u>\$ 45,928,621.06</u>	<u>\$ 46,133,737.76</u>

Crawfordsville Electric Light & Power
Statement of Net Assets
ELECTRIC UTILITY ALL DIVISIONS
December 31, 2008
(Continued)

	2008	2007
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
LIABILITIES		
Current Liabilities		
Account Payable	\$ 3,674,411.49	\$ 3,315,394.15
Accrued Taxes Payable	(25,759.20)	75,692.99
Accrued Interest Payable	-	-
Unemployment Reserve	4,830.66	4,830.66
State Sales Tax Payable	135,089.11	41,064.00
Pension Fund Payable (Employer's Contribution)	66,849.79	57,540.17
Retirement Benefits Reserve	9,962.80	9,962.80
Accrued Payroll	119,629.62	87,099.38
Project SAFE Vouchers Received (Not Applied)	62,708.30	27,119.42
Due To Other Funds	1.05	23,672.50
Customers Meter Deposits Payable	129,633.37	150,677.23
Accrued Lease Payable Capital Lease	-	979,224.79
Due To Other Funds	4,831.26	-
Total Current Liabilities	\$ 4,182,188.25	\$ 4,772,278.09
Noncurrent Liabilities		
Capital Lease Payable	\$ 16,660,000.00	\$ 16,108,054.29
Total Liabilities	\$ 20,842,188.25	\$ 20,880,332.38
NET ASSETS		
Invested in capital assets	\$ 20,084,560.55	\$ 20,668,767.94
Restricted Funds	5,024,298.31	8,073,823.20
Unrestricted	(22,426.05)	(3,489,243.72)
Total Net Assets	\$ 25,086,432.81	\$ 25,253,347.42

Crawfordsville Electric Light & Power
Statement of Revenues, Expenses, and Changes in Fund Net Assets
ELECTRIC UTILITY ALL DIVISIONS
For the Year Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
OPERATING REVENUES		
Residential Sales	\$ 7,055,042.61	\$ 6,617,599.21
Commercial and Industrial Sales	21,416,750.65	20,238,756.86
Outdoor and Street Lighting Sales	274,706.67	237,821.41
Sales to Other Authorities	107,459.20	107,933.73
Sales for Resale	2,147,933.30	1,859,772.71
Telecom Sales	1,399,902.58	315,798.26
Other Operating Revenue	496,917.91	347,399.30
Total Operating Revenues	<u>\$ 32,898,712.92</u>	<u>\$ 29,725,081.48</u>
OPERATING EXPENSES		
Utility Operating Expense	\$ 3,046,512.30	\$ 2,417,129.18
Steam Power Generation	21,912,310.72	21,163,315.60
Purchased Power	1,820,487.98	1,285,795.46
Transmission & Distribution	612,380.98	422,005.80
Customer Accounts Expense	3,570,286.01	2,158,475.98
Administrative & General	-	676,900.74
Telecom Expense	1,361,785.99	1,354,709.95
Depreciation	1,694.58	24,825.37
Amortization of U.S.P.	410,614.46	381,047.01
Utility Receipts Tax	284,069.54	218,414.02
F.I.C.A. Tax	285,618.20	214,113.60
Contribution in Lieu of Taxes	3,942.90	-
Unemployment Tax	180.00	180.00
Other Taxes	<u>\$ 33,309,883.66</u>	<u>\$ 30,316,912.71</u>
Total Operating Expenses		
Operating Income (Loss)	<u>\$ (411,170.74)</u>	<u>\$ (591,831.23)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	\$ 229,859.17	\$ 541,536.70
Miscellaneous Income	230,901.96	401,122.39
Revenue From Contract Work	104,598.03	130,557.69
Cost of Contract Work	(94,663.29)	(85,342.49)
Gain/Loss on Disposal Assets	20,195.56	(7,316.83)
Interest Expense	(11,135.81)	(17,468.76)
Amortization of Debt Discount (1992 Issue)	(3,003.92)	-
Miscellaneous Income Commissions	(6,032.45)	-
Amortization of Debt Discount	(14,795.50)	(5,573.20)
Amortization of Research and Development Costs	(9,378.94)	-
Miscellaneous Income Deductions	(37,473.72)	(28,633.92)
Total Nonoperating Revenue (Expenses)	<u>\$ 409,071.09</u>	<u>\$ 928,881.58</u>
Net Income before Capital Contributions and Transfers	<u>\$ (2,099.65)</u>	<u>\$ 337,050.35</u>
TRANSFERS OUT -		
Prior Period Adjustment	\$ (127,381.80)	\$ (198,886.34)
Change in Net Assets	128,986.34	(320,811.52)
	(495.11)	(182,647.51)
Total Net Assets - Beginning	<u>\$ 25,086,927.92</u>	<u>\$ 25,536,037.79</u>
Total Net Assets - Ending	<u>\$ 25,086,432.81</u>	<u>\$ 25,353,390.28</u>

Crawfordsville Electric Light & Power
Statement of Cash Flows
ELECTRIC UTILITY ALL DIVISIONS
For the Year Ended December 31, 2008

	2008	2007
	ENTERPRISE FUND	ENTERPRISE FUND
CASH FLOWS FROM OPERATION ACTIVITIES		
Receipts from Customers	\$ 32,088,805	\$ 28,802,272
Payments to Suppliers	(26,970,775)	(24,052,576)
Payments to Employees	(3,823,651)	(3,575,076)
Internal Activity - Payments From (To) Other Funds	-	-
Other Receipts	-	-
Net Cash Provided (Used) By Operation Activities	\$ 1,294,379	\$ 1,174,620
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property, Sales, and Use Taxes	\$ -	\$ -
Rents and Concessions	-	-
Transfers Out	(127,382)	(198,886)
Interfund Loans - Proceeds and Collections	-	-
Net Cash Provided by Noncapital Financing Activities	\$ (127,382)	\$ (198,886)
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Purchases and Construction of Capital Assets	\$ (995,991)	\$ (7,817,689)
Principal Paid on Capital Debt	-	(325,000)
Interest Paid on Capital Debt	-	(13,034)
Capital Contributions	-	-
Net Cash Used By Capital and Related Financing Activities	\$ (995,991)	\$ (8,155,723)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ 341,279	\$ 340,734
Interest and Dividends	165,726	558,371
Net Cash Provided by Investing Activities	\$ 507,005	\$ 899,105
Net Increase in Cash and Cash Equivalents	\$ 562,577	\$ (6,434,749)
Balances - Beginning of the Year	\$ 4,953,292	\$ 4,193,608
Balances - End of the Year	\$ 5,487,441	\$ (2,098,379)
 Displayed As:		
Cash	\$ 658,348	\$ 575,863
Pooled Cash and Investments	4,829,112	4,377,429
Restricted Assets	-	4,960,278
	\$ 5,487,460	\$ 9,913,570
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating Income (Loss)	\$ (400,486)	\$ (591,831)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:	-	-
Depreciation Expense	1,361,786	1,377,783
Non-Operating Income/Expense--Transfers	(5,598)	360,677
Changes In Assets and Liabilities	-	-
Receivables, Net	593,323	(321,790)
Prepaid and other Assets	125,068	(29,207)
Accounts and Other Payables	(379,712)	378,988
Net Cash Provided (Used) by Operating Activities	\$ 1,294,381	\$ 1,174,620

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

DECEMBER 31, 2008

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 rateably 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, 2008, the following amounts remain invested under certificate of deposit agreements that were purchased pursuant to Crawfordsville Electric Light and Power Utility's policy to invest in excess of current requirements.

Fund	Purchase Date	Original Cost	Maturity Date	Maturity Value	Interest Rate
Depreciation					
	12/28/2007	\$ 150,000.00	1/30/2009	\$ 158,286.17	4.96%
	1/31/2008	150,000.00	2/27/2009	155,426.63	3.36%
	2/29/2008	150,000.00	3/31/2009	154,589.26	2.82%
	3/31/2008	150,000.00	4/30/2009	154,707.53	2.90%
	4/30/2008	150,000.00	5/29/2009	154,647.04	2.87%
	5/30/2008	150,000.00	6/30/2009	154,735.73	2.91%
	6/30/2008	150,000.00	7/31/2009	155,370.41	3.30%
	7/31/2008	150,000.00	8/31/2009	156,184.11	3.80%
	8/29/2008	150,000.00	9/30/2009	155,579.75	3.42%
	9/30/2008	150,000.00	10/31/2009	155,791.50	3.51%
	10/30/2008	150,000.00	11/30/2009	155,373.08	3.31%
	10/31/2008	150,000.00	12/30/2009	155,798.63	3.32%
	11/26/2008	150,000.00	1/29/2010	155,500.60	3.12%
	12/30/2008	150,000.00	2/26/2010	154,728.33	2.72%
		<u>2,100,000.00</u>		<u>2,176,718.77</u>	
Cash Reserve					
	1/31/2008	204,622.29	1/9/2009	211,161.39	3.36%
	4/30/2008	106,486.57	1/9/2009	108,428.07	2.62%
	7/31/2008	<u>106,463.12</u>	1/9/2009	<u>107,957.17</u>	3.17%
		<u>417,571.98</u>		<u>427,546.63</u>	
Total		<u>\$ 2,517,571.98</u>		<u>\$ 2,604,265.40</u>	

NOTE III - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in money market savings accounts and certificate of deposits with maturity dates within three months of the date acquired.

Fund	Purchase Date	Original Cost	Maturity Date	Maturity Value	Interest Rate
General					
Chase MM	Daily	\$ 306,420.73	Daily	\$ 306,420.73	Daily
TriCounty MM	Daily	280,071.01	Daily	280,071.01	Daily
National City	Daily	601,670.67	Daily	601,670.70	Daily
	12/30/2008	<u>1,693,500.00</u>	1/13/2009	<u>1,694,019.65</u>	0.80%
		<u>2,881,662.41</u>		<u>2,882,182.09</u>	
Depreciation					
National City MM	Daily	\$ 51,280.51	Daily	\$ 51,280.51	Daily
TriCounty MM	Daily	<u>178,761.31</u>	Daily	<u>178,761.31</u>	Daily
		<u>230,041.82</u>		<u>230,041.82</u>	
Cash Reserve					
	10/31/2008	106,531.98	1/9/2009	107,142.86	2.30%
	12/30/2008	<u>70,872.27</u>	1/30/2009	<u>70,946.91</u>	1.24%
		<u>177,404.25</u>		<u>178,089.77</u>	
Meter Deposit					
	12/30/2008	<u>127,000.00</u>	1/30/2009	<u>127,133.71</u>	1.24%
		<u>\$ 3,416,108.48</u>		<u>\$ 3,417,447.39</u>	

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

DECEMBER 31 2008

**Summary of Accounting Policies
(Continued)**

NOTE IV - ACCOUNTS RECEIVABLE

Customer accounts receivable balances at December 31, 2008 and 2007 are comprised of the following amounts:

	<u>2008</u>	<u>2007</u>
Accounts Receivable - Electric	\$ 634,769.10	\$ 1,343,905.21
Accounts Receivable - Miscellaneous	84,903.75	26,773.51
Accounts Receivable - Other	28,972.64	15,092.34
	<u>\$ 748,645.49</u>	<u>\$ 1,385,771.06</u>

NOTE V - DETAIL OF OTHER OPERATING INCOME (Electric Division)

	<u>2008</u>	<u>2007</u>
Forfeited Discounts	\$ 77,678.30	\$ 78,530.01
Sale of Scrap, etc.	317,945.20	141,470.64
Surge Protection, Fiber Lease	91,483.26	127,398.65
	<u>\$ 487,106.76</u>	<u>\$ 347,399.30</u>

NOTE VI - INTEREST INCOME

	<u>2008</u>	<u>2007</u>
General Fund	\$ 50,411	\$ 60,764
Depreciation Fund	97,069	69,460
Cash Reserve Fund	14,362	16,898
Bond & Interest Fund	67	21,325
Meter Deposit Fund	3,383	6,058
	<u>\$ 165,292</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, 2008

**Summary of Accounting Policies
(Continued)**

NOTE VIII - DETAIL OF DECEMBER 31, 2008 INVENTORIES

	<u>2008</u>	<u>2007</u>
Line, Meter Stock	\$ 571,006.84	\$ 501,706.99
Boiler Parts	<u>99,402.42</u>	<u>178,938.78</u>
	<u>\$ 670,409.26</u>	<u>\$ 680,645.77</u>

NOTE IX - DETAIL OF SALES FOR RESALE OF IMPA

		<u>KWH</u>	<u>Cents Per KWH</u>
Demand Charged (Capacity Payments)	Energy Charges (Fuel Expenses)		
1,223,009	924,924	26,292,091	0.081695

NOTE X - DETAIL OF PURCHASED POWER

			<u>Cents Per KWH</u>
<u>Demand Charges</u>	<u>Energy Charges</u>	<u>Other Charges</u>	
11,456,724	9,184,967	1,270,619	0.050720

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 2008-2007

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, 2008, 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, 2008

**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, 2008

**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 sixty-two 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:

Utility Pays	Age 55-59	Age 60	Age 61	Age 62-65
	-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 \$0.00 for this benefit in 2008.

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-08	Additions	Reductions		December-08
0.00	0	0.00		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.

NOTE XXIII - DRY BRANCH SUBSTATION TRANSFORMER

The Dry Branch Substation transformer suffered a major malfunction in the month of July 2007 and was taken out of service in August. The transformer will be out of operation for a year and will be put back into service in August 2008. Insurance is expected to cover all cost less the \$50,000.00 deductible. The total cost for the rewinding for the transformer is to be around \$500,000.00 which will be capitalized in 2008.

NOTE XXIV - KENTUCKY DATA LINK POLE ATTACHMENT

CEL&P entered into a pole attachment agreement with Kentucky Data Link in September 2007. The scope of the agreement is to allow Kentucky Data Link pole space to run fiber optic cable through a portion of Crawfordsville to SBC / AT&T for a service connection. This contracted will be billed on an annual basis starting July 1, 2008 and the cost of each attachment shall be \$9.50 plus any charges to make poles ready for such attachments.

Note XXV - SUBSEQUENT EVENTS

Accelplus Line of Credit

Crawfordsville Electric Light & Power has established a line of credit to Accelplus in the amount of \$1,150,000.00. This amount is to help continue with the construction of new customer installs and operating expenses.

Rate Increase

Crawfordsville Electric Light & Power has filed a rate increase with the Indiana Utility Service Commission in September 2009. The rate study was conducted by The Prime Group and has been submitted to the Commission. The new rate schedule was passed by the Common Council of the City of Crawfordsville in September of 2009 on first reading. The second and final readings will take place after the Commission has issued its final opinion. The hearing is set for January 2010 and the new rates, if approved, will most likely be implemented near the second quarter of 2010.

Manager's Retirement Announcement

In August 2009, Roy Kaser, Manager of the Utility, announced his plans for retirement. His last day of employment will be January 14, 2010. He will be working with the Utility Service Board and Mayor Coons to find a replacement for his position and continue his daily duties until that time.

Wastewater Billing

The Board of Works for the City of Crawfordsville in July 2009, decided to have Indiana American Water Company perform the billing and collection of wastewater for the City. Crawfordsville Electric Light and Power will continue to bill and collect monies for the wastewater department until December 31, 2009. This will eliminate \$100,200.00 in revenue and approximately the same amount of expenses in future.

Crawfordsville Electric Light & Power
Statement of Net Assets
ELECTRIC UTILITY
December 31, 2008

	<u>2008</u>	<u>2007</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
ASSETS		
Current Assets		
Cash	\$ 24,902.46	\$ 532,001.16
Cash Equivalents	2,881,662.41	1,830,893.33
Interest Receivable	20,210.39	-
Customer Receivables, (net)	719,669.56	1,370,549.01
Project SAFE Vouchers	28,972.64	15,092.34
Due From Other Funds	1,401,211.56	-
Due From TELECOM Division	163,337.22	510,755.11
Interfund Loan Receivable	1,150,000.00	1,150,000.00
Fuel Stock	300,166.55	192,494.67
Plant Materials and Operating Supplies	670,409.26	680,645.77
Prepaid Maintenance Charges	64,042.33	71,970.42
Prepaid Insurance	97,088.16	124,995.23
Other Prepayments	93,029.32	103,155.19
Temporary Facilities	9,500.17	5,038.63
Misc. Deferred Debits Less Amortization	-	3,003.92
Other Deferred Debits	91,791.30	152,392.72
Transportation Clearing	10,008.87	11,229.87
Total Current Assets	<u>\$ 7,726,002.20</u>	<u>\$ 6,754,217.37</u>
Noncurrent Assets		
Restricted Assets		
Cash	\$ 7,789.98	\$ 948,197.19
Cash Equivalents	534,446.07	
Investments	2,517,571.98	2,065,347.81
Interest Receivable	21,035.30	53,428.05
Capital Assets		
Land and Intangibles	1,191,338.14	1,242,218.12
Buildings and Improvements, (net)	3,498,148.33	3,576,604.12
Equipment, (net)	14,269,363.15	14,542,045.42
Total Noncurrent Assets	<u>\$ 22,039,692.95</u>	<u>\$ 22,427,840.71</u>
Total Assets	<u>\$ 29,765,695.15</u>	<u>\$ 29,182,058.08</u>

Crawfordsville Electric Light & Power
Statement of Net Assets
ELECTRIC UTILITY
December 31, 2008
(Continued)

	<u>2008</u>	<u>2007</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
LIABILITIES		
Current Liabilities		
Account Payable	\$ 3,577,489.26	\$ 3,324,193.73
Accrued Taxes Payable	(25,759.20)	9,302.51
Accrued Interest Payable	-	4,439.98
Unemployment Reserve	4,830.66	4,830.66
State Sales Tax Payable	76,064.45	56,765.48
Pension Fund Payable (Employer's Contribution)	66,849.79	49,312.97
Retirement Benefits Reserve	9,962.80	(754.82)
Accrued Payroll	119,629.62	79,672.20
Project SAFE Vouchers Received (Not Applied)	62,708.30	50,219.81
Accrued Employee Flex	1.05	3,951.35
Due To Telecom	477,501.15	130,791.65
Due To Other Funds (ACH)	12,766.78	3,337.09
Customers Meter Deposits Payable	127,233.37	148,872.23
Total Current Liabilities	<u>\$ 4,509,278.03</u>	<u>\$ 3,864,934.84</u>
NET ASSETS		
Invested in capital assets	\$ 18,958,849.62	\$ 19,360,867.66
Restricted Funds	3,059,808.03	3,009,105.02
Unrestricted	3,237,759.47	2,947,150.56
Total Net Assets	<u>\$ 25,256,417.12</u>	<u>\$ 25,317,123.24</u>

Crawfordsville Electric Light & Power
Statement of Revenues, Expenses, and Changes in Fund Net Assets
ELECTRIC UTILITY
For the Year Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
OPERATING REVENUES		
Residential Sales	\$ 7,055,042.61	\$ 6,617,599.21
Commercial and Industrial Sales	21,416,750.65	20,238,756.83
Outdoor and Street Lighting Sales	274,706.67	237,821.41
Sales to Other Authorities	107,459.20	107,933.73
Sales for Resale	2,147,933.30	1,859,772.71
Other Operating Revenue	487,106.76	347,399.30
Total Operating Revenues	<u>\$ 31,488,999.19</u>	<u>\$ 29,409,283.19</u>
OPERATING EXPENSES		
Utility Operating Expense		
Steam Power Generation	\$ 3,046,512.30	\$ 2,417,129.18
Purchased Power	21,912,310.72	21,163,315.60
Transmission & Distribution	1,820,487.98	1,285,795.46
Customer Accounts Expense	557,234.45	422,005.80
Administrative & General	2,517,456.06	2,158,475.98
Depreciation	1,360,829.10	1,354,709.95
Amortization of U.S.P.	-	24,825.37
Utility Receipts Tax	410,614.46	381,047.01
F.I.C.A. Tax	278,915.50	218,414.02
Contribution in Lieu of Taxes	285,618.20	214,113.60
Unemployment Tax	3,942.90	-
Other Taxes	180.00	180.00
Total Operating Expenses	<u>\$ 32,194,101.67</u>	<u>\$ 29,640,011.97</u>
Operating Income (Loss)	<u>\$ (705,102.48)</u>	<u>\$ (230,728.78)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	\$ 253,190.69	\$ 215,606.79
Miscellaneous Income	230,901.96	366,375.52
Revenue From Contract Work	104,598.03	130,557.69
Cost of Contract Work	(94,663.29)	(85,342.49)
Gain/Loss on Disposal Assets	20,195.56	(7,316.83)
Interest on Long Term Debt 1992		(17,468.76)
Amortization of Debt Discount	(3,003.92)	(5,573.20)
Amortization of Research and Development Costs	(9,378.94)	-
Miscellaneous Income Deductions	(37,473.72)	(28,633.92)
Total Nonoperating Revenue (Expenses)	<u>\$ 464,366.37</u>	<u>\$ 568,204.80</u>
Net Income before Capital Contributions and Transfers	<u>\$ (240,736.11)</u>	<u>\$ 337,476.02</u>
TRANSFERS OUT -		
Unidentified Difference	(127,381.80)	(198,886.40)
Change in Net Assets	270,719.14	(320,811.52)
	(97,398.77)	(182,221.90)
Total Net Assets - Beginning	<u>\$ 25,353,815.89</u>	<u>\$ 25,536,037.79</u>
Total Net Assets - Ending	<u>\$ 25,256,417.12</u>	<u>\$ 25,353,815.89</u>

Crawfordsville Electric Light & Power
Statement of Cash Flows
ELECTRIC UTILITY
For the Year Ended December 31, 2008

	2008	2007
	ENTERPRISE FUND	ENTERPRISE FUND
CASH FLOWS FROM OPERATION ACTIVITIES		
Receipts from Customers	\$ 31,092,993	\$ 28,421,201
Payments to Suppliers	(26,030,351)	(23,624,687)
Payments to Employees	(3,823,651)	(3,575,076)
Internal Activity - Payments From (To) Other Funds	-	-
Other Receipts	-	-
Net Cash Provided (Used) By Operation Activities	\$ 1,238,991	\$ 1,221,438
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property, Sales, and Use Taxes	\$ -	\$ -
Rents and Concessions	-	-
Transfers Out	(127,382)	(198,886)
Interfund Loans - Proceeds and Collections	-	-
Net Cash Provided by Noncapital Financing Activities	\$ (127,382)	\$ (198,886)
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Purchases and Construction of Capital Assets	\$ (856,924)	\$ (802,833)
Principal Paid on Capital Debt	-	(325,000)
Interest Paid on Capital Debt	-	(13,034)
Capital Contributions	-	-
Net Cash Used By Capital and Related Financing Activities	\$ (856,924)	\$ (1,140,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ 226,279	\$ 570,734
Interest and Dividends	165,292	174,506
Net Cash Provided by Investing Activities	\$ 391,571	\$ 745,240
Net Increase in Cash and Cash Equivalents	\$ 646,256	\$ 626,925
Balances - Beginning of the Year	\$ 4,809,430	\$ 4,182,505
Balances - End of the Year	\$ 5,455,686	\$ 4,809,430
Displayed As:		
Cash	\$ 24,902	\$ 532,001
Pooled Cash and Investments	4,829,112	4,277,429
Restricted Assets	-	-
	\$ 4,854,014	\$ 4,809,430
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating Income (Loss)	\$ (705,102)	\$ (230,729)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:		
Depreciation Expense	1,360,829	1,354,710
Non-Operating Income/Expense--Transfers	-	-
Changes In Assets and Liabilities		
Receivables, Net	707,847	(252,324)
Prepaid and other Assets	147,524	(29,207)
Accounts and Other Payables	(282,790)	378,988
Net Cash Provided (Used) by Operating Activities	\$ 1,228,307	\$ 1,221,438

Crawfordsville Electric Light & Power
Statement of Net Assets
TELECOM DIVISION
December 31, 2008

	<u>2008</u>	<u>2007</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
ASSETS		
Current Assets		
Cash	\$ 31,955.30	\$ 43,861.60
Investments	-	100,000.00
Customer Receivables, (net)	584,457.61	81,071.21
Prepaid Maintenance Charges	21,016.00	-
Prepaid Other	1,440.38	-
Due From Electric	477,501.15	111,645.34
Misc. Deferred Debits Less Amortization	606,615.54	1,658,612.31
Total Current Assets	<u>\$ 1,722,985.98</u>	<u>\$ 1,995,190.46</u>
Noncurrent Assets		
Restricted Assets		
Cash Held with Agent Receivable	1,964,490.28	4,960,278.20
Capital Assets		
Land and Intangibles	\$ 940,336.00	\$ 1,331,007.23
Capital Leased Asset (net)	13,533,198.02	10,311,683.29
Equipment, (net)	185,374.93	25,642.23
Total Noncurrent Assets	<u>\$ 16,623,399.23</u>	<u>\$ 16,628,610.95</u>
Total Assets	<u><u>\$ 18,346,385.21</u></u>	<u><u>\$ 18,623,801.41</u></u>

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

	<u>2007</u>	<u>2007</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
LIABILITIES		
Current Liabilities		
Account Payable	\$ 96,922.23	\$ -
Accrued Taxes Payable	59,024.66	8,295.18
Customer Deposits Payable	2,400.00	2,400.00
Accrued Interest Payable Capital Lease	-	979,224.79
Due To Electric Funds	548,022.63	
Interfund Loans Payable	1,150,000.00	1,668,419.28
Total Current Liabilities	<u>\$ 1,856,369.52</u>	<u>\$ 2,658,339.25</u>
Noncurrent Liabilities		
Capital Lease Payable	16,660,000.00	16,108,054.29
Total Liabilities	<u>\$ 18,516,369.52</u>	<u>\$ 18,766,393.54</u>
NET ASSETS		
Invested in capital assets	\$ 1,125,710.93	\$ 1,331,007.23
Restricted Funds	1,964,490.28	
Unrestricted	(3,260,185.52)	(1,473,598.36)
Total Net Assets	<u>\$ (169,984.31)</u>	<u>\$ (142,591.13)</u>

Crawfordsville Electric Light & Power
Statement of Revenues, Expenses, and Changes in Fund Net Assets
TELECOM DIVISION
For the Year Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
	<u>ENTERPRISE FUNDS</u>	<u>ENTERPRISE FUNDS</u>
OPERATING REVENUES		
Internet / Video Revenue	\$ 1,399,902.58	\$ 315,798.26
Other Revenue	9,811.15	-
Total Operating Revenues	<u>\$ 1,409,713.73</u>	<u>\$ 315,798.26</u>
OPERATING EXPENSES		
Customer Accounts Expense	\$ 55,146.53	\$ 338,493.22
Administrative and General Expense	1,052,829.95	279,868.30
Depreciation	956.89	23,073.42
Amortization	1,694.58	-
Payroll Taxes	5,154.04	35,465.80
Total Operating Expenses	<u>\$ 1,115,781.99</u>	<u>\$ 676,900.74</u>
Operating Income (Loss)	<u>\$ 293,931.74</u>	<u>\$ (361,102.48)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	(23,331.52)	325,929.91
Miscellaneous Income	-	34,746.87
Miscellaneous Income Commissions	(6,032.45)	-
Interest Expense	(11,135.81)	-
Amortization of Debt Discount	(14,795.50)	-
Total Nonoperating Revenue (Expenses)	<u>\$ (55,295.28)</u>	<u>\$ 360,676.78</u>
Net Income before Capital Contributions and Transfers	<u>\$ 238,636.46</u>	<u>\$ (425.70)</u>
CAPITAL CONTRIBUTIONS		
Unidentified Difference	\$ (141,732.80)	\$ -
Change in Net Assets	96,903.66	(425.70)
Total Net Assets - Beginning	<u>(266,887.97)</u>	<u>(266,462.27)</u>
Total Net Assets - Ending	<u>\$ (169,984.31)</u>	<u>\$ (266,887.97)</u>

**Crawfordsville Electric Light & Power
Statement of Cash Flows
TELECOM DIVISION
For the Year Ended December 31, 2008**

	2008	2007
	ENTERPRISE FUND	ENTERPRISE FUND
CASH FLOWS FROM OPERATION ACTIVITIES		
Receipts from Customers	\$ 995,812	\$ 381,071
Payments to Suppliers	(940,424)	(427,889)
Payments to Employees		
Internal Activity - Payments From (To) Other Funds	-	-
Other Receipts		
Net Cash Provided (Used) By Operation Activities	\$ 55,388	\$ (46,818)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property, Sales, and Use Taxes	\$ -	\$ -
Rents and Concessions	-	-
Transfers Out	-	-
Interfund Loans - Proceeds and Collections	-	-
Net Cash Provided by Noncapital Financing Activities	\$ -	\$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Purchases and Construction of Capital Assets	\$ (139,067)	\$ -
Principal Paid on Capital Debt	-	-
Interest Paid on Capital Debt	-	-
Capital Contributions	-	-
Net Cash Used By Capital and Related Financing Activities	\$ (139,067)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ 115,000.00	\$ (100,000.00)
Interest and Dividends	434	290,680
Net Cash Provided by Investing Activities	\$ 115,434.00	\$ 190,680.00
Net Increase in Cash and Cash Equivalents	\$ (83,679)	\$ (46,818)
Balances - Beginning of the Year	\$ 143,862	\$ 11,103
Balances - End of the Year	\$ 31,755	\$ 143,862
Displayed As:		
Cash	\$ 31,775	\$ 43,862
Pooled Cash and Investments		100,000
Restricted Assets	-	-
	\$ 31,775	\$ 143,862
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating Income (Loss)	\$ 293,932	\$ (361,102)
Adjustments to Reconcile Operating Income to Net Cash	-	-
Provided (Used) By Operating Activities:		
Depreciation Expense	957	23,073
Non-Operating Income/Expense--Transfers	(55,295)	360,677
Changes In Assets and Liabilities	-	-
Receivables, Net	(114,524)	(69,466)
Prepaid and other Assets	(22,456)	-
Accounts and Other Payables	(96,922)	-
Net Cash Provided (Used) by Operating Activities	\$ 5,691	\$ (46,818)

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>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>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>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 1/1/2007	Additions	Retirements	Ending Balance 12/31/2007
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>2007</u>	<u>2006</u>	<u>%</u> <u>CHANGE</u>
<u>KWH</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>9,537</u>	<u>455,253,301</u>	<u>\$ 29,061,883.89</u>	0.063837	<u>2,852.57</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-incident 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
CITY OF CRAWFORDSVILLE
AUDIT RESULTS AND COMMENTS

ACCOUNTING INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient in the following ways:

Reconcilements between subsidiary records and the general ledger were not performed as follows:

- (1) Accounts receivable/billing system was not reconciled to the general ledger.
- (2) Material and supplies inventories for both line material and plant spare parts were not reconciled to year end inventories.
- (3) Prepaid maintenance was not reconciled to detail at year end.
- (4) Building corporation transactions and Telecom Division recordings were not reconciled, resulting in numerous known and likely errors.
- (5) Accounts payable was not reconciled to detail with the exception of IMPA and Coal, resulting in likely errors.
- (6) Accrued gross income taxes were not reconciled at year end.
- (7) Customer deposits payable for both divisions did not reconcile to the detail presented for audit.
- (8) Accrued employee flex payable was not timely reconciled to the bank account that this payable is paid from. This results in a likely error.
- (9) Lease payable did not reconcile to the amount required to meet the obligation.
- (10) Depreciation accounts are not reconciled.

General ledger accounts are not reviewed timely allowing numerous posting errors including:

For Accelplus, the telecom division:

- (1) Revenues were not posted to the accounts receivable for six months.
- (2) Amortization of deferred debits was not posted.
- (3) Accrued interest payable on the telecom lease payable was overstated at year end.
- (4) Capital assets were not posted.
- (5) Construction work in progress was understated.
- (6) Interest payable was overstated.

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

- (7) Interest expense was understated.
- (8) Payroll related expense accounts were understated.
- (9) Insurance expense was understated.
- (10) Transportation expense was understated.
- (11) Depreciation expense was understated.
- (12) Leased asset was understated.
- (13) Contributed capital was understated.

For all expense accounts that were understated for the Telecom division, it is likely that the Electric Utility division expense accounts are overstated and that interfund receivable/payable is misstated.

Sufficient detailed records are not maintained for the following accounts:

- (1) Interfund receivable/payable between the two divisions is not maintained. Lack of adequate recordkeeping resulted in the accounts being not reconciled regularly. Failure to maintain and reconcile the interfund transactions results in the trial balances for the two divisions becoming out of balance.
- (2) Supporting documentation for the balance for Prepaid Other was not presented for audit.
- (3) Unemployment reserve is not supported.
- (4) Construction work in progress was not determinable from the information presented for audit.

There was no evidence that journal entries prepared by staff members were reviewed by the controller prior to posting.

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)

CONDITION OF RECORDS

Due to the condition of the records for 2007, the unit hired an outside consultant, the prior Controller, to correct the 2008 beginning balances. Numerous correcting entries were provided to correct the beginning balances. Of the entries provided, five were not posted and seven were not posted as given.

Numerous spreadsheets and separate accounting processes are maintained but are not reconciled to the general ledger on a timely basis.

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

We were unable to determine whether the general ledger or the subsidiary accounting is accurate and complete, the following accounts balances contain likely errors:

Electric Utility:

- (1) Account receivable
- (2) Line inventory
- (3) Plant spare parts inventory
- (4) Prepaid maintenance
- (5) Prepaid insurance
- (6) Accounts payable
- (7) Sales tax payable
- (8) Accrued gross income tax payable
- (9) Customer deposit payable
- (10) Project safe vouchers payable
- (11) Employee flex payable
- (12) Accrued PERF payable
- (13) Accrued retirement benefit
- (14) Interfund receivable (due from other funds)
- (15) Unemployment reserve

Accelplus - Telecom Division:

- (1) Accounts receivable
- (2) Interfund payable (due to other funds)
- (3) Prepaid maintenance
- (4) Prepaid insurance
- (5) Accounts payable
- (6) Sales tax payable
- (7) Customer deposit payable

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

- (8) Capital assets
- (9) Customer accounts expenses
- (10) Manager salaries expense
- (11) Wages expenses
- (12) PERF expenses
- (13) Health insurance expenses
- (14) Life insurance expenses
- (15) Medical reimbursement expenses
- (16) Disability insurance expenses
- (17) 457 Contributions
- (18) Transportation expenses
- (19) Insurance expense
- (20) Building corporation receivable
- (21) Debt issuance costs
- (22) Contributed capital - equity
- (23) Depreciation and amortization expenses
- (24) Net assets

Supporting documentation was not provided during the course of the audit for the following accounts:

- (1) Prepaid other
- (2) Construction work in progress

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)

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)

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

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

Due to the lack of sufficient supporting information, the validity and accountability of the Construction Work In Progress balance could not be established.

Due to the lack of sufficient supporting information, the validity and accountability of the interfund receivables and payables could not be established.

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)

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)

INTERNAL CONTROLS OVER FINANCIAL STATEMENT PREPARATION – PRELIMINARY FINANCIAL STATEMENTS

Controls over the accounting for the financial activities and financial statement preparation were insufficient in the following manner:

- (1) Not all accounts were included in the Electric Utility balance sheet. Interfund loan receivable in the amount of \$1,214,314.41 was not included in the financial statements.
- (2) Not all accounts were included in the Accelplus Division balance sheet. Capital lease payable in the amount of \$20,675.12 was not included in the financial statements.

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

- (3) One account was included in the Electric Utility balance sheet as a debit amount that should have been included as a credit amount. Accumulated Depreciation Street Lighting was included as \$906,796.53 and should have been included as (\$906,796.53).
- (4) The master trial balance from which the financial statements were prepared had four accounts listed for the wrong amounts. Funds 108, 111, 114, and 115 were listed as (\$157,977.06), \$457,673.81, (\$457,673.81) and \$0, respectively. Funds 108, 111, 114, and 115 should have been listed as \$0, (\$157,977.06), \$457,673.81, (\$457,673.81), respectively.
- (5) The Electric Utility balance sheet did not balance by \$2,260,671.40.
- (6) The Accelplus Division balance sheet did not balance by (\$1,639,337.33).
- (7) The Accelplus Division financial statements had \$1,304,408.99 presented for interfund payable but the trial balance has \$1,578,324.70.
- (8) All accrued interest receivable was classified as unrestricted but 51% of the cash equivalents and investments were restricted.

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)

CONDITION OF FINANCIAL STATEMENTS - FINAL

The financial statement presentation had the following issues:

The following general ledger accounts were misreported in the Statement of Net Assets, financial statement presentation for the Electric Division:

- (1) Due from other funds was reported with a zero balance but the general ledger balance was \$1,401,211.56.
- (2) Due from Telecom was reported with a \$518,419.28 balance but the general ledger balance was zero.
- (3) Interfund loan payable was reported with a \$1,150,000 balance but the general ledger balance was \$1,214,314.41.
- (4) Land and intangibles was understated by \$457,673.81 and Equipment (net) was overstated by \$457,673.81.
- (5) Due to Telecom was reported with a zero balance but the general ledger balance was \$30,423.44.

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

- (6) Unrestricted net assets was reported with a \$2,689,194.13 balance but the general ledger balance was \$3,158,799.67.

The following general ledger accounts were misreported in the Statement of Net Assets, financial statement presentation for the Telecom Division:

- (1) Interest receivable was reported with a zero balance but the general ledger balance was \$23,765.60.
- (2) FTTH Project Receivable was reported with a \$12,176,485.43 balance but the general ledger was \$12,981,252.31.
- (3) Due from Electric was reported with an \$111,645.34 balance but the general ledger was \$30,423.44.
- (4) Miscellaneous deferred debits less amortization was reported with a \$1,037,201.27 balance but the general ledger was \$621,411.04.
- (5) Capital lease payable was reported with \$16,128,729.41 balance but the general ledger was \$16,108,054.29.
- (6) Due to Electric was reported with a zero balance but the general ledger was \$20,675.12.
- (7) Interfund loans payable was reported with a \$1,668,419.28 balance but the general ledger was \$1,578,324.70.
- (8) Net assets were reported with a (\$988,980.35) balance but the general ledger was (\$408,620.77).

The following general ledger accounts were misreported in the Statement of Net Assets, financial statement presentation for the combined statement (both divisions):

- (1) Interest receivable was reported with a \$41,245.69 balance but should have been reported as \$65,011.29.
- (2) Due from other funds (net) was reported as \$111,645.34 but should have been reported as \$1,401,211.56.
- (3) Miscellaneous deferred debits less amortization was reported as \$1,037,201.27 but should have been reported as \$621,411.04.
- (4) FTTH Project Receivable was reported as \$12,176,485.43 but should have been reported as \$12,981,252.31.
- (5) Land and intangibles was understated by \$457,673.81 and Equipment (net) was overstated by \$457,673.81.
- (6) Capital lease payable was reported with \$16,128,729.41 balance but the general ledger was \$16,108,054.29.

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

- (7) Interfund loan payable (net) was reported as zero but should have been reported as \$364,010.29.
- (8) Due to other funds (net) was reported as \$2,082.71 but should have been reported as \$22,757.83.
- (9) Restricted net assets was reported as \$3,059,808.03 but should have been reported as \$5,024,298.31.
- (10) Unrestricted Net Assets was reported as (\$2,114.690.97) but should have been reported as \$(51,688.94).

The following general ledger accounts were misreported in the Statement of Revenues, Expenses, and Changes in Fund Net Assets, financial statement presentation for the combined statement (both divisions):

- (1) The Miscellaneous Income Commissions, Telecom division, in the amount of \$6,032.45, were excluded.
- (2) The Miscellaneous Income Deductions, Electric division, in the amount of \$374,722.50, were included in the detail and also in total.

Additional issues with the financial statements were:

- (1) Cash, cash equivalents and investments were not accurately classified based on GASB requirements.
- (2) Cash, cash equivalents and investments were not accurately classified as unrestricted and restricted.
- (3) Interest receivable was not accurately classified as unrestricted and unrestricted.
- (4) The two divisions were out of balance by \$447,077.71, indicating a due from Electric and a due to Telecom for that amount.
- (5) The Combined Statement of Revenues, Expenses, and Changes in Fund Net Assets, did not equal the sum of the two divisions.
- (6) The ending Net Assets from the Statement of Net Assets did not equal the ending Net Assets from the Statement of Revenue, Expenses, and Changes in Fund Net Assets for either division or combined.

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)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
CITY OF CRAWFORDSVILLE
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)

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. 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)

FINANCIAL STATEMENT DISCLOSURES

The financial statement note disclosures had the following deficiencies:

- (1) Note IV Accounts Receivable disclosed accounts receivable for 2007 and 2008 which did not agree with the financial statements.
- (2) Note VI Interest Income disclosed interest income by fund for 2007 and 2008 which did not agree with the financial statements.
- (3) Note XVII Deferred Debits does not disclose all types of costs amortized by the unit and the manner in which they are amortized.
- (4) Note XVIII 1992 Revenue Bonds is not relevant to the 2008 financial statements due to the debt being paid in full.
- (5) Note XX Post Employment Benefits was not updated for the number of retirees meeting the requirements in 2008.
- (6) Note XXI Revenue Bonds documented that the unit had not incurred additional long-term debt in 2007. This note should have been removed.
- (7) Note XXII Accelplus Bonds note had not been updated since 2006.
- (8) There was no note disclosure for the \$16,660,000 capital lease obligation.
- (9) The disclosure for construction work in progress was inadequate in that it disclosed no listing of ongoing projects and their costs to date.
- (10) The capital asset disclosures had not been updated since 2007.

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

- (11) There was no note disclosure concerning the restatement of 2007 financial statements and prior period adjustments.
- (12) There is no note disclosure concerning the interfund receivable and payables, including the \$1,150,000 interfund loan between the Electric Utility and the Telecom division.
- (13) There is no note disclosure concerning the designation of fund balance amounts, i.e. investment in capital assets, restricted and unrestricted.
- (14) There is no note disclosure concerning the interfund eliminations in the combined financial statements, i.e. in the netting of interfund receivables and payables.
- (15) There is no note disclosure for the holding corporation.
- (16) There is no note disclosure for the classification of the utility.

Additional disclosures included in the financial statements had the following deficiencies:

- (1) Statement of Financial Position was clearly for the year of 2007 and had not been updated to 2008 figures.
- (2) Utility plant in service was also for the year 2007 and had not been updated to the 2008 figures.
- (3) Debt service schedules had not been updated to reflect that the 1992 issue was not outstanding at December 31, 2008, and the Accelplus Capital Lease Obligation had not been added to the schedules.
- (4) Comparative Retail Sales/KWH & Dollars by Class included the years 2006 and 2007. There was no 2008 data included.
- (5) Sales Generated Per KWH - 2007 was clearly for 2007, was exactly what was presented in the 2007 report and had not been updated to include 2008.
- (6) Monthly Demands & Net Generation was for the year of 2007 and was exactly what was presented in the 2007 report.
- (7) Comparative Operating Report included the exact information as in 2007.

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)

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

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 Auditors Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (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)

INTERFUND PAYABLES – TELECOM DIVISION

Controls over the receipting, disbursing, recording, and accounting for the financial activities for interfund payables and interfund loan payable were insufficient in that both are accounted for in account 742.00. The commingling of these two accounts in one account number obliterates the audit trail.

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)

PRESCRIBED FORMS

The following prescribed or approved form was not in use:

General Receipts Form 217

The form used to collect receipts other than utility billing, commonly called "cash sales", was not a prescribed or approved form. The cash sales form does not include all required information.

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)

CAPITALIZATION POLICY

As previously reported in Report B32890, 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)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
CITY OF CRAWFORDSVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 2, 2009, with Roy E. Kaser, Manager; John F. Lamb, Controller; and Thomas J. Sheets, President of the Utility Service Board. The official response has been made a part of this report and may be found on page 44.



**Crawfordsville Electric
Light & Power**

AccelPLUS[®]
A DIVISION OF CEL&P

December 3, 2009

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, 2008. 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. CEL&P will also be employing a new Controller.

Yours truly,

Roy E. Kaser
Manager

REK/kc