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STATE OF INDIANA

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March 21, 2017

Board of Directors
Richmond Power and Light
50 North 5th Street
Richmond, IN 47374

We have reviewed the audit report prepared by Crowe Horwath, LLP, Independent Public Accountants, for the period January 1, 2014 to December 31, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Richmond Power and Light, as of December 31, 2014 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The audit report is filed with this letter in our office as a matter of public record.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA

FINANCIAL STATEMENTS
December 31, 2014

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA

FINANCIAL STATEMENTS
December 31, 2014

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RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
SCHEDULE OF OFFICIALS
December 31, 2014

Office	Official	Term
General Manager and CEO	James French	01-01-14 to 07-28-14
	(Vacant)	07-29-14 to 12-31-14
Mayor	Sarah L. Hutton	01-01-14 to 12-31-14
President of the Common Council	Clay Miller	01-01-14 to 12-31-14
Finance Manager	Sandra Lambert	01-01-14 to 12-31-14
Controller	Tammy Glenn	01-01-14 to 03-10-14
	(Vacant)	03-11-14 to 03-17-14
	Paula Hill	03-18-14 to 12-31-14
Chairperson of the Board of Directors	Donald E. Winget	01-01-14 to 12-31-14

INDEPENDENT AUDITOR'S REPORT

The Officials of
Richmond Power and Light
Wayne County, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Richmond Power and Light (Utility), a department of the City of Richmond, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Utility as of December 31, 2014, and the changes in financial position and cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department of the City of Richmond, Indiana 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 Department. They do not purport to, and do not, present fairly the financial position of the City of Richmond, Indiana as of December 31, 2014, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. The City's financial statements are separately prepared and presented on a regulatory basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Other Supplementary Information

The nonaccounting information shown on page 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The nonaccounting information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
March 10, 2017

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
STATEMENT OF NET POSITION
December 31, 2014

ASSETS	
Current assets	
Cash and cash equivalents - unrestricted	$ 10,139,279
Cash and cash equivalents - designated:	
Group insurance reserve	1,340,460
Cash reserve fund	2,139,709
Debt service reserve	410,000
Total cash and cash equivalents - designated	3,890,169
Cash and cash equivalents – restricted:	
Customer deposits fund	620,473
Customer accounts receivable (net of allowance)	6,854,045
Inventories	2,040,114
Prepaid items	259,210
Total current assets	23,803,290
Non-current assets	
Cash and cash equivalents - designated:	
Depreciation fund	10,407,879
Capital assets:	
Land, improvements to land and construction in progress	2,434,234
Other capital assets (net of accumulated depreciation)	66,468,378
Total capital assets	68,902,612
Total noncurrent assets	79,310,491
Deferred outflow of resources	139,715
Total assets and deferred outflow of resources	$ 103,253,496
LIABILITIES	
Current liabilities:	
Accounts payable	$ 10,943,135
Taxes payable	250,953
Accrued interest payable	22,083
Customer deposits	654,669
Compensated absences	487,000
Revenue bonds payable	425,000
Payable in lieu of taxes	3,209,563
Total current liabilities	15,992,403
Noncurrent liabilities:	
Bonds payable	1,395,000
Total noncurrent liabilities	1,395,000
Total liabilities	17,387,403
NET POSITION	
Net investment in capital assets	67,082,612
Unrestricted	18,783,481
Total net position	$ 85,866,093

See accompanying notes to financial statements.

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Year ended December 31, 2014

Operating revenues:	
Residential sales	$ 18,873,567
Commercial and industrial sales	54,664,361
Sales for resale	4,130,385
Public street and highway lighting	1,099,119
Penalties	495,615
Other	406,150
Total operating revenues	79,669,197
Operating expenses:	
Power production	2,285,357
Purchased power	62,692,681
Cost of service	420,961
Transmission and distribution	3,582,271
Customer accounts	1,440,237
Administration and general	6,543,459
Depreciation	5,131,851
Utility receipts tax & other taxes	1,065,387
Employee pensions and benefits	520,619
Total operating expenses	83,682,823
Operating loss	(4,013,626)
Nonoperating revenues (expenses):	
Interest and investment revenue	12,865
Miscellaneous revenue	6,579
Interest expense	(74,518)
Payment to City in lieu of taxes	(2,139,709)
Total nonoperating revenues (expenses)	(2,194,783)
Income before capital contributions	(6,208,409)
Capital contributions	24,042
Change in net position	(6,184,367)
Total net position – beginning of year	92,050,460
Total net position – end of year	$ 85,866,093

See accompanying notes to financial statements.

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
STATEMENT OF CASH FLOW
Year ended December 31, 2014

Cash flows from operating activities:	
Receipts from customers and users	$ 79,411,968
Payments to suppliers and contractors	(65,757,036)
Payments to employees	(9,649,877)
Net cash provided by operating activities	4,005,055
Cash flows from capital and related financing activities:	
Capital contributions	24,042
Miscellaneous income	6,579
Acquisition and construction of capital assets	(2,312,110)
Payment to City in lieu of taxes	(2,139,709)
Principal paid on capital debt	(410,000)
Interest paid on capital debt	(79,490)
Net cash used by capital and related financing activities	(4,910,688)
Cash flows from investing activities:	
Interest received	12,865
Net cash provided by investing activities	12,865
Net decrease in cash and cash equivalents	(892,768)
Cash and cash equivalents, January 1	25,950,568
Cash and cash equivalents, December 31	$ 25,057,800
Identification of cash and cash equivalents by account:	
Current assets – unrestricted	$ 10,139,279
Current assets – designated	3,890,169
Current assets - restricted	620,473
Non-current assets - designated	10,407,879
Total cash and cash equivalents, December 31	$ 25,057,800
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	$ (4,013,626)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	5,131,851
(Increase) decrease in assets:	
Customer accounts receivable	(271,777)
Deferred charges	37,848
Inventories	2,112,036
Prepaid items	77,866
Increase (decrease) in liabilities:	
Accounts payable	981,846
Taxes payable	24,463
Compensated absence payable	(90,000)
Customer deposits	14,548
Total adjustments	8,018,681
Net cash provided by operating activities	$ 4,005,055

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The financial statements reflect only the activity of the Richmond Power and Light and are not intended to present fairly the position of the City of Richmond (City), and the results of its operations and cash flows of its enterprise funds. The Utility, whose operations are controlled by the City, represents a portion of the City's enterprise funds.

The financial statements of the City are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

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

Deposits and Investments: The Utility's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Some of the Utility's cash and cash equivalents accounts are deposited in an interest bearing demand savings account. The Utility uses the savings account to deposit money that it does not anticipate using for current operations.

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

Nonparticipating certificates of deposit, demand deposits, and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

Inventories and Prepaid Items: All inventories are valued at cost using the first in/first out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Emissions Allowances: The emissions allowances were purchased in relation to the generation business and are subject to market fluctuations. After 2008, the market value for these allowances declined as various coal generators have been retired and other market variables have changed leaving the current estimated value at $135,779 according to the RP&L's consultant at TFS energy.

Designated Assets: Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as designated assets on the Statement of Net Position because they are set aside for cost of Utility Plant in Service, medical costs of employees and dependents, and an annual payment to the City of Richmond.

Revenues Pledged: The Utility has pledged future electric revenues, net of specified operating expenses, to repay revenue bonds. Proceeds from the bonds provided financing for electric improvements. The bonds are payable solely from electric net revenues and are payable through 2018. Annual principal and interest payments are expected to require less than 1% of operating revenues.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$0	Straight-line	40-50 years
Improvements other than buildings	$0	Straight-line	50-65 years
Machinery and equipment	$0	Straight-line	10-60 years
Transportation equipment	$0	Straight-line	5-10 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred Outflow of Resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement section element, deferred outflow of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Utility has two items that qualifies for reporting in this category. They are services that have not yet been billed and land that is held for future use.

Compensated Absences:

Vacation Leave - Utility employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave may be accumulated for 1 year. Accumulated vacation leave is paid to employees through cash payments upon separation of service.

Sick Leave - Utility employees earn sick leave at the rate of 15 days per year. Unused sick leave may be accumulated to a maximum of 105 days.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Personal Leave - Utility employees earn personal leave at the rate of 2 days per year. Personal leave does not accumulate from year to year.

No liability is reported for sick and personal leave.

Long-Term Obligations: Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Revenue Recognition: The Utility records revenue as billed to its customers and does not recognize any unbilled revenues that occur between meter readings. This accounting for revenue follows the rate making process of the Indiana Utility Regulatory Commission.

Rate Structure: The current rate structure was approved by the Indiana Utility Regulatory Commission on February 9, 2005.

Energy Cost Adjustment Factor: Pursuant to Rate Tariffs approved by the Indiana Utility Regulatory Commission in Cause #39381, an Energy Cost Adjustment Factor is used by the Utility to recover the cost of power delivered to customers. Changes in the cost of power are tracked and a quarterly adjustment factor is used to reconcile variances in the cost of energy. Capacity and energy sales to IMPA are deducted from the cost of the energy purchased.

Contract: The Utility has a long-term power supply contract with the Indiana Municipal Power Agency (“IMPA”) that runs through 2042. Under the contract, IMPA is required to supply, and the Utility is required to purchase from IMPA all of its energy requirements.

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Contingent Liability: Richmond Power and Light is attempting to resolve two "Notices of Violation and Finding of Violation" received from the United States Environmental Protection Agency (EPA) in connection with certain provisions of the Clean Air Act. The amount of liability, if any, is unknown at this time.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2014, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2014. Management has performed their analysis through March 10, 2017, the date the financial statements were available to be issued.

(Continued)

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Utility does not have a deposit policy for custodial credit risk. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. At December 31, 2014, the Utility had deposit balances in the amount of $25,057,800. Of this amount, $12,158,339 was uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the depositor's name and is exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, net being depreciated				
Land	$ 792,011	$ 1,640	$ -	$ 793,651
Construction in progress	1,329,064	1,793,184	1,481,665	1,640,583
Total capital assets not being depreciated	2,121,075	1,794,824	1,481,665	2,434,234
Capital assets, being depreciated				
Buildings	7,538,564	87,787	-	7,626,351
Improvements other than buildings	1,020,859	-	-	1,020,859
Machinery and equipment	174,047,418	1,911,164	798,902	175,159,680
Totals	182,606,841	1,998,951	798,902	183,806,890
Less accumulated depreciation for:				
Buildings	(4,701,042)	(153,122)	-	(4,854,164)
Improvements other than buildings	(532,762)	(17,617)	-	(550,379)
Machinery and equipment	(107,771,759)	(4,961,112)	(798,902)	(111,933,969)
Total	(113,005,563)	(5,131,851)	798,902	(117,338,512)
Total capital assets, being depreciated, net	69,601,278	(3,132,900)	-	66,468,378
Total capital assets, net	$ 71,722,353	$ (1,338,076)	$ 1,481,665	$ 68,902,612

Construction Commitments: Construction work in progress is composed of the following:

Project	Expended to December 31	Committed
Transmission	$ 93,118	$ -
Distribution	1,532,839	5,621,978
General plant	14,626	2,002,151
Totals	$ 1,640,583	$ 7,624,129

(Continued)

NOTE 4 – LONG-TERM LIABILITIES

Revenue Bonds: The Utility issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end were for a fabric filter system and bear interest at a rate of 4.64% payable as follows:

Revenue bonds debt service requirements to maturity are as follows:

	Electric Utility	
	Principal	Interest
2015	$ 425,000	$ 58,513
2016	445,000	42,679
2017	465,000	26,117
2018	485,000	8,827
Total	$ 1,820,000	$ 136,136

Changes in Long-Term Liabilities: Long-term liability activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable:					
Electric Utility	$2,230,000	$ -	$ (410,000)	$ 1,820,000	$ 425,000
Total long-term liabilities	$2,230,000	$ -	$ (410,000)	$ 1,820,000	$ 425,000

NOTE 5 – PENSION PLAN

Defined Benefit Pension Plan: The Utility contributes to the Richmond Power and Light Employees' Pension, which is a single-employer defined benefit plan. With the approval of the Utility's fiscal body, the plan is administered by the Principal Financial Group as authorized by state statue (Indiana Code 8-1.5-3-7) for full-time Utility employees. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. The Trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by writing Richmond Power and Light, 2000 South U.S. Highway 27, Richmond, IN 47374.

The net pension obligation is not recorded as a liability on the Statement of Net Position, as the balance is deemed immaterial to the financial statements.

Benefits provided: Plan participants who retire at or after age 65 (or at age 55 with reduced benefits) are entitled to an annual retirement benefit payable monthly for life, in an amount based upon compensation and credited service. Employees who retire at age 65 (or active employees who die either before or after attaining age 55 with reduced death benefits) are entitled to death benefits payable to a designated beneficiary or spouse upon death of the retiree.

(Continued)

NOTE 5 – PENSION PLAN (Continued)

Employees covered by benefit terms: The Plan is closed to new entrants effective September 1, 2013. Previously, all full-time employees were eligible to participate in the plan after sixty days of service.

Active plan members	120
Inactive plan members entitled to but not yet receiving benefits	34
Disabled plan members entitled to benefits	-
Retired plan members or beneficiaries currently receiving benefits	108
Total	262

Contributions: The basis for determining contributions is an actuarially determined rate that is calculated each year in the plan's Actuarial Valuation Report. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. In accordance with the plan's governing document, employees may be required to contribution to the plan. Employees are currently required to contribution 4.00% of salary.

Based on the actuarial year calculations, the net pension obligation for the plan and key assumptions is as follows for the actuarial plan year ended August 31, 2014:

Annual required contribution	$ 1,605,673
Interest on net pension obligation	81,595
Adjustment to annual required contribution	(150,312)
Annual pension cost	1,536,956
Contributions made	(585,083)
Increase (decrease) in net pension obligation	951,873
Net pension obligation, beginning of year	1,419,038
Net pension obligation, end of year	$ 2,370,911

Actuarial assumptions:	
Actuarial valuation date	8-31-14
Contribution rates:	
Richmond Power and Light	8.00%
Plan members	4.00%
Actuarial cost method	Entry age
Amortization method	Normal – frozen initial liability equal annual installments
Amortization period	14 years
Asset valuation method	Contract basis
Mortality	IRS 2013 Combined Table, Male and Female
Investment rate of return	5.75%
Projected future salary increases:	
Total	6.00%
Attributed to inflation	2.00%
Attributed to merit/seniority	4.00%
Cost-of-living adjustments	2.00%

(Continued)

NOTE 5 – PENSION PLAN (Continued)

	Three Year Trend Information			
	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Richmond Power and Light Employees' Pension	08-31-12	$ 1,157,448	52%	$ 318,785
	08-31-13	1,786,097	38%	1,419,038
	08-31-14	1,536,956	38%	2,370,911

Funded Status and Funding Progress for the Above Plan: The funded status of each plan as of August 31, 2014, the most recent actuarial valuation date is as follows:

	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (ALL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAC or UAAC as a Percentage of Covered Payroll ((b-a)/c)
Retirement Plan:	$46,343,337	$ 53,301,947	$(6,958,610)	87%	$5,887,909	(118%)

The Schedule of Funding Progress, presented as RSI for the above plan following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 6 - TELECOMMUNICATION DEPARTMENT OF RICHMOND POWER AND LIGHT

On February 23, 2001, Richmond Power and Light loaned $2,700,000 to its newly created Telecommunications Department to commence operations. The Department was formed to provide high-speed telecommunication services to Wayne County. The Department maintains separate accounting records for its operations in accordance with requirements of the Indiana Utility Regulatory Commission to demonstrate that the Utility does not subsidize the operation of the Telecommunication Department.

On April 18, 2001, the Richmond Power and Light's Telecommunication Department acquired the assets and customer accounts of a local area internet service provider and started providing internet service under the name Parallax Systems.

The financial position, results of operations and changes in cash flows of the Telecommunication Department are included in the financial statements of the Richmond Power and Light as of and for the year ended December 31, 2014. Interdepartmental transactions between the Richmond Power and Light and its Telecommunication Department are eliminated for financial statement purposes.

(Continued)

NOTE 6 - TELECOMMUNICATION DEPARTMENT OF RICHMOND POWER AND LIGHT (Continued)

The following are excerpts from the Richmond Power and Light's Telecommunication Department as of and for the year ended December 31, 2014:

Operating revenues	$ 1,104,619
Operating expenses	1,080,417
Change in net position	24,202
Depreciation and amortization	124,008
Total assets	1,651,166
Total liabilities	3,198,486
Net position	(1,547,320)

NOTE 7 – LEASE ARRANGEMENT

On May 30, 2014, Richmond Power and Light (RP&L) entered into an agreement with the Indiana Municipal Power Association (IMPA) to turn over operation of the Whitewater Valley Generating Station (WWVS) to the IMPA organization. Under the agreement, IMPA is responsible for all operational costs of the generating station, has agreed to operate and make certain investments in the generation station, and is required to pay a monthly lease payment of $500 which is deducted from the monthly Purchased Power invoice sent to the RP&L. All of the output of the station goes to IMPA. The employees of the generation station were terminated from the Utility, and have become IMPA employees. The agreement cannot be terminated before December 31, 2016, and requires at least a (1) year termination notice. The assets of the station remain the property of the RP&L. The complete agreement in detail is presented in the "IMPA-RPL Capacity Purchase Agreement Closing" document certified by the Clerk of the City of Richmond under Resolution No. 4-2014.

SUPPLEMENTARY INFORMATION

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
December 31, 2014

Richmond Power and Light Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
9-1-08	$39,361,410	$ 38,264,551	$1,096,859	103%	$7,631,460	14%
9-1-09	39,477,663	40,776,537	(1,298,904)	97%	8,255,070	(16%)
9-1-10	39,913,129	42,071,610	(2,158,481)	95%	7,959,201	(27%)
9-1-11	40,761,710	44,442,688	(3,680,978)	92%	8,296,845	(44%)
9-1-12	42,271,797	51,158,004	(8,886,207)	83%	7,782,103	(114%)
9-1-13	44,265,343	52,049,749	(7,784,406)	85%	7,509,484	(104%)
9-1-14	46,343,337	53,301,947	(6,958,610)	87%	5,887,909	(118%)