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May 3, 2017

Utility Service Board
Crawfordsville Electric Light and Power
808 Lafayette Road
Crawfordsville, IN 47933

We have reviewed the audit report prepared by Crowe Horwath, LLP, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. 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 Crawfordsville Electric Light and Power, as of December 31, 2015 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

CRAWFORDSVILLE ELECTRIC
LIGHT AND POWER

A DEPARTMENT OF THE CITY
OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA

FINANCIAL STATEMENTS
December 31, 2015

CRAWFORDSVILLE ELECTRIC
LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA

FINANCIAL STATEMENTS
December 31, 2015

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CRAWFORDSVILLE ELECTRIC
LIGHT AND POWER
CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
SCHEDULE OF OFFICIALS
December 31, 2015

Office	Official	Term
Controller of the Electric Utility	Ronald L. Gable	01-01-14 to 12-31-15
Mayor	Todd B. Barton	01-01-12 to 12-31-15
President of the Utility Service Board	Don Swearingen	01-01-15 to 12-31-15
Clerk-Treasurer	Terri J. Gadd	01-01-12 to 12-31-15
Utility Manager	Phillip R. Goode	01-01-14 to 12-31-15

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

The Officials of
Crawfordsville Electric
Light and Power
Montgomery County, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Crawfordsville Electric Light and Power (Utility), a department of the City of Crawfordsville, as of and for the year ended December 31, 2015, 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 entity's internal control. Accordingly, we express no such opinion. An audit also 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 the 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, 2015, 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 to the financial statements, during the year ended December 31, 2015, the Utility adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Also, as discussed in Note 1, the financial statements of Crawfordsville Electric Light and Power, a department of the City of Crawfordsville (City), are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Utility. They do not purport to, and do not, present fairly the financial position of the City of Crawfordsville as of December 31, 2015, 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. Our opinion is not modified with respect to this matter.

Other Matters

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Utility's basic financial statements. 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 management's discussion and analysis on pages 4 through 7, the schedule of the Utility's proportionate share of the net pension liability on page 25 and the schedule of the Utility's contributions on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
February 22, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the annual financial report presents a discussion and analysis of Crawfordsville Electric Light and Power's ("CELP") financial performance for the calendar year ended December 31, 2015. This discussion only includes the activity of CELP and does not present information relative to the activities and financial performance of the City of Crawfordsville. Please read it in conjunction with the accompanying financial statements, which follow this section.

CELP provides electric utility service in the City of Crawfordsville and its assigned service territory outside of the City's limits and is governed by the Utility Service Board.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements.

CELP's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of CELP are included in the Statement of Net Position.

The financial statements provide both long and short-term information about CELP's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

FINANCIAL ANALYSIS

Net Position

At December 31, 2015, CELP's total assets were $20.1 million. This represents a decrease of $0.8 million or 3.8% percent from the prior year. The decrease in total assets is a result of current year depreciation expense outpacing current year capital asset additions. Total liabilities amounted to $6.8 million; an increase of $0.3 million or 3.9 percent. The increase in total liabilities is mainly attributed to an increase in the net pension liability related to the PERF pension plan. Total net position amounted to $13.8 million a decrease of $0.6 million or 4.5 percent (See Table 1).

Table 1
Net Position

	2015	2014	$ Change
Assets:			
Current assets	$ 4,621,283	$ 4,842,975	$ (221,692)
Non-current assets	893,203	852,413	40,790
Capital	14,613,640	15,233,174	(619,534)
Total assets	20,128,126	20,928,562	(800,436)
Deferred outflow of resources	841,875	436,199	405,676
Liabilities:			
Current liabilities	4,774,894	4,898,467	(123,573)
Non-current Liabilities	2,012,258	1,622,437	389,821
Total liabilities	6,787,152	6,520,904	266,248
Deferred inflow of resources	422,959	439,106	(16,147)
Net position:			
Invested in capital assets	14,613,640	15,233,174	(619,534)
Restricted	2,192	1,756	436
Unrestricted	(855,942)	(830,179)	(25,763)
Total net position	$ 13,759,890	$ 14,404,751	$ (644,861)

The 2014 figures presented above have been adjusted for the prior period adjustment relating to the implementation of GASB Statement No. 68 which is disclosed in Note 1 of the financial statements. As a result of the entry, non-current liabilities increased $1,622,718, unrestricted net position decreased $1,918,869, deferred outflows of resources increased by $142,674, and deferred inflows of resources increased by $439,106 for 2014.

Changes in Net Position

The primary revenue source is from the sale of electricity to utility customers, which represented 99% of 2015 company revenues. The change in net position of approximately $644,000 for calendar year 2015 was approximately $3.46 million more than calendar year 2014 due mainly to the losses incurred by CELP as part of the settlement related to the sale of the Accelplus division during calendar year 2014. Operating revenues increased approximately $1.4 million over the previous year; however, the operating expenses also increased by approximately $1.3 million due mainly to rising purchased power costs. The increase in purchased power expense of $1.2 million was due to higher kWh rates from IMPA; the wholesale power provider.

Table 2
Changes in Net Position

	2015	2014	$ Change
Operating revenues	$ 35,157,158	$ 33,689,587	$ 1,467,571
Operating expenses	35,492,203	34,224,140	1,268,063
Operating income (loss)	(335,045)	(534,553)	199,508
Non-operating revenues (expenses):	(309,816)	(3,567,086)	3,257,270
Change in net position	(644,861)	(4,101,639)	3,456,778
Net position, beginning of year	14,404,751	20,425,259	(6,020,508)
Restatement for GASB 68/71	-	(1,918,869)	1,918,869
Total net position, end of year	$ 13,759,890	$ 14,404,751	$ (644,861)

The 2014 operating expenses were not adjusted for the prior period adjustment related to implementing GASB Statement No. 68. The adjustment is shown as an adjustment to beginning net position.

SIGNIFICANT CAPITAL ASSET ADDITIONS

During 2015, CELP had no significant capital asset addition. Please review the notes to the financial statements.

COMPANY DEBT

CELP did not issue any new debt in 2015. Please review the notes to the financial statements.

CURRENTLY KNOWN FACTS

Other than the uncertainty of general economic indicators on CELP and its customers, there are no significant facts, decisions or conditions that are expected that management believes will have a significant impact on the financial position or results of operations.

This financial report was designed to provide our stakeholders, patrons, and other interested parties with a general overview of the CELP's finances and to demonstrate the CELP's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact CELP at (765) 362-1900.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
STATEMENT OF NET POSITION
December 31, 2015

ASSETS	
Current assets	
Cash and cash equivalents	$ 3,173,376
Investments	30,000
Customers receivable (net of allowance)	650,715
Other accounts receivable	289,282
Plant material and operating supplies	326,279
Prepaid expense	151,631
Total current assets	4,621,283
Noncurrent assets:	
Cash and cash equivalents – designated	628,588
Cash and cash equivalents - restricted	264,615
	893,203
Capital assets:	
Capital assets, not being depreciated	659,654
Capital assets, being depreciated	41,630,905
Less: accumulated depreciation	(27,676,919)
Total capital assets	14,613,640
Total noncurrent assets	15,506,843
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources	293,524
Deferred pension expense	548,351
Total deferred outflows of resources	841,875
Total assets and deferred outflow of resources	20,970,001
LIABILITIES	
Current liabilities:	
Accounts payable – purchased power	4,275,632
Other accounts payable and accrued expenses	122,855
Accrued payroll and pension	37,560
State sales taxes payable	76,424
Customers meter deposits payable	262,423
Total current liabilities	4,774,894
Noncurrent liabilities:	
Net pension liability - PERF	2,012,258
Total liabilities	6,787,152
DEFERRED INFLOWS OF RESOURCES	
Deferred pension expense	422,959
NET POSITION	
Net investment in capital assets	14,613,640
Restricted for other purposes	2,192
Unrestricted	(855,942)
Total net position	13,759,890
Total liabilities, deferred inflow of resources, and net position	$ 20,970,001

See accompanying notes to financial statements.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Year ended December 31, 2015

Operating revenues:	
Residential sales	$ 8,770,167
Commercial and industrial sales	25,468,918
Outdoor and street lighting sales	348,665
Sales to other authorities	131,102
Other operating revenue	438,306
Total operating revenues	35,157,158
Operating expenses:	
Purchased power	28,815,747
Transmission and distribution	1,634,885
Administration and general	2,502,827
Customer accounts expenses	815,038
Utility receipts tax	494,033
Other taxes	191,318
Depreciation expense	1,038,355
Total operating expenses	35,492,203
Operating loss	(335,045)
Nonoperating revenues (expenses):	
Interest income and miscellaneous revenue	10,986
Revenue from contract work	281,302
Cost of contract work	(161,808)
Loss on disposal of assets	(15,295)
Payment to City in lieu of taxes	(425,001)
Total nonoperating revenues (expenses)	(309,816)
Change in net position	(644,861)
Net position – January 1 (restated)	14,404,751
Net position – December 31	$ 13,759,890

See accompanying notes to financial statements.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
STATEMENT OF CASH FLOW
Year ended December 31, 2015

Cash flows from operating activities:	
Receipts from customers and users	$ 34,962,674
Payments to suppliers and contractors	(34,678,143)
Net cash provided by operating activities	284,531
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(418,821)
Payment in lieu of taxes	(425,001)
Miscellaneous income	107,508
Net cash used by capital and related financing activities	(736,314)
Cash flows from investing activities:	
Interest received	7,677
Net cash provided by investing activities	7,677
Net decrease in cash and cash equivalents	(441,106)
Cash and cash equivalents, January 1	4,510,685
Cash and cash equivalents, December 31	$ 4,066,579
Identification of cash and cash equivalents on statement of net position:	
Current assets – unrestricted - cash and cash equivalents	$ 3,173,376
Noncurrent assets - designated - cash and cash equivalents	628,588
Noncurrent assets - restricted - cash and cash equivalents	264,615
Total cash and cash equivalents, December 31	$ 4,066,579
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	$ (335,045)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	1,038,355
Change in assets and deferred outflows:	
Customer receivables, net	(194,484)
Prepaid expense and other receivables	(145,446)
Plant materials and operating supplies	76,727
Deferred outflows – pension liability	(405,677)
Change in liabilities and deferred inflows:	
Accounts payable and accrued expense	(65,478)
Accrued payroll and pension	(86,532)
Taxes payable	2,653
Customers meter deposits payable	25,784
Net pension liability	389,821
Deferred inflows – pension liability	(16,147)
Net cash provided by operating activities	$ 284,531

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Crawfordsville Electric Light and Power (CELP) was established by the City of Crawfordsville (City) under the laws of the State of Indiana. The Utility provides all power and energy requirements to approximately 10,000 customers in and around the City from a long-term purchase power agreement with the Indiana Municipal Power Agency. Governance of CELP has been delegated to the Utility Service Board. However, the City Council maintains authority over rates and the issuance of debt. CELP also remains under the jurisdiction of the Indiana Utility Regulatory Commission for the setting of rates, issuance of debt and other matters.

The financial statements reflect only the activity of CELP and are not intended to present fairly the position of the 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.

Measurement Focus, Basis of Accounting and Financial Reporting: The accounting policies of the Utility conform to accounting principles generally accepted in the United States of America as applicable to governments. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Utility's accounts are organized into a single proprietary fund. The Utility's operations are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing services on a continuing basis be financed and recovered primarily through user charges. Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing services or leasing property. Operating expenses include the cost of providing services, administrative services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Utility has adopted GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting." In 2015, the Utility adopted GASB Statement No. 68 and 71, *Accounting and Financial Reporting for Pensions* as identified in the notes to financial statements.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflow of resources at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents: Cash equivalents consist of short-term, liquid investments which are readily convertible into cash or which have an original maturity of three months or less.

Plant Materials and Operating Supplies: The Utility's inventory is comprised of operating supplies. Inventory is carried primarily on a historical weighted average cost basis.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Allowance for Uncollectible Accounts Receivable: The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. Periodically, management reviews accounts receivable and records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with the collection policy. The Utility's policy is to write off customer accounts when any of the following has occurred: 1.) When after pursuit of all legal collection action has been completed and no contact is made, 2.) Bankruptcy proceedings have been finalized, 3.) the debtor has deceased.

The allowance for uncollectible accounts was $169,979 at December 31, 2015. Bad debt expense was $73,000 for the year ended December 31, 2015.

Capital Assets: Capital assets are stated at cost or fair market value at date of gift, if donated. The Utility capitalizes additions and improvements that have a value over $5,000 and a useful life beyond one year. Depreciation is charged as an operating expense using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives used in computing depreciation on capital assets as follows:

	Years
Computer hardware and software	5
Office furniture and equipment	5 - 20
Vehicles	5 - 10
Buildings and building components	20 - 50
Conductors and transformers	50 - 60
Wood and metal street poles	40 - 50
Traffic signals	25

Net Pension Liability: The Utility has recorded a net pension liability reflecting their proportionate share of the difference between the total pension liabilities and the fiduciary net positions of the Indiana Public Retirement System (INPRS) PERF Plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of INPRS PERF Plan and additions to/deductions from the INPRS PERF Plan fiduciary net position have been determined on the same basis as they are reported by the INPRS system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period. The Utility's activities are related to recognition of changes in its defined benefit plan's net pension liability that will be amortized in future periods and annual payments made in lieu of taxes to the City of Crawfordsville (City). The Utility pays the City over the first three months of the year and then records the monthly portion of that $425,000 payments equally each month.

Net Position: Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the statements of net position. Net position is reported as restricted when there are legal limitations imposed on their use by laws or regulations of other governments or external restrictions by creditors or grantors.

Restricted Net Position: The financial statements report $2,192 of restricted net position which is all restricted by enabling legislation.

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Asset Spending Policy: Restricted assets are released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events. When expenditures are incurred for which both restricted and unrestricted resources are available, it is the policy to apply restricted resources first, then unrestricted resources as needed.

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 in 2010.

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.

Capacity Payments and Purchased Power: In conformity with generally accepted accounting practices and the power sales contract between the Utility and IMPA, sales of the Utility's generation is reflected as wholesale sales of electricity and not as a credit to purchased power expense.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements: In 2015, the Utility adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.* These Statements require the Utility to record the excess of the total pension liability over the fiduciary net position of the pension plan as a net pension liability on the statement of net position. The change in accounting for pensions, as discussed in Note 5, resulted in the following restatement at January 1, 2015:

	Beginning Balance	As Restated	GASB 68 Adjustment
Statement of Net Position:			
Net pension liability	$ -	$ (1,622,437)	$ (1,622,437)
Deferred outflows of resources	-	142,674	142,674
Deferred inflows of resources	-	(439,106)	(439,106)
Statement of Revenues, Expenses and Changes in Net Position:			
Net position	$ 16,323,620	$ 14,404,751	$ (1,918,869)

Other GASB standards that are under evaluation for future years include:

- Statement No. 72, *Fair Value Measurement and Application*. The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.
- GASB Statement No. 77, *Tax Abatement Disclosures.* The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.* The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.* The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements.* The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements.* The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.
- GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73.* The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.
- GASB Statement No. 83, *Certain Asset Retirement Obligations.* The Utility has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

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. At December 31, 2015, the Utility had deposit balances in the amount of $3,873,791.

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.

Cash deposits and investments are governed by Indiana State statutes. At December 31, 2015, cash and cash equivalents include money market deposits. The carrying amount of cash, cash equivalents, and demand deposits approximates fair value due the short maturity of the deposits.

	2015	
	Cost	Fair Value
Cash and cash equivalents		
Unrestricted – general fund	$ 3,173,376	$ 3,173,376
Unrestricted - designated		
Depreciation fund	615,247	615,247
Flexible benefits	13,341	13,341
Restricted		
Meter deposits	264,615	264,615
Total cash and cash equivalents	$ 4,066,579	$ 4,066,579

Investments: At December 31, 2015, the Utility has deposits in a money market account at Tri County Bank and Trust and owns a certificate of deposit with Tri County Bank with a balance of $30,000. The certificate of deposits has a maturity date of June 24, 2016.

NOTE 3 – CAPITAL ASSETS

Capital Assets: Capital asset activity for the year ended December 31, 2015, was as follows:

Description	Balance Jan. 1, 2015	Increases	Decreases	Balance Dec. 31, 2015
Balance				
Capital assets, not being depreciated				
Land	$ 371,882	$ -	$ -	$ 371,882
Intangible property	183,715	-	-	183,715
Construction in progress	79,004	107,389	(82,336)	104,057
Total capital assets not being depreciated	634,601	107,389	(82,336)	659,654
Capital assets, being depreciated				
Buildings	3,884,361	17,645	-	3,902,006
Machinery and equipment	37,421,702	409,522	(102,325)	37,728,899
Totals	41,306,063	427,167	(102,325)	41,630,905
Less accumulated depreciation for:				
Buildings	1,124,934	59,366	-	1,184,300
Machinery and equipment	25,582,556	978,989	(68,926)	26,492,619
Total	26,707,490	1,038,355	(68,926)	27,676,919
Total capital assets, net	$ 15,233,174	$ (503,799)	$ (115,735)	$ 14,613,640

The construction in progress balance at December 31, 2015 includes projects with Utility personnel and outside contractors.

NOTE 4 – 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.

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 over 1,200 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 5 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF)

Plan Description: The Utility is reported under the submission unit of the City of Crawfordsville which contributes to the Public Employees Retirement Fund (PERF) on behalf of the Utility. The Utility's proportionate share of the City's PERF contributions was approximately 49% and was based on the Utility's PERF contributions as a proportion of total City PERF contributions. As part of the implementation of GASB Statement No. 67, Financial Reporting for Pension Plans – An Amendment of GASB No. 25 (GASB No. 67), PERF changed from an agent to a cost sharing, multiple-employer defined benefit plan effective July 1, 2013, based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan).

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with IC 5-10.2, IC 5-10.3 and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement.

The PERF ASA Only Plan was established by the Indiana Legislature in 2011, and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12 and IC 5-10.5. This plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement. The PERF ASA Only Plan members are full-time employees of the State (as defined in IC 5-10.3-7-1(d)), who are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of the PERF ASA Only Plan. The PERF ASA Only Plan membership does not include individuals who: (1) before March 1, 2013; were members of the PERF Hybrid Plan or (2) on or after March 1, 2013, do not elect to participate in the PERF ASA Only Plan. Any government agency that pays employees through the Auditor of the State is a mandatory participant in the PERF ASA Only Plan and must offer eligible employees the PERF ASA Only Plan option. Quasi-government agencies and State educational institutions may choose to offer the PERF ASA Only Plan as an option to their employees. Since inception, 395 members have selected the PERF ASA Only Plan, or approximately 9 percent of eligible new hires of the State.

Members are required to participate in the ASA. The ASA consists of the member's contributions, set by statute at three (3) percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their ASA. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

NOTE 5 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

Investments in the members' ASA are individually directed and controlled by plan participants who direct the investment of their account balances among eight (8) investment options, with varying degrees of risk and return potential. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. Members may make changes to their investment directions daily and investments are reported at fair value.

Financial report: INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Retirement Benefits – Defined Benefit Pension: The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's ASA. Pension benefits (non ASA) vest after 10 years of creditable service. The vesting period is eight (8) years for certain elected officials. Members are immediately vested in their ASA. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's ASA, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their ASA and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A non-vested member who terminates employment prior to retirement may withdraw his/her ASA after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. For PERF members who serve as an elected official, the highest one (1) year (total of four (4) consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to $2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

NOTE 5 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2015; however, eligible members received a one-time check (a.k.a. 13th check) in September 2014. The amount of the one-time check ranged from $150 to $450, depending upon a member's years of service. The September 2014 one-time check was for a member who retired or was disabled on or before December 1, 2013, and who was entitled to receive a monthly benefit on July 1, 2014.

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is $180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Funding Policy: Members are obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers.

During fiscal year 2015, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State. For political subdivisions, an average contribution rate of 11.03 percent was required from employers during the period of July 1 – December 31, 2014, and an average contribution rate of 11.9 percent was required for the period of January 1 – June 30, 2015. For the PERF ASA Only Plan, all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less that 3 percent and not be greater than the normal cost of the fund which was 4.6 percent for fiscal year 2015, and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan.

NOTE 5 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three (3) percent of covered payroll to their ASA, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (effective July 1, 2014, the PERF ASA Only Plan may also participate) may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their ASA.

PERF covered employees are required to contribute 3% of their compensation to the Fund and the Utility is required to contribute amounts, which are actuarially determined, sufficient to fund the retirement benefits. In addition, some employees elect to make additional voluntary contributions to their PERF ASA Only Plans. The contribution requirement, which was made by the Utility, was $277,391 for 2015. These total contributions represent 11.2% of covered payroll for 2015.

The following represents the Utility's annual required contributions for the last two years:

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2015	$ 277,391	100%
2014	283,311	100%

Significant Actuarial Assumptions: The total pension liability is determined by INPRS actuaries in accordance with GASB No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

- Asset valuation date – June 30, 2015
- Liability valuation date – June 30, 2014 – Member census data as of June 30, 2014 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2014 and June 30, 2015. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2014 to the June 30, 2015 measurement date.
- Experience study date – Period of 5 years ended June 30, 2010
- Actuarial cost method – Entry age normal (level percent of payroll)
- Investment rate of return – 6.75%
- COLA – 1.0%
- Future salary increases, including inflation – 2.5% - 4.25%
- Inflation – 2.25%
- Mortality - RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report

NOTE 5 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

An assumption study was performed in April 2015 resulting in an update to the following assumptions:

- Inflation decreased from 3.00% to 2.25%
- The future salary increase rate decreased from a table ranging from 3.25% to 4.50% to a table ranging from 2.50% to 4.25%
- Mortality changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report
- Retirement, Termination and Disability rates were adjusted to reflect recent experience
- The ASA Annuitization was updated from 50% of members assumed to annuitize the ASA balance to 60% of members prior to January 1, 2017

The long-term return expectation for the defined benefit retirement plan has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Asset Class	Target Allocation %	Geometric basis Long-Term Expected Real Rate of Return
Public equity	22.5%	5.3%
Private equity	10.0	5.6
Fixed income – ex inflation - linked	22.0	2.1
Fixed income – inflation - linked	10.0	0.7
Commodities	8.0	2.0
Real estate	7.5	3.0
Absolute return	10.0	3.9
Risk parity	10.0	5.0
Total	100.0%	

NOTE 5 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

Total pension liability for each defined benefit pension plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, each defined benefit pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Proportionate share of the Collective Net Pension Liability	$ 2,968,253	$ 2,012,258	$ 1,218,607

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Investment Valuation and Benefit Payment Policies: The pooled and non-pooled investments are reported at fair value by INPRS. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Short-term investments consist primarily of cash, money market funds, certificates of deposits and fixed income instruments with maturities of less than one year. Short-term investments are reported at cost, which approximates fair value or, for fixed income instruments, valued using similar methodologies as other fixed income securities described below.

Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and securities pricing services. Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs required to develop a fair value. Commingled funds are valued using the net asset value (NAV) of the entity.

NOTE 5 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

Alternative investments include limited partnership interests in private equity, absolute return, private real estate and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Moreover, holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business.

Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ from the fair value.

Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' ASAs. These distributions may be requested by members or auto-distributed by the fund when certain criteria are met.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The Utility is reported under the submission unit of the City of Crawfordsville which transmits PERF contributions to the Plan on behalf of the Utility. At December 31, 2015, the City reported a liability of $4,089,194 for its proportionate share of the net pension liability. It was determined the Utility's proportionate share of City's PERF contributions for the June 30, 2015 measurement date was approximately 49% resulting in the Utility reporting a liability of $2,012,258 for its proportionate share of the City's net pension liability. The City's proportionate share of the net pension liability was based on the Utility's wages as a proportion of total wages for the PERF Hybrid Plan. The City's proportionate share used at the June 30, 2015 measurement date was 0.0010040. This represents a slight decrease from the prior measurement date. The City's proportionate share used at the June 30, 2014 measurement date was 0.0010991.

NOTE 5 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

For the year ended December 31, 2015, the Utility recognized pension expense of $317,885, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of ($72,497). At December 31, 2015, the Utility reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 86,375	$ 4,162
Net difference between projected and actual earnings on pension plan investments	150,047	-
Changes in assumptions	170,103	-
Changes in proportion and differences between employer contributions (City) and proportionate share of PERF contributions	376	176,854
Changes in proportion and differences between employer contributions (Utility) and proportionate share of City's contributions	-	241,943
Total that will be recognized in pension expense (income) based on table below	406,901	422,959
Pension contributions subsequent to measurement date	141,450	-
Total	$ 548,351	$ 422,959

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2015 measurement date is recognized as a reduction of net pension liability in the year ending December 31, 2016. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5 year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2016	$ (3,902)
2017	(3,902)
2018	(2,224)
2019	(6,030)

REQUIRED SUPPLEMENTARY INFORMATION

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UTILITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - PERF
December 31, 2015

		2015
Utility's proportion of the net pension liability		0.000494
Utility's proportionate share of the net pension liability	$	2,012,258
Utility's covered-employee payroll	$	2,470,161
Utility's proportionate share of the net pension liability as a percentage of its covered-employee payroll		81.46%
Plan fiduciary net position as a percentage of the total pension liability		77.30%

* The amounts presented for each calendar year were determined as of the June 30 fiscal year-end that occurred within the calendar year. An assumption study was performed in April 2015 resulting in an update to the following assumptions:

- Inflation decreased from 3.00% to 2.25%
- The future salary increase rate decreased from a table ranging from 3.25% to 4.50% to a table ranging from 2.50% to 4.25%
- Mortality changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report
- Retirement, Termination and Disability rates were adjusted to reflect recent experience
- The ASA Annuitization was updated from 50% of members assumed to annuitize the ASA balance to 60% of members prior to January 1, 2017

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Utility is presenting information for those years for which information is available.

Measurement date: Actuarial valuation reports from the prior fiscal year.

Plan amendments. In 2014, HB 1075 impacted the PERF by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015 the rate becomes the greater of 4.5% or market rate. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third party provider.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UTILITY'S CONTRIBUTIONS - PERF
December 31, 2015

	2015
Statutorily required contribution	$ 277,391
Contributions in relation to the statutorily required contribution	(277,391)
Annual contribution deficiency (excess)	$ -
The Utility's contributions as a percentage of statutorily required contribution for pension	100%
Utility's covered-employee payroll	$ 2,477,000
Contributions as a percentage of covered-employee payroll	11.2%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Utility is presenting information for those years for which information is available.

Valuation date: June 30, 2015
Actuarial cost method: Entry age normal (Level Percent of Payroll)
Amortization method: Level dollar
Remaining amortization period: 30 years, closed
Asset valuation method: 4 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.
Inflation: 2.25%
Salary increases: 2.50% - 4.25%
Investment rate of return: 6.75%
Mortality: RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2016
Other information:

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/14 was 11.17%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/15 was 10.55%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year.

Member census data as of June 30, 2014 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2014 and June 30, 2015. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2014 to June 30, 2015. Prior to the June 30, 2014 valuation, census data as of the valuation date was used.