



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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May 22, 2025

Board of Public Works
City of Anderson Department of Municipal Power and Light
Madison County, Indiana

We have reviewed the audit report of the City of Anderson Department of Municipal Power and Light (the Utility), which was opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2024 to December 31, 2024. Per the *Independent Auditor's Report*, the financial statement included in the report presents fairly, in all material respects, the regulatory basis cash and investment balances of each fund of the Utility as of December 31, 2024 and the respective cash receipts and disbursements, for the year then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) of the State of Indiana described in Note 1.

We call your attention to the Emphasis of Matter paragraph included in the Independent Auditor's Report and further detailed in Note 1.

In our opinion, Crowe LLP prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

CITY OF ANDERSON DEPARTMENT OF MUNICIPAL POWER AND LIGHT
Anderson, Indiana

FINANCIAL STATEMENT
For the Year Ended December 31, 2024

CITY OF ANDERSON DEPARTMENT OF MUNICIPAL POWER AND LIGHT
Anderson, Indiana

FINANCIAL STATEMENT
For the Year Ended December 31, 2024

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CITY OF ANDERSON DEPARTMENT OF MUNICIPAL POWER AND LIGHT
SCHEDULE OF OFFICIALS (Unaudited)
For the Year Ended December 31, 2024

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Thomas J. Broderick, Jr.	01-01-24 to 12-31-24
Chairman of the Board of Works	David W. Eicks	01-01-24 to 12-31-24
Controller	Douglas A. Whitham	01-01-24 to 12-31-24

INDEPENDENT AUDITOR'S REPORT

Board of Works
City of Anderson Department of Municipal Power and Light
Anderson, Indiana

Opinions

We have audited the accompanying statement of receipts, disbursements, and cash and investment balances of the City of Anderson Department of Municipal Power and Light (the "Utility") as of December 31, 2024, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement presents fairly, in all material respects, the cash and investment balances of the Utility as of December 31, 2024, and its cash receipts and cash disbursements for the year then ended, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Utility as of December 31, 2024, or changes in net position for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Utility, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the Utility prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 1, the financial statements of the City of Anderson Department of Municipal Power and Light are intended to present the receipts, disbursements, and cash and investment balances as of December 31, 2024 that is attributable to the transactions of the Utility. They do not purport to, and do not, present fairly the receipts, disbursements, and cash and investment balances of the City of Anderson as of December 31, 2024, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Utility's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for a reasonable period of time.

(Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Information

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, but does not include the financial statement and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
May 8, 2025

CITY OF ANDERSON DEPARTMENT OF MUNICIPAL POWER AND LIGHT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2024

<u>Fund</u>	Cash and Investments <u>01-01-24</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-24</u>
Operating	\$ 1,095,382	\$ 103,896,856	\$ 103,254,487	\$ 1,737,751
Petty Cash	1,000	-	-	1,000
Mail Permit Deposit	3,000	-	-	3,000
UPS Deposit	152	-	-	152
Customer Deposit	1,769,487	308,238	291,207	1,786,518
Depreciation	2,089,244	50,000	1,058,352	1,080,892
Equipment Lease	-	253,338	205,503	47,835
Garage Reserve	32,560	-	-	32,560
Fiber	276,464	291,280	424,105	143,639
Reserve- PILOT	<u>929,626</u>	<u>271,142</u>	<u>1,200,768</u>	<u>-</u>
 Totals	 <u>\$ 6,196,915</u>	 <u>\$ 105,070,854</u>	 <u>\$ 106,434,422</u>	 <u>\$ 4,833,347</u>

See accompanying notes to financial statement.

CITY OF ANDERSON DEPARTMENT OF MUNICIPAL POWER AND LIGHT
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The City of Anderson's electric utility, Municipal Light and Power (Utility) is a Department of the City of Anderson and was established under the laws of the State of Indiana. The Utility's operations are overseen by the Board of Public Works. The accompanying financial statement includes the financial information of only the Utility and not the full City of Anderson. The City operates under a council-mayor form of government and provides a multitude of municipal services including electric utility services.

The accompanying financial statements present the financial information for the Utility.

Basis of Accounting: The financial statement is 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 basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred. The basis of accounting also requires presentation of certain information as Other Information.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), 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. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

Cash and Investments: Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Utility fees. Amounts received from charges for current services.

Other receipts. Amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts, if applicable.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those Utilities where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Debt service principal and interest. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Utility. It includes all expenditures for the reduction of the principal and interest of the Unit general obligation indebtedness as well as lease agreements.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other disbursements. Amounts disbursed for various purposes including, but not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

Interfund Transfers: The Utility may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

Fund Accounting: Separate funds are established, maintained, and reported by the Utility. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Unit. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Utility in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the Utility itself.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

State statutes authorize the Utility to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

NOTE 3 - RISK MANAGEMENT

The Utility may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Utility to set aside money for claim settlements. The self-insurance fund would be included in the financial statements of the City of Anderson. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

The Utility has purchased insurance to address the risks described above.

NOTE 4 - PENSION PLAN

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Utility authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Utility authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

Financial Report

INPRS issues a publicly available financial report that includes financial statement and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS

The City of Anderson offers to utility employees retiree health benefits, which is a Single Employer Defined Benefit plan. The plan is administered by the City. The retiree health benefits pose a liability to the City, with a portion of the liability being borne by the Utility.

The City of Anderson offers to eligible Utility retirees and their spouses the following benefits: medical, dental, vision, and life insurance. Information regarding the benefits can be obtained by contacting the City.

OTHER INFORMATION (Unaudited)

CITY OF ANDERSON DEPARTMENT OF MUNICIPAL POWER AND LIGHT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2024

	<u>Operating</u>	<u>Petty Cash</u>	<u>Mail Permit Deposit</u>	<u>UPS Deposit</u>	<u>Customer Deposit</u>	<u>Depreciation</u>	<u>Equipment Lease</u>	<u>Garage Reserve</u>	<u>Fiber</u>	<u>Reserve- PILOT</u>	<u>Totals</u>
Cash and investments - beginning	\$ 1,095,382	\$ 1,000	\$ 3,000	\$ 152	\$ 1,769,487	\$ 2,089,244	\$ -	\$ 32,560	\$ 276,464	\$ 929,626	\$ 6,196,915
Receipts:											
Utility fees	102,511,427	-	-	-	-	-	-	-	291,280	-	102,802,707
Other receipts	1,385,429	-	-	-	308,238	50,000	253,338	-	-	271,142	2,268,147
Total receipts	103,896,856	-	-	-	308,238	50,000	253,338	-	291,280	271,142	105,070,854
Disbursements:											
Personal services	11,735,357	-	-	-	-	-	-	-	-	-	11,735,357
Debt service - principal and interest	-	-	-	-	-	-	205,503	-	-	-	205,503
Capital outlay	-	-	-	-	-	680,497	-	-	-	-	680,497
Utility operating expenses	90,619,388	-	-	-	-	-	-	-	424,105	464,815	91,508,308
Other disbursements	899,742	-	-	-	291,207	377,855	-	-	-	735,953	2,304,757
Total disbursements	103,254,487	-	-	-	291,207	1,058,352	205,503	-	424,105	1,200,768	106,434,422
Excess (deficiency) of receipts over (under) disbursements	642,369	-	-	-	17,031	(1,008,352)	47,835	-	(132,825)	(929,626)	(1,363,568)
Cash and investments - ending	\$ 1,737,751	\$ 1,000	\$ 3,000	\$ 152	\$ 1,786,518	\$ 1,080,892	\$ 47,835	\$ 32,560	\$ 143,639	\$ -	\$ 4,833,347

CITY OF ANDERSON DEPARTMENT OF MUNICIPAL POWER AND LIGHT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2024

<u>Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Electric	\$ <u>12,615,044</u>	\$ <u>6,907,983</u>

CITY OF ANDERSON DEPARTMENT OF MUNICIPAL POWER AND LIGHT
SCHEDULE OF LEASES AND DEBT
December 31, 2024

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Electric: STAR FINANCIAL BANK	MLP EQUIPMENT	<u>\$ 100,000</u>	7/1/2025	1/1/2029

CITY OF ANDERSON DEPARTMENT OF MUNICIPAL POWER AND LIGHT
SCHEDULE OF CAPITAL ASSETS
December 31, 2024

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.

	<u>Ending Balance</u>
Electric:	
Land	\$ 136,948
Infrastructure	87,565,370
Improvements other than buildings	3,159,980
Machinery, equipment and vehicles	26,170,226
Construction in progress	<u>4,095,998</u>
 Total Electric	 <u>\$ 121,128,522</u>