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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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May 22, 2025

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

We have reviewed the audit report of Crawfordsville Electric Light and Power, a department of the City of Crawfordsville, 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 statements included in the report present fairly the financial condition of Crawfordsville Electric Light and Power as of December 31, 2024, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

**CRAWFORDSVILLE ELECTRIC
LIGHT AND POWER**

**A DEPARTMENT OF THE CITY
OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA**

FINANCIAL STATEMENTS
December 31, 2024

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

FINANCIAL STATEMENTS
December 31, 2024

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CRAWFORDSVILLE ELECTRIC
LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
SCHEDULE OF OFFICIALS
December 31, 2024

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Todd B. Barton	01-01-20 to 12-31-24
President of the Utility Service Board	Monty Harris	01-01-24 to 12-31-24
Clerk-Treasurer	Karyn Douglas	01-01-24 to 12-31-24
General Manager	Allison Huenemann	01-01-24 to 12-31-24

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Crawfordsville Electric Light and Power (Utility), a department of the City of Crawfordsville, as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Utility, as of December 31, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Statements 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the business-type activities of Crawfordsville Electric Light and Power, a department of the City of Crawfordsville, and do not purport to, and do not, present fairly the financial position of the City of Crawfordsville, as of December 31, 2024, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

(Continued)

In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 statements.

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 statements, 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 statements.
- 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 statements.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the Utility's Proportionate Share of the Net Pension Liability - PERF, and the Schedule of the Utility's Contributions - PERF on pages 5-8 and 24-25 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

(Continued)

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of officials but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements 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 statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, 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 15, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2024

This section of the annual financial report presents a discussion and analysis of Crawfordsville Electric Light and Power's ("Utility") financial performance for the calendar year ended December 31, 2024. This discussion only includes the activity of the Utility 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.

The Utility 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 financial statements, and the notes to the financial statements.

The Utility'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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Utility are included in the Statement of Net Position.

The financial statements provide both long and short-term information about the Utility'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.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2024

FINANCIAL ANALYSIS

Net Position

At December 31, 2024, the Utility's total assets were \$32.6 million. This represents an increase of approximately \$4.4 million or 16 percent from the prior year. The increase in total assets is a result of an increase in unrestricted cash of approximately \$2.9 million from the prior year based on the current year operating income generated from increased rates and a net increase in capital assets of approximately \$240,000 based on new meters, new transformers, plant improvements, and transportation equipment. Total liabilities amounted to approximately \$7.6 million, an increase of approximately \$246,000 or 3 percent. The increase in total liabilities is mainly attributed to an increase in accrued compensated absences from adoption of a new accounting pronouncement. Total net position amounted to \$25.7 million, an increase of \$4.1 million, or 19 percent from 2023 (See Table 1).

Table 1			
Net Position			
	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>
Assets:			
Current assets	\$ 9,734,443	\$ 6,984,492	\$ 2,749,951
Non-current assets	6,025,498	4,631,604	1,393,894
Capital	<u>16,881,127</u>	<u>16,640,425</u>	<u>240,702</u>
Total assets	<u>32,641,068</u>	<u>28,256,521</u>	<u>4,384,547</u>
Deferred outflow of resources	<u>697,967</u>	<u>742,612</u>	<u>(44,645)</u>
Liabilities:			
Current liabilities	5,650,625	5,658,445	(7,820)
Non-current liabilities	<u>1,977,156</u>	<u>1,722,730</u>	<u>254,426</u>
Total liabilities	<u>7,627,781</u>	<u>7,381,175</u>	<u>246,606</u>
Deferred inflow of resources	<u>-</u>	<u>1,647</u>	<u>(1,647)</u>
Net position:			
Invested in capital assets	16,782,049	16,478,991	303,058
Restricted	15,840	16,886	(1,046)
Unrestricted	<u>8,913,365</u>	<u>5,120,434</u>	<u>3,792,931</u>
Total net position	<u>\$ 25,711,254</u>	<u>\$ 21,616,311</u>	<u>\$ 4,094,943</u>

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2024

Changes in Net Position

The primary revenue source is from the sale of electricity to utility customers, which represented 99% of 2024 revenues. The change in net position of \$4,094,943 for calendar year 2024 was \$940,395 more than calendar year 2023 due to increased operating revenues. The increase in operating revenues is due to the increase in usage in commercial sales during 2024.

Operating revenues increased approximately \$2.1 million over the previous year; and the operating expenses increased by approximately \$1.8 million due as a result of the increased cost of purchased power and other operating expenses. Non-operating activity increased by \$622,084 compared to the prior year due to increased revenue from contract work from various customers.

Table 2			
Changes in Net Position			
	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>
Operating revenues	\$ 44,758,721	\$ 42,655,895	\$ 2,102,826
Operating expenses	<u>41,404,486</u>	<u>39,619,971</u>	<u>1,784,515</u>
Operating income	3,354,235	3,035,924	318,311
Non-operating revenues (expenses)	<u>740,708</u>	<u>118,624</u>	<u>622,084</u>
Change in net position	4,094,943	3,154,548	940,395
Net position, beginning of year	<u>21,616,311</u>	<u>18,461,763</u>	<u>3,154,548</u>
Total net position, end of year	<u>\$ 25,711,254</u>	<u>\$ 21,616,311</u>	<u>\$ 4,094,943</u>

SIGNIFICANT CAPITAL ASSET ADDITIONS

During 2024, the Utility had capital asset additions of approximately \$1.6 million. These additions were primarily meters, line transformers, and other improvements. Please review the notes to the financial statements for further information (Note 3).

COMPANY DEBT

The Utility did not have any debt or issue any new debt in 2024. Please review the notes to the financial statements.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2024

CURRENTLY KNOWN FACTS

Other than the uncertainty of general economic indicators on the Utility 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 Utility's finances and to demonstrate the Utility's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Utility at (765) 362-1900.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
STATEMENT OF NET POSITION
For the Year ended December 31, 2024

ASSETS

Current assets	
Cash and cash equivalents	\$ 7,690,237
Investments	31,039
Customers receivable, net of allowance	699,040
Other accounts receivable	169,685
Plant material and operating supplies	914,028
Prepaid expense	230,414
Total current assets	<u>9,734,443</u>
Noncurrent assets	
Cash and cash equivalents – designated	5,794,018
Cash and cash equivalents - restricted	231,480
	<u>6,025,498</u>
Capital assets	
Capital assets, not being depreciated	1,765,478
Capital assets, being depreciated, less accumulated depreciation	15,016,205
Right-of-use assets, less accumulated amortization	99,444
Total capital assets	<u>16,881,127</u>
Total noncurrent assets	<u>22,906,625</u>
Total assets	32,641,068

DEFERRED OUTFLOWS OF RESOURCES

Pension	<u>697,967</u>
Total assets and deferred outflow of resources	<u>\$ 33,339,035</u>

LIABILITIES

Current liabilities:	
Accounts payable – purchased power	\$ 4,827,698
Other accounts payable and accrued expenses	119,370
Accrued payroll and pension	248,155
Accrued compensated absences	125,789
State sales taxes payable	113,973
Customers meter deposits payable	215,640
Total current liabilities	<u>5,650,625</u>
Noncurrent liabilities:	
Accrued compensated absences	72,431
Net pension liability - PERF	1,805,647
Lease liability	99,078
Total noncurrent liabilities	<u>1,977,156</u>
Total liabilities	7,627,781

NET POSITION

Net investment in capital assets	16,782,049
Restricted for other purposes – customer deposits	15,840
Unrestricted	8,913,365
Total net position	<u>25,711,254</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 33,339,035</u>

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
For the Year ended December 31, 2024

Operating revenues:	
Residential sales	\$ 11,547,855
Commercial and industrial sales	32,267,412
Outdoor and street lighting sales	464,346
Other operating revenue	<u>479,108</u>
Total operating revenues	44,758,721
Operating expenses:	
Purchased power	32,716,704
Transmission and distribution	2,239,313
Administration and general	3,669,105
Customer accounts	1,128,244
Other taxes	238,987
Depreciation and amortization	<u>1,412,133</u>
Total operating expenses	41,404,486
Operating income	3,354,235
Nonoperating revenues (expenses):	
Interest income	441,560
Interest expense	(13,626)
Miscellaneous income	259,968
Revenue from contract work	648,764
Cost of contract work	(181,256)
Gain on disposal of assets	10,298
Payment to City in lieu of taxes	<u>(425,000)</u>
Total nonoperating revenues (expenses)	<u>740,708</u>
Change in net position	4,094,943
Net position – January 1	<u>21,616,311</u>
Net position – December 31	<u>\$ 25,711,254</u>

See accompanying notes to financial statements.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
STATEMENT OF CASH FLOWS
December 31, 2024

Cash flows from operating activities	
Receipts from customers and users	\$ 44,904,208
Payments to employees, suppliers and contractors	<u>(39,747,394)</u>
Net cash provided by operating activities	5,156,814
Cash flows from noncapital financing activities	
Payments in lieu of taxes	<u>(425,000)</u>
Net cash used by noncapital financing activities	(425,000)
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(1,642,537)
Proceeds from contract work and other miscellaneous income	<u>713,850</u>
Net cash used by capital and related financing activities	(928,687)
Cash flows from investing activities	
Interest received	<u>441,560</u>
Net cash provided by investing activities	441,560
Net change in cash and cash equivalents	4,244,687
Cash and cash equivalents, January 1	<u>9,471,048</u>
Cash and cash equivalents, December 31	<u>\$ 13,715,735</u>
Identification of cash and cash equivalents on statement of net position:	
Current assets – unrestricted	\$ 7,690,237
Noncurrent assets - designated	5,794,018
Noncurrent assets - restricted	<u>231,480</u>
Total cash and cash equivalents, December 31	<u>\$ 13,715,735</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 3,354,235
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	1,412,133
Change in assets and deferred outflows:	
Customer receivables, net	252,931
Other accounts receivables	(102,715)
Prepaid expenses	(8,831)
Plant material and operating supplies	(40,543)
Deferred outflows of resources - pension	44,645
Change in liabilities and deferred inflows:	
Accounts payable and accrued expense	(65,755)
Accrued payroll and pension	9,249
Other payables	(77,103)
Net pension liability	173,671
Deferred inflows of resources - pension	(1,647)
Accrued compensated absences	198,220
Capital Lease Liability	<u>8,324</u>
Net cash provided by operating activities	<u>\$ 5,156,814</u>

See accompanying notes to financial statements.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Crawfordsville Electric Light and Power (“Utility”) 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 the Utility has been delegated to the Utility Service Board. However, the City Council maintains authority over rates and the issuance of debt. The Utility 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 the Utility 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.

Measurement Focus, Basis of Accounting and Financial Reporting: The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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.

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.

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.

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.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Customer Receivables and Allowance for Uncollectible Accounts: Customer receivables are generated monthly at the end of each billing cycle. 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 \$474,355 as of December 31, 2024.

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:

	<u>Years</u>
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

Compensated Absences: Paid Time Off (PTO) leave – Full-time employees of Utility accrue between fifteen and twenty-nine days of PTO based on years of service on January 1st of each year. Employees who have accumulated 960 hours of sick leave and have perfect attendance in the prior calendar year will be permitted two additional days of paid time off. All other employees who have perfect attendance in the prior calendar year will be permitted one additional day of paid time off. Employees who have at least ten days of accrued PTO are required to take ten days of PTO every year or be subjected to loss of this time. PTO leave accumulates and may be carried forward to the subsequent year. Employees who separate from employment will be paid for their unused, earned PTO. Under GASB Statement No. 101, the Utility recognizes a compensated absences liability as of December 31st for accumulated PTO.

Sick Leave – At the end of each calendar quarter, an employee will be credited with 10 hours (1 1/4 days) of sick leave for each full month of active employment with the utility. Unused sick leave may be accumulated to a maximum of 960 hours (120 days) and carried forward to the subsequent year. Upon separation of employment, unused sick days are forfeited. Upon retirement, employees who are eligible to receive full pension benefits under current PERF definitions will be paid \$5 an hour for unused sick time. Under GASB Statement No. 101, the Utility recognizes a compensated absences liability as of December 31st for accumulated sick leave estimated to be used in subsequent periods and the amount more likely than not to be paid upon retirement for employees eligible in accordance with the entity’s leave policy.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick Leave Bank – All full-time employees are eligible to donate sixteen hours (2 days) of accrued sick leave to the Sick leave bank between November 1st and December 1st each year. Once an employee has donated 2 days of accrued sick leave, they are considered sick bank member who are eligible to use time from the sick bank. On January 1 of each year, the Sick Leave Bank shall have a balance of days that falls within the range of approximately three (3) times the membership up to four (4) times the membership. Sick bank employees who have exhausted all but forty (40) hours of all accumulated paid time off and sick leave and are eligible to take sick leave from the sick leave bank. Under GASB Statement No. 101, the Utility recognizes a compensated absences liability as of December 31st for accumulated sick leave in the sick bank based on an average hourly rate of the employees who elected to join.

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.

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.

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 \$15,840 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 for meter deposits are released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events. When expenditures are eligible to be paid from either restricted or unrestricted resources, it is the policy to apply restricted resources first, then unrestricted resources as needed.

Rate Structure: The current rate structure was approved by the Indiana Utility Regulatory Commission (IURC) in 2021.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: The Utility is subject to rate regulation by the Indiana Utility Regulatory Commission (IURC) and qualifies as a regulated operation under the provisions of GASB Statement No. 62. In accordance with GASB 62, the Utility Fund follows accounting policies that reflect the effect of the rate-making process, including the recognition of certain revenues and costs when it is probable that such amounts will be recovered or refunded through future rates. In accordance with the rate-setting practices of the IURC, the Utility records revenue as billed to its customers and does not recognize any unbilled revenues that occur between meter readings.

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 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 are 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.

Adoption of New Accounting Pronouncements: For the year ended December 31, 2024, the Utility adopted the following accounting pronouncements:

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or accessing accountability. This standard was implemented January 1, 2024; however, there was no impact on the financial statements.

GASB issued Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement was implemented in the current year resulting in a liability of \$198,220 as of December 31, 2024.

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, 2024, the Utility had bank balances in the amount of \$13,325,692.

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.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Cash deposits and investment policies are governed by Indiana State statutes. At December 31, 2024, cash and cash equivalents include money market deposits. The carrying amount of cash, cash equivalents, and demand deposits approximates fair value due to the short maturity of the deposits.

	2024	
	Cost	Fair Value
<u>Cash and cash equivalents</u>		
Unrestricted – general fund	\$ 7,690,237	\$ 7,690,237
Unrestricted – designated:		
Depreciation fund	5,780,677	5,780,677
Flexible benefits	13,341	13,341
Restricted:		
Meter deposits	231,480	231,480
Total cash and cash equivalents	\$ 13,715,735	\$ 13,715,735

Investments: At December 31, 2024, the Utility has deposits in two money market accounts at Tri County Bank and Trust totaling \$12,874,277 included with cash and cash equivalents on the statement of net position.

NOTE 3 - CAPITAL ASSETS

Capital Assets: Capital asset activity for the year ended December 31, 2024, was as follows:

Description	Balance Jan. 1, 2024	Increases	Decreases	Balance Dec. 31, 2024
Balance				
Capital assets, not being depreciated				
Land	\$ 399,181	\$ -	\$ -	\$ 399,181
Intangible property	183,715	-	-	183,715
Construction in progress	501,991	1,001,960	(321,369)	1,182,582
Total capital assets not being depreciated	1,084,887	1,001,960	(321,369)	1,765,478
Capital assets, being depreciated/ amortized				
Buildings	4,537,571	34,089	-	4,571,660
Right to use assets	316,399	5,042	-	321,441
Machinery and equipment	46,739,592	922,815	(178,941)	47,483,466
Totals	51,593,562	961,946	(178,941)	52,376,567
Less accumulated depreciation/ amortization for:				
Buildings	1,713,032	84,033	-	1,797,065
Right to use assets	169,478	52,519	-	221,997
Machinery and equipment	34,155,514	1,275,581	(189,239)	35,241,856
Total	36,038,024	1,412,133	(189,239)	37,260,918
Total capital assets, net	\$ 16,640,425	\$ 551,773	\$ (311,071)	\$ 16,881,127

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 3 - CAPITAL ASSETS (Continued)

The construction in progress balance at December 31, 2024 includes projects utilizing Utility personnel and outside contractors.

The Utility recognizes right of use assets and lease liabilities under GASB Statement No. 87. Leases, related to lease arrangements for vehicles and other office equipment. The Utility recognized amortization expense of \$52,519 related to the right to use assets for the year ended December 31, 2024. These assets are amortized over the shorter of the useful life of the asset or the lease term.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Utility has entered into transactions with the City of Crawfordsville, Indiana which has been determined to be a related party of the Utility. The Utility incurred expenditures totaling \$425,000 for payment in lieu of taxes which was paid to the City during 2024.

NOTE 5 - 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 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 6 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF)

The Utility contributes to the Public Employees' Retirement Fund (PERF), which is administered by the Indiana Public Retirement System (INPRS). The Utility is reported under the submission unit of the City of Crawfordsville, which contributes to PERF on behalf of the Utility. The Utility's proportionate share of the City's PERF contributions was approximately 36.3% and was based on the Utility's PERF contributions as a proportion of total City PERF contributions.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 6 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

Public Employees' Retirement System - Defined Benefit Plan

Plan Description: PERF Defined Benefit (DB) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.3, IC 5-10.5, 35 IAC 1.2, and other Indiana pension law. PERF DB is a component of the Public Employees Hybrid plan (PERF Hybrid).

PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, along with the Public Employees' Hybrid Members Defined Contribution Account (see Defined Contribution Plans section), a member-funded account.

Retirement Benefits Provided: A member is entitled to a full retirement benefit 1) at age 65 with at least 10 years of creditable service (eight years for certain elected officials), 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the PERF-covered position. A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is reduced to 44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59.

The lifetime annual benefit equals years of creditable service multiplied by the average highest five year annual salary multiplied by 1.1 percent (minimum of \$180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS Board. Historically, eligible members receive a one-time check (13th check) with the dollar amount tied to years of service.

Disability and survivor benefits provided: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$180 per month). If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death.

If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joints with Two-Thirds Benefits, or Joint with One-Half Survivor Benefits.

Contributions: Contributions are determined by the INPRS Board of Trustees based on an actuarial valuation. During fiscal year 2024, all participating employers were required to contribute 11.2 percent of covered payroll for Hybrid members, with 0.66 percent funding a supplemental reserve account for postretirement benefits. No member contributions are required for the defined benefit plan.

The contribution requirement, which was made by the Utility, was \$327,467 for 2024. These total contributions represent 11.2% of covered payroll for 2024.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 6 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

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

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2024	\$ 327,467	100%
2023	\$ 317,718	100%

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 (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

- Measurement Date – June 30, 2024
- Asset valuation date – June 30, 2024
- Liability valuation date – June 30, 2023 – The TPL as of June 30, 2024 was determined based on an actuarial valuation prepared as of June 30, 2023 rolled forward one year to June 30, 2024, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- Inflation – 2.00%
- Future salary increases, including inflation – 2.65% - 8.65% based on service
- Investment rate of return – 6.25%, net of investment expenses
- COLA –The COLA assumption will be 0.4% beginning on January 1, 2026, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019 was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and were used beginning with the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the Board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.

The long-term return expectation for the INPRS defined benefit retirement plan was 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. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 6 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	<u>Target Asset Allocation</u>	<u>Geometric Basis Long-Term Expected Real Rate of Return*</u>
Public Equity	20.0%	4.6%
Private Markets	15.0%	7.1%
Fixed Income – Ex Inflation-Linked	20.0%	3.6%
Fixed Income – Inflation-Linked	15.0%	2.1%
Commodities	10.0%	2.8%
Real Assets	10.0%	5.4%
Absolute Return	5.0%	2.5%
Risk Parity	20.0%	6.3%
Cash and Cash Overlay	N/A	1.7%

*The defined benefit plans target allocation for total exposure is 115%. For the long-term expected rate of return calculation, an additional -15% is allocated to the cash and cash overlay global asset class.

Changes in Assumptions from the Prior Year: The COLA assumption was significantly revised by the passage of HEA 1004-2024.

Discount Rate: Total pension liability for the defined benefit pension plan was calculated using the discount rate of 6.25 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 (6.25 percent). Based on these assumptions, the PERF defined benefit pension plan's fiduciary net position was 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 the plan.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 6 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

Sensitivity: 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 6.25% percent for 2024, 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 (5.25%), or one percentage point higher (7.25%) than the current rate:

	1% Decrease <u>(5.25%)</u>	Current Rate <u>(6.25%)</u>	1% Increase <u>(7.25%)</u>
<u>2024</u>			
Proportionate share of the Collective Net Pension Liability	\$ 2,876,656	\$ 1,805,647	\$ 915,125

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 (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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, 2024, the City reported a liability of \$4,974,235 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, 2024 measurement date was approximately 36.3% resulting in the Utility reporting a liability of \$1,805,647 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 City's wages as a proportion of total wages for the PERF Hybrid Plan. The City's proportionate share used at the June 30, 2024 measurement date was 0.001234 percent. This represents a slight increase from the prior measurement date.

For the year ended December 31, 2024, the Utility recognized pension expense of \$657,993 which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$54,332.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 6 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

At December 31, 2024, the Utility reported deferred outflows of resources of resources related to the PERF Hybrid Plan from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 185,057
Net difference between projected and actual earnings on pension plan investments	239,074
Changes in assumptions	-
Changes in proportion and differences between employer contributions and proportionate share of PERF contributions	<u>109,617</u>
Total that will be recognized in pension expense (income) based on table below	533,748
Pension contributions subsequent to measurement date	<u>164,219</u>
Total	<u>\$ 697,967</u>

At December 31, 2024, the Utility had no deferred inflows of resources related to the PERF Hybrid Plan to report.

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2024 measurement date is recognized as a reduction of net pension liability in the year ending December 31, 2025. 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, which 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:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 128,058
2026	324,108
2027	96,351
2028	<u>(14,769)</u>
	<u>\$ 533,748</u>

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 6 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)

Public Employees' Retirement Fund - Defined Contribution Plan

PERF DC is a multiple-employer defined contribution plan providing retirement benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the account is in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2 and other Indiana pension law. The plan provides supplemental defined contribution benefits under the PERF Hybrid plan.

The Public Employees' Hybrid Members Defined Contribution Account (PERF Hybrid DC) is the defined contribution component of the Public Employees' Hybrid Plan. The Public Employees' Defined Benefit Account (see Defined Benefit Plans section) is the other component of the Public Employees' Hybrid Plan. Member contributions are set by statute at three percent of compensation. Members are 100 percent vested in their account balance, which includes all contributions and earnings.

NOTE 7 - DEFERRED COMPENSATION BENEFITS

The Utility offers a deferred compensation plan, the Crawfordsville Electric Light and Power Deferred Compensation Plan, to all its employees under plans administered by the American United Life Insurance Company which is established in accordance with Internal Revenue Code Section 457. Employees are permitted to defer a portion of their salary until future years. Only upon terminations, retirement, death, or an unforeseen emergency is the deferred compensation available to an employee. Federal House Bill 3448 mandated that, effective January 1, 2000; all existing Internal Revenue Code Section 457 plan assets must be held in a qualified trust for the benefit of participants and their beneficiaries.

Because these assets are held by a custodian for the specific benefit of participants and their beneficiaries, they are not reflected in the financial statements and are free from claims of Utility creditors. The fair market value of the investments held in custodial funds for participants was \$2,427,841 at December 31, 2024.

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, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Utility's proportion of the net pension liability	0.000448	0.000462	0.000481	0.000489	0.000504	0.000527	0.000510	0.000528	0.000538	0.000494
Utility's proportionate share of the net pension liability	\$ 1,805,647	\$ 1,631,976	\$ 1,517,465	\$ 643,591	\$ 1,522,825	\$ 1,709,439	\$ 1,731,672	\$ 2,357,620	\$ 2,441,633	\$ 2,012,258
Utility's covered payroll	\$ 3,008,723	\$ 2,907,260	\$ 2,769,019	\$ 2,696,259	\$ 2,721,971	\$ 2,694,845	\$ 2,601,180	\$ 2,619,286	\$ 2,578,277	\$ 2,470,161
Utility's proportionate share of the net pension liability as a percentage of its covered payroll	60.01%	56.13%	54.80%	23.87%	55.95%	63.43%	66.57%	90.01%	94.70%	81.46%
Plan fiduciary net position as a percentage of the total pension liability	79.51%	80.83%	82.50%	92.50%	81.40%	80.10%	78.90%	76.60%	75.30%	77.30%

Notes: The amounts presented for each calendar year were determined as of the June 30 fiscal year-end that occurred within the calendar year.

- Asset valuation date – June 30, 2024
- Liability valuation date – June 30, 2023 – The TPL as of June 30, 2024 was determined based on an actuarial valuation prepared as of June 30, 2023 rolled forward one year to June 30, 2024, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2019
- Investment rate of return – 6.25%
- COLA – No COLA was granted for the 2023-2025 biennium. Thereafter, the following COLAs, compounded annually, were assumed; 0.4% beginning on January 1, 2026, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039
- Future salary increases, including inflation – 2.65% - 8.65% based on service
- Inflation – 2.00%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

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

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UTILITY'S CONTRIBUTIONS - PERF
December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 327,467	\$ 317,718	\$ 319,245	\$ 305,521	\$ 300,289	\$ 307,411	\$ 294,719	\$ 290,138	\$ 286,022	\$ 277,391
Contributions in relation to the statutorily required contribution	<u>(327,467)</u>	<u>(317,718)</u>	<u>(319,245)</u>	<u>(305,521)</u>	<u>(300,289)</u>	<u>(307,411)</u>	<u>(294,719)</u>	<u>(290,138)</u>	<u>(286,022)</u>	<u>(277,391)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,923,813	\$ 2,836,768	\$ 2,850,000	\$ 2,727,900	\$ 2,681,200	\$ 2,745,000	\$ 2,631,000	\$ 2,591,000	\$ 2,554,000	\$ 2,477,000
Contributions as a percentage of covered-employee payroll	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%

Valuation date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial cost method: Entry age normal (Level Percent of Payroll)

Amortization method: Level dollar

Remaining amortization period: 20 years, closed

Asset valuation method: 5 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.

Inflation: 2.0%

Salary increases: 2.65% - 8.65% based on service

Investment rate of return: 6.25%

Mortality: Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

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 employer contribution rate for the year ended June 30, 2024 was 11.20%.