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

ANNUAL FINANCIAL REPORT

2012

RICHMOND POWER AND LIGHT

CITY OF RICHMOND

WAYNE COUNTY, INDIANA

FILED
07/16/2013

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OFFICIALS

Office	Official	Term
General Manager and CEO	Steve Saum	01-01-12 to 03-04-12
	Kerry Vincent (Interim)	03-05-12 to 01-13-13
	James French	01-14-13 to 12-31-13
Mayor	Sarah L. Hutton	01-01-11 to 12-31-15
President of the Common Council	Phil Quinn	01-01-12 to 12-31-12
	Larry Parker	01-01-13 to 12-31-13
Finance Manager	Sandra Lambert	01-01-12 to 12-31-13
Controller	Tammy Glenn	01-01-12 to 12-31-13
Chairperson of the Board of Directors	Bruce Wissel	01-01-12 to 12-31-13

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE RICHMOND POWER AND LIGHT, WAYNE COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Richmond Power and Light (Utility), a department of the City of Richmond, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the Table of Contents.

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the business-type activities of the Richmond Power and Light (Utility) as of and for the year ended December 31, 2012 and the related notes to 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 opinions 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 Utility's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Utility as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted Management's Discussion and Analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Bruce Hartman
State Examiner

May 14, 2013

RICHMOND POWER AND LIGHT
STATEMENT OF NET POSITION
December 31, 2012

Assets	
Current assets - unrestricted:	
Cash and cash equivalents	$ 6,500,798
Accounts receivable (net of allowance)	6,151,666
Inventories	6,385,961
Prepaid items	312,251
Total current assets - unrestricted	19,350,676
Current assets - restricted:	
Restricted cash and cash equivalents:	
Depreciation cash and cash equivalents	14,045,066
Group insurance reserve cash and cash equivalents	1,338,003
Cash reserve fund cash and cash equivalents	2,139,709
Customer deposits cash and cash equivalents	574,562
Debt service reserve cash and cash equivalents	753,380
Total current assets - restricted	18,850,720
Deferred charges	250,663
Capital assets:	
Land, improvements to land and construction in progress	4,248,482
Other capital assets (net of accumulated depreciation)	69,594,274
Total capital assets	73,842,756
Total noncurrent assets	74,093,419
Total assets	112,294,815
Liabilities	
Current liabilities:	
Accounts payable	9,270,746
Taxes payable	207,816
Accrued interest payable	51,218
Current liabilities payable from restricted assets:	
Customer deposits	605,250
Revenue bonds payable	740,000
Payable in lieu of taxes	3,209,563
Total current liabilities	14,084,593
Noncurrent liabilities:	
Bonds payable (net of unamortized discounts and deferred amount on refunding)	3,380,000
Compensated absences	588,000
Total noncurrent liabilities	3,968,000
Total liabilities	18,052,593
Net Position	
Net investment in capital assets	69,722,756
Restricted for debt service	702,162
Unrestricted	23,817,304
Total net position	$ 94,242,222

The notes to the financial statements are an integral part of this statement.

RICHMOND POWER AND LIGHT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
As Of And For The Year Ended December 31, 2012

Operating revenues:	
Residential sales	$ 18,914,950
Commercial and industrial sales	51,670,897
Sales for resale	3,466,753
Public street and highway lighting	1,153,568
Penalties	458,190
Other	223,601
Total operating revenues	75,887,959
Operating expenses:	
Power production	3,896,613
Purchased power	54,153,667
Cost of service	432,565
Transmission and distribution	3,419,554
Customer accounts	1,121,545
Administration and general	6,671,724
Depreciation and amortization	5,075,701
Other	1,023,732
Employee pensions and benefits	570,984
Total operating expenses	76,366,085
Operating income	(478,126)
Nonoperating revenues (expenses):	
Interest and investment revenue	23,766
Loss on disposal of property	(47,248)
Miscellaneous revenue	15,906
Interest expense	(163,983)
Payment to City & In Lieu of Taxes	(2,139,709)
Total nonoperating revenues (expenses)	(2,311,268)
Income before contributions and transfers	(2,789,394)
Capital contributions	6,108
Change in net position	(2,783,286)
Total net position - beginning	97,025,508
Total net position - ending	$ 94,242,222

The notes to the financial statements are an integral part of this statement.

RICHMOND POWER AND LIGHT
STATEMENT OF CASH FLOWS
As Of And For The Year Ended December 31, 2012

Cash flows from operating activities:	
Receipts from customers and users	$ 75,097,941
Payments to suppliers and contractors	(55,161,732)
Payments to employees	(11,433,349)
Net cash provided by operating activities	8,502,860
Cash flows from capital and related financing activities:	
Capital contributions	6,108
Acquisition and construction of capital assets	(3,110,375)
Payment to City and in lieu of taxes	(2,139,709)
Principal paid on capital debt	(710,000)
Interest paid on capital debt	(167,252)
Net cash used by capital and related financing activities	(6,121,228)
Cash flows from investing activities:	
Interest received	22,430
Net cash provided by investing activities	22,430
Net increase in cash and cash equivalents	2,404,062
Cash and cash equivalents, January 1	22,947,456
Cash and cash equivalents, December 31	$ 25,351,518
Identification of cash and cash equivalents by account:	
Current Assets - Unrestricted:	
Cash and cash equivalents	$ 6,500,798
Current assets - restricted - cash and cash equivalents	18,850,720
Total cash and cash equivalents, December 31	$ 25,351,518
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ (478,126)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	5,075,701
(Increase) decrease in assets:	
Accounts receivable	(333,405)
Deferred charges	(56,232)
Inventories	961,794
Prepaid items	(7,673)
Increase (decrease) in liabilities:	
Accounts payable	3,300,525
Deferred credits	(26,223)
Taxes payable	6,374
Compensated absence payable	6,000
Customer deposits	54,125
Total adjustments	8,980,986
Net cash provided by operating activities	$ 8,502,860

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Fund Financial Statements

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

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

When both restricted and unrestricted resources are available for use, the Utility's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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

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

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

2. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Restricted Assets

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

4. Capital Assets

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

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	None	Straight-Line	40-50 years
Improvements other than buildings	None	Straight-Line	50-65 years
Machinery and equipment	None	Straight-Line	10-60 years
Transportation equipment	None	Straight-Line	5-10 years

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

5. Compensated Absences

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

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

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

No liability is reported for sick and personal leave.

6. Long-Term Obligations

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

7. Restricted Net Assets

The financial statements report $702,162 of restricted net assets which is all restricted by enabling legislation.

II. Detailed Notes on All Funds

A. Deposits and Investments

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

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, 2012, the Utility had deposit balances in the amount of $25,351,518. Of this amount the following was exposed to custodial credit risk:

Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor's name	$ 12,136,449

B. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

2012	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 788,510	$ 2,721	$ -	$ 791,231
Construction in progress	7,767,203	2,635,420	6,945,372	3,457,251
Total capital assets, not being depreciated	8,555,713	2,638,141	6,945,372	4,248,482
Capital assets, being depreciated:				
Buildings	6,666,816	852,340	-	7,519,156
Improvements other than buildings	980,592	13,747	-	994,339
Machinery and equipment	163,812,286	6,617,057	804,066	169,625,277
Totals	171,459,694	7,483,144	804,066	178,138,772
Less accumulated depreciation for:				
Buildings	(4,408,549)	(139,911)	-	(4,548,460)
Improvements other than buildings	(498,026)	(17,185)	-	(515,211)
Machinery and equipment	(99,265,376)	(4,918,110)	(702,659)	(103,480,827)
Totals	(104,171,951)	(5,075,206)	(702,659)	(108,544,498)
Total capital assets, being depreciated, net	67,287,743	2,407,938	101,407	69,594,274
Total capital assets, net	$ 75,843,456	$ 5,046,079	$ 7,046,779	$ 73,842,756

C. Construction Commitments

Construction work in progress is composed of the following:

	2012	
Project	Expended to December 31	Committed
Transmission	$ 1,849,383	$ 1,825,103
Distribution	1,580,901	379,983
General Plant	26,967	843,383
Totals	$ 3,457,251	$ 3,048,469

D. Long-Term Liabilities

1. Revenue Bonds

The Utility issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Construction of electric substation	3.33% - 4.03%	$ 1,500,000
Fabric Filter System	3.64%	2,620,000
Total		$ 4,120,000

Revenue bonds debt service requirements to maturity are as follows:

	Electric Utility	
	Principal	Interest
2013	$ 740,000	$ 140,028
2014	775,000	111,950
2015	810,000	82,198
2016	845,000	50,739
2017-2018	950,000	34,944
Totals	$ 4,120,000	$ 419,859

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

2012	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable:					
Electric Utility	$ 4,830,000	$ -	$ 710,000	$ 4,120,000	$ 740,000
Compensated absences	582,000	6,000	-	588,000	-
Total Long-term liabilities	$ 5,412,000	$ 6,000	$ 710,000	$ 4,708,000	$ 740,000

III. Other Information

A. 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; 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.

Medical Benefits to Employees, Retirees, and Dependents

The Utility has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of $100,000 per insured and aggregate claims in excess of $2,059,468 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amounts of pay outs, and other economic and social factors.

However, claim liabilities cannot be reasonably estimated.

B. Rate Structure

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

C. Pension Plan

Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

The contribution requirements for plan members for the Richmond Power and Light Employees' Pension Plan are established by the Board of Directors of the Utility. The Utility's annual pension cost for the current year and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	Power & Light Employees' Pension
Annual required contribution	$ 1,147,850
Interest on net pension obligation	(15,970)
Adjustment to annual required contribution	25,568
Annual pension cost	1,157,448
Contributions made	602,065
Increase (decrease) in net pension obligation,	555,383
Net pension obligation, beginning of year	(236,598)
Net pension obligation, end of year	$ 318,785
Contribution rates:	
Richmond Power and Light	8.00%
Plan members	3%
Actuarial valuation date	08-31-11
Actuarial cost method	Entry Age
Amortization method	Normal-frozen initial liability equal equal annual Installments
Amortization period	16 Years
Asset valuation method	Contract basis

Actuarial Assumptions	Richmond Power & Light Employees' Pension
Investment rate of return	5.75%
Projected future salary increases:	
Total	6.00%
Attributed to Inflation	2.00%
Attributed to Merit/Seniority	4.00%
Cost-of-living adjustments	2.00%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Richmond Power and Light				
Employees' Pension	08-31-10	$ 860,128	76%	$ (516,082)
	08-31-11	939,350	70%	(236,598)
	08-31-12	1,157,448	52%	318,785

Funded Status and Funding Progress for the Above Plan

The funded status of each plan as of August 31, 2012, the most recent actuarial valuation date, is as follows:

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Funding Excess as a Percentage of Covered Payroll ((b-a)/c)
Richmond Power and Light Employees' Pension	$42,271,797	$51,158,004	$8,886,207	82.63%	$7,782,103	114.19%

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

IV. Telecommunication Department of Richmond Power and Light

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

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

The financial position, results of operations and changes in cash flows of the telecommunication department are included in the financial statements of Richmond Power and Light as of and for the year ended December 31, 2012. Interdepartmental transactions between Richmond Power and Light and its telecommunication department are eliminated for financial statement purposes.

The following are excerpts from Richmond Power and Light's telecommunication department as of and for the year ended December 31, 2012:

Operating revenues	$	1,102,272
Operating expenses		1,077,473
Net income from operations		24,799
Depreciation and amortization		115,522
Total assets		1,723,088
Total liabilities		3,210,711

V. Contingent Liability

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

RICHMOND POWER AND LIGHT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Richmond Power and Light Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
09-01-03	$ 18,327,234	$ 17,342,907	$ 984,327	106%	$ 6,396,220	15%
09-01-04	20,164,043	19,163,700	1,000,343	105%	6,940,368	14%
09-01-05	21,582,567	21,240,996	341,571	102%	7,331,350	5%
09-01-06	23,155,870	22,395,506	760,364	103%	7,280,811	10%
09-01-07	25,356,539	23,832,967	1,523,572	106%	7,182,171	21%
09-01-08	39,361,410	38,264,551	1,096,859	103%	7,631,460	14%
09-01-09	39,477,633	40,776,537	(1,298,904)	97%	8,255,070	(16%)
09-01-10	39,913,129	42,071,610	(2,158,481)	95%	7,959,201	(27%)
09-01-11	40,761,710	44,442,688	(3,680,978)	92%	8,296,845	(44%)
09-01-12	42,271,797	51,158,004	(8,886,207)	83%	7,782,103	(114%)

RICHMOND POWER AND LIGHT
CITY OF RICHMOND
EXIT CONFERENCE

The contents of this report were discussed on May 14, 2013, with James French, General Manager and CEO; Tammy Glenn, Controller; Sandra Lambert, Finance Manager; and Randall Baker, Corporate Service Director. Our audit disclosed no material items that warrant comment at this time.