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STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENTS AUDIT REPORT
OF

RICHMOND POWER AND LIGHT
CITY OF RICHMOND
WAYNE COUNTY, INDIANA

January 1, 2013 to December 31, 2013

FILED
01/30/2015

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SCHEDULE OF OFFICIALS

Office	Official	Term
General Manager and CEO	Kerry Vincent (Interim)	01-01-13 to 01-13-13
	James French	01-14-13 to 07-28-14
	(Vacant)	07-29-14 to 10-08-14
Mayor	Sarah L. Hutton	01-01-12 to 12-31-15
President of the Common Council	Larry Parker	01-01-13 to 12-31-13
	Clay Miller	01-01-14 to 12-31-14
Finance Manager	Sandra Lambert	01-01-13 to 12-31-14
Controller	Tammy Glenn	01-01-13 to 03-10-14
	(Vacant)	03-11-14 to 03-17-14
	Paula Hill	03-18-14 to 12-31-14
Chairperson of the Board of Directors	Bruce Wissel	01-01-13 to 12-31-13
	Donald E. Winget	01-01-14 to 12-31-14

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, 2013, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the financial statements of the Power and Light Utility, City of Richmond, are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Utility. They do not purport to, and do not, present fairly the financial position of the City of Richmond as of December 31, 2013, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 8, 2014

RICHMOND POWER AND LIGHT
STATEMENT OF NET POSITION
December 31, 2013

Assets	
Current assets - unrestricted:	
Cash and cash equivalents	$ 11,050,234
Accounts receivable (net of allowance)	6,582,268
Inventories	4,152,151
Prepaid items	337,076
Total current assets - unrestricted	22,121,729
Current assets - restricted:	
Restricted cash and cash equivalents:	
Depreciation cash and cash equivalents	10,402,522
Group insurance reserve cash and cash equivalents	1,339,747
Cash reserve fund cash and cash equivalents	2,139,709
Customer deposits cash and cash equivalents	608,356
Debt service reserve cash and cash equivalents	410,000
Total current assets - restricted	14,900,334
Capital assets:	
Land, improvements to land and construction in progress	2,121,075
Other capital assets (net of accumulated depreciation)	69,601,278
Total capital assets	71,722,353
Total noncurrent assets	71,722,353
Deferred outflow of resources	177,563
Total assets and deferred outflow of resources	108,921,979
Liabilities	
Current liabilities:	
Accounts payable	9,961,288
Taxes payable	226,489
Current liabilities payable from restricted assets:	
Accrued interest payable	27,058
Customer deposits	640,121
Revenue bonds payable	410,000
Payable in lieu of taxes	3,209,563
Total current liabilities	14,474,519
Noncurrent liabilities:	
Bonds payable	1,820,000
Compensated absences	577,000
Total noncurrent liabilities	2,397,000
Total liabilities	16,871,519
Net Position	
Net investment in capital assets	69,492,353
Restricted for debt service	382,943
Restricted for other purposes	10,640,650
Unrestricted	11,534,514
Total net position	$ 92,050,460

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 2013

Operating revenues:	
Residential sales	$ 19,572,844
Commercial and industrial sales	59,496,395
Sales for resale	2,191,863
Public street and highway lighting	1,165,249
Penalties	522,861
Other	471,763
Total operating revenues	83,420,975
Operating expenses:	
Power production	5,028,987
Purchased power	59,806,852
Cost of service	465,934
Transmission and distribution	3,605,469
Customer accounts	1,195,808
Administration and general	6,643,664
Depreciation	4,959,717
Utility receipts tax & other taxes	1,150,231
Employee pensions and benefits	553,512
Total operating expenses	83,410,174
Operating income	10,801
Nonoperating revenues (expenses):	
Interest and investment revenue	23,327
Miscellaneous revenue	7,081
Interest expense	(131,840)
Payment to City & in lieu of taxes	(2,139,709)
Total nonoperating revenues (expenses)	(2,241,141)
Income before contributions	(2,230,340)
Capital contributions	38,579
Change in net position	(2,191,761)
Total net position - beginning	94,242,221
Total net position - ending	$ 92,050,460

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 2013

Cash flows from operating activities:	
Receipts from customers and users	$ 84,064,792
Payments to suppliers and contractors	(65,238,981)
Payments to employees	(11,270,723)
Net cash provided by operating activities	7,555,088
Cash flows from capital and related financing activities:	
Capital contributions	38,579
Acquisition and construction of capital assets	(2,823,990)
Payment to City and in lieu of taxes	(2,139,709)
Principal paid on capital debt	(1,890,000)
Interest paid on capital debt	(162,643)
Net cash used by capital and related financing activities	(6,977,763)
Cash flows from investing activities:	
Interest received	21,725
Net cash provided by investing activities	21,725
Net increase in cash and cash equivalents	599,050
Cash and cash equivalents, January 1	25,351,518
Cash and cash equivalents, December 31	$ 25,950,568
Identification of cash and cash equivalents by account:	
Current assets - unrestricted:	
Cash and cash equivalents	$ 11,050,234
Current assets - restricted - cash and cash equivalents	14,900,334
Total cash and cash equivalents, December 31	$ 25,950,568
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 10,801
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	4,959,717
(Increase) decrease in assets:	
Accounts receivable	(430,602)
Deferred charges	73,100
Inventories	2,233,810
Prepaid items	(24,825)
Increase (decrease) in liabilities:	
Accounts payable	690,542
Deferred credits	-
Taxes payable	18,674
Compensated absence payable	(11,000)
Customer deposits	34,871
Total adjustments	7,544,287
Net cash provided by operating activities	$ 7,555,088

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 Richmond Power and Light and are not intended to present fairly the position of the City of Richmond (City), and the results of its operations and cash flows of its enterprise funds. The Utility, whose operations are controlled by the City, represents a 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	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. Deferred Outflow of Resources

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

6. 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.

7. Long-Term Obligations

   Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, are 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.

8. Restricted Net Position

   The financial statements report $14,900,334 of restricted net position which is all restricted by enabling legislation.

II. Detailed Notes on All Funds

A. 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, 2013, the Utility had deposit balances in the amount of $25,950,568. Of this amount the following was exposed to custodial credit risk:

	Amount
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor's name	$ 12,152,269

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.

B. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

2013	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 791,231	$ 780	$ -	$ 792,011
Construction in progress	3,457,251	1,715,956	3,844,143	1,329,064
Total capital assets, not being depreciated	4,248,482	1,716,736	3,844,143	2,121,075
Capital assets, being depreciated:				
Buildings	7,519,156	19,408	-	7,538,564
Improvements other than buildings	994,339	26,520	-	1,020,859
Machinery and equipment	169,625,277	4,848,139	425,998	174,047,418
Totals	178,138,772	4,894,067	425,998	182,606,841
Less accumulated depreciation for:				
Buildings	(4,548,460)	(152,582)	-	(4,701,042)
Improvements other than buildings	(515,211)	(17,551)	-	(532,762)
Machinery and equipment	(103,480,827)	(4,789,584)	(498,652)	(107,771,759)
Totals	(108,544,498)	(4,959,717)	(498,652)	(113,005,563)
Total capital assets, being depreciated, net	69,594,274	(65,650)	(72,654)	69,601,278
Total capital assets, net	$ 73,842,756	$ 1,651,086	$3,771,489	$ 71,722,353

C. Construction Commitments

Construction work in progress is composed of the following:

	2013	
Project	Expended to December 31	Committed
Parallax	$ 14,241	$ 113,180
WWVS	-	3,000,000
Transmission	146,620	1,524,800
Distribution	885,189	399,000
General Plant	283,014	296,698
Totals	$ 1,329,064	$ 5,333,678

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
Fabric Filter System	3.64%	$ 2,230,000

Revenue bonds debt service requirements to maturity are as follows:

	Electric Utility	
	Principal	Interest
2014	$ 410,000	$ 96,325
2015	425,000	58,513
2016	445,000	42,679
2017	465,000	26,117
2018	485,000	8,827
Totals	$ 2,230,000	$ 232,461

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

2013	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable:					
Electric Utility	$ 4,120,000	$ -	$ 1,890,000	$ 2,230,000	$ 410,000
Compensated absences	588,000	-	11,000	577,000	-
Total long-term liabilities	$ 4,708,000	$ -	$ 1,901,000	$ 2,807,000	$ 410,000

E. Restricted Assets

The balances in the restricted asset accounts are as follows:

Depreciation	$ 10,402,522
Group insurance reserve	1,339,747
Cash reserve	2,139,709
Customer deposits	608,356
Debt service reserve	410,000
Total restricted assets	$ 14,900,334

F. Revenues Pledged

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

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; 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.

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

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

	Richmond Power and Light Employees' Pension
Annual required contribution	$ 1,801,534
Interest on net pension obligation	18,330
Adjustment to annual required contribution	(33,767)
Annual pension cost	1,786,097
Contributions made	685,844
Increase (decrease) in net pension obligation	1,100,253
Net pension obligation, beginning of year	318,785
Net pension obligation, end of year	$ 1,419,038
Contribution rates:	
Richmond Power and Light	8.00%
Plan members	4%
Actuarial valuation date	08-31-13
Actuarial cost method	Entry age
Amortization method	Normal - frozen initial liability equal equal annual installments
Amortization period	14 years
Asset valuation method	Contract basis

Actuarial Assumptions	Richmond Power and 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	08-31-11	$ 939,350	70%	$ (236,598)
	08-31-12	1,157,448	52%	318,785
	08-31-13	1,786,097	38%	1,419,038

Funded Status and Funding Progress for the Above Plan

The funded status of each plan as of August 31, 2013, the most recent actuarial valuation date is as follows:

	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)
Retirement Plan:						
Richmond Power and Light Employees' Pension	$44,265,343	$52,049,749	$7,784,406	85.04%	$7,509,484	103.66%

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

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

The financial position, results of operations and changes in cash flows of the Telecommunication Department are included in the financial statements of the Richmond Power and Light as of and for the year ended December 31, 2013. Interdepartmental transactions between the Richmond Power and Light and its Telecommunication Department are eliminated for financial statement purposes.

The following are excerpts from the Richmond Power and Light's Telecommunication Department as of and for the year ended December 31, 2013:

Operating revenues	$ 1,114,814
Operating expenses	1,094,919
Net income from operations	19,895
Depreciation and amortization	119,100
Total assets	1,701,210
Total liabilities	3,220,888

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.

VI. Subsequent Events

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

Financial Impact

While the total financial impact to the RP&L is unknown at this time, loss of revenue from the capacity payment is estimated to be approximately the same as the operational expenses that were paid at the generating station. Other savings that may be realized in 2015 would include lower property insurance expenses and scheduled updates to that plant.

Emissions Allowances

One other impact to our balance sheet that should be noted is the emissions allowances. The allowances were a necessary part of the generation business. Prior to 2008, the allowances had to be purchased at much higher costs than they are presently worth. As an example, in 2004, SO2 allowances were purchased at $225 each. In today's market, they are selling for $0.65 each. As the market for these allowances fluctuate, they were posted to the RP&L balance sheet as an asset valued at $2,058,138.06. However, after 2008, the market value for these allowances has dropped considerably as various coal generators have been retired and other market variables have changed leaving the current estimated value at $135,779.38 according to the RP&L's consultant at TFS energy.

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)
09-01-08	$ 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%)
09-01-13	44,265,343	52,049,749	(7,784,406)	85%	7,509,484	(104%)