

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER

MONTGOMERY COUNTY, INDIANA

January 1, 2014 to December 31, 2014



**FILED**  
03/14/2016



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### SCHEDULE OF OFFICIALS

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



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CRAWFORDSVILLE ELECTRIC  
LIGHT AND POWER, MONTGOMERY COUNTY, INDIANA

***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activities of the Crawfordsville Electric Light and Power (Utility), a department of the City of Crawfordsville, as of and for the year ended December 31, 2014, and the related notes to the 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 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 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 Crawfordsville Electric Light and Power, a department of the City of Crawfordsville, as of December 31, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.


**Emphasis of Matter**

As discussed in Note 1, the financial statements of Crawfordsville Electric Light and Power, a department of the City of Crawfordsville, are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Utility. They do not purport to, and do not, present fairly the financial position of the City of Crawfordsville as of December 31, 2014, the changes in its financial position, or where applicable, its cash flows 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 Management's Discussion and Analysis, 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.

  
Paul D. Joyce, CPA  
State Examiner

December 17, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS**

This discussion and analysis of Crawfordsville Electric Light and Power's ("CELP") consolidated financial performance provides an overview of the CELP's activities for the fiscal year ended December 31, 2014. This discussion only includes the activity of CELP and does not present information relative to the activities and financial performance of the City of Crawfordsville. This analysis should only be read in conjunction with the accompanying financial statements and the accompanying notes to the financial statements.

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

### **FINANCIAL STATEMENTS PRESENTED**

CELP presents accrual statements of net position, statements of revenues, expenses and changes in net position and statements of cash flow on a consolidated basis. The primary revenue source is from the sale of electricity to utility customers, which represented 99% of 2014 company revenues.

### **CONDENSED COMPARITIVE FINANCIAL DATA**

<b>Net Position</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Current and other assets	\$ 5,988,913	\$10,290,955
Capital Assets	<u>15,233,174</u>	<u>29,079,853</u>
Total Assets	\$21,222,087	\$39,370,808
Capital Lease Obligations, net	\$ -0-	\$16,660,000
Other Liabilities	<u>4,898,467</u>	<u>9,363,845</u>
Total Liabilities	\$ <u>4,898,467</u>	\$ <u>26,023,845</u>
Net Position:		
Net Investment in Cap Assets	\$15,233,174	\$12,419,853
Restricted for Cap Outlay/Debt Service	615,774	1,854,636
Unrestricted	<u>474,672</u>	<u>(927,526)</u>
Total Net Position	\$ <u>16,323,620</u>	\$ <u>13,346,963</u>

## INCOME

Operating Revenues	\$33,689,587	\$36,442,177
Operating Expense	<u>34,224,140</u>	<u>36,266,060</u>
Operating Income (loss)	(534,553)	\$176,117
Non-operating expenses	<u>(3,142,085)</u>	<u>(2,332,212)</u>
Excess (Deficiency) before PILOT	(3,676,638)	(2,156,095)
Payment in lieu of taxes	<u>425,001</u>	<u>425,001</u>
Change in net Position	<u>(\$4,101,639)</u>	<u>(\$2,581,096)</u>

## FINANCIAL HIGHLIGHTS

CELP closed the sale of the Accelplus division to Metronet on April 4, 2014. Therefore, the December 31, 2014 reports do not include any Accelplus financial activity. The change in net position was \$1.5 million less than the previous year due mainly to the losses suffered by CELP as part of the settlement related to the sale of the Accelplus division. The national recession and the global economy continued to play a major role in the 2014 financial results. Unemployment showed a slight improvement to 6.1% in Montgomery County in 2014, however this slight improvement failed to produce a positive impact on electric consumption.

Total revenues for CELP saw a very slight decrease as a lower tracker, caused by the sale of the plant slightly offset by increased purchased power costs that pass through the tracker, was compounded by a 0.1% decrease in power demanded by customers. Purchased power cost increased by \$1.4 million due to higher per kwh rates charged by IMPA during 2014. Steam power generation costs were significantly lower in 2014 due to the sale of the plant at the end of 2013. In summation, a decrease in revenues was compounded by the increase in purchased power costs while the sale of Accelplus resulted in a loss of \$3.4 million due to the write off of uncollectible debt owed to CELP by Accelplus which resulted in a negative change in net position of \$4.1 million for the year for CELP, compared to a \$1.2 million negative change in 2013.

## SIGNIFICANT CAPITAL ASSET ADDITIONS

During 2014, CELP had no significant Capital Asset addition. Please review the Notes to the Financial Statements.

## **COMPANY DEBT**

CELP did not issue any new debt in 2014. Please review the Notes to the Financial Statements.

## **SALE OF TELECOM DIVISION**

CELP reached agreement with US Bank and Metronet to sell Accelplus. The sale was complete on April 4, 2014. CELP has a 90 day agreement in place to assist Metronet with the transition of day-to-day operations. Upon completion of the 90 day agreement (July 4, 2014), CELP began to bill Metronet for any continuing assistance provided. Accelplus is a fiber to the home cable and internet provider.

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## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of the Utility. The financial statements and notes are presented as intended by the Utility.

**CRAWFORDSVILLE ELECTRIC LIGHT & POWER**

**STATEMENT OF NET POSITION**

	As of <u>12/31/14</u>
<b>ASSETS</b>	
Current Assets	
Unrestricted cash and cash equivalents	\$3,658,272
Investments	30,000
Customer receivables, (net)	450,529
Accounts receivable project safe	6,001
Plant materials and operating supplies	403,006
Prepaid maintenance charges	52,974
Prepaid insurance	56,709
Other prepayments	18,894
Other	<u>166,590</u>
Total Current Assets	<u>4,842,975</u>
Noncurrent Assets	
Restricted Assets	
Cash and cash equivalents	<u>852,413</u>
Total Restricted Assets	<u>852,413</u>
Other noncurrent assets	
Deferred Outflows	<u>293,525</u>
Total Other Noncurrent Assets	<u>293,525</u>
Capital Assets	
Utility plant in service	41,861,660
Less accumulated depreciation	<u>(26,707,490)</u>
Net Plant	15,154,170
Construction work in progress	<u>79,004</u>
Total Capital Assets	<u>15,233,174</u>
Total Noncurrent Assets	<u>16,379,112</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$21,222,087</u></u></b>

The accompanying notes are an integral part of the above statement

**CRAWFORDSVILLE ELECTRIC LIGHT & POWER**

**STATEMENT OF NET POSITION**

	As of <u>12/31/14</u>
<b>LIABILITIES</b>	
Current Liabilities	
Account payable	\$4,479,768
Accrued payroll	122,016
State sales tax payable	73,771
Accrued pension	2,076
Customers meter deposits payable	236,639
Other accrued liabilities	<u>(15,803)</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$4,898,467</u></b>
<b>NET POSITION</b>	
Net Investments in Capital Assets	\$15,233,174
Restricted funds	615,774
Unrestricted	<u>474,672</u>
<b>TOTAL NET POSITION</b>	<b><u>\$16,323,620</u></b>

The accompanying notes are an integral part of the above statement

**CRAWFORDSVILLE ELECTRIC LIGHT & POWER**

**STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET POSITION**  
**FOR YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>
<b>OPERATING REVENUES</b>	
Residential sales	\$8,688,992
Commercial and industrial sales	24,113,221
Outdoor and street lighting sales	321,683
Sales to other authorities	131,383
Other operating revenue	<u>434,308</u>
 Total Operating Revenues	 <u>33,689,587</u>
<b>OPERATING EXPENSES</b>	
Purchased power	27,642,485
Steam power generation	14,341
Transmission and distribution	1,608,001
Administrative and general	2,476,107
Customer accounts expense	777,545
Utility receipts tax	452,350
F.I.C.A. tax	<u>192,404</u>
 Sub-Totals	 33,163,233
Depreciation Expense	<u>1,060,907</u>
 Total Operating Expenses	 <u>34,224,140</u>
 Operating Income (Loss)	 <u>(534,553)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	9,851
Miscellaneous income	115,027
Revenue from contract work	349,945
Cost of contract work	(154,677)
Gain/Loss on disposal assets	(19,725)
Payments in Lieu of Taxes	(425,001)
Miscellaneous income deductions	<u>(830)</u>
 Total Nonoperating Revenue (Expenses)	 <u>(125,410)</u>
 Net Income (loss) before Capital Contributions and Special Items	 <u>(659,963)</u>
 <b>SPECIAL ITEMS (See Item 15 in the accompanying notes)</b>	 <u>(3,441,676)</u>
 Change in Net Position	 (4,101,639)
Total Net Position - Beginning	<u>20,425,259</u>
 Total Net Position - Ending	 <u><u>\$16,323,620</u></u>

The accompanying notes are an integral part of the above statement

**CRAWFORDSVILLE ELECTRIC LIGHT & POWER**

**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>
<b>CASH FLOWS FROM OPERATION ACTIVITIES</b>	
Receipts from customers	\$33,257,374
Payments to suppliers and employees	<u>(32,941,747)</u>
Net Cash Provided by Operation Activities	<u>315,627</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers out	(425,001)
Interfund loans - proceeds and collections	<u>(317,455)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(742,456)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases and construction of capital assets	(709,241)
Miscellaneous income	<u>(135,261)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(844,502)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	<u>9,851</u>
Net Cash Provided by Investing Activities	<u>9,851</u>
Net Increase in Cash and Cash Equivalents	(1,261,480)
Balances - Beginning of the Period	<u>5,377,164</u>
Balances - End of the Period	<u><u>\$4,115,684</u></u>
 Displayed As:	
Unrestricted cash and cash equivalents	\$3,658,272
Investments	30,000
Restricted cash and cash equivalents	<u>852,413</u>
Total Cash and Investments	<u><u>\$4,540,685</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	(534,553)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation expense	1,060,907
Changes In Assets and Liabilities	
Customer receivables, net	1,366,458
Prepaid and other assets	42,731
Fuel and materials inventory	96,179
Accounts and other payables	196,000
Accrued payroll and pensions	(47,256)
Taxes payable	(12,799)
Meter deposits payable	26,504
Other payables	<u>(1,878,544)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$315,627</u></u>

The accompanying notes are an integral part of the above statement

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER  
NOTES TO FINANCIAL STATEMENTS**

December 31, 2014

**1. Organization and Significant Accounting Policies**

**Reporting Entity**

Crawfordsville Electric Light and Power (CELP) was established by the City of Crawfordsville 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 of Crawfordsville from a long-term purchase power agreement with Indiana Municipal Power Agency.

Governance of CELP has been delegated to the Utility Service Board. However, the City Council maintains authority over rates and the issuance of debt. CELP also remains under the jurisdiction of the Indiana Utility Regulatory Commission for the setting of rates, issuance of debt and other matters.

**Basis of Presentation**

CELP follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles accepted in the United States of America.

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.

**Utility Plant and Depreciation**

Capital assets, included in the electric utility plant account, are carried at cost and are depreciated ratably during the year at 3% per year on the historic cost for all assets purchased prior to 1-1-80; all purchased after 1-1-80, are depreciated per an acceptable table of life years per asset type.

Capital Asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activity:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 373,309	\$ -	\$ 1,427	\$ 371,882
Intangible property	183,715	-	-	183,715
Construction in progress	81,868	249,303	252,167	79,004
<b>Total capital assets, not being depreciated</b>	<b>638,892</b>	<b>249,303</b>	<b>253,594</b>	<b>634,601</b>
<b>Capital assets, being depreciated:</b>				
Buildings	3,867,264	17,097	-	3,884,361
Machinery and equipment	54,240,065	718,104	17,536,466	37,421,702
<b>Totals</b>	<b>58,107,328</b>	<b>735,201</b>	<b>17,536,466</b>	<b>41,306,063</b>
<b>Less accumulated depreciation for:</b>				
Buildings	1,070,244	54,689	-	1,124,933
Machinery and equipment	28,596,124	1,006,218	4,019,785	25,582,556
<b>Totals</b>	<b>29,666,368</b>	<b>1,060,907</b>	<b>4,019,785</b>	<b>26,707,490</b>
<b>Total capital assets, being depreciated, net</b>	<b>28,440,960</b>	<b>(325,706)</b>	<b>13,516,681</b>	<b>14,598,574</b>
<b>Total business-type activity capital assets, net</b>	<b>\$ 29,079,853</b>	<b>\$ (76,403)</b>	<b>\$ 13,770,275</b>	<b>\$ 15,233,174</b>

**Inventories**

The Utility's inventory is comprised of operating supplies. Inventory is carried primarily on a historical weighted average cost basis.

**Prepaid Items**

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

**Cash and Cash Equivalents**

The Utility considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Restricted and Unrestricted Investments**

Investments are stated at cost. Changes in fair value of the investments are reported as income in the year of the sale of the investment.

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2014

**1. Organization and Significant Accounting Policies - Continued**

**Income Taxes**

The Utility is exempt from federal and state income taxes.

**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 their use is limited by applicable bond covenants.

**Deferred Outflows**

The Utility pays the current year annual Payment in Lieu of Taxes to the City of Crawfordsville over the first three months of the year and then records the monthly portion of that \$425,000 payment equally each month.

**Restricted Net Position**

The financial statements report \$615,774 of restricted net position, of which \$615,774 is restricted by enabling legislation.

**Use of Estimates**

The preparation of these financial statements is in conformity with generally accepted accounting principles and requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Capacity Payments and Purchased Power**

In conformity with generally accepted accounting practices and the power sales contract CELP has with Indiana Municipal Power, Sales of CELP's generation is reflected as wholesale sales of electricity and not as credit to the purchased power account (expense).

**Revenue Recognition**

CELP records revenues as billed to its customers and does not recognize any unbilled revenues that occur between meter readings. This accounting for revenues follows the rate making process of the Indiana Utility Regulatory Commission.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of CELP are charges to customers for sales and services. Operating expenses for CELP include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**2. Deposits and Investments**

**1. Deposits**

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, 2014 the Utility had deposit balances in the amount of \$4,510,685.

The remaining bank balances were insured by the Federal Deposit Insurance Corporation of the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

**2. Investments**

As of 12/31/2014, CELP has deposits in a money market account at Tri County Bank and Trust and owns Certificate of Deposit with Tri-County Bank in the amount of \$30,000 with a maturity date of June 27, 2016.

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER  
NOTES TO FINANCIAL STATEMENTS**

**December 31, 2014**

**3. Cash, Cash Equivalents and Investments**

Cash deposits and investments are governed by Indiana State Statutes. At December 31, 2014, 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.

	<b>2014</b>	
	<b>Cost</b>	<b>Estimated Fair Value</b>
<b><u>Cash and Cash Equivalents:</u></b>		
Unrestricted - General Fund	\$ 3,658,272	\$ 3,658,272
Restricted		
Depreciation Fund	614,018	614,018
Meter Deposit	238,395	238,395
Total Restricted	852,413	852,413
Total Cash and Cash Equivalents	\$ 4,510,685	\$ 4,510,685

**4. Capital Lease Obligations:**

CELP has no current capital lease obligations as of December 31, 2104.

**5. Contracts**

CELP has a long-term power supply contract with the Indiana Municipal Power Agency ("IMPA") that runs through 2042. Under this contract, IMPA is required to supply, and CELP is required to purchase from IMPA all of its energy requirements.

**6. Rate Increase**

In September of 2009, CELP filed for an increase in its base rates in Cause No. 43773. On May 10, 2010, CELP and the Office of the Utility Consumer Counselor reached a tentative settlement in Cause No. 43773 which was approved shortly thereafter by the Indiana Utility Regulatory Commission. The settlement provided for an increase in retail revenues of approximately \$1.7 million annually, representing a 5.99% increase. The approved rates were put in place for the October 2010 billing cycle.

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2014

**7. 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 CELP 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.

**8. Construction Work in Progress**

The Construction Work in Progress balance at December 31, 2014 totaled \$79,004. Projects include both projects constructed with CELP personnel and outside contractors. All costs are accumulated until the projects are completed and transferred to capital assets. Once the projects are transferred to Utility Plant in Service accounts, depreciation expense will begin on the assets.

**9. Pensions**

*Cost-Sharing Multiple Employer Defined Benefit Pension Plan*

The utility, through the city, contributes to the Public Employees' Retirement Fund (PERF), which became a cost-sharing multiple-employer defined benefit pension plan (cost-sharing plan) during calendar year 2014. This means the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pension through the pension plan. Prior to this change, PERF used to be an agent multiple-employer defined benefit pension plan. This change requires that the utility now only include a plan description and the funding policy in the notes to their financial statements.

All full-time employees are eligible to participate in this defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3) govern most requirements of the system, including the benefits which vest after ten years of service and give the utility authority to contribute. Employees who have reached fifty years of age may receive retirement benefits with fifteen years of service. An employee may receive benefits at age sixty-five with ten years of service.

Accumulated employee contributions and allocated interest income are maintained by PERF in a separate system wide fund for all members. Upon retirement, members may select a lump sum distribution of all or part of the savings account. Employees who leave employment before qualifying for benefits receive a refund of this savings account.

Since employees may receive a refund of this savings account, and the employer financed pension is not effected by it, the corresponding information for the savings account is not included in the determination of the pension benefit obligation or related funding and has not been included in this report, because it cannot be separated from the city.

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

Indiana Public Retirement System  
1 North Capitol Street, Room 001  
Indianapolis, IN 46204  
Ph: (888) 526-1687

Funding Policy

Employees are required to contribute 3 percent of compensation to an annuity savings account. The utility is required to contribute at an actuarially determined rate; the current rate is 11.2 percent of annual covered payroll. The contribution requirements of plan members and primary government are established and may be amended by the INPRS Board of Trustees.

Annual Pension Cost

The utility's contributions to the plan for the years ending December 31, 2014, 2013, and 2012, were \$283,310.83, \$301,374.16, and \$269,531.31, respectively, equal to the required contributions for each year.

**10. Bad Debts**

CELP's policy is to write off customer accounts when any one 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.

Bad debt expense totaled \$82,000 in 2014. The reserve for uncollectible accounts was \$148,078 at December 31, 2014.

**CRAWFORDSVILLE ELECTRIC LIGHT AND POWER  
NOTES TO FINANCIAL STATEMENTS**

**December 31, 2014**

**11. Risk Management**

CELP 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 (See Note 12) and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for several years. There were no significant reductions in insurance by major category of risk.

**12. Job Related Illness and Injuries**

During 1990, CELP joined together with other governmental entities to form the Indiana Public Employers' Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for over 1,200 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The Utility pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

**13. Post Employment Benefits**

In addition to the pension benefits described in note 9, CELP provides postemployment health insurance benefits for employees taking early retirement as authorized by IC 5-10-8. The benefit ceases when the retiree turns 65. Eligibility is restricted to employees who retire from the Utility on or after attaining age sixty with at least fifteen years of service whose years of service plus their age equals eighty-five or greater. Benefits are based on the employee's age at retirement according to the following schedule:

	Age 60	Age 61	Age 62-65
Utility Pays	25%	50%	100%

During 2014, one retiree completed eligibility for postemployment health insurance and one employee began eligibility, which leaves the number of employees currently participating at one employee. Based on materiality, postemployment health insurance expenses are recorded on a pay-as-you-go basis.

CELP also sponsors a Utility Retirement Payment based on the number of years of service for the utility. The employee must meet PERF eligibility requirements. Electric pays \$20 for each year of service which is expensed in the year the employee retires.

**14. Compensated Absences**

CELP requires all vacation to be used in the year earned. Upon retirement, an employee is eligible to receive \$5 for each day of unused sick time up to a maximum of 120 days. Unpaid sick time is recorded on a pay-as-you-go basis.

**15. Special Items**

The sale of Accelplus was closed on 4/30/2015. CELP had outstanding loans receivable and other intercompany activity with Accelplus totalling a net write-off of \$3,041,676 at the sale. As part of the agreement and settlement of the outstanding Accelplus bond issue, CELP was required to make a payment of \$400,000 to USBank.

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the Utility. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.