



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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May 26, 2022

To: The Officials of Richmond Power and Light
Richmond Power and Light
PO Box 908
Richmond, IN 47375

We have reviewed the audit report of Richmond Power and Light, a department of the City of Richmond, which was opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Richmond Power and Light as of December 31, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA**

FINANCIAL STATEMENTS

December 31, 2021 and 2020

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA

FINANCIAL STATEMENTS
December 31, 2021 and 2020

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RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
SCHEDULE OF OFFICIALS
December 31, 2021 and 2020

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairperson of the Board of Directors	Gary Turner Ron Oler	01-01-20 to 12-31-20 01-01-21 to 12-31-21
General Manager and CEO	Randy Baker Tony Foster II	01-01-20 to 06-10-21 06-11-21 to 12-31-21
Assistant General Manager	Tony Foster II Skip Moore	01-01-20 to 06-10-21 06-11-21 to 12-31-21
Finance Manager	Sandra Lambert	01-01-20 to 12-31-21
Mayor	Dave Snow	01-01-20 to 12-31-21
President of the Common Council	Ron Oler Larry Parker	01-01-20 to 12-31-20 01-01-21 to 12-31-21
City Controller	Beth Fields Emily Palmer	01-01-20 to 03-16-20 03-17-20 to 12-31-21

INDEPENDENT AUDITOR'S REPORT

The Officials of
Richmond Power and Light
Wayne County, Indiana

Opinion

We have audited the financial statements of the business-type activities of the Richmond Power and Light (Utility), a Department of the City of Richmond, Indiana (City), as of and for the years ended December 31, 2021 and 2020, and the fiduciary activities as of and for the years ended August 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Utility as of December 31, 2021 and 2020, and the fiduciary activities as of August 31, 2021, and 2020, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the Utility of the City of Richmond, Indiana are intended to present the financial position, and the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities and the fiduciary 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, Indiana as of December 31, 2021 and 2020, and the changes in its financial position and, where applicable, its cash flows for the years 2020 then ended and the fiduciary activities as of August 31, 2021 and 2020, in conformity with accounting principles generally accepted in the United States of America. The City's financial statements are separately prepared and presented on a regulatory basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Our opinion is not modified with respect to this matter.

(Continued)

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.

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 opinions. 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

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.

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Utility's Net Pension Liability and Related Ratios, Schedules of the Utility's Contributions, and Schedule of Annual Money-Weighted Rate of Return as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

Other Information

Management is responsible for the other information included in the annual report. The other information consists of the Schedule of Officials as shown on page 1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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

Indianapolis, Indiana
May 13, 2022

RICHMOND POWER AND LIGHT
 A DEPARTMENT OF THE CITY OF RICHMOND
 WAYNE COUNTY, INDIANA
 STATEMENTS OF NET POSITION
 ENTERPRISE FUND
 December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents - unrestricted	\$ 16,523,998	\$ 14,630,100
Cash and cash equivalents - designated:		
Group insurance, CCR, WWVS, and misc. sub MOD reserve	2,528,159	1,362,981
Cash reserve fund	<u>2,139,709</u>	<u>2,139,709</u>
Total cash and cash equivalents - designated	4,667,868	3,502,690
Cash and cash equivalents - restricted: Customer deposits fund	-	657,557
Customer accounts receivable (net of allowance)	6,813,570	7,165,860
Inventories	2,998,418	2,465,581
Prepaid items	<u>259,706</u>	<u>264,342</u>
Total current assets	<u>31,263,560</u>	<u>28,686,130</u>
Non-current assets		
Cash and cash equivalents - designated: Depreciation fund	6,576,296	6,574,855
Capital assets:		
Land, improvements to land and construction in progress	3,113,593	6,061,495
Other capital assets (net of accumulated depreciation)	<u>57,140,948</u>	<u>55,607,836</u>
Total capital assets	<u>60,254,541</u>	<u>61,669,331</u>
Regulatory asset (net of amortization)	<u>12,686,590</u>	<u>13,931,580</u>
Total noncurrent assets	<u>79,517,427</u>	<u>82,175,766</u>
Total assets	110,780,987	110,861,896
DEFERRED OUTFLOWS OF RESOURCES		
Pension and other	<u>3,140,961</u>	<u>5,138,354</u>
Total assets and deferred outflows of resources	<u>\$ 113,921,948</u>	<u>\$ 116,000,250</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 10,736,357	\$ 10,228,601
Taxes payable	226,076	211,284
Customer deposits	907,364	657,557
Compensated absences and accrued labor	755,733	698,127
Payable in lieu of taxes	<u>3,209,563</u>	<u>3,209,563</u>
Total current liabilities	<u>15,835,093</u>	<u>15,005,132</u>
Noncurrent liabilities:		
Net pension liability	26,076,312	26,495,370
Environmental remediation liability	<u>28,498,000</u>	<u>26,290,000</u>
Total noncurrent liabilities	<u>54,574,312</u>	<u>52,785,370</u>
Total liabilities	70,409,405	67,790,502
DEFERRED INFLOWS OF RESOURCES		
Pension	<u>3,931,272</u>	<u>1,627,661</u>
Total liabilities and deferred inflows of resources	74,340,677	69,418,163
NET POSITION		
Net investment in capital assets	60,254,541	61,669,331
Unrestricted	<u>(20,673,270)</u>	<u>(15,087,244)</u>
Total net position	<u>39,581,271</u>	<u>46,582,087</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 113,921,948</u>	<u>\$ 116,000,250</u>

See accompanying notes to financial statements.

RICHMOND POWER AND LIGHT
 A DEPARTMENT OF THE CITY OF RICHMOND
 WAYNE COUNTY, INDIANA
 STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
 ENTERPRISE FUND
 Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Residential sales	\$ 20,019,890	\$ 18,613,815
Commercial and industrial sales	63,118,029	59,530,241
Public street and highway lighting	883,491	999,015
Penalties	272,384	210,717
Other	<u>385,085</u>	<u>279,024</u>
Total operating revenues	84,678,879	79,632,812
Operating expenses:		
Purchased power	63,286,714	60,243,130
Cost of service	601,134	737,767
Transmission and distribution	4,232,708	4,256,163
Customer accounts	1,441,478	1,142,745
Administration and general	10,597,966	10,338,956
Depreciation	4,556,584	4,251,252
Utility receipts tax and other taxes	<u>1,139,598</u>	<u>1,061,863</u>
Total operating expenses	<u>85,856,182</u>	<u>82,031,876</u>
Operating loss	(1,177,303)	(2,399,064)
Nonoperating revenues (expenses):		
Interest and investment revenue	2,369	17,346
Interest expense	(5,384)	(6,946)
Payment to City in lieu of taxes	(2,139,709)	(2,139,709)
Loss on disposal of assets	-	(77,247)
Rate making changes –		
Coal Combustion Residual (“CCR”) pond	-	13,931,580
Environmental remediation change in estimate	(2,446,362)	(14,312,803)
Amortization of regulatory asset	<u>(1,244,990)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(5,834,076)</u>	<u>(2,587,779)</u>
Loss before capital contributions	(7,011,379)	(4,986,843)
Capital contributions	<u>10,563</u>	<u>17,022</u>
Change in net position	(7,000,816)	(4,969,821)
Total net position – beginning of year	<u>46,582,087</u>	<u>51,551,908</u>
Total net position – end of year	<u>\$ 39,581,271</u>	<u>\$ 46,582,087</u>

See accompanying notes to financial statements.

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
STATEMENTS OF CASH FLOWS
ENTERPRISE FUND
Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 85,280,976	\$ 79,121,865
Payments to suppliers and contractors	(67,833,175)	(67,898,935)
Payments to employees and related benefits	<u>(9,532,524)</u>	<u>(9,525,234)</u>
Net cash provided by operating activities	7,915,277	1,697,696
Cash flows from capital and related financing activities:		
Capital contributions	10,563	17,022
Acquisition and construction of capital assets	(3,136,115)	(3,266,547)
Payment to City in lieu of taxes	(2,139,709)	(2,139,709)
Environmental remediation	(244,041)	(339,280)
Interest paid on deposits	<u>(5,384)</u>	<u>(6,946)</u>
Net cash used by capital and related financing activities	(5,514,686)	(5,735,460)
Cash flows from investing activities:		
Interest received	<u>2,369</u>	<u>17,346</u>
Net cash provided by investing activities	2,369	17,346
Net increase (decrease) in cash and cash equivalents	2,402,960	(4,020,418)
Cash and cash equivalents, January 1	<u>25,365,202</u>	<u>29,385,620</u>
Cash and cash equivalents, December 31	<u>\$ 27,768,162</u>	<u>\$ 25,365,202</u>
Identification of cash and cash equivalents by account:		
Current assets – unrestricted	\$ 16,523,998	\$ 14,630,100
Current assets – designated	4,667,868	3,502,690
Current assets - restricted	-	657,557
Non-current assets - designated	<u>6,576,296</u>	<u>6,574,855</u>
Total cash and cash equivalents, December 31	<u>\$ 27,768,162</u>	<u>\$ 25,365,202</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (1,177,303)	\$ (2,399,064)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	4,556,584	4,251,252
(Increase) decrease in assets and deferred outflows/inflows:		
Customer accounts receivable	352,290	(435,514)
Net deferred outflows/inflows on pension	4,301,004	(3,049,992)
Inventories and prepaid items	(528,201)	(384,891)
Increase (decrease) in liabilities:		
Accounts payable, taxes payable and accrued wages	546,025	(39,982)
Net pension liability	(419,058)	3,859,610
Customer deposits	249,807	(75,433)
Compensated absences	<u>34,129</u>	<u>(28,290)</u>
Total adjustments	<u>9,092,580</u>	<u>4,096,760</u>
Net cash provided by operating activities	<u>\$ 7,915,277</u>	<u>\$ 1,697,696</u>

See accompanying notes to financial statements.

RICHMOND POWER AND LIGHT
 A DEPARTMENT OF THE CITY OF RICHMOND
 WAYNE COUNTY, INDIANA
 STATEMENTS OF PLAN NET POSITION
 FIDUCIARY FUND
 August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments, at fair value		
Large U.S. equity	\$ 11,845,316	\$ 10,406,555
Small/Mid U.S equity	1,922,974	1,707,242
International equity	6,337,312	5,779,935
Balanced/asset allocation	-	987,781
Fixed income	35,344,586	33,786,272
U.S. real estate	<u>3,462,375</u>	<u>2,941,087</u>
	<u>\$ 58,912,563</u>	<u>\$ 55,608,872</u>
 NET POSITION		
Net position restricted for pensions	<u>\$ 58,912,563</u>	<u>\$ 55,608,872</u>

See accompanying notes to financial statements.

RICHMOND POWER AND LIGHT
 A DEPARTMENT OF THE CITY OF RICHMOND
 WAYNE COUNTY, INDIANA
 STATEMENTS OF CHANGES IN PLAN NET POSITION
 FIDUCIARY FUND
 Years ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Additions		
Contributions		
Employer	\$ 571,573	\$ 3,581,634
Plan members	<u>207,845</u>	<u>211,503</u>
Total contributions	779,418	3,793,137
Investment earnings		
Investment return	6,166,712	4,449,606
Investment expenses	<u>(24,531)</u>	<u>(22,744)</u>
Total investment income	<u>6,142,181</u>	<u>4,426,862</u>
Total additions	<u>6,921,599</u>	<u>8,219,999</u>
Deductions		
Benefit payments	3,613,708	3,450,962
Administrative expenses	<u>4,200</u>	<u>8,050</u>
Total deductions	<u>3,617,908</u>	<u>3,459,012</u>
Net increase in net position	3,303,691	4,760,987
Plan net position, beginning of the year	<u>55,608,872</u>	<u>50,847,885</u>
Plan net position, end of the year	<u>\$ 58,912,563</u>	<u>\$ 55,608,872</u>

See accompanying notes to financial statements.

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

Fiduciary Fund: The Utility's defined benefit pension trust fund is presented in a fiduciary fund in the accompanying financial statements. These assets are being held for the benefit of pension participants and cannot be used for the activities or obligations of the Utility. The Fiduciary Fund has been presented as of its years ended of August 31, 2021 and 2020.

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.

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.

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.

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Uncollectible Accounts on Accounts Receivable: 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. As of December 31, 2021 and 2020, the Utility had an allowance for uncollectible accounts of \$16,397 and \$17,828, respectively.

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.

Emissions Allowances: The emissions allowances were purchased in relation to the generation business and are subject to market fluctuations. After 2008, the market value for these allowances declined as various coal generators have been retired and other market variables have changed. According to the RP&L's consultant at TFS energy, as of December 31, 2021 and 2020, the allowances were deemed to have no value.

Designated Assets: Certain resources are classified as designated assets on the Statement of Net Position because they are set aside for operating reserves, cost of Utility Plant in Service, medical costs of employees and dependents, and an annual payment to the City of Richmond.

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 acquisition 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	40-50 years
Improvements other than buildings	\$5,000	Straight-line	50-65 years
Machinery and equipment	\$5,000	Straight-line	10-60 years
Transportation equipment	\$5,000	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. The Utility capitalizes all other capital additions through a work order system.

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Assets: The Indiana Utility Regulatory Commission approved a new rate structure on January 20, 2021. Part of the rate structure's revenue requirements allows for the Utility to receive funds averaging \$2,321,930 per year over a six-year period totaling \$13,931,580 to be used for the Coal Combustion Residual Pond liability as described in Note 4. The Regulatory Asset will be amortized to expense over the six-year period ratably with the revenue requirement. The amortization expense was \$1,244,990 for the year ended December 31, 2021. The Utility has determined that they meet the requirements of GASB Statement No. 62, Regulated Operations, Paragraph 476. GASB 62 allows that rate actions of a regulator can provide a business-type activity with reasonable assurance of the existence of an asset.

A regulated business-type activity should capitalize all or part of an incurred cost that otherwise would be charged to expense when it is probable future revenue in an amount to support the cost is included for rate making purposes and based on available evidence, the future revenue will be provided to permit recovery of the incurred cost. The 2021 rate action supports the recording of a regulatory asset as of December 31, 2021 because it provides additional evidence with respect to management's assertion that a portion of the environmental remediation liability will be funded and the rate action supports conditions that existed at the date of the statement of net position.

Environmental Remediation Liability: The Utility accrues for costs associated with environmental remediation obligations when such costs are probable and reasonably estimable. Accruals for estimated costs from environmental remediation obligations generally are recognized no later than completion of the remediation feasibility or other study. Such accruals are adjusted as further information develops or circumstances change, or as payments are made.

Net Pension Liability: The Utility has recorded a net pension liability reflecting the difference between the total pension liabilities and the fiduciary net position of the single employer defined benefit plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to the pension, and pension expense, information about the fiduciary net position of the single employer defined benefit plan and additions to deductions from the single employer defined benefit plan fiduciary net position have been determined on the same basis as they are reported by the single employer defined benefit plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with 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 reports items in this category including services that have not yet been billed, land that is held for future use, and recognition of changes in its defined benefit plans' net pension liability that will be amortized in future periods.

Compensated Absences:

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.

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.

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Net Position: Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the statement of net position. Net position is reported as restricted when there are legal limitations imposed on their use by laws or regulation or other governments or external restrictions by creditors or grantors. Net investment in capital assets 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.

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

Rate Structure: The current rate structure for 2021 was approved by the Indiana Utility Regulatory Commission on January 20, 2021. The agreement authorizes the Utility to increase its rates and charges for electric service to reflect a total net revenue requirement in the amount of \$86,551,153 resulting in a total increase of 7.23% over the Utility's current revenues at existing rates. The new structure calls for increases to be phased in over three years beginning April 1, 2021.

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.

Contract: The Utility has a long-term power supply contract with the Indiana Municipal Power Agency ("IMPA") that runs through 2050. Under the contract, IMPA is required to supply, and the Utility is required to purchase from IMPA all of its energy requirements.

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.

Contingent Liability: Richmond Power and Light is attempting to resolve two "Notices 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.

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
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NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Pronouncements: For the year ended December 31, 2021, the Utility adopted the following accounting pronouncements. There was no impact on the financial statements upon adoption of these pronouncements.

- GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period
- GASB Statement No. 98, The Annual Comprehensive Financial Report

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2021, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2021. Management has performed their analysis through May 13, 2022, the date the financial statements were available to be issued.

NOTE 2 - 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.

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. Of this amount, \$12,364,633 and \$12,363,014 was uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the depositor's name and is exposed to custodial credit risk at December 31, 2021 and 2020, respectively.

	<u>Book Value</u>	<u>Bank Balance</u>
Cash and cash equivalents at December 31, 2021	\$ 27,768,162	\$ 25,669,732
Cash and cash equivalents at December 31, 2020	\$ 25,365,202	\$ 25,341,824

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RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 - CAPITAL ASSETS

Capital Assets: Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>December 31, 2021</u>				
Capital assets, not being depreciated				
Land	\$ 1,191,980	\$ -	\$ -	\$ 1,191,980
Construction in progress	<u>4,869,515</u>	<u>2,214,698</u>	<u>(5,162,600)</u>	<u>1,921,613</u>
Total capital assets not being depreciated	<u>6,061,495</u>	<u>2,214,698</u>	<u>(5,162,600)</u>	<u>3,113,593</u>
Capital assets, being depreciated				
Buildings	9,358,401	25,771	-	9,384,172
Improvements other than buildings	1,071,159	-	-	1,071,159
Machinery and equipment	<u>189,146,796</u>	<u>6,049,501</u>	<u>(556,034)</u>	<u>194,640,263</u>
Totals	<u>199,576,356</u>	<u>6,075,272</u>	<u>(556,034)</u>	<u>205,095,594</u>
Less accumulated depreciation for:				
Buildings	(5,832,172)	(132,521)	-	(5,964,693)
Improvements other than buildings	(656,082)	(18,372)	-	(674,455)
Machinery and equipment	<u>(137,480,266)</u>	<u>(4,405,691)</u>	<u>570,458</u>	<u>(141,315,498)</u>
Total	<u>(143,968,520)</u>	<u>(4,556,584)</u>	<u>570,458</u>	<u>(147,954,646)</u>
Total capital assets being depreciated, net	<u>55,607,836</u>	<u>1,518,688</u>	<u>14,424</u>	<u>57,140,948</u>
Total capital assets, net	<u>\$ 61,669,331</u>	<u>\$ 3,733,386</u>	<u>\$ (5,148,176)</u>	<u>\$ 60,254,541</u>

Construction Commitments: Construction work in progress is composed of the following at December 31, 2021:

<u>Project</u>	<u>Expended to December 31</u>	<u>Committed</u>
Transmission	\$ 264,343	\$ -
Distribution	1,500,154	453,736
General plant	<u>157,114</u>	<u>-</u>
Total	<u>\$ 1,921,611</u>	<u>\$ 453,736</u>

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 - CAPITAL ASSETS (Continued)

Capital Assets: Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>December 31, 2020</u>				
Capital assets, not being depreciated				
Land	\$ 940,823	\$ 251,157	\$ -	\$ 1,191,980
Construction in progress	<u>4,674,185</u>	<u>2,623,862</u>	<u>(2,428,532)</u>	<u>4,869,515</u>
Total capital assets not being depreciated	<u>5,615,008</u>	<u>2,875,019</u>	<u>(2,428,532)</u>	<u>6,061,495</u>
Capital assets, being depreciated				
Buildings	9,188,092	170,309	-	9,358,401
Improvements other than buildings	1,020,859	50,300	-	1,071,159
Machinery and equipment	<u>186,835,626</u>	<u>2,599,451</u>	<u>(288,281)</u>	<u>189,146,796</u>
Totals	<u>197,044,577</u>	<u>2,820,060</u>	<u>(288,281)</u>	<u>199,576,356</u>
Less accumulated depreciation for:				
Buildings	(5,670,349)	(161,823)	-	(5,832,172)
Improvements other than buildings	(638,465)	(17,617)	-	(656,082)
Machinery and equipment	<u>(133,619,488)</u>	<u>(4,071,813)</u>	<u>211,035</u>	<u>(137,480,266)</u>
Total	<u>(139,928,302)</u>	<u>(4,251,253)</u>	<u>211,035</u>	<u>(143,968,520)</u>
Total capital assets being depreciated, net	<u>57,116,275</u>	<u>(1,431,193)</u>	<u>(77,246)</u>	<u>55,607,836</u>
Total capital assets, net	<u>\$ 62,731,283</u>	<u>\$ 1,443,826</u>	<u>\$ (2,505,778)</u>	<u>\$ 61,669,331</u>

Construction Commitments: Construction work in progress is composed of the following at December 31, 2020:

<u>Project</u>	<u>Expended to December 31</u>	<u>Committed</u>
Transmission	\$ 3,492,306	\$ -
Distribution	1,326,444	77,651
General plant	<u>50,765</u>	<u>-</u>
Total	<u>\$ 4,869,515</u>	<u>\$ 77,651</u>

(Continued)

RICHMOND POWER AND LIGHT
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NOTE 4 - LONG-TERM LIABILITIES

Environmental Remediation Liability: Effective October 4, 2017, the United States Environmental Protection Agency's 40 CFS 257: *Criteria for Classification of Solid Waste Disposal Facilities and Practices* (Coal Combustion Residuals (CCR) Rule) was modified to require that inactive impoundments meet all the analyses and reporting requirements of Section 257.102. The Utility determined that an impoundment met the requirements for remediation.

The Utility is commencing closure of the Ash Field/Sluice Pond at the Whitewater Valley Station. The Utility contracted an engineering firm to determine the project timing and probable cost of the closure, which was updated in January 2022. The liability is based on the engineer's opinion of probable cost, which is an estimate based on professional judgment and includes remediation related construction and ongoing monitoring through 2050; and includes a contingency for potential for changes due to price increases or reductions, technology, or other applicable laws or regulations.

At this time, the Utility's new rate structure will provide resources for a portion of the remediation costs as indicated in Note 1. Management is exploring funding options for the remainder of the liability through operations, reserves, rate changes or issuing debt.

Changes in Long-Term Liabilities: Long-term liability activity for the years ended December 31, 2021 was as follows:

<u>Description:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Environmental Remediation Liability	\$ 26,290,000	\$ 2,452,041	\$ (244,041)	\$ 28,498,000	\$ -
Net Pension Liability	<u>26,495,370</u>	<u>6,502,541</u>	<u>(6,921,599)</u>	<u>26,076,312</u>	<u>-</u>
Total long-term liabilities	<u>\$ 52,785,370</u>	<u>\$ 8,954,582</u>	<u>\$(7,165,640)</u>	<u>\$ 54,574,312</u>	<u>\$ -</u>

Changes in Long-Term Liabilities: Long-term liability activity for the years ended December 31, 2020 was as follows:

<u>Description:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Environmental Remediation Liability	\$ 12,316,477	\$ 14,312,803	\$ (339,280)	\$ 26,290,000	\$ -
Net Pension Liability	<u>22,635,760</u>	<u>12,071,559</u>	<u>(8,211,949)</u>	<u>26,495,370</u>	<u>-</u>
Total long-term liabilities	<u>\$ 34,952,237</u>	<u>\$ 26,384,362</u>	<u>\$(8,551,229)</u>	<u>\$ 52,785,370</u>	<u>\$ -</u>

NOTE 5 - FIDUCIARY FUND

The Utility's pension trust fund, with the RP&L Pension Committee as the named fiduciary, is presented as a fiduciary fund. The pension plan is not audited separately. Information regarding the pension plan is included in Note 6. Additional information follows:

Basis of Accounting and Presentation: The financial statements are prepared using the accrual basis of accounting. Contributions from the employees and the Utility are recognized as revenue in the period in which employees provide service and expenses are recorded when incurred regardless of when payment is made. Benefit payments are recognized when due and payable in accordance with the terms of the Plan.

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
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NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 - FIDUCIARY FUND (Continued)

Fair Value of Investments: Investments are valued as of the measurement date. Investments in separate accounts held at The Principal Financial Group are commingled pools, rather than individual securities and are valued at fair value. Investments in the General Investment Account at The Principal Group are valued at contract value, per GASB Statement 31 paragraph 8. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay benefit or administrative expenses.

Investment Policy: The Plan's investment policy permits the RP&L Pension Committee to select one or more customized investment portfolios and retain an investment manager to manage assets of each such portfolio as follows:

- Stable value portfolio primarily comprised of short-term, high quality debt securities, including money market funds.
- Domestic fixed income portfolio primarily composed of debt securities issued by the U.S. government, U.S. government sponsored/related agencies, and U.S. domiciled corporations.
- International fixed income holdings of debt securities issued by foreign government, foreign government sponsored/related agencies, and foreign corporations.
- Real estate portfolio consisting of owned real estate investment options including real estate investment trusts of all types and other commingled real estate equity investment options.
- Domestic stock portfolio composed primarily of the common stocks of U.S. domiciled corporations.

Investment Rate Risk: The effective duration is shown in years.

	<u>2021</u>	<u>2020</u>
<u>Fixed Income Investment Options</u>		
General Account at contract value	5.46	5.37
Core Plus Bond I Separate Account	6.13	-
Principal High Yield I Separate Account	4.15	-
Principal Bond Market Index Separate Account	6.00	-

U.S. Property Separate Account is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. Therefore, an effective duration is not calculated.

Credit Risk: Separate accounts held at The Principal Financial Group are commingled pools, rather than individual securities. As a result, these accounts are not rated. Accounts held at The Principal Financial Group are not subject to concentration of credit risk, custodial credit risk or foreign currency risk.

Concentration of Credit Risk: All Plan assets are separate accounts held at The Principal Financial Group. The Plan's policy limits the concentration of credit risk as follows:

- No more than 5% of the total should be invested in stable value funds.
- No more than 10% of the total should be invested in international or foreign fixed income funds.
- No more than 15% of the total should be invested in real estate funds.
- No more than 10% of the total should be invested in small and mid-cap equity funds.
- No more than 40%, nor less than 10%, of the total should be invested in large cap equity funds.
- No more than 80%, nor less than 50%, of the total should be invested in domestic fixed income funds.

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
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NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 - FIDUCIARY FUND (Continued)

The separate accounts representing in excess of 5% of the total portfolio were as follows:

	<u>2021</u>	<u>2020</u>
<u>Investment Options</u>		
Principal Core Plus Bond Separate Account	39.8	34.8%
Principal Bond Market Index Separate Account	4.8	11.7
Principal General Investment	10.8	11.6
T. Rowe Price Large Cap Growth I Separate Account	7.5	9.0
Principal Equity Income Separate Account	7.3	6.4
Principal U.S. Property Separate Account	5.9	5.3
Causeway Overseas Separate Account	3.0	3.1

NOTE 6 - PENSION PLAN

Defined Benefit Pension Plan: 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 statute (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. There have been no changes in plan provisions during the current measurement period.

Benefits Provided: Plan participants who retire at or after age 65 (or at age 55 with reduced benefits) are entitled to an annual retirement benefit payable monthly for life, in an amount based upon compensation and credited service. Employees who retire at age 65 (or active employees who die either before or after attaining age 55 with reduced death benefits) are entitled to death benefits payable to a designated beneficiary or spouse upon death of the retiree.

Employees Covered by Benefit Terms: The Plan is closed to new entrants effective September 1, 2013. Previously, all full-time employees were eligible to participate in the plan after sixty days of service.

At August 31, 2021, the following employees were covered by the benefit terms:

	<u>2021</u>	<u>2020</u>
Active plan members	66	71
Inactive plan members entitled to but not yet receiving benefits	38	40
Retired plan members or beneficiaries currently receiving benefits	<u>134</u>	<u>128</u>
Total	<u>238</u>	<u>239</u>

Contributions: The basis for determining contributions is an actuarially determined rate that is calculated each year in the plan's Actuarial Valuation Report. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. In accordance with the plan's governing document, employees may be required to contribute to the plan.

Employees are currently required to contribute 4% of salary for 2021 and 2020. The Utility's funding policy is 11% of salary, which is assumed throughout the projection period.

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 - PENSION PLAN (Continued)

Net Pension Liability: The Utility's net pension liability was measured as of August 31, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2021 and 2020. At August 31, 2021, the Plan's fiduciary net position, or fair value of Plan assets was \$58,912,563 compared to a total pension liability of \$84,988,875, resulting in a net pension liability of \$26,076,312. At August 31, 2020, the Plan's fiduciary net position, or fair value of Plan assets was \$55,608,872 compared to a total pension liability of \$82,104,242, resulting in a net pension liability of \$26,495,370.

Actuarial Assumptions: The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Measurement date:</i>	August 31, 2021
<i>Valuation date:</i>	August 31, 2021
<i>Actuarial cost method:</i>	Entry age method
<i>Asset valuation method:</i>	Market value of assets on measurement date
<i>Long-term rate of return on assets:</i>	4.75%
<i>Interest rate for employee accumulations:</i>	4.75%
<i>Salary increase assumption:</i>	<i>S5 Table from The Actuary's Pension Handbook + 1.00% at each age</i>
<i>Inflation:</i>	2.25% increase per year
<i>Retirement Cost of Living Adjustment:</i>	2.00%
<i>Retirement age assumption:</i>	Inactive participants are assumed to retire at the earlier of age 60 with 10 years of service or age 65.
<i>Mortality rates:</i>	RP-2006 (baseline table from SOA RP-2014 study based on experience data for private pension plans)
<i>Plan changes:</i>	None

The following changes were identified in actuarial assumptions or plan pensions for the year:

- The mortality table has been changed to PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale.

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
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NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 - PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Measurement date:</i>	August 31, 2020
<i>Valuation date:</i>	August 31, 2020
<i>Actuarial cost method:</i>	Entry age method
<i>Asset valuation method:</i>	Market value of assets on measurement date
<i>Long-term rate of return on assets:</i>	4.75%
<i>Interest rate for employee accumulations:</i>	4.75%
<i>Salary increase assumption:</i>	S5 Table from <i>The Actuary's Pension Handbook</i> + 1.00% at each age
<i>Inflation:</i>	2.25% increase per year
<i>Retirement Cost of Living Adjustment:</i>	2.00%
<i>Retirement age assumption:</i>	Inactive participants are assumed to retire at the earlier of age 60 with 10 years of service or age 65.
<i>Mortality rates:</i>	RP-2006 (baseline table from SOA RP-2014 study based on experience data for private pension plans)
<i>Plan changes:</i>	None

The following changes were identified in actuarial assumptions or plan pensions for the year:

- The mortality table has been changed to PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2020 mortality improvement scale.
- The long-term rate of return has decreased from 5.50% to 4.75%.

Investments: The long-term expected rate of return of 4.75% as of August 31, 2021 and 2020 on pension plan investments was determined using the expected long-term return on plan assets as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2014. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2014 is 20-30 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organization and consensus CMA from other credible studies.

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RICHMOND POWER AND LIGHT
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NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 - PENSION PLAN (Continued)

As of August 31, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity - Large Cap	20.62%	7.70%
US Equity - Mid Cap	2.30%	8.00%
US Equity - Small Cap	1.11%	8.55%
Non-US Equity	11.65%	8.00%
REITs	0.00%	7.30%
Real Estate (direct property)	5.47%	5.35%
TIPS	0.00%	2.35%
Core Bond	54.58%	2.70%
High Yield	4.27%	4.65%
Total	100.00%	

As of August 31, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity - Large Cap	18.59%	7.70%
US Equity - Mid Cap	2.15%	8.00%
US Equity - Small Cap	0.96%	8.55%
Non-US Equity	10.50%	8.00%
REITs	0.38%	7.30%
Real Estate (direct property)	5.75%	5.35%
TIPS	0.56%	1.70%
Core Bond	58.27%	2.60%
High Yield	2.84%	5.45%
Total	100.00%	

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investments expenses. The annual money weighted rate of return was 11.31% and 8.77% as of August 31, 2021 and 2020, respectively.

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RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 - PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position at August 31 is below:

	<u>2021</u>	<u>2020</u>
Large U.S. equity	\$ 11,845,316	\$ 10,406,555
Small/Mid U.S equity	1,922,974	1,707,242
International equity	6,337,312	5,779,935
Balanced/asset allocation	-	987,781
Fixed income	35,344,586	33,786,272
U.S. real estate	<u>3,462,375</u>	<u>2,941,087</u>
	<u>\$ 58,912,563</u>	<u>\$ 55,608,872</u>

The fiduciary net position and changes in fiduciary net position have been determined on the same basis for both GASB 67 and GASB 68 reporting purposes.

Discount Rate: As of August 31, 2021, the discount rate used to measure the end of period total pension liability was 3.70%. The Plan's fiduciary net position and benefit payments were projected to determine the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2020 to 2040. No benefit payments are projected after 2106.

As of August 31, 2021, the long-term rate of return of 4.75% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 3.06% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the August 31, 2021 measurement date. The discount is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

As of August 31, 2020, the discount rate used to measure the end of period total pension liability was 3.80%. The Plan's fiduciary net position and benefit payments were projected to determine the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2020 to 2040. No benefit payments are projected after 2106.

As of August 31, 2020, the long-term rate of return of 4.75% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 3.22% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the August 31, 2020 measurement date. The discount is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 - PENSION PLAN (Continued)

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 1, 2020	\$ 82,104,242	\$ 55,608,872	\$ 26,495,370
Changes for the year:			
Service cost	1,115,447	-	1,115,447
Interest	3,097,533	-	3,097,533
Benefit payments	(3,613,708)	(3,613,708)	-
Differences between expected and actual experience	1,046,576	-	1,046,576
Changes of assumptions	1,238,785	-	1,238,785
Employee contributions	-	207,845	(207,845)
Employer contributions	-	571,573	(571,573)
Net investment income	-	6,142,181	(6,142,181)
Administrative expense	-	(4,200)	4,200
Net changes	<u>2,884,633</u>	<u>3,303,691</u>	<u>(419,058)</u>
Balances at August 31, 2021	<u>\$ 84,988,875</u>	<u>\$ 58,912,563</u>	<u>\$ 26,076,312</u>
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 1, 2019	\$ 73,483,645	\$ 50,847,885	\$ 22,635,760
Changes for the year:			
Service cost	1,000,875	-	1,000,875
Interest	3,161,868	-	3,161,868
Benefit payments	(3,450,962)	(3,450,962)	-
Differences between expected and actual experience	38,458	-	38,458
Changes of assumptions	7,870,358	-	7,870,358
Employee contributions	-	211,503	(211,503)
Employer contributions	-	3,581,634	(3,581,634)
Net investment income	-	4,426,862	(4,426,862)
Administrative expense	-	(8,050)	8,050
Net changes	<u>8,620,597</u>	<u>4,760,987</u>	<u>3,859,610</u>
Balances at August 31, 2020	<u>\$ 82,104,242</u>	<u>\$ 55,608,872</u>	<u>\$ 26,495,370</u>

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 - PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

As of August 31, 2021:

	1% Decrease <u>(2.70%)</u>	Current Discount Rate <u>(3.70%)</u>	1% Increase <u>(4.70%)</u>
Net pension liability	\$ 37,754,687	\$ 26,076,312	\$ 16,324,750

As of August 31, 2020:

	1% Decrease <u>(2.80%)</u>	Current Discount Rate <u>(3.80%)</u>	1% Increase <u>(4.80%)</u>
Net pension liability	\$ 37,850,662	\$ 26,495,370	\$ 17,024,683

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension: For the years ended December 31, 2021 and 2020, the Utility recognized pension expense of \$4,927,463 and \$4,385,239, respectively.

At December 31, 2021, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 563,250	\$ -
Changes of assumptions	1,832,094	-
Net difference between projected and actual earnings on pension plan investments	-	(3,931,272)
Employer contributions made after measurement date	<u>683,525</u>	<u>-</u>
Total	<u>\$ 3,078,869</u>	<u>\$ (3,931,272)</u>

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 - PENSION PLAN (Continued)

At December 31, 2020, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 109,341	\$ -
Changes of assumptions	4,757,340	-
Net difference between projected and actual earnings on pension plan investments	-	(1,627,661)
Employer contributions made after measurement date	<u>199,395</u>	<u>-</u>
Total	<u>\$ 5,066,076</u>	<u>\$ (1,627,661)</u>

Employer contributions made after the measurement date reduce net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Dollar Amount</u>
2022	\$ 1,158,000
2023	(938,528)
2024	(1,042,695)
2025	(712,705)
2026	-
Thereafter	<u>-</u>
	<u>\$ (1,535,928)</u>

Payable to the Pension Plan: The Utility had no contributions payable to the pension plan for the years ended December 31, 2021 and 2020.

NOTE 7 - DEFINED CONTRIBUTION RETIREMENT PLAN

Effective January 1, 2015, the Utility sponsors the Richmond Power & Light 401(a) Plan, a defined contribution retirement plan covering all employees hired after October 1, 2013 and having attained age 18 and 2 months of service. The Utility shall make contributions to the plan based on the collectively bargained agreement and in lieu of contributions made by employees, the Utility contributes an amount equal to 3% of eligible employee compensation. The Utility's contributions were \$134,822 and \$108,386 for the years ended December 31, 2021 and 2020, respectively.

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RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 8 - TELECOMMUNICATION DEPARTMENT OF RICHMOND POWER AND LIGHT

On February 23, 2001, Richmond Power and Light loaned \$2,700,000 to its 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, 2021. 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 years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 1,745,287	\$ 1,626,928
Non-operating revenues	2,719,200	-
Operating expenses	(1,188,880)	(1,390,401)
Depreciation and amortization	(54,039)	(66,794)
Interest expense	<u>(47,522)</u>	<u>(48,563)</u>
Change in net position	3,174,046	121,170
Total assets	2,250,344	1,905,962
Total liabilities	<u>281,278</u>	<u>3,110,942</u>
Net position	1,969,066	(1,204,980)

NOTE 9 - LEASE ARRANGEMENT

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. Under the agreement, IMPA is responsible for all operational costs of the generating station, has agreed to operate and make certain investments in the generation station, and 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 goes to IMPA. The employees of the generation station were terminated from the Utility and have become IMPA employees. The agreement requires at least a one-year termination notice. The assets of the station remain the property of the RP&L. 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.

REQUIRED SUPPLEMENTARY INFORMATION

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE UTILITY'S NET PENSION
LIABILITY AND RELATED RATIOS
December 31, 2021 and 2020

	Plan Year Ended <u>August 31, 2021</u>	Plan Year Ended <u>August 31, 2020</u>	Plan Year Ended <u>August 31, 2019</u>	Plan Year Ended <u>August 31, 2018</u>	Plan Year Ended <u>August 31, 2017</u>	Plan Year Ended <u>August 31, 2016</u>	Plan Year Ended <u>August 31, 2015</u>
Total pension liability							
Service cost	\$ 1,115,447	\$ 1,000,875	\$ 951,785	\$ 1,039,742	\$ 955,747	\$ 926,990	\$ 855,582
Interest	3,097,533	3,161,868	3,228,058	3,172,275	3,160,925	3,225,464	2,938,112
Benefit payments	(3,613,708)	(3,450,962)	(2,948,872)	(2,567,617)	(2,898,995)	(2,312,981)	(2,503,109)
Differences between expected and actual experience	1,046,576	38,458	359,900	(271,212)	1,257,085	(1,257,923)	1,113,383
Changes of assumptions	1,238,785	7,870,358	973,789	(678,732)	1,593,787	2,668,037	3,564,400
Changes in benefit terms	-	-	-	-	-	-	-
Net change in total pension liability	<u>2,884,633</u>	<u>8,620,597</u>	<u>2,564,660</u>	<u>694,456</u>	<u>4,068,549</u>	<u>3,249,587</u>	<u>5,968,368</u>
Total pension liability—beginning	<u>82,104,242</u>	<u>73,483,645</u>	<u>70,918,985</u>	<u>70,224,529</u>	<u>66,155,980</u>	<u>62,906,393</u>	<u>56,938,025</u>
Total pension liability—ending (a)	<u>\$ 84,988,875</u>	<u>\$ 82,104,242</u>	<u>\$ 73,483,645</u>	<u>\$ 70,918,985</u>	<u>\$ 70,224,529</u>	<u>\$ 66,155,980</u>	<u>\$ 62,906,393</u>
Plan fiduciary net position							
Employee contributions	\$ 207,845	\$ 211,503	\$ 224,969	\$ 242,224	\$ 238,208	\$ 248,478	\$ 275,012
Employer contributions	571,573	3,581,634	618,010	667,007	655,139	683,315	919,078
Other contributions	-	-	-	-	-	-	-
Net investment income	6,142,181	4,426,862	2,908,663	2,644,898	3,641,387	2,651,588	997,987
Benefit payments	(3,613,708)	(3,450,962)	(2,948,872)	(2,567,617)	(2,898,995)	(2,312,981)	(2,503,109)
Administrative expense	(4,200)	(8,050)	(220)	(3,880)	(4,120)	(3,800)	(320)
Net change in plan fiduciary net position	<u>3,303,691</u>	<u>4,760,987</u>	<u>802,550</u>	<u>982,632</u>	<u>1,631,619</u>	<u>1,266,600</u>	<u>(311,352)</u>
Plan fiduciary net position—beginning	<u>55,608,872</u>	<u>50,847,885</u>	<u>50,045,335</u>	<u>49,062,703</u>	<u>47,431,084</u>	<u>46,164,484</u>	<u>46,475,836</u>
Plan fiduciary net position—ending (b)	<u>\$ 58,912,563</u>	<u>\$ 55,608,872</u>	<u>\$ 50,847,885</u>	<u>\$ 50,045,335</u>	<u>\$ 49,062,703</u>	<u>\$ 47,431,084</u>	<u>\$ 46,164,484</u>
Net pension liability—ending (a) – (b)	<u>\$ 26,076,312</u>	<u>\$ 26,495,370</u>	<u>\$ 22,635,760</u>	<u>\$ 20,873,650</u>	<u>\$ 21,161,826</u>	<u>\$ 18,724,896</u>	<u>\$ 16,741,909</u>
Plan fiduciary net position as a percentage of the total pension liability	69.32%	67.73%	69.20%	70.57%	69.87%	71.70%	73.39%
Covered payroll	\$ 4,744,179	\$ 4,916,492	\$ 5,278,982	\$ 5,629,268	\$ 5,792,232	\$ 5,770,716	\$ 6,026,965
Net pension liability as a percentage of covered payroll	549.65%	538.91%	428.79%	370.81%	365.35%	324.48%	277.78%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Utility is presenting information for those years for which information is available.

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UTILITY'S CONTRIBUTIONS – YEAR END
December 31, 2021 and 2020

	August 31, 2021	August 31, 2020	August 31, 2019	August 31, 2018	August 31, 2017	August 31, 2016	August 31, 2015
Actuarially determined contributions	\$ 2,342,348	\$ 1,804,467	\$ 1,794,591	\$ 1,733,209	\$ 1,263,283	\$ 1,305,663	\$ 1,354,430
Contributions in relation to the actuarially determined contribution	<u>571,573</u>	<u>3,581,634</u>	<u>618,010</u>	<u>667,007</u>	<u>655,139</u>	<u>683,315</u>	<u>919,078</u>
Contribution deficiency (excess)	<u>\$ 1,770,775</u>	<u>\$ (1,777,167)</u>	<u>\$ 1,176,581</u>	<u>\$ 1,066,202</u>	<u>\$ 608,144</u>	<u>\$ 622,348</u>	<u>\$ 435,352</u>
Covered-employee payroll	\$ 4,744,149	\$ 4,916,492	\$ 5,278,982	\$ 5,629,268	\$ 5,792,232	\$ 5,770,716	\$ 6,026,965
Contributions as a percentage of covered-employee payroll	12.05%	72.85%	11.71%	11.85%	11.31%	11.84%	15.25%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Utility is presenting information for those years for which information is available.

<i>Measurement date:</i>	August 31, 2021
<i>Valuation date:</i>	August 31, 2021
<i>Actuarial cost method:</i>	Entry age method
<i>Asset valuation method:</i>	Market value of assets on measurement date
<i>Long-term rate of return on assets:</i>	4.75%
<i>Interest rate for employee accumulations:</i>	4.75%
<i>Salary increase assumption:</i>	S5 Table from The Actuary's Pension Handbook + 1.00% at each age
<i>Inflation:</i>	2.25% increase per year
<i>Retirement Cost of Living Adjustment:</i>	2.00%
<i>Retirement age assumption:</i>	Inactive participants are assumed to retire at the earlier of age 60 with 10 years of service or age 65.
<i>Mortality rates:</i>	Pubg-2010 (baseline table from SOA PubG-2010 study based on experience data for private pension plans)
<i>Plan changes:</i>	None

2021 Changes of assumptions:

- The mortality improvement scale has been updated to MP-2021.

2020 Changes of assumptions:

- The mortality table has been changed to PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2020 mortality improvement scale.
- The long-term rate of return has decreased from 5.75% to 4.75%.

2019 Changes of assumptions:

- The mortality table has been updated to reflect the annual changes to the Mortality Improvement table.
- The retirement age has changed from 100% probability at age 65 to 25% at age 65, 50% at age 66, and 100% at age 67.

2018 Changes of assumptions:

- The mortality table has been updated to reflect the annual changes to the Mortality Improvement table.
- The inflation assumption increased from 2% to 2.25%.
- The compensation limit increase has increased from 2% to 2.25%.

2017 Changes of assumptions:

- Long-term rate of return on assets decreased from 6.00% to 5.50%.
- Inflation decreased from 2.25% to 2.00%.

(Continued)

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UTILITY'S CONTRIBUTIONS – YEAR END
December 31, 2021 and 2020

	December 31, <u>2021</u>	December 31, <u>2020</u>	December 31, <u>2019</u>	December 31, <u>2018</u>	December 31, <u>2017</u>	December 31, <u>2016</u>	December 31, <u>2015</u>
Actuarially determined contributions	\$ 1,981,968	\$ 1,797,850	\$ 1,753,465	\$ 1,418,359	\$ 1,291,678	\$ 1,338,337	\$ 1,522,763
Contributions in relation to the actuarially determined contribution	<u>3,579,285</u>	<u>567,448</u>	<u>686,215</u>	<u>711,116</u>	<u>676,023</u>	<u>678,246</u>	<u>808,905</u>
Contribution deficiency (excess)	<u>\$ (1,597,317)</u>	<u>\$ 1,230,402</u>	<u>\$ 1,067,250</u>	<u>\$ 707,243</u>	<u>\$ 615,655</u>	<u>\$ 660,091</u>	<u>\$ 713,858</u>
Covered-employee payroll	\$ 4,744,149	\$ 4,916,492	\$ 5,278,982	\$ 5,629,268	\$ 5,792,232	\$ 5,770,716	\$ 6,026,965
Contributions as a percentage of covered-employee payroll	75.45%	11.54%	13.00%	12.63%	11.67%	11.75%	13.42%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Utility is presenting information for those years for which information is available.

<i>Measurement date:</i>	August 31, 2020
<i>Valuation date:</i>	August 31, 2020
<i>Actuarial cost method:</i>	Entry age method
<i>Asset valuation method:</i>	Market value of assets on measurement date
<i>Long-term rate of return on assets:</i>	4.75%
<i>Interest rate for employee accumulations:</i>	4.75%
<i>Salary increase assumption:</i>	S5 Table from The Actuary's Pension Handbook + 1.00% at each age
<i>Inflation:</i>	2.25% increase per year
<i>Retirement Cost of Living Adjustment:</i>	2.00%
<i>Retirement age assumption:</i>	Inactive participants are assumed to retire at the earlier of age 60 with 10 years of service or age 65.
<i>Mortality rates:</i>	Pubg-2010 (baseline table from SOA PubG-2010 study based on experience data for private pension plans)
<i>Plan changes:</i>	None

RICHMOND POWER AND LIGHT
A DEPARTMENT OF THE CITY OF RICHMOND
WAYNE COUNTY, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN
August 31, 2021 and 2020

<u>Year ending December 31</u>	<u>Annual Money-Weighted Rate of Return</u>
2021	11.31%
2020	8.77%
2019	5.96%
2018	5.50%
2017	7.74%
2016	5.84%
2015	2.18%

The Schedule of Money Weighted Rate of Return represents the measurement period ending August 31, 2021 and fiscal year ending December 31, 2021.