



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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May 26, 2022

The Officials of Crawfordsville Electric Light and Power
Crawfordsville Electric Light and Power
808 Lafayette Road
Crawfordsville, IN 47933

We have reviewed the audit report of Crawfordsville Electric Light and Power, a department of the City of Crawfordsville, which was opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Crawfordsville Electric Light and Power as of December 31, 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

**CRAWFORDSVILLE ELECTRIC
LIGHT AND POWER**

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

FINANCIAL STATEMENTS

December 31, 2021

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

FINANCIAL STATEMENTS
December 31, 2021

CONTENTS

SCHEDULE OF OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	9
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	10
STATEMENT OF CASH FLOWS	11
NOTES TO FINANCIAL STATEMENTS	12
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE UTILITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PERF	23
SCHEDULE OF THE UTILITY'S CONTRIBUTIONS - PERF	24

CRAWFORDSVILLE ELECTRIC
LIGHT AND POWER
CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
SCHEDULE OF OFFICIALS
December 31, 2021

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Todd B. Barton	01-01-20 to 01-01-24
President of the Utility Service Board	Don Swearingen	01-01-21 to 12-31-22
Clerk-Treasurer	Terri J. Gadd	01-01-20 to 01-01-24
Utility Manager	Phillip R. Goode	01-01-21 to 12-31-22

INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the financial statements of the Crawfordsville Electric Light and Power (Utility), a department of the City of Crawfordsville, as of and for the year ended December 31, 2021, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Utility, as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utility, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Crawfordsville Electric Light and Power, a department of the City of Crawfordsville (City), are intended to present the financial position, and the changes in financial position, and cash flows of only that portion of the business-type activities of the City of Crawfordsville 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, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Utility's proportionate share of the net pension liability, and the schedule of the Utility's contributions on pages 5-8 and 23-24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

(Continued)

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of officials but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the 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.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and fluid.

Crowe LLP

Indianapolis, Indiana
April 20, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2021

This section of the annual financial report presents a discussion and analysis of Crawfordsville Electric Light and Power's ("Utility") financial performance for the calendar year ended December 31, 2021. This discussion only includes the activity of the Utility and does not present information relative to the activities and financial performance of the City of Crawfordsville. Please read it in conjunction with the accompanying financial statements, which follow this section.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements.

The Utility's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Utility are included in the Statement of Net Position.

The financial statements provide both long and short-term information about the Utility's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2021

FINANCIAL ANALYSIS

Net Position

At December 31, 2021, the Utility's total assets were \$21.5 million. This represents an increase of approximately \$1.6 million or 7.9 percent from the prior year. The increase in total assets is a result of an increase in cash of approximately \$686,000 from the prior year based on the current year operating income generated from increased rates and increase in capital assets of approximately \$577,000 based on new meters, street and traffic lights, plant improvements, and transportation equipment. Total liabilities amounted to approximately \$5.7 million, a decrease of approximately \$422,000 or 6.9 percent. The decrease in total liabilities is mainly attributed to a decrease in the net pension liability related to the PERF pension plan. Total net position amounted to \$15.4 million, an increase of \$1.7 million or 12.4 percent from 2020 (See Table 1).

Table 1			
Net Position			
	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>
Assets:			
Current assets	\$ 3,331,476	\$ 3,193,118	\$ 138,358
Non-current assets	2,346,865	1,483,871	862,994
Capital	<u>15,851,593</u>	<u>15,273,880</u>	<u>577,713</u>
Total assets	<u>21,529,934</u>	<u>19,950,869</u>	<u>1,579,065</u>
Deferred outflow of resources	<u>522,101</u>	<u>353,160</u>	<u>(168,941)</u>
Liabilities:			
Current liabilities	5,040,453	4,583,015	457,438
Non-current liabilities	<u>643,591</u>	<u>1,522,825</u>	<u>(879,234)</u>
Total liabilities	<u>5,684,044</u>	<u>6,105,840</u>	<u>(421,796)</u>
Deferred inflow of resources	<u>1,010,879</u>	<u>505,443</u>	<u>505,436</u>
Net position:			
Invested in capital assets	15,553,275	15,273,880	279,395
Restricted	9,107	16,663	(7,556)
Unrestricted	<u>(205,270)</u>	<u>(1,597,797)</u>	<u>1,392,527</u>
Total net position	<u>\$ 15,357,112</u>	<u>\$ 13,692,746</u>	<u>\$ 1,664,366</u>

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2021

Changes in Net Position

The primary revenue source is from the sale of electricity to utility customers, which represented 99% of 2021 revenues. The change in net position of \$1,664,366 for calendar year 2021 was \$2,259,473 more than calendar year 2020 due to increased operating revenues of approximately 8% driven by an average 6.6% rate increase starting in July 2021 and increased usage compared to 2020. Operating revenues increased approximately \$2.7 million over the previous year; and the operating expenses also increased by approximately \$0.5 million due mainly to increased demand. Non-operating activity decreased by \$28,000 compared to the prior year.

Table 2			
Changes in Net Position			
	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>
Operating revenues	\$ 36,644,974	\$ 33,919,043	\$ 2,725,931
Operating expenses	<u>34,686,633</u>	<u>34,192,652</u>	<u>493,981</u>
Operating income	1,958,341	(273,609)	2,231,950
Non-operating revenues (expenses)	<u>(293,975)</u>	<u>(321,498)</u>	<u>27,523</u>
Change in net position	1,664,366	(595,107)	2,259,473
Net position, beginning of year	<u>13,692,746</u>	<u>14,287,853</u>	<u>(595,107)</u>
Total net position, end of year	<u>\$ 15,357,112</u>	<u>\$ 13,692,746</u>	<u>\$ 1,664,366</u>

SIGNIFICANT CAPITAL ASSET ADDITIONS

During 2021, the Utility had capital asset additions of approximately \$1.6 million. These additions were primarily meters, overhead conductors, and transportation equipment. Please review the notes to the financial statements for further information (Note 3).

COMPANY DEBT

The Utility did not have any debt or issue any new debt in 2021 or 2020. Please review the notes to the financial statements.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2021

CURRENTLY KNOWN FACTS

Other than the uncertainty of general economic indicators on the Utility and its customers, there are no significant facts, decisions or conditions that are expected that management believes will have a significant impact on the financial position or results of operations.

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 has impacted economic activity and financial markets globally. The operations and business results of the Utility could be materially adversely affected. In 2020, the State of Indiana issued a policy to provide relief to customers that required utility companies to not disconnect power as a result of non-payment. Customers were eligible to enter into extended payment arrangements of at least 6 months with the Utility. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

In 2020, the Utility had cost of rate study performed to analyze the Utility's costs to ensure charged rates and fees are adequate to ensure continuing service. Previously, the Utility ranked 48th out of 65 for lowest utility rates in the State of Indiana. The study resulted in a proposed rate increase of 10%. The Utility has elected to implement the new rates with an average 6.6% increase effective July 1, 2021 and the remaining 6.6% rate increase effective on July 1, 2022.

This financial report was designed to provide our stakeholders, patrons, and other interested parties with a general overview of the Utility's finances and to demonstrate the Utility's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Utility at (765) 362-1900.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
STATEMENT OF NET POSITION
December 31, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 2,144,680
Investments	30,000
Customers receivable, net of allowance	266,399
Other accounts receivable	203,573
Plant material and operating supplies	554,106
Prepaid expense	<u>132,718</u>
Total current assets	3,331,476

Noncurrent assets

Cash and cash equivalents – designated	2,086,557
Cash and cash equivalents - restricted	<u>260,308</u>
	2,346,865

Capital assets

Capital assets, not being depreciated	1,009,436
Capital assets, being depreciated	48,386,375
Less accumulated depreciation	<u>(33,544,218)</u>
Total capital assets	<u>15,851,593</u>

Total noncurrent assets 18,198,458

Total assets 21,529,934

DEFERRED OUTFLOWS OF RESOURCES

Pension 522,101

Total assets and deferred outflow of resources \$ 22,052,035

LIABILITIES

Current liabilities:

Accounts payable – purchased power	\$ 4,074,460
Other accounts payable and accrued expenses	90,265
Lease payable	298,318
Accrued payroll and pension	231,292
State sales taxes payable	94,917
Customers meter deposits payable	<u>251,201</u>
Total current liabilities	5,040,453

Noncurrent liabilities:

Net pension liability - PERF 643,591

Total liabilities 5,684,044

DEFERRED INFLOWS OF RESOURCES

Pension 1,010,879

NET POSITION

Net investment in capital assets	15,553,275
Restricted for other purposes – customer deposits	9,107
Unrestricted	<u>(205,270)</u>
Total net position	<u>15,357,112</u>

Total liabilities, deferred inflow of resources, and net position \$ 22,052,035

See accompanying notes to financial statements.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Year ended December 31, 2021

Operating revenues:

Residential sales	\$ 10,295,569
Commercial and industrial sales	25,375,857
Outdoor and street lighting sales	393,944
Sales to other authorities	124,651
Other operating revenue	<u>454,953</u>
Total operating revenues	36,644,974

Operating expenses:

Purchased power	27,021,292
Transmission and distribution	2,027,942
Administration and general	2,806,613
Customer accounts expenses	1,049,860
Utility receipts tax	519,500
Other taxes	219,596
Depreciation expense	<u>1,041,830</u>
Total operating expenses	<u>34,686,633</u>

Operating income

1,958,341

Nonoperating revenues (expenses):

Interest income and miscellaneous revenue	18,468
Revenue from contract work	197,809
Cost of contract work	(95,270)
Gain on disposal of assets	10,018
Payment to City in lieu of taxes	<u>(425,000)</u>
Total nonoperating revenues (expenses)	<u>(293,975)</u>

Change in net position

1,664,366

Net position – January 1

13,692,746

Net position – December 31

\$ 15,357,112

See accompanying notes to financial statements.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
STATEMENT OF CASH FLOWS
Year ended December 31, 2021

Cash flows from operating activities	
Receipts from customers and users	\$ 36,161,495
Payments to employees, suppliers and contractors	<u>(33,561,163)</u>
Net cash provided by operating activities	2,600,332
Cash flows from noncapital financing activities	
Payments in lieu of taxes	<u>(425,000)</u>
	(425,000)
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(1,609,525)
Miscellaneous income	<u>117,524</u>
Net cash used by capital and related financing activities	(1,492,001)
Cash flows from investing activities	
Interest received	<u>3,483</u>
Net cash provided by investing activities	<u>3,483</u>
Net change in cash and cash equivalents	686,814
Cash and cash equivalents, January 1	<u>3,804,731</u>
Cash and cash equivalents, December 31	<u>\$ 4,491,545</u>
Identification of cash and cash equivalents on statement of net position:	
Current assets – unrestricted	\$ 2,144,680
Noncurrent assets - designated	2,086,557
Noncurrent assets - restricted	<u>260,308</u>
Total cash and cash equivalents, December 31	<u>\$ 4,491,545</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,958,341
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,041,830
Change in assets and deferred outflows:	
Customer receivables, net	125,005
Other accounts receivables	(44,999)
Prepaid expenses	(76,404)
Plant material and operating supplies	(318,140)
Deferred outflows of resources - pension	(168,941)
Change in liabilities and deferred inflows:	
Accounts payable and accrued expense	50,231
Accrued payroll and pension	142,006
Other payables	265,201
Net pension liability	(879,234)
Deferred inflows of resources - pension	<u>505,436</u>
Net cash provided by operating activities	<u>\$ 2,600,332</u>

See accompanying notes to financial statements.

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Crawfordsville Electric Light and Power (“Utility”) was established by the City of Crawfordsville (City) under the laws of the State of Indiana. The Utility provides all power and energy requirements to approximately 10,000 customers in and around the City from a long-term purchase power agreement with the Indiana Municipal Power Agency. Governance of the Utility has been delegated to the Utility Service Board. However, the City Council maintains authority over rates and the issuance of debt. The Utility also remains under the jurisdiction of the Indiana Utility Regulatory Commission for the setting of rates, issuance of debt and other matters.

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

Measurement Focus, Basis of Accounting and Financial Reporting: The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting policies of the Utility conform to accounting principles generally accepted in the United States of America as applicable to governments. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Utility's accounts are organized into a single proprietary fund. The Utility's operations are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing services on a continuing basis be financed and recovered primarily through user charges. Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing services or leasing property. Operating expenses include the cost of providing services, administrative services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflow of resources at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents: Cash equivalents consist of short-term, liquid investments which are readily convertible into cash or which have an original maturity of three months or less.

Plant Materials and Operating Supplies: The Utility's inventory is comprised of operating supplies. Inventory is carried primarily on a historical weighted average cost basis.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Customer Receivables and Allowance for Uncollectible Accounts: Customer receivables are generated monthly at the end of each billing cycle. The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. Periodically, management reviews accounts receivable and records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with the collection policy. The Utility's policy is to write off customer accounts when any of the following has occurred: 1.) When after pursuit of all legal collection action has been completed and no contact is made, 2.) Bankruptcy proceedings have been finalized, 3.) the debtor has deceased. The allowance for uncollectible accounts was \$590,719 as of December 31, 2021.

Capital Assets: Capital assets are stated at cost or fair market value at date of gift, if donated. The Utility capitalizes additions and improvements that have a value over \$5,000 and a useful life beyond one year. Depreciation is charged as an operating expense using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives used in computing depreciation on capital assets as follows:

	<u>Years</u>
Computer hardware and software	5
Office furniture and equipment	5 - 20
Vehicles	5 - 10
Buildings and building components	20 - 50
Conductors and transformers	50 - 60
Wood and metal street poles	40 - 50
Traffic signals	25

Net Pension Liability: The Utility has recorded a net pension liability reflecting their proportionate share of the difference between the total pension liabilities and the fiduciary net positions of the Indiana Public Retirement System (INPRS) PERF Plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of INPRS PERF Plan and additions to/deductions from the INPRS PERF Plan fiduciary net position have been determined on the same basis as they are reported by the INPRS system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources and Deferred Inflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period. The Utility's activities are related to recognition of changes in its defined benefit plan's net pension liability that will be amortized in future periods.

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

Restricted Net Position: The financial statements report \$9,107 of restricted net position, which is all restricted by enabling legislation.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Asset Spending Policy: Restricted assets for meter deposits are released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events. When expenditures are eligible to be paid from either restricted or unrestricted resources, it is the policy to apply restricted resources first, then unrestricted resources as needed.

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 was approved by the Indiana Utility Regulatory Commission (IURC) in 2021.

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

Capacity Payments and Purchased Power: In conformity with generally accepted accounting practices and the power sales contract between the Utility and IMPA, sales of the Utility's generation are reflected as wholesale sales of electricity and not as a credit to purchased power expense.

Energy Cost Adjustment Factor: Pursuant to Rate Tariffs approved by the Indiana Utility Regulatory Commission in Cause #39381, an Energy Cost Adjustment Factor is used by the Utility to recover the cost of power delivered to customers. Changes in the cost of power are tracked and a quarterly adjustment factor is used to reconcile variances in the cost of energy. Capacity and energy sales to IMPA are deducted from the cost of the energy purchased.

Adoption of New Accounting Pronouncements: For the year ended December 31, 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* establishes accounting requirements for interest costs incurred before the end of a construction period. The Statement requires the interest cost incurred before the end of a construction to be recognized as expense in the period in which the cost is incurred. The requirements of this statement are effective for fiscal years ending after December 15, 2021. The Utility implemented this statement with no impact.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report* addresses references in authoritative literature to the term *comprehensive annual financial report*. The statement replaces the term *comprehensive annual financial report* in all GASB pronouncements with *annual comprehensive financial report*. The requirements of this statement are effective for fiscal years ending after December 15, 2021. The Utility implemented this statement with no impact.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits and Investments: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Utility does not have a deposit policy for custodial credit risk. At December 31, 2021, the Utility had bank balances in the amount of \$4,391,632.

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.

Cash deposits and investment policies are governed by Indiana State statutes. At December 31, 2021, cash and cash equivalents include money market deposits. The carrying amount of cash, cash equivalents, and demand deposits approximates fair value due the short maturity of the deposits.

	2021	
	<u>Cost</u>	<u>Fair Value</u>
<u>Cash and cash equivalents</u>		
Unrestricted – general fund	\$ 2,144,680	\$ 2,144,680
Unrestricted – designated:		
Depreciation fund	2,073,216	2,073,216
Flexible benefits	13,341	13,341
Restricted:		
Meter deposits	260,308	260,308
Total cash and cash equivalents	\$ 4,491,545	\$ 4,491,545

Investments: At December 31, 2021, the Utility has deposits in a money market account at Tri County Bank and Trust totaling \$1,994,03 including with cash and cash equivalents on the statement of net position. The Utility also owns a non-negotiable certificate of deposit with Tri County Bank with a balance of \$30,000. The certificate of deposits has a maturity date of June 24, 2022.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 3 - CAPITAL ASSETS

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

<u>Description</u>	<u>Balance</u> <u>Jan. 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Balance				
Capital assets, not being depreciated				
Land	\$ 399,151	\$ -	\$ -	\$ 399,151
Intangible property	183,715	-	-	183,715
Construction in progress	<u>589,567</u>	<u>425,790</u>	<u>(588,786)</u>	<u>426,571</u>
Total capital assets not being depreciated	<u>1,172,433</u>	<u>425,790</u>	<u>(588,786)</u>	<u>1,009,437</u>
Capital assets, being depreciated				
Buildings	4,006,676	297,990	-	4,304,666
Machinery and equipment	<u>42,741,975</u>	<u>1,498,205</u>	<u>(158,470)</u>	<u>44,081,710</u>
Totals	<u>46,748,651</u>	<u>1,796,195</u>	<u>(158,470)</u>	<u>48,386,376</u>
Less accumulated depreciation for:				
Buildings	1,485,130	68,654	-	1,553,784
Machinery and equipment	<u>31,162,074</u>	<u>985,648</u>	<u>(157,286)</u>	<u>31,990,436</u>
Total	<u>32,647,204</u>	<u>1,054,302</u>	<u>(157,286)</u>	<u>33,544,220</u>
Total capital assets, net	<u>\$ 15,273,880</u>	<u>\$ 1,167,683</u>	<u>\$ (589,970)</u>	<u>\$ 15,851,593</u>

The construction in progress balance at December 31, 2021 includes projects utilizing Utility personnel and outside contractors.

NOTE 4 - RISK MANAGEMENT

The Utility is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, job related illnesses or injuries to employees, medical benefits to employees, retirees, and dependents (excluding postemployment benefits), and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets, errors and omissions; job related illnesses or injuries to employees, medical benefits to employees, retirees, and dependents (excluding postemployment benefits), and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

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

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

The Utility contributes to the Public Employees' Retirement Fund (PERF), which is administered by the Indiana Public Retirement System (INPRS). The Utility is reported under the submission unit of the City of Crawfordsville, which contributes to PERF on behalf of the Utility. The Utility's proportionate share of the City's PERF contributions was approximately 48% and was based on the Utility's PERF contributions as a proportion of total City PERF contributions.

Public Employees' Retirement System - Defined Benefit Plan

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

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

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

Disability and survivor benefits provided: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$180 per month). If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joints with Two-Thirds Benefits, or Joint with One-Half Survivor Benefits.

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

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

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 5 - PENSION PLAN - PUBLIC EMPLOYEE’S RETIREMENT FUND (PERF) (Continued)

Contributions: Contributions are determined by the INPRS Board of Trustees based on an actuarial valuation. During fiscal year 2021, all participating employers were required to contribute 11.2 percent of covered payroll for Hybrid members, with 0.44 percent funding a supplemental reserve account for postretirement benefits. No member contributions are required for the defined benefit plan.

The contribution requirement, which was made by the Utility, was \$305,521 for 2020. These total contributions represent 11.2% of covered payroll for 2021.

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

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2021	\$ 305,521	100%
2020	\$ 300,289	100%

Financial Report: INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Actuarial Assumptions: The total pension liability is determined by INPRS actuaries in accordance with GASB No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

- Measurement Date – June 30, 2021
- Asset valuation date – June 30, 2021
- Liability valuation date – June 30, 2020 – The TPL as of June 30, 2021 was determined based on an actuarial valuation prepared as of June 30, 2020 rolled forward one year to June 30, 2021, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2019
- Investment rate of return – 6.25%, includes inflation and net of investment expenses
- COLA – Members in pay status were granted a 1.0% COLA on January 1, 2022 and no COLA on January 1, 2023. Therefore, the COLA assumption will be 0.4% beginning on January 1, 2024, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.65% - 8.65% based on service
- Inflation – 2.00%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019 was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and updated as appropriate based on the results of the study for the June 30, 2020 actuarial valuation.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

Changes in Assumptions from the Prior Year:

The following economic assumptions were adopted for the June 30, 2021 actuarial valuation:

- The investment return assumption was lowered from 6.75% (as of June 30, 2020) to 6.25%.
- Price inflation was lowered from 2.25% (as of June 30, 2020) to 2.00%.
- General wage inflation was lowered from 2.75% (as of June 30, 2020) to 2.65%.

Legislation granted a 1.00% cost-of-living adjustment effective January 1, 2022 to paid from the Supplemental Reserve Account. No supplement benefits were granted for fiscal year 2023. This replaces the COLA assumption of 0.4% for Fiscal Years 2022 and 2023 but does not change the assumption for future years.

The long-term return expectation for the INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.75% selected by the Board as the discount rate.

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

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

	<u>Target Asset Allocation</u>	<u>Geometric Basis Long-Term Expected Real Rate of Return</u>
Public Equity	20.0%	3.6%
Private Equity	15.0%	7.3%
Fixed Income – Ex Inflation-Linked	20.0%	1.5%
Fixed Income – Inflation-Linked	15.0%	(0.3)%
Commodities	10.0%	0.8%
Real Estate	10.0%	4.2%
Absolute Return	5.0%	2.5%
Risk Parity	20.0%	4.4%
Leverage Offset	(15.0)%	(1.4)%

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

Discount rate: Total pension liability for the defined benefit pension plan was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.25 percent). Based on these assumptions, the PERF defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the plan.

Sensitivity: Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.25 percent for 2021, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%), or one percentage point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
Proportionate share of the Collective Net Pension Liability	\$ 1,683,027	\$ 643,591	\$ (223,609)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The Utility is reported under the submission unit of the City of Crawfordsville which transmits PERF contributions to the Plan on behalf of the Utility. At December 31, 2021, the City reported a liability of \$1,353,876 for its proportionate share of the net pension liability. It was determined the Utility's proportionate share of City's PERF contributions for the June 30, 2021 measurement date was approximately 47.5% resulting in the Utility reporting a liability of \$643,591 for its proportionate share of the City's net pension liability. This represents a slight decrease from the prior measurement date. The Utility's proportionate share of the City's net pension liability at the June 30, 2020 measurement date was 48.8%. The City's proportionate share of the net pension liability was based on the City's wages as a proportion of total wages for the PERF Hybrid Plan. The City's proportionate share used at the June 30, 2021 measurement date was 0.0010289 percent. This represents a slight decrease from the prior measurement date. The City's proportionate share used at the June 30, 2020 measurement date was 0.0010321 percent.

For the year ended December 31, 2021, the Utility recognized pension expense (income) of \$56,669, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$1,111.

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,009	\$ 12,849
Net difference between projected and actual earnings on pension plan investments	-	835,522
Changes in assumptions	323,683	144,542
Changes in proportion and differences between employer contributions and proportionate share of PERF contributions	<u>22,351</u>	<u>17,966</u>
Total that will be recognized in pension expense (income) based on table below	368,043	1,010,879
Pension contributions subsequent to measurement date	<u>154,058</u>	<u>-</u>
Total	<u>\$ 522,101</u>	<u>\$ 1,010,879</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2021 measurement date is recognized as a reduction of net pension liability in the year ending December 31, 2022. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5-year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date, which is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (166,828)
2023	(147,412)
2024	(89,751)
2025	<u>(238,845)</u>
	<u>\$ (642,836)</u>

Public Employees' Retirement Fund - Defined Contribution Plan

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

(Continued)

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
A DEPARTMENT OF THE CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

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

NOTE 6 - DEFERRED COMPENSATION BENEFITS

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

Because these assets are held by a custodian for the specific benefit of participants and their beneficiaries, they are not reflected in the financial statements and are free from claims of Utility creditors. The fair market value of the investments held in custodial funds for participants was \$2,443,856 at December 31, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UTILITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - PERF
December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Utility's proportion of the net pension liability	0.000489	0.000504	0.000527	0.000510	0.000528	0.000538	0.000494
Utility's proportionate share of the net pension liability	\$ 643,591	\$ 1,522,825	\$ 1,709,439	\$ 1,731,672	\$ 2,357,620	\$ 2,441,633	\$ 2,012,258
Utility's covered payroll	2,696,259	2,721,971	2,694,845	2,601,180	2,619,286	2,578,277	2,470,161
Utility's proportionate share of the net pension liability as a percentage of its covered payroll	23.87%	55.95%	63.43%	66.57%	91.01%	94.66%	81.46%
Plan fiduciary net position as a percentage of the total pension liability	92.50%	81.40%	80.10%	78.90%	76.60%	75.30%	77.30%

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

- Asset valuation date – June 30, 2021
- Liability valuation date – June 30, 2020 – The TPL as of June 30, 2021 was determined based on an actuarial valuation prepared as of June 30, 2020 rolled forward one year to June 30, 2021, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2019
- Investment rate of return – 6.25%
- COLA – Members in pay status were granted a 1.0% COLA on January 1, 2022 and no COLA on January 1, 2023. Therefore, the COLA assumption will be 0.4% beginning on January 1, 2024, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.65% - 8.65% based on service
- Inflation – 2.00%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

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.

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

CRAWFORDSVILLE ELECTRIC LIGHT AND POWER
CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UTILITY'S CONTRIBUTIONS - PERF
December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 305,521	\$ 300,289	\$ 307,411	\$ 294,719	\$ 290,138	\$ 286,022	\$ 277,391
Contributions in relation to the statutorily required contribution	<u>(305,521)</u>	<u>(300,289)</u>	<u>(307,411)</u>	<u>(294,719)</u>	<u>(290,138)</u>	<u>(286,022)</u>	<u>(277,391)</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Utility's contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%	100%	100%	100%
Utility's covered payroll	\$ 2,727,900	\$ 2,681,200	\$ 2,745,000	\$ 2,631,000	\$ 2,591,000	\$ 2,554,000	\$ 2,477,000
Contributions as a percentage of covered payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%

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.

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

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

Amortization method: Level dollar

Remaining amortization period: 20 years, closed

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

Inflation: 2.0%

Salary increases: 2.65% - 8.65% based on service

Investment rate of return: 6.25%

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

Other information:

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/16 was 9.80%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/17 was 10.11%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/18 was 9.89%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/19 was 10.03%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/20 was 7.83%. In addition, SEA 373-2018 mandated that the cost of any expected post retirement benefit increases after 6/30/2018 be broken out into separate surcharges. The surcharges used in the fiscal year ended 6/30/20 are 0.43% for 7/1/19-12/31/19 and 0.44% for 1/1/20-6/30/20. However, the INPRS Board approved a State employer contribution rate of 11.2%, which includes both the base benefit and surcharge rates. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year.

Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.