

# Utilities District of Western Indiana REMC and Subsidiary

Financial Statements  
with  
Additional Information

Years Ended December 30, 2019 and 2018

# ***Utilities District of Western Indiana REMC and Subsidiary***

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of Utilities District of Western Indiana REMC

We have audited the accompanying financial statements of Utilities District of Western Indiana REMC and Subsidiary, which comprise of the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of revenue and changes in other comprehensive income, changes in patronage capital, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utilities District of Western Indiana REMC and Subsidiary as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

Our audit was conducted for the purpose of forming opinions on the financial statements. The additional information (pages 19-24) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "LWG CPAs & Advisors".

LWG CPAs & Advisors  
Indianapolis, Indiana  
April 6, 2020

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

December 31, 2019 and 2018

### ASSETS

	<u>2019</u>	<u>2018</u>
UTILITY PLANT IN SERVICE, NET	\$ 74,769,889	\$ 71,704,862
NON-UTILITY PROPERTY, NET	<u>856,730</u>	<u>1,057,575</u>
INVESTMENTS	<u>19,805,987</u>	<u>18,894,030</u>
DEFERRED CHARGES, less current portion	<u>347,983</u>	<u>491,976</u>
NOTE RECEIVABLE, less current portion	<u>161,798</u>	<u>303,802</u>
CURRENT ASSETS		
Cash and cash equivalents	2,660,420	5,424,231
Cash, revolving fund, restricted	219,500	157,500
Accounts receivable, consumer, net of allowance for uncollectible accounts of \$27,930 for 2019 and \$57,318 for 2018	5,272,107	5,319,198
Current portion of note receivable	139,004	133,004
Current portion of deferred charges	143,993	143,993
Materials, supplies and inventories	437,590	424,333
Prepaid power costs	2,201,266	2,297,953
Prepaid expenses	<u>195,383</u>	<u>219,518</u>
TOTAL CURRENT ASSETS	<u>11,269,263</u>	<u>14,119,730</u>
TOTAL ASSETS	<u>\$ 107,211,650</u>	<u>\$ 106,571,975</u>

The accompanying notes are an integral part of these statements.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

December 31, 2019 and 2018

### EQUITIES AND LIABILITIES

	<u>2019</u>	<u>2018</u>
LONG-TERM DEBT, less current portion	\$ <u>28,862,896</u>	\$ <u>31,068,202</u>
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	<u>490,000</u>	<u>161,000</u>
EQUITIES		
Memberships	402,581	399,544
Patronage capital	<u>73,605,658</u>	<u>70,879,544</u>
TOTAL EQUITIES	<u>74,008,239</u>	<u>71,279,088</u>
CURRENT LIABILITIES		
Accounts payable	448,813	445,332
Consumer deposits	737,235	740,316
Accrued taxes	533,035	590,483
Other current liabilities	394,438	381,705
Current portion of long-term debt	<u>1,736,994</u>	<u>1,905,849</u>
TOTAL CURRENT LIABILITIES	<u>3,850,515</u>	<u>4,063,685</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 107,211,650</u>	<u>\$ 106,571,975</u>

The accompanying notes are an integral part of these statements.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF REVENUE AND CHANGES IN OTHER COMPREHENSIVE INCOME

**Years Ended December 31, 2019 and 2018**

	<u>Amount</u>		<u>Percent</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
OPERATING REVENUES	\$ 44,723,410	\$ 46,619,477	100.0	100.0
OPERATING EXPENSES				
Purchased power	26,702,963	27,262,572	59.7	58.5
Operations	3,977,611	4,154,946	8.9	9.0
Maintenance	2,482,862	2,220,838	5.6	4.8
Customer account expense	1,192,923	1,451,842	2.7	3.1
Administrative expense	2,548,524	3,179,661	5.7	6.8
Depreciation	3,525,966	3,498,171	7.9	7.5
Taxes	624,275	631,129	1.4	1.4
TOTAL OPERATING EXPENSES	41,055,124	42,399,159	91.9	91.1
OPERATING MARGINS BEFORE OTHER ITEMS	3,668,286	4,220,318	8.1	8.9
OTHER OPERATING ITEMS, NET				
Patronage revenue	999,018	1,020,684	2.2	2.2
Interest expense	(1,631,894)	(1,684,383)	(3.5)	(3.6)
TOTAL OTHER OPERATING ITEMS, NET	(632,876)	(663,699)	(1.3)	(1.4)
OPERATING MARGINS	3,035,410	3,556,619	6.8	7.5
NON-OPERATING ITEMS, NET				
Interest and dividend income	276,176	163,295	0.6	0.4
Postretirement benefit obligation curtailment gain	(44,449)	1,161,083	(0.1)	2.5
Gain (loss) on disposition of assets	43,000	(104,594)	0.1	(0.2)
All other, net	4,760	(6,781)	0.0	0.0
TOTAL NON-OPERATING ITEMS, NET	279,487	1,213,003	0.6	2.7
NET MARGINS	3,314,897	4,769,622	7.4	10.2
OTHER COMPREHENSIVE INCOME				
Actuarial income not recognized as periodic postretirement benefit plan cost	275,000	-	0.6	0.0
TOTAL COMPREHENSIVE INCOME	\$ 3,589,897	\$ 4,769,622	8.0	10.2

The accompanying notes are an integral part of these statements.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CHANGES IN PATRONAGE CAPITAL

Years Ended December 31, 2019 and 2018

	<u>Total</u>	<u>Patronage Capital Assigned</u>	<u>Patronage Capital Assignable</u>	<u>Rural Economic Development Grant</u>	<u>Donated Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Retained Earnings</u>
BALANCE, December 31, 2017	\$ 66,198,634	\$ 31,256,072	\$ 33,271,969	\$ 300,000	\$ 5,813	\$ -	\$ 1,364,780
Net margins	4,769,622	-	4,801,186	-	-	-	(31,564)
Transfer of margins	-	6,305,634	(6,305,634)	-	-	-	-
Patronage refunds	(326,011)	(326,011)	-	-	-	-	-
Unclaimed property	<u>237,299</u>	<u>-</u>	<u>237,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, December 31, 2018	70,879,544	37,235,695	32,004,820	300,000	5,813	-	1,333,216
Unrecognized net periodic post- retirement benefit cost	(275,000)	-	-	-	-	(275,000)	-
Net margins	3,314,897	-	3,277,506	-	-	-	37,391
Patronage refunds	(439,037)	(439,037)	-	-	-	-	-
Transfer of margins	-	5,006,919	(5,006,919)	-	-	-	-
Unclaimed property	<u>125,254</u>	<u>-</u>	<u>125,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, December 31, 2019	<u>\$ 73,605,658</u>	<u>\$ 41,803,577</u>	<u>\$ 30,400,661</u>	<u>\$ 300,000</u>	<u>\$ 5,813</u>	<u>\$ (275,000)</u>	<u>\$ 1,370,607</u>

The accompanying notes are an integral part of these statements.



# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS

**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from consumers	\$ 44,779,943	\$ 47,383,426
Cash paid to suppliers and vendors	(36,985,875)	(40,424,958)
Interest and dividends received	276,176	163,295
Interest paid	(1,632,097)	(1,694,872)
All other, net	<u>4,760</u>	<u>(6,781)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>6,442,907</u>	<u>5,420,110</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of utility plant in service, net of retirements	(6,390,150)	(4,256,932)
Proceeds from sale of fixed assets in service	73,002	46,500
Purchase of non-utility property	(30,000)	(205,344)
Purchase of investments	(136,002)	(165,896)
Proceeds from sale/redemption of investments	223,063	738,130
Repayment of notes receivable	<u>136,004</u>	<u>133,004</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(6,124,083)</u>	<u>(3,710,538)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on borrowings	(2,706,808)	(1,824,558)
Repayment of obligations under capital lease	-	(76,399)
Memberships received / (returned)	3,037	5,373
Patronage refunds paid	(313,783)	(88,712)
Customer deposits received	94,498	132,558
Customer deposits returned	<u>(97,579)</u>	<u>(80,840)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(3,020,635)</u>	<u>(1,932,578)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,701,811)	(223,006)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH BEGINNING OF YEAR	<u>5,581,731</u>	<u>5,804,737</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF YEAR	<u>\$ 2,879,920</u>	<u>\$ 5,581,731</u>

The accompanying notes are an integral part of these statements.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS

**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net margins	\$ 3,314,897	\$ 4,769,622
Non-cash items		
Depreciation	3,525,966	3,498,171
Amortization of deferred gain	332,647	347,587
Amortization of deferred charges	143,993	150,124
Patronage revenue	(999,018)	(1,020,684)
(Gain) loss on disposition of assets	(43,000)	104,594
Change in postretirement liability	54,000	(1,164,000)
Decrease (increase) in assets		
Accounts receivable, customer	47,091	816,721
Materials and supplies	(13,257)	(811)
Prepaid power costs	96,687	(2,285,700)
Prepaid expenses	24,135	55,819
Increase (decrease) in liabilities		
Accounts payable	3,481	178,707
Other current liabilities	12,733	(34,003)
Accrued taxes	<u>(57,448)</u>	<u>3,963</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 6,442,907</u>	 <u>\$ 5,420,110</u>

The accompanying notes are an integral part of these statements.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

### **(1) Summary of significant accounting policies**

The significant accounting policies followed by Utilities District of Western Indiana REMC and Subsidiary are summarized below.

Principles of consolidation – The consolidated financial statements include the accounts of Utilities District of Western Indiana REMC (the “REMC”) and Hoosier Heritage Management, LLC (the “Subsidiary”); which is 100% owned by the REMC. All significant intercompany transactions have been eliminated.

Nature of operations - Utilities District of Western Indiana REMC is a non-profit organization engaged principally in the distribution and sale of electricity in Greene and parts of Clay, Daviess, Lawrence, Martin, Monroe, Owen, Putnam, Knox, Sullivan and Vigo counties in Indiana. Hoosier Heritage Management, LLC, a for-profit entity, was engaged in providing tree trimming services for the REMC.

Accounting records - The REMC maintains its records in accordance with policies prescribed or permitted by the Rural Utilities Service (RUS) and the Indiana Utility Regulatory Commission (IURC), although the REMC is no longer regulated by the IURC. The applicable uniform system of accounts prescribed by these regulatory bodies conform in all material respects with generally accepted accounting principles as applied to rate regulated utilities.

Regulation – In prior years, the membership of the REMC voted to remove itself from the regulation of the IURC.

Additions to utility plant - Additions to utility plant are capitalized at cost, which includes material, direct and indirect labor and related operating overhead but does not include capitalized interest during construction. Although the capitalization of interest during construction is a generally accepted accounting principle, the effect on the financial statements is immaterial. The cost of maintenance and repairs of utility property, including renewals of minor items of property, are charged to operations and maintenance.

Retirements of utility property - Distribution plant retired or otherwise disposed, including the cost of removal, are charged to accumulated depreciation. Accordingly, no gain or loss is recognized upon retirement or disposition of distribution plant.

Depreciation - Depreciation of utility plant is computed by the straight-line method of depreciation using the following rates: Structures and Improvements, 1.99%; Office Furniture and Equipment, 5.83 – 33%; Transportation Equipment, 15%; Communications Equipment, 10%. Non-utility equipment is being depreciated using the straight line method of computing depreciation at rates adequate to amortize the equipment over its useful life.

Materials and supplies - Materials and supplies are carried at average cost.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

**(1) Summary of significant accounting policies (continued)**

Advertising - Advertising costs are charged to administrative expense when incurred. Total advertising expense was \$230 for 2019 and \$1,589 for 2018.

Accounts receivable - The REMC carries its account receivable at cost less an allowance for doubtful accounts. Management reviews all receivables on a regular basis. Amounts will be reviewed by management after disconnection. Any amounts written off must be approved by the board. Membership fees are applied to a member's final bill. Amounts written off are first applied to the customer deposits on hand, prior to being recorded in the statement of revenue and expense. Accounts not paid by the final bill due date are turned over to an outside collection agency. Finance charges do not accrue on accounts receivable.

Deferred charges - Deferred charges consist of costs incurred for future periods related to the NRECA pension plan. Prepayments related to the NRECA pension plan are being amortized over 10 years using the straight line method. Amortization charged to administration expense was \$143,993 for the year ended December 31, 2019 and 2018. See Note 9 for further details on the prepayment.

Accounting for uncertain tax positions - The REMC follows "Accounting for Uncertainty in Income Taxes". The generally accepted accounting principal provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. The accounting principal requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this accounting principal does not have a material effect on its financial position, results of operations or cash flows as the REMC does not believe they are taking any uncertain tax positions.

Financial statement estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Patronage capital assigned - The REMC is operated on a cooperative not-for-profit basis for the mutual benefit of its members. The REMC is obligated to account on a patronage basis to all its members for annual revenue, in excess of the cost of providing service. Such amount is allocated in the form of capital credits to the members' capital accounts on the basis of patronage. The REMC allocates said generation and transmission patronage capital to the members when such capital is allocated to the REMC.

Patronage capital assignable - The bylaws of the REMC state that if the balance of patronage capital assignable is negative, non-operating margins will be used to reduce the balance. Only operating margins are assigned until such time that the balance in patronage capital assignable becomes positive.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

### (1) Summary of significant accounting policies (continued)

Taxes on revenue producing transactions - It is the REMC's policy to show revenues associated with the collection of sales tax net of any remittance to the taxing authority on the Statements of Revenue. Utility Receipts Tax is assessed on gross income and is included in the tax expense when incurred.

Revenue recognition – During the year, the REMC adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (“Contract Revenue”). Under Contract Revenue, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the REMC expects to be entitled to receive in exchange for goods or services. The adoption of the Contract Revenue standard did not result in any prior period adjustments. See Note 9 for further information on Contract Revenue.

Cash and cash equivalents – Cash, restricted cash, and cash equivalents represent unrestricted cash on hand and in bank accounts and liquid investments with an original maturity of three months or less. At times, cash and cash equivalents may be in excess of the FDIC insurance limits.

Accrued accumulated sick leave – The REMC allows sick leave to employees of the Cooperative without a payroll deduction. Sick leave may accumulate up to, but not exceed one hundred and twenty-five (125) working days. Upon retirement, the employee will be paid for unused sick time based on their time with the REMC up to 125 working days. No accrual is recorded by the REMC and there is no legal obligation to pay the employee his/her accumulated sick leave balance upon termination or separation from the REMC. The estimated cost of the post-retirement medical benefit is explained in Note 10.

Subsequent events - Management has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were made available to be issued.

### (2) Restricted cash

The REMC received a Rural Economic Development Grant of \$300,000 to be used to create a revolving loan fund to finance rural economic development projects. As the loans are repaid, the funds are recorded as restricted cash until they are loaned to another approved project.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

### (3) Utility plant in service, net

Utility plant in service consists of the following:

	<u>2019</u>	<u>2018</u>
Cost		
General plant	\$ 9,704,240	\$ 9,235,909
Distribution system	92,843,791	88,853,706
Construction in progress	<u>973,237</u>	<u>977,007</u>
Total cost	103,521,268	99,066,622
Accumulated depreciation	<u>28,751,379</u>	<u>27,361,760</u>
UTILITY PLANT IN SERVICE, NET	<u>\$ 74,769,889</u>	<u>\$ 71,704,862</u>

The aggregate depreciation charged to operations was \$3,295,121 for 2019 and \$3,239,071 for 2018. The depreciation policies followed by the REMC are described in Note 1.

Utility plant in service are pledged to secure long-term debt as described in Note 7.

### (4) Non-utility property, net

Non-utility equipment consists of tree trimming equipment owned by Hoosier Heritage Management, LLC. Non-utility property, net consists of the following:

	<u>2019</u>	<u>2018</u>
Cost		
Equipment	\$ <u>2,410,316</u>	\$ <u>2,380,317</u>
Total cost	2,410,316	2,380,317
Accumulated depreciation	<u>1,553,586</u>	<u>1,322,742</u>
NON-UTILITY PROPERTY, NET	<u>\$ 856,730</u>	<u>\$ 1,057,575</u>

The aggregate depreciation changed to operations is \$230,845 for 2019 and \$259,100 for 2018. The depreciation policies followed by the REMC are described in Note 1. Non-utility plant in service is pledged to secure long-term debt as described in Note 7.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

### (5) Notes Receivable

Note receivable consists of the following:

	<u>2019</u>	<u>2018</u>
Greene County Redevelopment Commission	\$ 237,802	\$ 341,806
Bloomfield Processing, Inc.	30,000	38,000
Battery Innovation Center, Inc.	<u>33,000</u>	<u>57,000</u>
Total notes receivable	300,802	436,806
Less current portion	<u>139,004</u>	<u>133,004</u>
NOTES RECEIVABLE, less current portion	\$ <u><u>161,798</u></u>	\$ <u><u>303,802</u></u>

The Greene County Redevelopment Commission notes are secured by the assignment of a lease to buy the contract between Green County Redevelopment Commission and Eastern Heights Utilities, Inc. Bloomfield Processing, Inc. note is secured with a mortgage and security agreement. Battery Innovation Center, Inc. note is unsecured. Principal maturities are as follows: 2020 - \$133,004; 2021 - \$124,004; 2022 - \$43,794.

### (6) Investments

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
Capital term certificates, at cost, issued by National Rural Utilities Cooperative Finance Corp. (CFC)	\$ 614,286	\$ 617,253
Patronage capital		
Hoosier Energy Rural Electric Cooperative, Inc.	18,352,195	17,489,819
CFC	407,891	360,344
United Utility Supply Cooperative Corporation	146,825	146,825
SEDC	51,217	44,406
IEC	107,916	108,979
Federated Rural Electric Insurance Exchange	97,141	99,477
All other	<u>28,516</u>	<u>26,927</u>
TOTAL INVESTMENTS	\$ <u><u>19,805,987</u></u>	\$ <u><u>18,894,030</u></u>

The accounting policies for recognition of patronage revenue are described in Note 1. Capital Term Certificates of the National Rural Utilities Cooperative Finance Corporation (CFC) are recorded at cost and earn interest at 3% and 5% annually. Investments are pledged to secure long-term debt as described in Note 7.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

### (7) Long term debt

Long-term debt consists of the following:

	<u>2019</u>	<u>2018</u>
0% notes payable to the Rural Economic Development Loan Program in monthly installments approximating 6,000, with final maturity in 2022. Secured by all assets.	\$ 166,469	\$ 240,473
2.25% note payable to Mutual Bank with final maturity in 2024 was paid off in 2019. Was secured by a hold on the Company's bank account.	-	188,958
3.74% - 4.90% notes payable to CFC in quarterly and semi-annual installments approximating 689,000 and 130,000, respectively including interest. Maturities range from 2020 to 2038. Secured by all assets.	<u>33,216,754</u>	<u>35,660,599</u>
Total long-term debt	33,383,223	36,090,030
Less unamortized debt issuance costs	<u>2,783,333</u>	<u>3,115,979</u>
Total long-term debt less issuance costs	30,599,890	32,974,051
Less current portion	<u>1,736,994</u>	<u>1,905,849</u>
LONG-TERM DEBT, less current portion	<u>\$ 28,862,896</u>	<u>\$ 31,068,202</u>

As of December 31, 2019, future maturities of long-term debt principal were as follows: 2020 - \$1,736,994; 2021 - \$1,809,018; 2022 - \$1,884,013; 2023 - \$1,962,300; 2024 - \$2,031,030; thereafter - \$23,959,868. In addition, the REMC is required to meet certain financial ratios measured at calendar year end, these ratios had been met as of December 31, 2019.

Rural Economic Development Loan Program notes are secured by a letter of credit issued by the National Rural Utilities Cooperative Finance Corporation (CFC) in the amount of \$500,000.

Unadvanced long-term loan funds of \$1,836,794 are available to the REMC on loan commitments from CFC.



# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

### **(8) Line of Credit**

The REMC maintains a perpetual line of credit with CFC of \$3,600,000. There was no outstanding balance on the line of credit as of December 31, 2019 and 2018. The interest rate on the line of credit was 3.25% and 3.75% at December 31, 2019 and 2018, respectively.

### **(9) Retirement plans**

The National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The REMC's contributions to the RS Plan in 2019 and 2018 represented less than 5 percent of the total contributions made to the plan by all participating employers. The REMC made contributions to the plan of \$492,086 in 2019 and \$464,393 in 2018.

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future contributions. The prepayment amount is the cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times cooperatives annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15 year period.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Retirement Security Plan was over 80 percent funded at January 1, 2019 and January 1, 2018 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

### **(10) Post-retirement benefit plan**

The REMC sponsored a post-retirement medical program for eligible employees and directors. The estimated cost for benefits that will be paid after retirement was being accrued by charges to expense over the employees' service period to the date they are eligible for benefits. Balance of liability is for accrued vacation and sick time at retirement.

For actuarial measurement purposes, the weighted-average discount rate used in determining the accumulated postretirement obligation was 3.25% and 4.25% for 2019 and 2018, respectively. An actuarial study to determine the postretirement benefit obligation, the accrued postretirement benefit cost liability, and the net periodic benefit cost was last prepared as of December 31, 2019.

The accumulated postretirement benefit obligation was \$490,000 and \$161,000 at December 31, 2019 and 2018, respectively. The pay as you go policy means that the fair value of the plan assets were \$0 for 2019 and 2018. The net periodic benefit cost was \$16,000 for the year ending December 31, 2019 and \$0 for the year ended December 31, 2018. Amounts recognized in accumulated other comprehensive income are prior service costs in the amount of \$275,000 and \$0 in 2019 and 2018, respectively. The estimated amortization from accumulated other comprehensive income to the net periodic benefit cost over the next fiscal year has not been recorded however is believed to be immaterial to the financial statements.

### **(11) Commitments**

Under its wholesale power agreement, the REMC is committed to purchase its electric power and energy requirements from Hoosier Energy REC under a wholesale power supply contract until January 1, 2050. The rates paid for such purchases are subject to review annually.

### **(12) Specialized labor concentration**

The REMC has 49% of their labor force represented under a labor contract. This contract is set to expire in June 30, 2022.

### **(13) Concentration of credit risk**

The REMC provides electric service in an approximate eleven county territory with its customers representing local residents and businesses. Customers with prior credit problems may be required to pay a deposit to continue or reinstate service. Such deposits are applied to any amounts owed to the REMC in the event of nonpayment. Also, customers whose costs for the initial service exceed the normal standard may be required to deposit a portion of such cost, which may be reimbursed after service has been established.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

### **(14) Fair value measurements**

The REMC follows generally accepted accounting principles related to accounting for fair value measurements and disclosures. These principles define fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. These principles require disclosure surrounding the various inputs that are used in determining the fair value of the REMC's investments. These inputs are summarized into three broad levels listed below.

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.)

Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

Investments in other entities are unsecured and measured using level 3 inputs. Factors such as historical and projected financial results, economic conditions, financial conditions of investee, and other factors and events subject to change are considered in the determination of fair value. Because of the inherent uncertainty in level 3 inputs, the values of assets required to be valued in this manner are subject to a higher degree of uncertainty and variability.

All investments held at December 31, 2019 and 2018 totaled are valued with level 3 inputs, due to the nature of the investment (investments in other cooperatives/associations). Increases (decrease) resulting from gains or losses totaled \$0 for the years ended December 31, 2019 and 2018. Increases resulting from purchases totaled \$136,002 and \$165,896 for the years ended December 31, 2019 and 2018, respectively. Furthermore, increases resulting from non-cash patronage totaled \$999,018 and \$1,020,684 and redemptions of investments totaled \$223,063 and \$738,130 for the years ended December 31, 2019 and 2018, respectively.

### **(15) Income taxes**

No provision for income tax has been included in these statements for the REMC because it operates as a not-for-profit organization as provided for in Section 501(c)(12) of the Internal Revenue Code, and therefore is exempt from income taxes. The Subsidiary is a single member LLC which has elected to be disregarded as an entity separate from its owner for income tax purposes. Thus, any income or loss recognized by the Subsidiary is reported by the REMC as unrelated business income, and is subject to tax. No income taxes have been included in these statements for unrelated business income for the year ended December 31, 2019 and 2018. Both the REMC and Subsidiary has open tax years for 2018, 2017, and 2016 for both Federal and State filings. No penalties and interest for income taxes have been included in these financial statements.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

### **(16) Revenue Recognition**

Customer payments for contracts are generally due within 30 days of billing and none of the contracts with customers have payment terms that exceed one year; therefore, the REMC elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

Revenue is generated primarily from electric services delivered to customers. These contracts contain a single performance obligation, the delivery of electricity, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis. The REMC reads meters at the beginning of the month and therefore has excess revenues at December 31.

The amounts that the REMC has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer. The REMC also recognizes revenue when it is probable that future recovery of previously incurred costs or future refunds that are to be credited to customers will occur through the ratemaking process.

Contract assets and contract liabilities are the result of timing differences between revenue recognition billings and cash collection as well as regulatory liabilities and assets stemming from the refundable/recoverable gas costs. The REMC does not have unbilled revenue; therefore, no such contract assets or liabilities are included in the financial statements.

The following table provides operating revenues disaggregated for the years ended December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Residential	\$ 35,607,898	\$ 37,158,325
Small Commercial	5,290,267	5,426,857
Large Commercial	3,364,170	3,513,176
Public Authority	1,869	1,869
All Other Electric Revenues	<u>458,563</u>	<u>484,959</u>
Total Revenues	<u>\$ 44,722,767</u>	<u>\$ 46,585,186</u>

## **ADDITIONAL INFORMATION**

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## ADDITIONAL INFORMATION - 2019 CONSOLIDATED BALANCE SHEETS

	<u>CONSOLIDATED BALANCE</u>	<u>ELIMINATIONS</u>	<u>UTILITIES DISTRICT OF WESTERN INDIANA REMC</u>	<u>HOOSIER HERITAGE MANAGEMENT</u>
<b><u>ASSETS</u></b>				
UTILITY PLANT IN SERVICE, NET	\$ 74,769,889	\$ -	\$ 74,769,889	\$ -
NON-UTILITY PROPERTY, NET	856,730	-	-	856,730
INVESTMENTS	19,805,987	(1,333,216)	21,139,203	-
DEFERRED CHARGES, less current portion	347,983	-	347,983	-
NOTE RECEIVABLE, less current portion	161,798	-	161,798	-
CURRENT ASSETS				
Cash and cash equivalents	2,660,420	-	2,248,053	412,367
Cash, revolving fund, restricted	219,500	-	219,500	-
Accounts receivable, consumers	5,272,107	(94,400)	5,272,107	94,400
Current portion of note receivable	139,004	-	139,004	-
Current portion of deferred charges	143,993	-	143,993	-
Materials, supplies and inventories	437,590	-	437,590	-
Prepaid power costs	2,201,266	-	2,201,266	-
Prepaid expenses	195,383	-	161,837	33,546
TOTAL CURRENT ASSETS	11,269,263	(94,400)	10,823,350	540,313
TOTAL ASSETS	\$ 107,211,650	\$ (1,427,616)	\$ 107,242,223	\$ 1,397,043
<b><u>EQUITIES AND LIABILITIES</u></b>				
LONG-TERM DEBT, less current portion	\$ 28,862,896	\$ -	\$ 28,862,896	\$ -
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	490,000	-	490,000	-
EQUITIES				
Memberships	402,581	-	402,581	-
Patronage capital/retained earnings	73,605,658	(1,333,216)	73,568,267	1,370,607
TOTAL EQUITIES	74,008,239	(1,333,216)	73,970,848	1,370,607
CURRENT LIABILITIES				
Accounts payable	448,813	(94,400)	538,967	4,246
Consumer deposits	737,235	-	737,235	-
Accrued taxes	533,035	-	529,580	3,455
Other current liabilities	394,438	-	375,703	18,735
Current portion of long-term debt	1,736,994	-	1,736,994	-
TOTAL CURRENT LIABILITIES	3,850,515	(94,400)	3,918,479	26,436
TOTAL EQUITIES AND LIABILITIES	\$ 107,211,650	\$ (1,427,616)	\$ 107,242,223	\$ 1,397,043

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## ADDITIONAL INFORMATION - 2019 CONSOLIDATED STATEMENT OF REVENUE

	<u>BALANCE</u>	<u>ELIMINATIONS</u>	UTILITIES DISTRICT OF WESTERN INDIANA REMC	HOOSIER HERITAGE MANAGEMENT
REVENUES	\$ 44,723,410	\$ (2,123,656)	\$ 44,722,767	\$ 2,124,299
OPERATING EXPENSES				
Purchased power	26,702,963	-	26,702,963	-
Operations	3,977,611	-	2,256,888	1,720,723
Maintenance	2,482,862	(2,123,656)	4,606,518	-
Customer account expense	1,192,923	-	1,192,923	-
Administrative expense	2,548,524	-	2,415,004	133,520
Depreciation	3,525,966	-	3,295,121	230,845
Taxes	624,275	-	624,249	26
TOTAL OPERATING EXPENSES	41,055,124	(2,123,656)	41,093,666	2,085,114
OPERATING MARGINS BEFORE OTHER ITEMS	3,668,286	-	3,629,101	39,185
OTHER OPERATING ITEMS, NET				
Patronage revenue	999,018	-	999,018	-
Interest expense	(1,631,894)	-	(1,629,789)	(2,105)
TOTAL OTHER OPERATING ITEMS, NET	(632,876)	-	(630,771)	(2,105)
OPERATING MARGINS	3,035,410	-	2,998,330	37,080
NON-OPERATING ITEMS, NET				
Interest and dividend revenue	276,176	-	275,865	311
Postretirement benefit obligation curtailment gain	(44,449)	-	(44,449)	-
Gain (loss) on disposition of assets	43,000	-	43,000	-
All other, net	4,760	-	4,760	-
TOTAL NON-OPERATING ITEMS, NET	279,487	-	279,176	311
NET MARGINS	\$ 3,314,897	\$ -	\$ 3,277,506	\$ 37,391
OTHER COMPREHENSIVE INCOME				
Actuarial income not recognized as periodic postretirement benefit plan cost	275,000	-	275,000	-
TOTAL COMPREHENSIVE INCOME	\$ 3,589,897	\$ -	\$ 3,552,506	\$ 37,391

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## ADDITIONAL INFORMATION - 2018 CONSOLIDATED BALANCE SHEETS

	CONSOLIDATED BALANCE	ELIMINATIONS	UTILITIES DISTRICT OF WESTERN INDIANA REMC	HOOSIER HERITAGE MANAGEMENT
<b><u>ASSETS</u></b>				
UTILITY PLANT IN SERVICE, NET	\$ 71,704,862	\$ -	\$ 71,704,862	\$ -
NON-UTILITY PROPERTY, NET	1,057,575	-	-	1,057,575
INVESTMENTS	18,894,030	(1,364,780)	20,258,810	-
DEFERRED CHARGES	491,976	-	491,976	-
NOTE RECEIVABLE, less current portion	303,802	-	303,802	-
CURRENT ASSETS				
Cash and cash equivalents	5,424,231	-	5,012,088	412,143
Cash, restricted	157,500	-	157,500	-
Accounts receivable, consumers	5,319,198	(84,641)	5,319,098	84,741
Current portion on note receivable	133,004	-	133,004	-
Current portion on deferred charges	143,993	-	143,993	-
Materials, supplies and inventories	424,333	-	424,333	-
Prepaid power costs	2,297,953	-	2,297,953	-
Other current assets	219,518	-	173,766	45,752
TOTAL CURRENT ASSETS	14,119,730	(84,641)	13,661,735	542,636
TOTAL ASSETS	\$ 106,571,975	\$ (1,449,421)	\$ 106,421,185	\$ 1,600,211
<b><u>EQUITIES AND LIABILITIES</u></b>				
LONG-TERM DEBT, less current portion	\$ 31,068,202	\$ -	\$ 30,915,791	\$ 152,411
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	161,000	-	161,000	-
EQUITIES				
Memberships	399,544	-	399,544	-
Patronage capital and other equities	70,879,544	(1,364,780)	70,911,108	1,333,216
TOTAL EQUITIES	71,279,088	(1,364,780)	71,310,652	1,333,216
CURRENT LIABILITIES				
Accounts payable	445,332	(84,641)	486,194	43,779
Consumer deposits	740,316	-	740,316	-
Accrued taxes	590,483	-	578,102	12,381
Other current liabilities	381,705	-	359,828	21,877
Current portion of long-term debt	1,905,849	-	1,869,302	36,547
TOTAL CURRENT LIABILITIES	4,063,685	(84,641)	4,033,742	114,584
TOTAL EQUITIES AND LIABILITIES	\$ 106,571,975	\$ (1,449,421)	\$ 106,421,185	\$ 1,600,211



# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## ADDITIONAL INFORMATION - 2018 CONSOLIDATED STATEMENTS OF REVENUE

	<u>CONSOLIDATED BALANCE</u>	<u>ELIMINATIONS</u>	<u>UTILITIES DISTRICT OF WESTERN INDIANA REMC</u>	<u>HOOSIER HERITAGE MANAGEMENT</u>
REVENUES	\$ 46,619,477	\$ (2,166,753)	\$ 46,585,187	\$ 2,201,043
OPERATING EXPENSES				
Purchased power	27,262,572	-	27,262,572	-
Operations	4,154,946	-	2,396,621	1,758,325
Maintenance	2,220,838	(2,166,753)	4,387,591	-
Customer account expense	1,451,842	-	1,451,842	-
Administrative expense	3,179,661	-	2,967,518	212,143
Depreciation	3,498,171	-	3,239,071	259,100
Taxes	631,129	-	631,103	26
TOTAL OPERATING EXPENSES	<u>42,399,159</u>	<u>(2,166,753)</u>	<u>42,336,318</u>	<u>2,229,594</u>
OPERATING MARGINS BEFORE OTHER ITEMS	<u>4,220,318</u>	<u>-</u>	<u>4,248,869</u>	<u>(28,551)</u>
OTHER OPERATING ITEMS, NET				
Patronage revenue	1,020,684	-	1,020,684	-
Interest expense	(1,684,383)	-	(1,681,210)	(3,173)
TOTAL OTHER OPERATING ITEMS, NET	<u>(663,699)</u>	<u>-</u>	<u>(660,526)</u>	<u>(3,173)</u>
OPERATING MARGINS	<u>3,556,619</u>	<u>-</u>	<u>3,588,343</u>	<u>(31,724)</u>
NON-OPERATING ITEMS, NET				
Interest and dividend revenue	163,295	-	163,135	160
Postretirement benefit obligation curtailment gain	1,161,083	-	1,161,083	-
Gain (loss) on disposition of assets	(104,594)	-	(104,594)	-
All other, net	(6,781)	-	(6,781)	-
TOTAL NON-OPERATING ITEMS, NET	<u>1,213,003</u>	<u>-</u>	<u>1,212,843</u>	<u>160</u>
NET MARGINS	<u>4,769,622</u>	<u>-</u>	<u>4,801,186</u>	<u>(31,564)</u>
OTHER COMPREHENSIVE INCOME				
Actuarial income not recognized as periodic postretirement benefit plan cost	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,769,622</u>	<u>\$ -</u>	<u>\$ 4,801,186</u>	<u>\$ (31,564)</u>

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## STATISTICAL INFORMATION - 2019 STATEMENTS OF REVENUES (REMC ONLY)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues	\$ 44,722,767	\$ 46,585,187	\$ 43,744,951	\$ 47,058,474
Purchased power	26,702,963	27,262,572	24,418,010	25,991,555
Gross margin	18,019,804	19,322,615	19,326,941	21,066,919
Gross margin %	40.3%	41.5%	44.2%	44.8%
O & M expenses	10,471,333	11,203,572	11,101,910	12,615,269
Depreciation	3,295,121	3,239,071	3,135,720	2,962,696
Taxes	624,249	631,103	613,170	654,646
Operating margins before other items	3,629,101	4,248,869	4,476,141	4,834,308
Patronage revenue	999,018	1,020,684	1,217,488	1,498,378
Interest expense	1,629,789	1,681,210	1,753,113	1,791,952
Operating margins	2,998,330	3,588,343	3,940,516 0	4,540,734
Non-operating items	279,176	1,212,843	2,442,773	67,833
Net margins	\$ 3,277,506	\$ 4,801,186	6,383,289	\$ 4,608,567
KWH sold	320,801,484	329,204,304	298,499,997	309,268,055
KWH purchased	340,548,661	349,650,546	317,989,435	330,111,122
Line loss %	5.8%	5.8%	6.1%	6.3%
Revenue per KWH sold	0.1394	0.1415	0.1465	0.1522
Cost per KWH sold	0.0832	0.0828	0.0818	0.0840
Margin per KWH sold	0.0562	0.0587	0.0647	0.0681
Times interest earned ratio (modified)	3.62	4.46	5.34	4.41
Debt service coverage ratio (DSC)	2.12	3.05	3.53	2.98

	2015	2014	2013	2012	2011	2010
\$	48,182,457	\$ 47,139,778	\$ 44,174,513	\$ 42,556,385	\$ 40,698,940	\$ 41,386,480
	26,643,967	27,499,483	26,275,173	25,651,156	24,482,041	24,824,446
	21,538,490	19,640,295	17,899,340	16,905,229	16,216,899	16,562,034
	44.7%	41.7%	40.5%	39.7%	39.8%	40.0%
	11,904,858	12,086,836	13,369,465	11,580,878	11,150,021	10,926,700
	2,856,769	2,770,418	2,658,299	2,461,847	2,250,972	2,085,549
	704,177	660,655	631,702	614,722	586,565	576,931
	6,072,686	4,122,386	1,239,874	2,247,782	2,229,341	2,972,854
	1,327,894	1,447,677	1,273,440	1,316,472	1,524,000	1,531,889
	1,701,118	1,399,487	1,427,928	1,398,399	1,377,464	1,231,389
	5,699,462	4,170,576	1,085,386	2,165,855	2,375,877	3,273,354
	(21,377)	66,492	34,674	(26,726)	(52,800)	(162,328)
\$	5,678,085	\$ 4,237,068	\$ 1,120,060	\$ 2,139,129	\$ 2,323,077	\$ 3,111,026
	310,036,461	316,624,099	309,550,838	306,516,403	312,868,438	330,757,571
	330,013,484	345,192,095	338,606,030	327,705,666	334,505,359	352,896,819
	6.1%	8.3%	8.6%	6.5%	6.5%	6.3%
	0.1554	0.1489	0.1427	0.1388	0.1301	0.1251
	0.0859	0.0869	0.0849	0.0837	0.0783	0.0751
	0.0695	0.0620	0.0578	0.0552	0.0518	0.0501
	5.12	5.06	2.68	3.47	3.79	4.77
	2.72	2.52	2.34	2.61	2.11	1.90

# UTILITIES DISTRICT OF WESTERN INDIANA REMC

## STATISTICAL INFORMATION - BALANCE SHEETS (REMC ONLY)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Utility plant, net	\$ 74,769,889	\$ 71,704,862	\$ 70,838,095	\$ 67,993,684
Investments	21,139,204	20,258,810	20,000,565	19,269,487
Deferred Charges	491,976	635,969	786,093	936,218
Note Receivable	300,802	436,806	569,810	698,314
Current assets	10,823,350	13,661,735	12,546,774	13,476,011
Long-term debt	30,599,890	32,785,093	34,310,997	36,014,499
Equities	73,970,847	71,310,652	66,783,008	59,307,442
Deferred Credits	737,235	740,316	688,598	655,714
Current liabilities	3,918,479	4,033,742	3,907,388	4,643,421
Net cash flows	\$ (2,764,035)	\$ (295,449)	\$ 564,855	\$ (1,585,995)
Current ratio	2.93	3.47	3.21	2.90
Quick ratio	2.12	3.20	2.98	2.77
Debt/equity ratio	29.26%	31.50%	33.94%	37.78%
Number of customers	19,169	19,097	18,955	18,944

# REPORT ON COMPLIANCE WITH ASPECTS OF CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$	64,904,036	\$ 61,940,838	\$ 60,820,385	\$ 57,921,256	\$ 54,733,686	\$ 50,756,725
	17,512,488	16,540,931	15,130,417	14,373,873	14,159,148	13,327,670
	1,167,187	1,267,073	1,355,934	7,209	97,855	45,179
	753,818	857,822	861,826	965,830	100,000	0
	15,110,066	9,738,461	10,687,822	9,425,046	9,021,057	8,350,293
	37,907,565	33,319,247	35,913,808	31,898,524	28,821,497	25,704,469
	54,420,205	48,384,923	44,296,656	43,347,790	41,299,432	39,213,935
	646,912	988,952	945,703	880,206	867,339	780,786
	5,243,740	6,181,454	6,509,608	5,525,414	6,317,048	6,377,531
\$	4,262,373	\$ (1,312,923)	\$ 990,434	\$ (52,627)	\$ 743,619	\$ 1,557,040
	2.88	1.58	1.64	1.71	1.43	1.31
	2.75	1.47	1.49	1.54	1.30	1.22
	41.06%	40.78%	44.77%	42.40%	41.10%	39.60%
	18,930	19,011	18,984	19,043	19,081	19,181