

# Utilities District of Western Indiana REMC and Subsidiary

Financial Statements  
with  
Additional Information

Years Ended December 31, 2024 and 2023

# *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 consolidated financial statements of Utilities District of Western Indiana REMC and Subsidiary, which comprise of the consolidated balance sheets as of December 31, 2024 and 2023, 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 consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, 2024 and 2023, 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements. The additional information (pages 19-22) is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### *Other Matters*

The consolidated financial statements of Utilities District of Western Indiana REMC and Subsidiary as of December 31, 2023 were audited by other auditors whose report dated March 19, 2024, expressed an unmodified opinion on those statements.

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

LWG CPAs & Advisors  
Indianapolis, Indiana  
March 18, 2025

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

### A S S E T S

	<u>2024</u>	<u>2023</u>
UTILITY PLANT IN SERVICE, NET	\$ 89,416,051	\$ 84,447,709
NON-UTILITY PROPERTY, NET	<u>456,713</u>	<u>396,305</u>
INVESTMENTS	<u>19,821,531</u>	<u>19,606,696</u>
DEFERRED CHARGES, less current portion	<u>28,000</u>	<u>42,000</u>
CURRENT ASSETS		
Cash and cash equivalents	930,311	984,626
Accounts receivable, consumer, net of allowance for uncollectible accounts of \$8,045 for 2024 and \$9,691 for 2023	6,319,453	5,411,749
Current portion of deferred charges	14,000	14,000
Materials, supplies and inventories	863,062	960,223
Prepaid expenses	<u>332,574</u>	<u>355,608</u>
TOTAL CURRENT ASSETS	<u>8,459,400</u>	<u>7,726,206</u>
TOTAL ASSETS	<u>\$ 118,181,695</u>	<u>\$ 112,218,916</u>

The accompanying notes are an integral part of these statements.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

### EQUITIES AND LIABILITIES

	<u>2024</u>	<u>2023</u>
LONG-TERM DEBT, less current portion	\$ <u>26,736,009</u>	\$ <u>22,551,117</u>
DEFERRED COMPENSATION	<u>117,426</u>	<u>89,697</u>
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	<u>601,000</u>	<u>536,000</u>
EQUITIES		
Memberships	415,851	413,817
Patronage capital	<u>84,479,432</u>	<u>83,640,916</u>
TOTAL EQUITIES	<u>84,895,283</u>	<u>84,054,733</u>
CURRENT LIABILITIES		
Accounts payable	2,132,485	1,506,113
Consumer deposits	629,843	630,708
Accrued taxes	608,835	581,714
Other current liabilities	402,130	311,802
Current portion of long-term debt	<u>2,058,684</u>	<u>1,957,032</u>
TOTAL CURRENT LIABILITIES	<u>5,831,977</u>	<u>4,987,369</u>
TOTAL EQUITIES AND LIABILITIES	\$ <u>118,181,695</u>	\$ <u>112,218,916</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, 2024 and 2023**

	<u>Amount</u>		<u>Percent</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
OPERATING REVENUES	\$ <u>49,542,110</u>	\$ <u>47,760,562</u>	<u>100.0</u>	<u>100.0</u>
OPERATING EXPENSES				
Purchased power	30,716,943	29,745,353	62.0	62.3
Operations	4,313,323	3,908,155	8.7	8.2
Maintenance	4,242,477	4,019,823	8.6	8.4
Customer account expense	1,450,843	1,572,265	3.0	3.3
Administrative expense	3,187,966	3,199,713	6.4	6.7
Depreciation	3,873,400	3,828,844	7.8	8.0
Taxes	<u>17,192</u>	<u>5,763</u>	<u>0.0</u>	<u>0.0</u>
TOTAL OPERATING EXPENSES	<u>47,802,144</u>	<u>46,279,916</u>	<u>96.5</u>	<u>96.9</u>
OPERATING MARGINS BEFORE OTHER ITEMS	<u>1,739,966</u>	<u>1,480,646</u>	<u>3.5</u>	<u>3.1</u>
OTHER OPERATING ITEMS, NET				
Patronage revenue	1,061,973	1,195,508	2.1	2.5
Interest expense	<u>(1,344,517)</u>	<u>(1,297,820)</u>	<u>(2.7)</u>	<u>(2.7)</u>
TOTAL OTHER OPERATING ITEMS, NET	<u>(282,544)</u>	<u>(102,312)</u>	<u>(0.6)</u>	<u>(0.2)</u>
OPERATING MARGINS	<u>1,457,422</u>	<u>1,378,334</u>	<u>2.9</u>	<u>2.9</u>
NON-OPERATING ITEMS, NET				
Interest and dividend income	153,954	280,285	0.3	0.6
Gain (loss) on disposition of assets	38,214	-	0.1	0.0
All other, net	<u>(2,424)</u>	<u>39,216</u>	<u>0.0</u>	<u>0.2</u>
TOTAL NON-OPERATING ITEMS, NET	<u>189,744</u>	<u>319,501</u>	<u>0.4</u>	<u>0.8</u>
NET MARGINS	1,647,166	1,697,835	3.3	3.7
OTHER COMPREHENSIVE INCOME				
Actuarial income not recognized as periodic postretirement benefit plan cost	<u>16,000</u>	<u>16,000</u>	<u>0.0</u>	<u>0.0</u>
TOTAL COMPREHENSIVE INCOME	\$ <u>1,663,166</u>	\$ <u>1,713,835</u>	<u>3.3</u>	<u>3.7</u>

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, 2024 and 2023

	<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, 2022	\$ 82,590,834	\$ 53,787,969	\$ 28,107,221	\$ 300,000	\$ 5,813	\$ (224,000)	\$ 613,831
Actuarial income not recognized as periodic postretirement benefit cost	16,000	-	-	-	-	16,000	-
Membership refunds	-	-	-	-	-	-	-
Net margins	1,697,835	-	1,825,104	-	-	-	(127,269)
Transfer of margins	-	2,676,449	(2,676,449)	-	-	-	-
Patronage refunds	(834,560)	(834,560)	-	-	-	-	-
Unclaimed property	<u>170,807</u>	<u>-</u>	<u>170,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, December 31, 2023	83,640,916	55,629,858	27,426,683	300,000	5,813	(208,000)	486,562
Unrecognized net periodic post- retirement benefit cost	16,000	-	-	-	-	16,000	-
Net margins	1,647,166	-	1,512,569	-	-	-	134,597
Patronage refunds	(1,013,342)	(1,013,342)	-	-	-	-	-
Transfer of margins	-	1,868,638	(1,868,638)	-	-	-	-
Unclaimed property	<u>188,692</u>	<u>-</u>	<u>188,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, December 31, 2024	<u>\$ 84,479,432</u>	<u>\$ 56,485,154</u>	<u>\$ 27,259,306</u>	<u>\$ 300,000</u>	<u>\$ 5,813</u>	<u>\$ (192,000)</u>	<u>\$ 621,159</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, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from consumers	\$ 48,646,369	\$ 47,843,246
Cash paid to suppliers and vendors	(42,782,472)	(39,856,570)
Interest and dividends received	153,954	280,285
Interest paid	(1,293,702)	(1,311,287)
All other, net	<u>(2,424)</u>	<u>39,216</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,721,725</u>	<u>6,994,890</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of utility plant in service, net of retirements	(8,705,091)	(6,220,611)
Proceeds from sale of fixed assets in service	31,000	-
Purchase of non-utility property	(189,845)	(214,287)
Purchase of investments	(27,729)	(30,867)
Proceeds from sale/redemption of investments	874,867	882,859
Deferred charge additions	<u>-</u>	<u>(70,000)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(8,016,798)</u>	<u>(5,652,906)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	6,000,000	-
Repayments on borrowings	(1,963,490)	(1,888,329)
Memberships received / (returned)	2,034	6,419
Patronage refunds paid	(824,650)	(663,753)
Payments on deferred compensation	-	-
Customer deposits received	102,944	111,793
Customer deposits returned	<u>(103,809)</u>	<u>(157,411)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>3,240,758</u>	<u>(2,560,413)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(54,315)	(1,218,429)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH BEGINNING OF YEAR	<u>984,626</u>	<u>2,203,055</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF YEAR	<u>\$ 930,311</u>	<u>\$ 984,626</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net margins	\$ 1,647,166	\$ 1,697,835
Non-cash items		
Depreciation	3,873,400	3,828,844
Amortization of deferred gain	250,034	267,611
Amortization of deferred charges	14,000	73,997
Patronage revenue	(1,061,973)	(1,195,508)
(Gain) loss on disposition of assets	(38,214)	-
Change in postretirement liability	81,000	98,000
Decrease (increase) in assets		
Accounts receivable, customer	(907,704)	71,077
Materials and supplies	97,161	36,793
Prepaid power costs	-	1,186,546
Prepaid expenses	23,034	139,381
Increase (decrease) in liabilities		
Accounts payable	626,372	823,356
Other current liabilities	90,328	(12,512)
Accrued taxes	<u>27,121</u>	<u>(20,530)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ <u>4,721,725</u>	 \$ <u>6,994,890</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, 2024 and 2023

### (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, is 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, 2024 and 2023

(1) Summary of significant accounting policies (continued)

Advertising - Advertising costs are charged to administrative expense when incurred. Total advertising expense was \$1,434 for 2024 and \$1,568 for 2023.

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 preparation of a workplan. Prepayments related to the workplan are being amortized over 5 years using the straight line method. Amortization charged to administration expense was \$14,000 for the year ended December 31, 2024 and 2023.

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 patronage balances assignable shall first be used to offset any losses incurred from current or prior fiscal years, and then will be allocated to the members on a patronage basis and included in the members capital credit account.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

### (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.

Revenue recognition – During 2019, 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 15 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 March 18, 2025, which is the date the financial statements were made available to be issued.

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

Utility plant in service consists of the following:

	2024	2023
Cost		
General plant	\$ 9,604,648	\$ 9,237,455
Distribution system	114,571,946	109,554,585
Construction in progress	2,027,965	911,964
Total cost	126,204,559	119,704,004
Accumulated depreciation	36,788,508	35,256,295
UTILITY PLANT IN SERVICE, NET	\$ 89,416,051	\$ 84,447,709

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

### (2) Utility plant in service, net (continued)

The aggregate depreciation charged to operations was \$3,743,963 for 2024 and \$3,661,535 for 2023. 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 6.

### (3) 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>2024</u>	<u>2023</u>
Cost		
Equipment	\$ <u>2,216,422</u>	\$ <u>2,490,449</u>
Total cost	2,216,422	2,490,449
Accumulated depreciation	<u>1,759,709</u>	<u>2,094,144</u>
NON-UTILITY PROPERTY, NET	\$ <u><u>456,713</u></u>	\$ <u><u>396,305</u></u>

The aggregate depreciation changed to operations is \$129,437 for 2024 and \$167,309 for 2023. The depreciation policies followed by the subsidiary are described in Note 1. Non-utility plant in service is pledged to secure long-term debt as described in Note 6.

### (4) Notes Receivable

Note receivable consists of the following:

Hoosier Heritage Management	\$ <u>-</u>	\$ <u>60,000</u>
Total notes receivable	-	60,000
Less current portion	<u>-</u>	<u>60,000</u>
NOTES RECEIVABLE, less current portion	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

The REMC entered into a Note receivable with the Subsidiary which has a remaining balance of \$60,000 at December 31, 2023. This was paid in full during the year ended December 31, 2024. The amount is eliminated in the consolidated financials between the two companies.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Years Ended December 31, 2024 and 2023**

### **(5) Investments**

Investments consist of the following:

	<u>2024</u>	<u>2023</u>
Capital term certificates, at cost, issued by National Rural Utilities Cooperative Finance Corp. (CFC)	\$ 609,252	\$ 609,252
Patronage capital		
Hoosier Energy Rural Electric Cooperative, Inc.	17,826,201	17,724,168
CFC	578,498	567,039
United Utility Supply Cooperative Corporation	317,798	246,810
SEDC	94,667	93,786
IEC	115,123	113,159
Federated Rural Electric Insurance Exchange	133,741	134,906
All other	<u>146,251</u>	<u>117,576</u>
 TOTAL INVESTMENTS	 \$ <u>19,821,531</u>	 \$ <u>19,606,696</u>

Included in all other investments is a CEO deferred compensation agreement, with a corresponding liability also recorded in the financials. The benefit is based upon the contributions made by the employee adjusted for market value. Deferred compensation at December 31, 2024 and 2023 totaled \$117,426 and \$89,697, respectively.

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 6.

### **(6) Long term debt**

Long-term debt consists of the following:

Long-term debt consists of the following:

	<u>2024</u>	<u>2023</u>
4.05% - 6.53% notes payable to CFC in quarterly and semi-annual installments approximating 460,000 and 74,000, respectively including interest. Maturities range from 2025 to 2054. Secured by all assets.	<u>30,156,918</u>	<u>26,120,408</u>
 Total long-term debt	 30,156,918	 26,120,408
Less unamortized debt issuance costs	<u>1,362,225</u>	<u>1,612,259</u>
 Total long-term debt less issuance costs	 28,794,693	 24,508,149
Less current portion	<u>2,058,684</u>	<u>1,957,032</u>
 LONG-TERM DEBT, less current portion	 \$ <u>26,736,009</u>	 \$ <u>22,551,117</u>

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

### **(6) Long term debt (continued)**

As of December 31, 2024, future maturities of long-term debt principal were as follows: 2025 - \$2,058,684; 2026 - \$2,107,148; 2027 - \$2,242,199; 2028 - \$2,264,667; 2029 - \$2,256,441; thereafter - \$17,865,554.

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, 2024.

Unadvanced long-term loan funds of \$24,000,000 are available to the REMC on loan commitments from CFC.

### **(7) 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, 2024 and 2023. The interest rate on the line of credit was 7.25% and 7.25% at December 31, 2024 and 2023, respectively.

### **(8) 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 2024 and 2023 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 \$700,920 in 2024 and \$647,342 in 2023.

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, 2024 and January 1, 2023 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, 2024 and 2023**

### **(9) Post-retirement benefit plans**

The REMC sponsored a post-retirement benefit program for eligible employees. 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. Eligible retirees will receive full cost of unused vacation and sick time at retirement date.

For actuarial measurement purposes, the weighted-average discount rate used in determining the accumulated postretirement obligation was 5.5% and 4.85% for 2024 and 2023, 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, 2024.

The mortality rates used were: RP-2014 Mortality Tables and Healthy Annuitant rates, and Mortality Improvement Scale MP-2020 was used to adjust for 2014-2024 mortality improvement factors.

The accumulated postretirement benefit obligation was \$601,000 and \$536,000 at December 31, 2024 and 2023, respectively. The pay as you go policy means that the fair value of the plan assets were \$0 for 2024 and 2023. The net periodic benefit cost was \$76,000 for the year ending December 31, 2024. Amounts recognized in accumulated other comprehensive income from amortization of loss in the amount of \$16,000 in 2024 and 2023, respectively.

The estimated amortization from accumulated other comprehensive income to the net periodic benefit cost over the next fiscal year is \$16,000 for the year ended December 31, 2024.

The net periodic postretirement benefit cost is comprised of the following:

	<u>2024</u>	<u>2023</u>
Service cost	\$ 34,000	\$ 30,000
Interest cost	26,000	23,000
Amortization of (gain) or loss	<u>16,000</u>	<u>16,000</u>
Total net periodic postretirement benefit cost	\$ <u>76,000</u>	\$ <u>69,000</u>

Postretirement benefits recognized in the current period as other comprehensive income are comprised of the following:

	<u>2024</u>	<u>2023</u>
Net actuarial gain / (loss)	\$ <u>(192,000)</u>	\$ <u>(208,000)</u>
Total amount recognized in accumulated other comprehensive income	\$ <u>(192,000)</u>	\$ <u>(208,000)</u>

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

### **(9) Post-retirement benefit plans (continued)**

The REMC is expected to contribute \$77,000 to the plan during the next fiscal year. The following benefit payments, which reflect future service, are expected to be paid to plan participants: 2025 - \$77,000; 2026 - \$81,000; 2027 - \$51,000; 2028 - \$43,000; 2029 - \$36,000; 2030 through 2034 - \$158,000.

### **(10) 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, 2060. The rates paid for such purchases are subject to review annually.

### **(11) Specialized labor concentration**

The REMC has 49% of their labor force represented under a labor contract. This contract is set to expire on June 30, 2026.

### **(12) 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.

### **(13) 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)

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

### **(13) Fair value measurements (continued)**

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, 2024 and 2023 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, 2024 and 2023. Increases resulting from purchases totaled \$27,729 and \$30,867 for the years ended December 31, 2024 and 2023, respectively. Furthermore, increases resulting from non-cash patronage totaled \$1,061,973 and \$1,195,508 and redemptions of investments totaled \$874,867 and \$882,859 for the years ended December 31, 2024 and 2023, respectively.

### **(14) 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, 2024 and 2023. Both the REMC and Subsidiary has open tax years for 2023, 2022, and 2021 for both Federal and State filings. No penalties and interest for income taxes have been included in these financial statements.

### **(15) 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 end of the month and therefore has no unbilled revenues at December 31.

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

### (15) Revenue Recognition (continued)

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. No such contract assets or liabilities are included in the financial statements.

Contract assets and contract liabilities are the result of timing differences between revenue recognition billings and cash collection. The REMC has contract assets in the financial statements at December 31 of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Customer A/R (less reserve)	\$ <u>6,319,453</u>	\$ <u>5,411,749</u>	\$ <u>5,472,826</u>
Change from prior year	\$ <u>907,704</u>	\$ <u>(61,077)</u>	

The following table provides operating revenues disaggregated for the years ended December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Residential	\$ 38,857,515	\$ 37,364,932
Small Commercial	6,186,855	5,994,542
Large Commercial	4,051,874	3,915,087
Public Authority	1,844	1,844
All Other Electric Revenues	<u>444,022</u>	<u>484,157</u>
Total Revenues	\$ <u>49,542,110</u>	\$ <u>47,760,562</u>

## **ADDITIONAL INFORMATION**

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## ADDITIONAL INFORMATION - 2024 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	\$ 89,416,051	\$ -	\$ 89,416,051	\$ -
NON-UTILITY PROPERTY, NET	456,713	-	-	456,713
INVESTMENTS	19,821,531	(621,160)	20,442,691	-
DEFERRED CHARGES, less current portion	28,000	-	28,000	-
CURRENT ASSETS				
Cash and cash equivalents	930,311	-	819,690	110,621
Accounts receivable, consumers	6,319,453	-	6,269,888	49,565
Current portion of deferred charges	14,000	-	14,000	-
Materials, supplies and inventories	863,062	-	863,062	-
Prepaid expenses	332,574	-	290,649	41,925
TOTAL CURRENT ASSETS	8,459,400	-	8,257,289	202,111
TOTAL ASSETS	\$ 118,181,695	\$ (621,160)	\$ 118,144,031	\$ 658,824
<b><u>EQUITIES AND LIABILITIES</u></b>				
LONG-TERM DEBT, less current portion	\$ 26,736,009	\$ -	\$ 26,736,009	\$ -
DEFERRED COMPENSATION	117,426	-	117,426	-
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	601,000	-	601,000	-
EQUITIES				
Memberships	415,851	-	415,851	-
Patronage capital/retained earnings	84,479,432	(621,160)	84,479,432	621,160
TOTAL EQUITIES	84,895,283	(621,160)	84,895,283	621,160
CURRENT LIABILITIES				
Accounts payable	2,132,485	-	2,126,850	5,635
Consumer deposits	629,843	-	629,843	-
Accrued taxes	608,835	-	604,638	4,197
Other current liabilities	402,130	-	374,298	27,832
Current portion of long-term debt	2,058,684	-	2,058,684	-
TOTAL CURRENT LIABILITIES	5,831,977	-	5,794,313	37,664
TOTAL EQUITIES AND LIABILITIES	\$ 118,181,695	\$ (621,160)	\$ 118,144,031	\$ 658,824

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## ADDITIONAL INFORMATION - 2024 CONSOLIDATED STATEMENT OF REVENUE

	<u>BALANCE</u>	<u>ELIMINATIONS</u>	<u>UTILITIES DISTRICT OF WESTERN INDIANA REMC</u>	<u>HOOSIER HERITAGE MANAGEMENT</u>
REVENUES	\$ 49,542,110	\$ (2,128,335)	\$ 49,542,110	\$ 2,128,335
OPERATING EXPENSES				
Purchased power	30,716,943	-	30,716,943	-
Operations	4,313,323	-	2,615,594	1,697,729
Maintenance	4,242,477	(2,128,335)	6,370,812	-
Customer account expense	1,450,843	-	1,450,843	-
Administrative expense	3,187,966	-	3,010,562	177,404
Depreciation	3,873,400	-	3,743,963	129,437
Taxes	17,192	-	-	17,192
TOTAL OPERATING EXPENSES	47,802,144	(2,128,335)	47,908,717	2,021,762
OPERATING MARGINS BEFORE OTHER ITEMS	1,739,966	-	1,633,393	106,573
OTHER OPERATING ITEMS, NET				
Patronage revenue	1,061,973	-	1,061,973	-
Interest expense	(1,344,517)	-	(1,344,517)	-
TOTAL OTHER OPERATING ITEMS, NET	(282,544)	-	(282,544)	-
OPERATING MARGINS	1,457,422	-	1,350,849	106,573
NON-OPERATING ITEMS, NET				
Interest and dividend revenue	153,954	-	153,955	(1)
Gain (loss) on disposition of assets	38,214	-	38,214	-
Income (loss) from subsidiary	-	(134,597)	134,597	-
All other, net	(2,424)	-	(30,449)	28,025
TOTAL NON-OPERATING ITEMS, NET	189,744	(134,597)	296,317	28,024
NET MARGINS	\$ 1,647,166	\$ (134,597)	\$ 1,647,166	\$ 134,597
OTHER COMPREHENSIVE INCOME				
Actuarial income not recognized as periodic postretirement benefit plan cost	16,000	-	16,000	-
TOTAL COMPREHENSIVE INCOME	\$ 1,663,166	\$ (134,597)	\$ 1,663,166	\$ 134,597

# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## ADDITIONAL INFORMATION - 2023 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	\$ 84,447,709	\$ -	\$ 84,447,709	\$ -
NON-UTILITY PROPERTY, NET	396,305	-	-	396,305
INVESTMENTS	19,606,696	(486,563)	20,093,259	-
DEFERRED CHARGES	42,000	-	42,000	-
CURRENT ASSETS				
Cash and cash equivalents	984,626	-	815,823	168,803
Accounts receivable, consumers	5,411,749	-	5,411,749	-
Current portion on note receivable	-	(60,000)	60,000	-
Current portion on deferred charges	14,000	-	14,000	-
Materials, supplies and inventories	960,223	-	960,223	-
Other current assets	355,608	(126,374)	310,967	171,015
TOTAL CURRENT ASSETS	7,726,206	(186,374)	7,572,762	339,818
TOTAL ASSETS	\$ 112,218,916	\$ (672,937)	\$ 112,155,730	\$ 736,123
<b><u>EQUITIES AND LIABILITIES</u></b>				
LONG-TERM DEBT, less current portion	\$ 22,551,117	\$ -	\$ 22,551,117	\$ -
DEFERRED COMPENSATION	89,697	-	89,697	-
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	536,000	-	536,000	-
EQUITIES				
Memberships	413,817	-	413,817	-
Patronage capital and other equities	83,640,916	(486,563)	83,640,916	486,563
TOTAL EQUITIES	84,054,733	(486,563)	84,054,733	486,563
CURRENT LIABILITIES				
Accounts payable	1,506,113	(126,374)	1,480,958	151,529
Consumer deposits	630,708	-	630,708	-
Accrued taxes	581,714	-	572,314	9,400
Other current liabilities	311,802	-	283,171	28,631
Current portion of long-term debt	1,957,032	-	1,957,032	-
Current portion of notes payable	-	(60,000)	-	60,000
TOTAL CURRENT LIABILITIES	4,987,369	(186,374)	4,924,183	249,560
TOTAL EQUITIES AND LIABILITIES	\$ 112,218,916	\$ (672,937)	\$ 112,155,730	\$ 736,123



# UTILITIES DISTRICT OF WESTERN INDIANA REMC AND SUBSIDIARY

## ADDITIONAL INFORMATION - 2023 CONSOLIDATED STATEMENTS OF REVENUE

	CONSOLIDATED BALANCE	ELIMINATIONS	UTILITIES DISTRICT OF WESTERN INDIANA REMC	HOOSIER HERITAGE MANAGEMENT
REVENUES	\$ 47,760,562	\$ (1,781,276)	\$ 47,760,562	\$ 1,781,276
OPERATING EXPENSES				
Purchased power	29,745,353	-	29,745,353	-
Operations	3,908,155	-	2,294,919	1,613,236
Maintenance	4,019,823	(1,781,276)	5,801,099	-
Customer account expense	1,572,265	-	1,572,265	-
Administrative expense	3,199,713	-	3,013,666	186,047
Depreciation	3,828,844	-	3,661,535	167,309
Taxes	5,763	-	32	5,731
TOTAL OPERATING EXPENSES	46,279,916	(1,781,276)	46,088,869	1,972,323
OPERATING MARGINS BEFORE OTHER ITEMS	1,480,646	-	1,671,693	(191,047)
OTHER OPERATING ITEMS, NET				
Patronage revenue	1,195,508	-	1,195,508	-
Interest expense	(1,297,820)	-	(1,297,660)	(160)
TOTAL OTHER OPERATING ITEMS, NET	(102,312)	-	(102,152)	(160)
OPERATING MARGINS	1,378,334	-	1,569,541	(191,207)
NON-OPERATING ITEMS, NET				
Interest and dividend revenue	280,285	-	279,914	371
Income (loss) from subsidiary	-	127,269	(127,269)	-
All other, net	39,216	-	(24,351)	63,567
TOTAL NON-OPERATING ITEMS, NET	319,501	127,269	128,294	63,938
NET MARGINS	1,697,835	127,269	1,697,835	(127,269)
OTHER COMPREHENSIVE INCOME				
Actuarial income not recognized as periodic postretirement benefit plan cost	16,000	-	16,000	-
TOTAL COMPREHENSIVE INCOME	\$ 1,713,835	\$ 127,269	\$ 1,713,835	\$ (127,269)