JNM

Jones, Nale & Mattingly PLC

To the Board of Directors
Nolin Rural Electric Cooperative Corporation and Subsidiary
Elizabethtown, Kentucky

We have audited the consolidated financial statements of Nolin Rural Electric Cooperative Corporation and Subsidiary (the Cooperative) for the year ended December 31, 2023, and have issued our report thereon dated April 8, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 31, 2023. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Cooperative are described in Note 1 to the consolidated financial statements. As described in Note 1, the Cooperative changed accounting policies related to the allowance for credit losses by adopting FASB Accounting Standards Codification No. 326, *Financial Instruments – Credit Losses*, in 2023. Accordingly, the accounting change has been applied prospectively. We noted no transactions entered into by the Cooperative during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

- Accumulated depreciation and depreciation expense
- Accumulated postretirement benefits

Management's estimate of these items is based upon historical data and current information. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the consolidated financial statements were:

- Patronage Capital (Note 5)
- Long-Term Debt (Note 6)
- Pension Plans (Note 8)
- Postretirement Benefits (Note 9)

The consolidated financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements identified as a result of our audit.

***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated April 8, 2024.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Cooperative's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Cooperative's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of the Board of Directors of the Cooperative and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Jones, Nale & Mattingly PLC

Louisville, Kentucky
April 8, 2024

JNM

Jones, Nale & Mattingly PLC

**2023 Auditor's Certification Regarding Loan Fund Expenditures**

To the Board of Directors
Nolin Rural Electric Cooperative Corporation and Subsidiary

We have audited the consolidated financial statements of Nolin Rural Electric Cooperative Corporation and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and have issued our report thereon dated April 8, 2024. The consolidated balance sheet of Nolin Rural Electric Cooperative Corporation and Subsidiary as of December 31, 2023, reported no long-term loan fund advances from National Rural Utilities, Cooperative Finance Corporation (CFC) on loans controlled by the CFC Loan Agreement and/or Mortgage or Security Agreement for the purpose of refinancing United States Department of Agriculture, Rural Utilities Service (RUS) loans. In addition, we did not become aware of any of these advances during our audit. We have not performed any additional audit procedures since the date of our report.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
April 8, 2024

# NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY
# KENTUCKY 51

## CONSOLIDATED FINANCIAL REPORT

**December 31, 2023**

**C O N T E N T S**

JNM

Jones, Nale & Mattingly PLC

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nolin Rural Electric Cooperative Corporation and Subsidiary
Elizabethtown, Kentucky

## Opinion

We have audited the accompanying consolidated financial statements of Nolin Rural Electric Cooperative Corporation and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of revenue and comprehensive income, changes in members' equities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nolin Rural Electric Cooperative Corporation and Subsidiary as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Nolin Rural Electric Cooperative Corporation and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nolin Rural Electric Cooperative Corporation and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



Certified Public Accountants and Advisors

401 West Main Street, Suite 1100 Louisville, Kentucky 40202 tel: 502.583.0248 fax: 502.589.1680 www.jnmcpa.com

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Nolin Rural Electric Cooperative Corporation and Subsidiary'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nolin Rural Electric Cooperative Corporation and Subsidiary'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 have identified during the audit.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
April 8, 2024

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**

**CONSOLIDATED BALANCE SHEETS**
**December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| ASSETS | | |
| Utility Plant, at original cost | | |
| In service | $ 146,224,524 | $ 137,909,061 |
| Under construction | 1,641,117 | 1,727,501 |
| | 147,865,641 | 139,636,562 |
| Less accumulated depreciation | 66,301,419 | 62,511,590 |
| | 81,564,222 | 77,124,972 |
| Investments in Associated Organizations | 53,946,459 | 52,502,459 |
| Current Assets | | |
| Cash and cash equivalents | 12,630,796 | 16,964,991 |
| Accounts receivable, less allowance for credit losses in 2023 of $1,659,888 and 2022 of $1,566,544 | 10,164,908 | 11,661,886 |
| Accounts receivable, other | 6,441,967 | 5,663,309 |
| Material and supplies, at average cost | 1,918,465 | 1,600,750 |
| Other current assets | 68,406 | 10,704 |
| Total current assets | 31,224,542 | 35,901,640 |
| Non-Current Assets | | |
| Long-term portion of accounts receivable, other | 2,654,820 | 8,048,695 |
| Prepaid pension costs | - - | 30,682 |
| Total non-current assets | 2,654,820 | 8,079,377 |
| Total assets | $ 169,390,043 | $ 173,608,448 |
| MEMBERS' EQUITIES AND LIABILITIES | | |
| Members' Equities | | |
| Memberships | $ 250,980 | $ 252,920 |
| Patronage capital | 89,122,261 | 87,907,612 |
| Other equities | 7,398,474 | 6,066,749 |
| Accumulated other comprehensive loss | (1,226,266) | (1,388,302) |
| Total members' equities | 95,545,449 | 92,838,979 |
| Long-Term Liabilities | | |
| Long-term debt, less current portion | 51,702,833 | 57,306,280 |
| Accumulated postretirement benefits | 6,843,154 | 6,814,199 |
| Total long-term liabilities | 58,545,987 | 64,120,479 |
| Current Liabilities | | |
| Current portion of long-term debt | 2,956,628 | 2,929,749 |
| Accounts payable | 7,475,843 | 9,261,344 |
| Consumer deposits | 2,335,570 | 2,203,916 |
| Accrued expenses | 2,160,461 | 1,929,751 |
| Total current liabilities | 14,928,502 | 16,324,760 |
| Consumer Advances | 370,105 | 324,230 |
| Total members' equities and liabilities | $ 169,390,043 | $ 173,608,448 |

The Notes to Consolidated Financial Statements are an integral part of these statements.

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF REVENUE AND COMPREHENSIVE INCOME**
**Years Ended December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| Operating Revenues | | |
| Sales of electric energy | $ 81,074,792 | $ 87,106,255 |
| Other operating revenues | 4,691,813 | 5,049,218 |
| | 85,766,605 | 92,155,473 |
| Operating Expenses | | |
| Cost of power | 59,298,279 | 65,721,695 |
| Distribution - operations | 4,446,549 | 4,307,757 |
| Distribution - maintenance | 5,610,769 | 5,022,514 |
| Consumer accounts | 2,707,732 | 2,685,977 |
| Customer services | 498,164 | 518,898 |
| Administrative and general | 3,889,368 | 4,207,977 |
| Depreciation, excluding $320,759 in 2023 and $286,012 in 2022 charged to clearing accounts | 5,069,637 | 4,843,756 |
| Interest on long-term debt | 3,093,406 | 2,238,442 |
| Other interest charges | 98,074 | 10,213 |
| Other deductions | 557,798 | 44,008 |
| Total cost of electric service | 85,269,776 | 89,601,237 |
| Operating Margins | 496,829 | 2,554,236 |
| Nonoperating Margins and Capital Credits | | |
| Interest income | 1,440,511 | 743,998 |
| Gain (loss) on sale of equipment | 10,500 | (1,857) |
| Other non-operating margins | 5,980 | 7,505,319 |
| Generation and transmission capital credits | 1,070,621 | 2,182,023 |
| Other capital credits | 585,162 | 323,505 |
| | 3,112,774 | 10,752,988 |
| Net Margins | 3,609,603 | 13,307,224 |
| Other Comprehensive Income | | |
| Amortization of postretirement benefit actuarial loss | 162,036 | 162,036 |
| Net Margins and Comprehensive Income | $ 3,771,639 | $ 13,469,260 |

The Notes to Consolidated Financial Statements are an integral part of these statements.

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITIES**
**Years Ended December 31, 2023 and 2022**

| | | Patronage Capital | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Memberships | Assigned | Assignable | Prior Deficits | Unassigned | Retirements | Total | Other Equities | Accumulated Other Comprehensive Income (Loss) | Total Members' Equities |
| Balance - December 31, 2021 | $ 256,145 | $ 113,103,975 | $ 7,805,879 | $ (9,055,325) | $ 319,934 | $ (31,445,139) | $ 80,729,324 | $ 5,093,313 | $ (1,550,338) | $ 84,528,444 |
| Comprehensive income: | | | | | | | | | | |
| Net margins | | | 13,307,224 | | | | 13,307,224 | | | 13,307,224 |
| Postretirement benefit obligation | | | | | | | | | | |
| Amortization of actuarial loss | | | | | | | | | 162,036 | 162,036 |
| Total comprehensive income | | | | | | | | | | 13,469,260 |
| Net change in memberships | (3,225) | | | | | | | | | (3,225) |
| General refund of capital credits | | | | | | (5,823,870) | (5,823,870) | | | (5,823,870) |
| Refunds to estates | | | | | | (305,066) | (305,066) | | | (305,066) |
| Allocate margins | | 4,793,815 | (7,805,879) | 3,012,064 | | | | | | - - |
| Other equities | | | | | | | | 973,436 | | 973,436 |
| Balance - December 31, 2022 | 252,920 | 117,897,790 | 13,307,224 | (6,043,261) | 319,934 | (37,574,075) | 87,907,612 | 6,066,749 | (1,388,302) | 92,838,979 |
| Comprehensive income: | | | | | | | | | | |
| Net margins | | | 3,609,603 | | | | 3,609,603 | | | 3,609,603 |
| Postretirement benefit obligation | | | | | | | | | | |
| Amortization of actuarial loss | | | | | | | | | 162,036 | 162,036 |
| Total comprehensive income | | | | | | | | | | 3,771,639 |
| Net change in memberships | (1,940) | | | | | | | | | (1,940) |
| General refund of capital credits | | | | | | (2,175,070) | (2,175,070) | | | (2,175,070) |
| Refunds to estates | | | | | | (219,884) | (219,884) | | | (219,884) |
| Allocate margins | | 7,263,963 | (13,307,224) | 6,043,261 | | | | | | - - |
| Other equities | | | | | | | | 1,331,725 | | 1,331,725 |
| Balance - December 31, 2023 | $ 250,980 | $ 125,161,753 | $ 3,609,603 | $ - - | $ 319,934 | $ (39,969,029) | $ 89,122,261 | $ 7,398,474 | $ (1,226,266) | $ 95,545,449 |

The Notes to Consolidated Financial Statements are an integral part of these statements.

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**Years Ended December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net margins | $ 3,609,603 | $ 13,307,224 |
| Adjustments to reconcile net margins to net cash provided by operating activities: | | |
| Depreciation: | | |
| Charged to expense | 5,069,637 | 4,843,756 |
| Charged to clearing accounts | 320,759 | 286,012 |
| Patronage capital credits assigned | (1,655,783) | (2,505,528) |
| Amortization of postretirement actuarial loss | 162,036 | 162,036 |
| (Gain) loss on disposition of equipment | (10,500) | 1,857 |
| Change in assets and liabilities, net of the effects of investing and financing activities: | | |
| Accounts and other receivables, net | 718,320 | (1,359,144) |
| Material and supplies | (317,715) | (528,791) |
| Other current assets | (57,702) | 89,967 |
| Prepaid pension costs | 30,682 | 368,186 |
| Accounts payable | (1,785,501) | 1,535,720 |
| Consumer deposits | 131,654 | 16,605 |
| Accrued expenses | 230,710 | 342,408 |
| Consumer advances | 45,875 | 114,337 |
| Accumulated postretirement benefits | 28,955 | 14,467 |
| Net cash provided by operating activities | 6,521,030 | 16,689,112 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Plant additions | (9,417,246) | (6,674,107) |
| Plant removal costs | (637,338) | (509,211) |
| Salvage recovered from retired plant | 235,438 | 220,492 |
| Receipts from investments, net | 211,783 | 1,421,436 |
| Net cash (used in) investing activities | (9,607,363) | (5,541,390) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net decrease in memberships | (1,940) | (3,225) |
| Other finance receivables | 5,393,875 | 3,818,004 |
| Principal payments on long-term debt | (5,576,568) | (5,785,865) |
| Retirement of capital credits | (2,394,954) | (6,128,936) |
| Other equities | 1,331,725 | 973,436 |
| Net cash (used in) financing activities | (1,247,862) | (7,126,586) |
| Net increase (decrease) in cash and cash equivalents | (4,334,195) | 4,021,136 |
| Cash and cash equivalents, beginning of year | 16,964,991 | 12,943,855 |
| Cash and cash equivalents, end of year | $ 12,630,796 | $ 16,964,991 |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Cash payments for interest | $ 3,038,136 | $ 2,254,992 |

The Notes to Consolidated Financial Statements are an integral part of these statements.

Note 1. Significant Accounting Policies

Description of business

Nolin Rural Electric Cooperative Corporation (Nolin) maintains its records in accordance with the policies prescribed or permitted by the Kentucky Public Service Commission (PSC) and the United States Department of Agriculture, Rural Utilities Service (RUS), which conform in all material respects with accounting principles generally accepted in the United States of America. The significant accounting policies are as follows:

Principals of consolidation

The consolidated financial statements include the accounts of Nolin Rural Electric Cooperative Corporation and its wholly-owned subsidiary, Wide Open Utility Service LLC (Wide Open). All significant intercompany accounts and transactions have been eliminated.

Business activities

Nolin provides distribution electric service to residential, business, and commercial consumers in a nine-county area of central Kentucky. Wide Open's principal operations consist of providing vegetation management, custodial services, and fleet mechanic services to support the operations of Nolin.

Nolin is operating the distribution system for a local government unit through a privatization process with the federal government. Nolin is reimbursed for all costs incurred, plus a fixed margin, on a monthly basis. Payments for the construction of plant facilities are recorded as contributions to plant for the total cost of each project, therefore, there is no net original cost for utility plant from the privatization process.

Included in accounts receivable other, is $5,466,563 and $10,860,438 for 2023 and 2022, respectively. Nolin charges the government 1.05% times Nolin's current variable interest rate on the unpaid balance. Interest income recognized was $640,913 and $480,153 for 2023 and 2022, respectively.

Use of estimates

The preparation of consolidated financial statements in accordance 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 and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates used in the preparation of the consolidated financial statements.

Note 1. Significant Accounting Policies (Continued)

Utility plant

Utility plant is stated at original cost, which is the cost when first dedicated to public service. Such amount includes applicable supervisory and overhead cost including any construction period interest and taxes. There was no interest required to be capitalized during the years ended December 31, 2023 and 2022.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to utility plant. The units of property replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation. Wide Open's fixed assets consist primarily of vehicles, land, and trailers and equipment.

Utility plant consists of the following as of December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Distribution plant | $ 120,771,072 | $ 114,816,872 |
| General plant | 21,929,274 | 21,274,546 |
| Subtotal electric plant | 142,700,346 | 136,091,418 |
| Vehicles | 742,032 | 742,032 |
| Land | 1,096,172 | - - |
| Trailers and equipment | 1,685,974 | 1,075,611 |
| Subtotal subsidiary plant | 3,524,178 | 1,817,643 |
| Utility plant, at original cost | $ 146,224,524 | $ 137,909,061 |

Depreciation

Provision has been made for depreciation on the basis of the estimated lives of assets, using the straight-line method. Distribution plant depreciation is based on a composite rate of 3.85% per annum. General plant rates are as follows:

| | |
|---|---|
| Structures and improvements | 2.5% |
| Transportation equipment | 10.0 - 20.0% |
| Other general plant | 5.0 - 10.0% |

Wide Open's depreciation is computed using the straight-line method over the useful lives of its assets.

Cash and cash equivalents

Nolin considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents. Nolin maintains its cash balances, which may exceed the federally insured limit, with several financial institutions. Management believes that credit risk related to these accounts is minimal.

Note 1. Significant Accounting Policies (Continued)

Accounts receivable and allowance for credit losses

Nolin operates in the electric services distribution industry, and its accounts receivable are primarily derived from the sales of electric energy. Accounts receivable are stated at net realizable value and are usually collected within thirty days. The balance in accounts receivable as of December 31, 2023, 2022, and 2021 was $10,164,908, $11,661,886, and $9,845,789, respectively.

Nolin uses the allowance method to account for uncollectible accounts receivable. Management maintains an allowance for potential credit losses based on its assessment of the current status of the customer accounts using a pooled basis approach where similar characteristics exist (See Note 3). The allowance estimate is derived from a review of Nolin's historical losses based on the aging of receivables. The estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by Nolin.

Nolin writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. Subsequent recoveries are credited to the allowance for credit losses.

Materials and supplies

Nolin values materials and supplies at the lower of average cost or net realizable value.

Taxes

Nolin is required to collect, on behalf of the Commonwealth of Kentucky, sales taxes based on six percent of gross sales from non-residential consumers, a three percent school tax from certain counties on most gross sales, and franchise fees in certain cities. Nolin's policy is to exclude taxes from revenues when collected and expenses when paid and instead, record collection and payment of taxes through a liability account.

Cost of power

Nolin is one of 16 members of East Kentucky Power Cooperative, Inc. (East Kentucky). Under a wholesale power agreement, Nolin is committed to purchase its electric power and energy requirements from East Kentucky until 2051. The rates charged by East Kentucky are subject to approval of the PSC. The cost of purchased power is recorded monthly during the period in which the energy is consumed, based upon billings from East Kentucky. There are certain surcharges, clauses, and credits that East Kentucky includes to Nolin that are passed on to consumers using a methodology prescribed by the PSC.

Advertising

Nolin expenses advertising costs as incurred. Advertising expenses were $50,073 and $52,116 for the years ended December 31, 2023 and 2022, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Comprehensive income

Comprehensive income includes both net margin and other comprehensive income. Other comprehensive income represents the change in funded status of the accumulated postretirement benefit obligation.

Risk management

Nolin is exposed to various forms of losses of assets associated with, but not limited to, fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, workers compensation, etc. Each of these areas is covered through the purchase of commercial insurance.

Credit risk

Nolin grants credit to residents within its service territory. Concentrations of credit risk with respect to accounts receivables are limited due to its large number of customers.

Environmental contingency

Nolin from time to time is required to work with and handle PCBs, herbicides, automotive fluids, lubricants, and other hazardous materials in the normal course of business. As a result, there is the possibility that environmental conditions may arise which would require Nolin to incur cleanup costs. The likelihood of such an event, or the amount of such costs, if any, cannot be determined at this time. However, management does not believe such costs, if any, would materially affect Nolin's financial position or its future cash flows.

Income tax status

Nolin qualifies as a tax-exempt organization under Section 501(c)(12) of the Internal Revenue Code. As a single member limited liability company, Wide Open is considered a disregarded entity for federal income tax purposes. Income from certain activities not directly related to Nolin's tax-exempt purpose is subject to taxation as unrelated business income. Nolin is responsible for reporting any unrelated business income generated by Wide Open. There was no unrelated business income activity reported for the years ended December 31, 2023 and 2022.

Nolin's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Nolin has no uncertain tax positions resulting in an accrual of tax expense or benefit.

Nolin recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. Nolin did not recognize any interest or penalties during the years ended December 31, 2023 and 2022.

Nolin's Federal Return of Organization Exempt from Income Tax is subject to possible examination by taxing authorities until the expiration of related statutes of limitations on the return, which is generally three years.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Pension accounting

In May 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The standard specifies how the amount of pension costs and costs for post-retirement benefits other than pensions (PBOP) should be presented on the income statement under accounting principles generally accepted in the United States of America, and what components of those costs are eligible for capitalization in assets. This standard is effective for years beginning after December 15, 2018. The Federal Energy Regulatory Commission (FERC) issued Docket No. AI18-1-000 that allowed jurisdictional public utilities to continue to record PBOP costs in their entirety, less amounts capitalized, without change. Pension and PBOP costs are made up of several components: service cost, interest cost, actual return on plan assets, gain or loss, amortization of prior service cost or credit, and amortization of FASB Accounting Standards Codification (ASC) Subtopic 715-30. Though pension and PBOP costs are computed using the aggregate total of these various components, the Commission's longstanding policy is to consider the amount as a singular cost to the employer. This cost is calculated based on ASC 715 and reported as an expense under net margins from continuing operations.

Adoption of accounting pronouncement

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net margins. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing Nolin's exposure to credit risk and the measurement of credit losses. Nolin's financial assets subject to the guidance include accounts receivable.

Nolin adopted the standard effective January 1, 2023. The impact of the adoption was not material to the consolidated financial statements and primarily resulted in new and enhanced disclosures only.

Subsequent Events

Management has evaluated subsequent events through April 8, 2024, the date the consolidated financial statements were available to be issued.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Revenue Recognition

*Revenue from contracts*

Nolin is engaged in the distribution and sale of electricity to residential and commercial customers in nine counties in central Kentucky. Revenue from these activities is generated from tariffs approved by the PSC. Nolin satisfies their performance obligation upon the delivery of electricity to customers. Revenue is recognized over-time as the customer simultaneously receives and consumes the benefits provided by Nolin. The amount of revenue recognized is the billed volume of electricity multiplied by a tariff rate per-unit of energy, plus any applicable fixed or additional regulatory charges. Customers are billed monthly and outstanding amounts are typically due within 18 days of the date of the bill. Revenue for pole attachments is invoiced at the end of the year. The performance obligation is satisfied ratably over the time of the contract and revenue is recognized monthly as earned.

Nolin is also engaged in the operation and maintenance of Fort Knox Army Base through a privatization process with the United States Federal government. The contract includes an energy security and power efficiency program and a solar array project. The contract is renewed annually and runs from June 1$^{st}$ through May 31$^{st}$. The annual contract amount is based on estimated management and maintenance costs, and Nolin earns a fixed margin on top of the actual costs incurred for maintenance and improvements.

*Significant judgements*

Nolin bills consumers on monthly cycles based on meter readings taken at approximately the same day each month. There are four billing cycles each month consisting of an approximate thirty-day period. Nolin calculates customer bills based on actual kilowatt hour usage obtained through meter readings using advanced metering infrastructure. There is no material difference in revenue recognition from the timing difference of the billing cycles as a full 30-days of revenue is recognized monthly for each cycle. This method of revenue recognition presents fairly, Nolin's transfer of electricity to customers as the amount recognized is based on actual volumes delivered and the tariff rate per-unit of energy and any applicable fixed charges as set by the PSC.

Nolin bills Fort Knox in twelve equal monthly installments in accordance with the annual contract. Revenue is recognized each month based on the actual cost of maintenance and improvements multiplied by a fixed margin. The revenue is recognized as work is completed each month. When the costs of maintenance and improvements exceed the budgeted amount, Nolin records a receivable from Fort Knox. Conversely, when the costs of maintenance and improvements are less than the budgeted amount, Nolin records a payable to Fort Knox. The payable or receivable due to or from Fort Knox is settled annually after the end of the contract year, which is in May when the contract expires.

*Performance obligations*

Nolin customers generally have no minimum purchase commitments. Performance obligations are limited to the service requested and received to date. There are no performance obligations remaining related to revenues recognized through year-end related to the Fort Knox contract. Accordingly, there is no unsatisfied performance obligation to recognize as of December 31, 2023 and 2022.

Note 2. Revenue Recognition (Continued)

*Disaggregation of revenue*

The following table shows revenues from contracts with customers disaggregated by customer class for the years ended December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Sales of electric energy: | | |
| Residential rural | $ 59,853,730 | $ 65,308,017 |
| Small commercial | 12,123,612 | 12,415,945 |
| Large commercial | 8,677,888 | 8,966,353 |
| Public lights | 419,562 | 415,940 |
| | $ 81,074,792 | $ 87,106,255 |
| | | |
| Other operating revenues: | | |
| Ft. Knox privatization | $ 3,123,149 | $ 3,596,355 |
| Ft. Knox modifications | 189,703 | 198,557 |
| Rent of electric property | 346,405 | 282,829 |
| Late charges | 448,968 | 489,375 |
| Miscellaneous charges | 186,305 | 170,950 |
| Private party | 397,283 | 311,152 |
| | $ 4,691,813 | $ 5,049,218 |

*Contract liabilities*

Contract liabilities related to electric distribution include consumer deposits. Contract cost liabilities related to the Fort Knox privatization contract include the annual true-up included in accounts payable on the consolidated balance sheets. The balances in contract liabilities were as follows as of December 31:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Consumer deposits | $ 2,335,570 | $ 2,203,916 | $ 2,187,311 |
| Ft. Knox true-up | 847,089 | 376,184 | 989,280 |
| | $ 3,182,659 | $ 2,580,100 | $ 3,176,591 |

Note 3. Allowance for Credit Losses

The allowance for credit losses for accounts receivable and the related activity are as follows:

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ 1,566,544 | $ 1,440,497 |
| Provision for credit losses | 89,439 | 103,155 |
| Write-offs | (58,038) | (64,858) |
| Recoveries | 61,943 | 87,750 |
| Ending balance | $ 1,659,888 | $ 1,566,544 |

Note 4. Investments in Associated Organizations

Investments in associated organizations consist of the following as of December 31:

| | 2023 | 2022 |
|---|---|---|
| East Kentucky, patronage capital | $ 48,613,005 | $ 47,542,384 |
| CFC, patronage capital and CTCs | 3,279,514 | 3,174,979 |
| KAEC, patronage capital | 1,233,874 | 1,001,733 |
| Federated Insurance, patronage capital | 459,429 | 443,278 |
| Other associated organizations | 360,637 | 340,085 |
| | $ 53,946,459 | $ 52,502,459 |

Nolin records patronage capital assigned by associated organizations in the year in which such assignments are received. The Capital Term Certificates (CTCs) of CFC are recorded at cost. The CTCs were purchased from CFC as a condition of obtaining long-term financing. The CTCs bear interest at 3.00% and 5.00% and are scheduled to mature at varying times from 2025 to 2080.

Note 5. Patronage Capital

Under provisions of CFC's long-term debt agreement, return to patrons of capital contributed by them is limited to a maximum of 30.00% of total margins for the preceding calendar year, unless, after giving effect to the distribution, the total equity will be at least 20.00% of total assets. Nolin returned $2,175,070 and $5,823,870 of capital to members for the years ended December 31, 2023 and 2022, respectively. Total members' equity as of December 31, 2023 and 2022 was 56.41% and 53.48% of total assets, respectively.

Note 6. Long-Term Debt

All assets, except vehicles, are pledged as collateral on the long-term debt to CFC under its mortgage agreement. The long-term debt is due in quarterly installments of varying amounts through 2048. Nolin received a $25,000,000 loan from CFC in 2019, of which no funds were advanced as of December 31, 2023 and 2022. These funds will be used for future plant additions.

Note 6. Long-Term Debt (Continued)

Long-term debt consists of the following as of December 31:

| | 2023 | 2022 |
|---|---|---|
| First mortgage notes due CFC: | | |
| 7.25% variable rate notes | $ 7,137,989 | $ 7,185,953 |
| 3.70% to 4.30% fixed rate notes | 29,924,837 | 31,899,217 |
| 7.25% variable rate notes for local government programs | 17,596,635 | 21,150,859 |
| | 54,659,461 | 60,236,029 |
| Less current portion | (2,956,628) | (2,929,749) |
| | $ 51,702,833 | $ 57,306,280 |

As of December 31, 2023, the annual principal portion of long-term debt outstanding for the next five years and thereafter are as follows:

| | |
|---|---|
| 2024 | $ 2,956,628 |
| 2025 | 3,104,459 |
| 2026 | 3,259,682 |
| 2027 | 3,422,666 |
| 2028 | 3,593,800 |
| Thereafter | 38,322,226 |
| | $ 54,659,461 |

Note 7. Short-Term Notes Payable

As of December 31, 2023 and 2022, Nolin had a short-term line of credit of $7,000,000 available from CFC with variable interest rates of 7.25% and 5.75%, respectively. There were no advances against the line of credit as of December 31, 2023 and 2022. The line of credit renews on a regular basis throughout the term of the long-term debt (See Note 6).

Note 8. Pension Plans

All eligible employees of Nolin participate in the NRECA Retirement and Security Plan (RS Plan), 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 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.

Note 8. Pension Plans (Continued)

Nolin's contributions to the RS Plan in 2023 and 2022 represent less than 5.00% of the total contributions made to the plan by all participating employers. Nolin made contributions to the plan for eligible employees of $1,897,884 in 2023 and $1,760,746 in 2022. There have been no significant changes that affect the comparability of 2023 and 2022. Nolin employees hired prior to January 1, 2021 can also participate in the NRECA 401(k) plan. Employer contributions to the 401(k) plan for these employees totaled $137,025 and $136,321 for 2023 and 2022, respectively. Nolin employees hired on or after January 1, 2021, can only participate in the NRECA 401(k) plan. Employer contributions to the 401(k) plan for these employees totaled $20,067 and $43,362 for 2023 and 2022, respectively. Wide Open employees are also eligible to participate in the NRECA 401(k) plan. Employer contributions totaled $13,698 and $22,885 for 2023 and 2022, respectively.

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 RS Plan was over 80.00% funded at January 1, 2023 and 2022 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.

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 (a defined benefit multiemployer pension plan) to make a prepayment and reduce future required contributions. The prepayment amount is a cooperative share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's 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 that expected, plan assumptions changes, and other factors may have an impact on the differential in billing rates and the 15-year period.

Two prepayment options were available to participating cooperatives:

1. Use current assets to make the prepayment over a period of not more than 4 years, or,
2. Borrow funds sufficient to make the prepayment in a lump sum, with the prepayment of the borrowed amount determined by the loan's amortization schedule.

Note 8. Pension Plans (Continued)

On February 14, 2013, RUS issued a memorandum to all of its borrowers regarding the proper accounting treatment of the RS Plan prepayment. RUS stipulated that the prepayment shall be recorded as a long-term prepayment in Account 186, Miscellaneous Deferred Debits. This prepaid expense shall be amortized to Account 926, Employee Pensions and Benefits, over a ten-year period. Alternatively, RUS borrowers may calculate the amortization period by subtracting the cooperative's average age of its workforce as provided by NRECA from the cooperative's normal retirement age under the RS Plan, up to a maximum period of 20 years. If the entity choses to finance the prepayment, interest expense associated with the loan shall be recorded in the year incurred as is required under the RUS Uniform System of Accounts (USoA). During February 2013, Nolin made a prepayment of $3,681,860 to the RS Plan. Nolin was amortizing this amount over 10 years and fully amortized the prepayment during the year ended December 31, 2023.

Note 9. Postretirement Benefits

Nolin sponsors a defined benefit plan that provides medical insurance coverage to retired employees and dependents. Participating retirees and dependents contribute 10.00% of the cost of coverage. For measurement purposes, an annual rate of increase of 4.00% in 2023 in the per capita cost of covered health care benefit was assumed. The discount rate used in determining the accumulated postretirement benefit obligation was 4.50%. There have been no significant changes that affect the comparability of 2023 and 2022.

The funded status of the plan was as follows as of December 31:

| | 2023 | 2022 |
|---|---|---|
| Projected benefit obligation | $ (6,843,154) | $ (6,814,199) |
| Plan assets at fair value | - - | - - |
| Funded status (deficit) | $ (6,843,154) | $ (6,814,199) |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Postretirement Benefits (Continued)

The components of net periodic postretirement benefit costs are as follows:

| | 2023 | 2022 |
|---|---|---|
| Benefit obligation - beginning of period | $ 6,814,199 | $ 6,799,732 |
| Net periodic benefit cost: | | |
| Service cost | 71,820 | 72,580 |
| Interest cost | 239,004 | 238,244 |
| Net period cost | 310,824 | 310,824 |
| Benefit payments to participants | (281,869) | (296,357) |
| Benefit obligation - end of period | $ 6,843,154 | $ 6,814,199 |
| Amounts recognized in the consolidated balance sheets consist of: | | |
| Accumulated postretirement benefits | $ 6,843,154 | $ 6,814,199 |
| Amounts included in other comprehensive income: | | |
| Amortization of actuarial loss | $ 162,036 | $ 162,036 |
| Effect of 1% increase in the health care trend: | | |
| Postemployment benefit obligation | $ 7,185,000 | |
| Net periodic benefit cost | $ 326,000 | |

Projected retiree benefit payments for the next five years are expected to be as follows: 2024 - $214,600; 2025 - $226,400; 2026 - $238,800; 2027 - $251,900; 2028 - $265,700.

Note 10. Commitments

Nolin has various other agreements outstanding with local contractors. Under these agreements, the contractors will perform certain construction and maintenance work at specified hourly rates or unit cost, or on an as needed basis. The duration of these contracts are one to three years.

Note 11. Related Party Transactions

Several of the Directors of Nolin, its President and General Manager, and another employee are on the Boards of Directors of various associated organizations.

Note 12. Contingencies

Nolin, from time to time, may be involved in litigation arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, based upon advice of counsel, believes that the final outcome will not have a material adverse effect on the consolidated financial statements.

JNM

*Jones, Nale & Mattingly PLC*

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Nolin Rural Electric Cooperative Corporation and Subsidiary
Elizabethtown, Kentucky

We have audited the consolidated financial statements of Nolin Rural Electric Cooperative Corporation and Subsidiary as of and for the years ended December 31, 2023 and 2022, and our report thereon dated April 8, 2024, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information shown on pages 20 and 21 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
April 8, 2024



Certified Public Accountants and Advisors

401 West Main Street, Suite 1100 Louisville, Kentucky 40202 tel: 502.583.0248 fax: 502.589.1680 www.jnmcpa.com

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**

**CONSOLIDATING BALANCE SHEET**
**December 31, 2023**

| ASSETS | Nolin | Wide Open | Eliminations | Consolidated |
|---|---|---|---|---|
| Utility Plant, at original cost | | | | |
| In service | $ 142,700,346 | $ 3,524,178 | $ - - | $ 146,224,524 |
| Under construction | 1,641,117 | - - | - - | 1,641,117 |
| | 144,341,463 | 3,524,178 | - - | 147,865,641 |
| Less accumulated depreciation | 65,930,121 | 371,298 | - - | 66,301,419 |
| | 78,411,342 | 3,152,880 | - - | 81,564,222 |
| Investments | | | | |
| Associated organizations | 53,946,459 | - - | - - | 53,946,459 |
| Investment in subsidiary | 3,481,400 | - - | (3,481,400) | - - |
| Total investments | 57,427,859 | - - | (3,481,400) | 53,946,459 |
| Current Assets | | | | |
| Cash and cash equivalents | 12,540,561 | 90,235 | - - | 12,630,796 |
| Accounts receivable, less allowance for credit losses of $1,659,888 | 10,139,576 | 223,658 | (198,326) | 10,164,908 |
| Accounts receivable, other | 6,441,967 | - - | - - | 6,441,967 |
| Materials and supplies, at average cost | 1,918,465 | - - | - - | 1,918,465 |
| Other current assets | 47,429 | 20,977 | - - | 68,406 |
| Total current assets | 31,087,998 | 334,870 | (198,326) | 31,224,542 |
| Non-Current Assets | | | | |
| Long-term portion of other receivables | 2,654,820 | - - | - - | 2,654,820 |
| Total assets | $ 169,582,019 | $ 3,487,750 | $ (3,679,726) | $ 169,390,043 |
| Members' Equities and Liabilities | | | | |
| Members' Equities | | | | |
| Capital investment | $ - - | $ 3,481,400 | $ (3,481,400) | $ - - |
| Memberships | 250,980 | - - | - - | 250,980 |
| Patronage capital | 89,122,261 | - - | - - | 89,122,261 |
| Other equities | 7,398,474 | - - | - - | 7,398,474 |
| Accumulated other comprehensive loss | (1,226,266) | - - | - - | (1,226,266) |
| Total members's equities | 95,545,449 | 3,481,400 | (3,481,400) | 95,545,449 |
| Long-Term Liabilities | | | | |
| Long-term debt, less current portion | 51,702,833 | - - | - - | 51,702,833 |
| Accumulated postretirement benefits | 6,843,154 | - - | - - | 6,843,154 |
| Total long-term liabilities | 58,545,987 | - - | - - | 58,545,987 |
| Current Liabilities | | | | |
| Current portion of long-term debt | 2,956,628 | - - | - - | 2,956,628 |
| Accounts payable | 7,667,819 | 6,350 | (198,326) | 7,475,843 |
| Consumer deposits | 2,335,570 | - - | - - | 2,335,570 |
| Accrued expenses | 2,160,461 | - - | - - | 2,160,461 |
| Total current liabilities | 15,120,478 | 6,350 | (198,326) | 14,928,502 |
| Consumer Advances | 370,105 | - - | - - | 370,105 |
| Total members' equities and liabilities | $ 169,582,019 | $ 3,487,750 | $ (3,679,726) | $ 169,390,043 |

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**

**CONSOLIDATING STATEMENTS OF REVENUE AND COMPREHENSIVE INCOME**
**Year Ended December 31, 2023**

| | Nolin | Wide Open | Eliminations | Consolidated |
|---|---|---|---|---|
| Operating Revenues | | | | |
| Sales of electric energy | $ 81,074,792 | $ - - | $ - - | $ 81,074,792 |
| Other operating revenues | 4,294,357 | 2,668,624 | (2,271,168) | 4,691,813 |
| | 85,369,149 | 2,668,624 | (2,271,168) | 85,766,605 |
| Operating Expenses | | | | |
| Cost of power | 59,298,279 | - - | - - | 59,298,279 |
| Distribution - operations | 4,220,206 | 261,348 | (35,005) | 4,446,549 |
| Distribution - maintenance | 5,784,702 | 1,943,438 | (2,117,371) | 5,610,769 |
| Consumer accounts | 2,707,285 | 447 | - - | 2,707,732 |
| Customer services | 468,518 | 29,646 | - - | 498,164 |
| Administrative and general | 3,670,809 | 337,351 | (118,792) | 3,889,368 |
| Depreciation, excluding $320,759 charged to clearing accounts | 4,975,593 | 94,044 | - - | 5,069,637 |
| Interest on long-term debt | 3,093,406 | - - | - - | 3,093,406 |
| Other interest charges | 98,074 | - - | - - | 98,074 |
| Other deductions | 555,448 | 2,350 | - - | 557,798 |
| Total operating expenses | 84,872,320 | 2,668,624 | (2,271,168) | 85,269,776 |
| Operating Margins | 496,829 | - - | - - | 496,829 |
| Nonoperating Margins and Capital Credits | | | | |
| Interest income | 1,440,511 | - - | - - | 1,440,511 |
| Gain on sale of equipment | 10,500 | - - | - - | 10,500 |
| Other non-operating margins | 5,980 | - - | - - | 5,980 |
| Generation and transmission capital credits | 1,070,621 | - - | - - | 1,070,621 |
| Other capital credits | 585,162 | - - | - - | 585,162 |
| | 3,112,774 | - - | - - | 3,112,774 |
| Net Margins | 3,609,603 | - - | - - | 3,609,603 |
| Other Comprehensive Income | | | | |
| Postretirement benefits | 162,036 | - - | - - | 162,036 |
| Net Margins and Comprehensive Income | $ 3,771,639 | $ - - | $ - - | $ 3,771,639 |