

★ Illinois Electric Cooperative ★ Annual Meeting 2022

Treasurer's Report

I'm pleased to report that your cooperative enjoyed another year of relatively strong financial results. Strong financials are essential to our being able to finance the rebuilding of the electric system as parts of it reach the end of their useful life. Continuous rebuilding of the system is required to provide you with the safe and reliable service you expect and deserve. We are proactive in rebuilding the system, which is more cost-effective than waiting until parts fail. It leads to better service, and helps maintain a solid financial position.

Net operating margins for 2021, excluding non-cash capital credits, were about \$3.2-million, which was virtually the same as the previous year. Of those margins, the cooperative retired roughly \$1-million of capital credits for current and former members. Our lenders, primarily the United States Department of Agriculture and CoBank, require certain margins and financial ratios. Lower margins would put us at risk of losing access to the capital necessary to fund ongoing construction projects that are needed to provide reliable electric and internet service to all the families we serve.

In 2021, total utility plant increased by \$5-million. During the same period, long-term debt decreased by \$1.6-million. This is the product of paying down debt, while funding more construction using cash from operations. Interest expense has fallen by more than \$200,000 from the previous year, the result of today's low interest rate environment, and actively managing our debt portfolio. We are one of only two electric cooperatives in the state that continues to borrow from the federal government. By doing so, we get the lowest possible rates. Our blended rate is only 2.2%.

There will always be the need to invest in the electric system to provide safe and reliable power. It isn't easy to do so without increasing the price you pay. We have seen virtually no growth in residential consumers, and, therefore, no related growth in revenue. The investments made in the electric system also yield no additional revenue. This is why modest rate increases can be expected. We have been successful in keeping past increases relatively small compared to the rate of inflation, and believe we can continue that trend. I can assure you we will make every effort to manage costs, and keep future increases to a minimum.

In summary, your cooperative is in relatively strong financial shape. Margins are strong, and we meet all financial ratios required by our lenders. We will continue to invest in the system, to the degree necessary, to provide reliable service while managing costs to the best of our ability.

We look forward to seeing you at the Annual Meeting, and answering any questions you may have.

*Jim Freeman,
Treasurer*

Join us for our 2022 Annual Meeting on Saturday, June 11th at the Winchester Grade School! We'll be giving four \$500 and twenty \$100 door prizes. You could also win one of eleven \$500 prizes for your favorite charity. Each member will receive a \$15 credit at our drive-through registration from 8:00-10:00 a.m.

Working to improve the quality of life in the communities we serve since 1936.

www.e-co-op.com

Audited, Condensed Balance Sheets, December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Utility Plant	\$125,040,575	\$120,417,058
Less Accumulated Depreciation	<u>(21,866,431)</u>	<u>(21,611,288)</u>
Net Utility Plant	103,174,144	98,805,770
Other Investments	<u>24,977,369</u>	<u>21,975,063</u>
Current Assets		
Cash and Cash Equivalents	2,889,413	4,152,940
Accounts and Notes Receivable	4,416,517	4,216,143
Current Portion of Notes Receivable	336,706	345,785
Inventory	2,190,423	997,665
Other	<u>318,737</u>	<u>295,509</u>
Total Current	10,151,796	10,008,042
Deferred Debits	<u>320,743</u>	<u>492,884</u>
Total Assets	<u><u>\$138,624,052</u></u>	<u><u>\$131,281,759</u></u>
Liabilities and Equities		
Patronage Capital	\$29,303,430	\$26,982,919
Other	<u>21,492,553</u>	<u>19,133,430</u>
Total Equities	50,795,983	46,116,349
Long-term Debt, Net of Current Maturities	70,969,267	72,543,620
Accumulated Provision for Post Retirement Benefit Obligation	3,433,651	3,194,318
Current Liabilities		
Current Maturities of Long-term Debt	4,384,255	3,978,000
Notes and Accounts Payable	7,776,483	4,075,886
Other	<u>1,082,634</u>	<u>1,200,205</u>
Total Current Liabilities	13,243,372	9,254,091
Deferred Credits	<u>181,779</u>	<u>173,381</u>
Total Equities and Liabilities	<u><u>138,624,052</u></u>	<u><u>131,281,759</u></u>

Audited, Consolidated Statement of Operations, Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Total	36,458,291	34,475,123
Cost of Power	16,798,391	16,034,817
Operations and Maintenance	6,466,753	6,055,329
Consumer Accounts	622,934	518,903
Administrative and General	2,889,634	2,574,780
Depreciation	4,658,321	4,062,037
Other Interest	<u>99,010</u>	<u>53,368</u>
Total Operating Expenses	<u>31,535,043</u>	<u>29,299,234</u>
Operating Margin Before Fixed Charges	4,923,248	5,175,889
Interest on Long-Term Debt	<u>1,739,490</u>	<u>1,948,277</u>
Operating Margins After Fixed Charges	3,183,758	3,227,612
Capital Credits	<u>1,144,953</u>	<u>1,101,419</u>
Net Operating Margins	4,328,711	4,329,031
Non-Operating Margins	<u>1,230,876</u>	<u>152,520</u>
Total Margins	<u><u>\$5,559,587</u></u>	<u><u>\$4,481,551</u></u>



Apprentice Lineman Kaiden Davis, Line Foreman Brad Kemper, and Journeyman Lineman Josh Davis working on an underground line near Barry.

Proxy

I, _____, a member of Illinois Electric
(please print)
Cooperative, do hereby appoint _____ to be my Proxy
(please print)
for all matters to come before the membership at the Annual Meeting of
Members to be held June 11, 2022.

Signature

Date

This institution is an equal opportunity provider and employer.