



## 2020 Annual Report Virtual Annual Meeting September 24 - 9:00 am

Connect with us at the virtual annual meeting on September 24th. You can participate online via Zoom or by phone.

**BY ZOOM:** Go to [www.linncountyrec.com](http://www.linncountyrec.com) annual meeting page. Use the Join Zoom Meeting link and enter Meeting ID: 875 5170 4693 and Passcode: 212851. The virtual meeting room will open at 8:45 a.m. and the business meeting begins at 9:00 a.m. The meeting will be recorded and available on our YouTube channel.

**BY PHONE:** Join by phone at 1-312-626-6799, Meeting ID: 875 5170 4693 Passcode: 212851.

### Annual Meeting Agenda

**8:45 am** Log in available To Virtual Annual Meeting Room

**9:00 am** Business Meeting Begins

- Report of Nominating Committee
- Reading of Official Notice and Last Year's Minutes
- President & CEO's report
- Election returns

### Vote Online or By Mail

This year members will be voting on a change to our articles of incorporation in addition to electing two board members. The proposed change is to Article IX; Directors; Section 3. The board has recommended a wording change in order to clarify board eligibility. The proposed amendment will be placed on this year's ballot. **Please note that a member voting for directors, but not voting on the Article change, counts as a NO vote for the Article change.** View the proposed article change on our website.

Survey and Ballot Systems (SBS) will administer our voting and ballot validation process. All members may cast a vote regardless of the district they reside in. Members who vote online or by mail will be entered into a drawing for a bill credit. Learn more about our voting options below:



#### SMARTHUB

Simply log in to your account and click the "vote now" button. Online voting is available from August 27th at 8:00 am through September 22nd. Don't have a SmartHub account? Create an account at [www.linncountyrec.com/manage-my-account/smarthub-resources](http://www.linncountyrec.com/manage-my-account/smarthub-resources).



#### ONLINE

Vote online via the official 2021 Linn County REC Election website. Log in to [directvote.net/LCRECIA](http://directvote.net/LCRECIA). In the top left corner are your member number and election passcode to log in. Online voting is available from Aug. 27th at 8:00 am through Sept. 22nd at midnight.



#### MAIL BALLOT

Survey & Ballot Systems mailed out ballots August 27th. Mail completed ballots back to SBS in the postage paid return envelope provided. Mail ballots must be received by SBS no later than September 22nd in order to be valid.

## Official Notice Of Annual Meeting

The annual meeting of the members of Linn County Rural Electric Cooperative Association, will be held virtually on Friday, Sept. 24, 2021, at 9:00 am. The Board of Directors voted to hold the meeting virtually for the safety of our members and staff. The virtual meeting room will open at 8:45 a.m. the day of the meeting. Use the meeting invite link and credentials to access the meeting at [www.linncountyrec.com](http://www.linncountyrec.com). The purpose of this meeting is to take action on the following matters:

- 1.) As noted in the agenda.
- 2.) The election of two directors of the Cooperative and proposed change to the articles of incorporation. The bylaws provide that you may vote electronically or by mail. Mail ballots will be sent to you under separate cover. Online voting is available through SmartHub or [www.directvote.net/LCRECIA](http://www.directvote.net/LCRECIA) from Aug. 27 - Sept. 22.
- 3.) All other business which may come before the meeting or any adjournment or adjournments. In connection with the election of the two directors scheduled for this meeting, the following members have been nominated for directors by a Committee of Nominations appointed by the Board of Directors of the Cooperative pursuant to the bylaws:

Name	Township	District
Jeanna Sager	Hiawatha	4
Joyce Pealer	Jefferson	6
Gary Schropp	Jefferson	6

There were no nominations by petition.  
Dated September 1, 2021

*Roger Krug*

Roger Krug, Assistant Secretary

# A Message To Our Members

As we finish this article for the newsletter, the date is August 10th. A date that most of us will not forget anytime soon. For the Cooperative August 10, 2020 was the largest disaster experienced in its 83 year history. The Cooperative, along with our power supplier, experienced over 1.7 million consumer hours of outage. We would like to again express our appreciation to the members who contributed food, money and other resources as we fought to restore service to our membership. We would further like to thank all of the Cooperative's from Iowa, Minnesota and Missouri that assisted in the restoration process.

The cooperative model was definitely a positive during the aftermath of the derecho. We were able to request and receive outside resources quickly to get in personnel, supplies and equipment.

It may not come as a surprise but even in a normal year our two biggest items causing outages are trees and wind. We have resources committed to tree trimming and try to cycle through the system every 5 to 7 years to keep trees trimmed and out of our lines. The derecho has shown that we need to be even more aggressive and trim back further especially as many trees planted are of a softer variety and grow quickly. Linn County REC, along with other cooperatives throughout the state, tried to obtain vegetation management legislation that better defined how far we



**Terry Sullivan**  
General Manager/CEO



**Ron O'Neil**  
President

could trim back trees and under growth; however, we were unsuccessful in getting legislation passed even after the derecho. We ask our members to assist the Cooperative by allowing us to trim problem areas back further - not only for the power to your home but for others down the line.

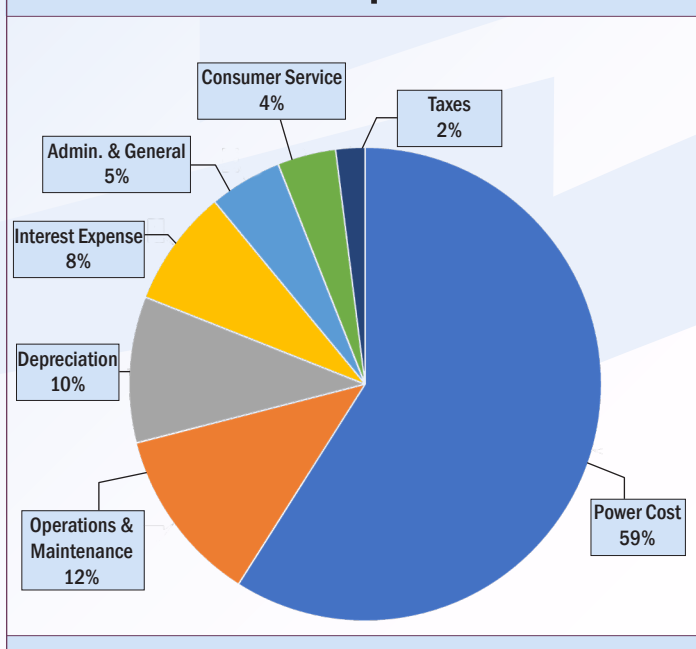
Operating revenue for 2020 was \$53.9 million or 4% higher than 2019. Power costs were \$30.4 million or 1% lower than 2019. Increases in line maintenance, depreciation expense and pandemic expenses offset some of the lower power costs. Operating margin after fixed charges improved to \$2.4 million in 2020 versus \$1.6 million in 2019. Operating margins were adequate to meet our lender requirements. Our net margin improved overall due to better Cooperative operating margins and with increased patronage allocated from Central Iowa Power Cooperative (CIPCO), our power supplier.

Due to the increased margins, the board of directors elected to return \$250,000 in capital credits to members. Capital credits were returned to members who received service in 2020. Those who are current members will see a credit on their bill in September.

We installed 749 new services in 2020, down slightly from 776 a year ago. Total Linn County REC services at the end of 2020 were 30,789. The Cooperative continues to invest in the system to address development, new services and maintaining reliability. In 2020, 95% of the Cooperative's capital expenditures were for line construction, new services and substation enhancements. The remainder was spent on truck equipment and computer equipment. Total capital expenditures in 2020 were \$10 million.

These investments will position us to continue providing safe, reliable and affordable power to our members now and into the future.

## 2020 Expenses



LINN COUNTY RURAL ELECTRIC COOPERATIVE

# Meet The Candidates

Districts 4 and 6 are up for election this year. All members may cast a vote regardless of the district you reside in. **Due to space limitations, full candidate biographies are available at [www.linncountyrec.com](http://www.linncountyrec.com).**

## District 4: Jeanna Sager

**Occupation:** Retired Supervisor of Radiology, Mercy Hospital



- Retired Head of Radiology, PCI Urology
- Co-owner Golden Hammer Collision

### **What strengths would you bring to our board if re-elected?**

“My strengths include being honest, fair and committed to representing the members of the cooperative. Before making decisions on the agenda of board meetings, I always study how it may affect the members and the cooperative. The final decision must be the best for the majority involved.

I have lived in Linn or Johnson Counties all my life. This helps me understand many local concerns and how they may affect members and the cooperative.

I am Secretary of the board of directors. I have completed numerous classes and seminars offered at our state association (IAEC) and national association (NRECA). I have learned from experts in the business, networked with other directors, and represented our cooperative as a delegate. These have increased my knowledge of the many segments that relate to the energy business. I have completed my Credentialed Cooperative Director Certificate and my Board Leadership Certificate.”

## District 6: Joyce Pealer

**Occupation:** District Sales Manager, Sumitomo Drive Technologies



### **What strengths would you bring to our board if elected?**

“One of my greatest strengths is communication. I am a firm believer that all obstacles, problems, issues, can be resolved with proper communication. I believe in honesty and making every situation a positive one, no matter how difficult it is. I believe in tackling problems head on, and being up front and transparent about it. I make educated decisions, not based on what is best for me, but what is best for who I am representing or servicing.

I also feel my background in the electrical utility industry for the past 7 years with RESCO will give me a very solid foundation right from the start to know and understand all that the board will be discussing, planning, and working thru. I have a positive relationship with many on the current board, CEO, and staff at Linn County due to my past workings with them and feel I can bring a lot of positive energy, new ideas, and a solid understanding of all the projects that the co-op is working on, as I am very familiar with the systems, products, and terms that go along with such projects.”

## District 6: Gary Schropp

**Occupation:** Retired

Part-time home delivery milkman, Dan and Debbie's Creamery



### **What strengths would you bring to our board if re-elected?**

“The strengths I bring to the board are;

- 1) Continually participating in education of electric utility issues and leadership skill training through NRECA (National Rural Electric Cooperative Association);
- 2) Previous utility work experience;
- 3) Commitment to serve our cooperative members and the community; and,
- 4) Listening to all the information and then applying good decision making skills.”



## Assets & Liabilities

Linn County Rural Electric Cooperative Association and Subsidiary,  
Marion, IA Consolidated Balance Sheets, December 31, 2020 and 2019.

ASSETS	2020	2019
<b>UTILITY PLANT</b>		
Electrical Plant in Service	\$166,833,228	\$158,169,310
Construction Work in Progress	<u>7,660,532</u>	<u>6,357,402</u>
Total	174,493,760	164,526,712
Less Accumulated Provision for Depreciation	<u>(43,518,779)</u>	<u>(39,843,718)</u>
Net Utility Plant	130,974,981	124,682,994
<b>INVESTMENTS</b>		
Investments in Assoc. Organizations	33,993,471	33,036,425
Non-Utility Property	1,352,955	1,423,230
Other Investments	<u>817,742</u>	<u>820,552</u>
Total Investments	36,164,168	35,280,207
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	3,711,211	1,591,280
Accounts Receivable, Net	5,436,913	6,723,661
Materials and Supplies Inventory	3,477,286	3,688,914
Prepaid Expenses	315,533	245,037
Other Current and Accrued Assets	<u>50,003</u>	<u>48,604</u>
Total Current Assets	<u>12,990,946</u>	<u>12,297,496</u>
Total Assets	<u>\$180,130,095</u>	<u>\$172,260,697</u>
<b>EQUITIES AND LIABILITIES</b>		
<b>EQUITIES</b>		
Patronage Capital	\$9,909,010	\$8,958,815
Other Equities	<u>60,544,497</u>	<u>55,543,307</u>
Total Equities	70,453,507	64,502,122
<b>LONG-TERM DEBT (LESS CURRENT MATURITIES)</b>	99,081,704	97,738,076
<b>ACCUMULATED PROVISIONS FOR PENSIONS AND BENEFITS</b>	222,746	194,188
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	4,164,000	3,855,000
Accounts Payable	3,046,987	2,598,745
Consumer Deposits	172,635	150,290
Other Current and Accrued Liabilities	1,594,540	1,540,051
Current Portion of Deferred Credits	<u>38,000</u>	<u>38,000</u>
Total Current Liabilities	9,016,162	8,182,086
<b>DEFERRED CREDITS (LESS CURRENT PORTION)</b>	<u>1,355,976</u>	<u>1,644,225</u>
Total Equities and Liabilities	<u>\$180,130,095</u>	<u>\$172,260,697</u>

## Consolidated Statements of Revenue & Expenses

Linn County Rural Electric Cooperative Association and Subsidiary,  
Marion, IA Consolidated Statements of Operations and Patronage  
Capital for the years ended, December 31, 2020 and 2019.

	2020	2019
<b>OPERATING REVENUES</b>	\$53,898,110	\$51,615,579
<b>OPERATING EXPENSES</b>		
Cost of Power	30,392,007	30,673,467
Distribution Expense - Operations	4,135,754	3,877,624
Distribution Expense - Maintenance	1,942,763	1,722,028
Consumer Account Expense	1,312,151	1,384,290
Sales Expense	681,340	407,418
Administrative and General Expense	2,849,283	2,666,876
Depreciation Expense	4,893,181	4,201,468
Taxes	893,151	862,111
Other Deductions	<u>5,037</u>	<u>6,546</u>
Total Operating Expenses	<u>47,104,667</u>	<u>45,801,828</u>
<b>OPERATING MARGINS BEFORE FIXED CHARGES</b>	6,793,443	5,813,751
<b>INTEREST EXPENSE</b>		
Long-Term Debt	4,327,869	4,228,325
Other	<u>16,577</u>	<u>24,363</u>
Total Interest Expense	<u>4,344,446</u>	<u>4,252,688</u>
<b>OPERATING MARGINS AFTER FIXED CHARGES</b>	2,448,997	1,561,063
<b>GENERATION AND TRANSMISSION AND OTHER CAPITAL CREDITS</b>	<u>3,109,064</u>	<u>2,736,464</u>
<b>NET OPERATING MARGINS</b>	5,558,061	4,297,527
<b>NON-OPERATING MARGINS</b>		
Interest Income	228,842	233,426
Other Non-Operating Margins	(33,918)	80,078
Gain (Loss) from Equity Investments	<u>1,244</u>	<u>(676)</u>
Total Non-Operating Margins	<u>196,168</u>	<u>312,828</u>
<b>NET MARGINS</b>	\$5,754,229	\$4,610,355



LINN COUNTY RURAL ELECTRIC COOPERATIVE

WWW.LINNCOUNTYREC.COM

*ElectricCONNECTION*, the official publication of Linn County Rural Electric Cooperative,

is published monthly for members of Linn County Rural Electric Cooperative,  
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