



2021 Annual Report Virtual Annual Meeting September 27 - 9:00 am

Connect with us at the virtual annual meeting on September 27th. You can participate online via Zoom or by phone.

BY ZOOM: Go to www.linncountyrec.com annual meeting page. Use the Join Zoom Meeting link and enter Meeting ID: 889 3480 2561 and Passcode: 880796. 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: 889 3480 2561 Passcode: 880796.

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 to elect two board members.

Survey and Ballot Systems (SBS) 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

Vote online through SmartHub! Simply log in to your account and click the "vote now" button. Online voting is available from August 24th at 8:00 am through September 23rd. Don't have a SmartHub account? Create an account at www.linncountyrec.com.



ONLINE

Vote online via the official 2022 Linn County REC Election website. Log in to directvote.net/LCRECIA. In the top left corner are your member number and election passcode. Use both of these to log in. Online voting is available from August 24th at 8:00 am through September 23rd at midnight.



MAIL BALLOT

Survey & Ballot Systems mailed ballots August 24th. Mail completed ballots back to SBS in the postage paid return envelope provided. Mail ballots must be received by SBS no later than September 23rd 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 Tuesday, Sept. 27, 2022, at 9:00 am. 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. 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. 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 from Aug. 24 - Sept. 23.
- 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
Kenneth Squires	Otter Creek	1
Wesley Nelson	Maine	1
Lisa Rose	Linn	5

There were no nominations by petition.
Dated September 1, 2022


Lisa Rose, Secretary

2021 YEAR IN REVIEW

A Message To Our Members



Terry Sullivan
General Manager/CEO



Ron O'Neil
President

2021 was a good year as we put Derecho and 2020 in the past. Strong summer sales in 2021 were the leading factor resulting in overall Operating Revenue of \$57.1 million versus \$53.9 million in 2020. General expenses were higher in 2021, primarily in operations, maintenance, and depreciation. In addition, the Cooperative stepped up its investment in tree trimming and maintenance throughout the system. Even after some higher expenses, Operating Margin after Fixed Charges was \$3.5 million for 2021 compared to \$2.4 million in 2020. Net Margin was slightly higher in 2021 over 2020 as the Cooperative received less allocation of patronage from its power supplier, Central Iowa Power Cooperative.

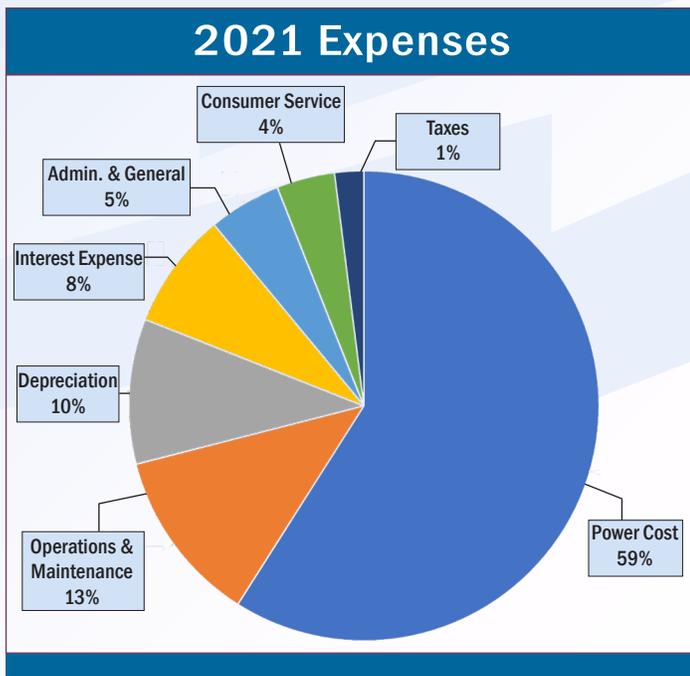
Reliability results for 2021 improved over 2020 at 1.4 hours per member. The most significant cause of outages is due to wind, trees, and lightning. The system has approximately

1,200 miles of overhead line, and it takes several years to accomplish tree trimming through the entire system. We appreciate your assistance and patience as Asplundh (our tree trimming contractor) is working its way through the system.

New services grew quite a bit in 2021, with 1,167 services installed versus 749 in 2020. In addition, the system added quite a few multi-plex units in the North Liberty, Coralville, and Tiffin area. Total services at the end of 2021 stand at 32,323. Total capital spending in 2021 was \$8.8 million, with 96% of the expenditures going to line construction, new services, and substation upgrades.

While 2021 was a good year, 2022 is proving to be more challenging. The Cooperative has experienced cost increases in most areas (fuel, supplies, equipment, services, interest rates). Many of you may have noticed or will start to see an increase in your electric bill. Our power provider is experiencing the impacts of higher natural gas and power prices, and this is working its way through to you in the form of our Energy Adjustment Clause. The overall increase to a residential consumer so far in 2022 is \$0.006 a kilowatt or 5.6 percent more than our base kilowatt hour charge. For a typical household, this equates to \$6 more a month. The storage of natural gas in the U.S. is well below 5-year averages. Record heat across the U.S. is driving even more natural gas usage for power and strong demand for U.S. natural gas overseas. Supply chain issues have further impacted the Cooperative's ability to replace aging infrastructure and have led to restrictions on the number of new services we can install.

Due to rising costs and our power provider changing how they charge us for power, the Cooperative is currently working with a consulting firm on a rate study. The results are not fully known at this time but are expected late this year.



Meet The Candidates

Districts 1 and 5 are up for election this year. All members may cast a vote regardless of the district you reside in.



Kenneth Squires
District 1



Wesley Nelson
District 1



Lisa Rose
District 5

District 1: Kenneth Squires

Occupation: Farmer; I have farmed for over 50 years and for the last 30 years, I have operated as a family farm corporation that operates over 2000 acres with my son/grandson.

What strengths would you bring to our board if re-elected? “As a credentialed cooperative director, I continue to stay updated on changing environmental issues and on changes that affect the cooperative. I am conservative, dependable, am open to listen and address issues. My core ethical values are honesty, responsibility, fairness, respect and compassion.”

Short term/Long term goals: “I want to stay updated and educated on the changes affecting the distribution of electricity. First, I want to keep Linn County REC progressive and a leader in technology. I also want to continue to keep Linn County REC a leader in environmental changes and green issues. Finally, I want to continue keeping our members first, which includes paying capital credits and providing reliable power.”

What do you feel is the biggest issue facing the co-op today? “As a not-for-profit cooperative, we need to be able to continue providing the most reliable service at an affordable price. In our economy right now, added regulations continue to increase our costs. As a co-op, we wish to keep affordable rates for our customers. With Duane Arnold closed, it will provide new opportunities for reasonable power from more renewables.”

District 1: Wesley Nelson

Occupation: Retired, Finance Director/City Clerk - City of Marion

What strengths would you bring to our board if elected? “I bring a strong finance strength to the Board and the REC. Not only being a CPA/CMC (Certified Public Accountant/Certified Municipal Clerk) and running all aspects of the Marion Finance Department (including receipts, disbursements, investments, debt, TIF, etc.), but also during that time assisted Linn County REC with TIF (Tax Increment Financing) with the former Manager. Also, prior to my City of Marion employment, I was in Public Accounting for 11 years, performing audits on REC’s involving all aspects of the audit including inventory, reviewing debt, confirmations, staff and management discussions, internal control and drafting, delivering and presenting audit reports to the REC Board of Directors.”

Short term/Long term goals: “Of course I want to represent my District the best I possibly can but since the entire membership can elect me then I will represent all of the membership, doing my best to maintain a financially sound, resourceful and transparent organization that exists for the benefit of all its members.”

What do you feel is the biggest issue facing the co-op today? “Currently, there are several inflationary pressures facing the REC and its members and if elected, I would address these and all other issues with the assistance of the other Board members and staff.”

District 5: Lisa Rose (runs unopposed)

Occupation: Managing Associate, edCount, LLC

What strengths would you bring to our board if re-elected? “Large account management and expansion, client relationship management, new business development, consultative sales and marketing, motivational leadership and team management, creative and resourceful crisis management, revenue generation and profitability.”

Short term/Long term goals: “In an ever-changing industry it is important to stay abreast of the local, regional and national issues that are facing or could potentially face Linn County REC. My short-term goal is to continue to build on my knowledge and to stay abreast of electric cooperative issues by 1) attending National

Rural Electric Cooperative Association (NRECA) courses/ activities, 2) understanding local, state and national legislation and its potential impact to the REC and 3) interacting with board members of other electric cooperatives. I want to work alongside other board members and the Linn County REC leadership to represent member consumers on all issues that could potentially impact the cooperative (operations, legislative, community, financial, safety, renewable energy, reliability, etc.) and to ensure that we adhere to the guiding principles of the cooperative.”

What do you feel is the biggest issue facing the co-op today? “The big issues continue to be reliability and affordability and need to be at the forefront of all decisions that impact the co-op and its members.”

Assets & Liabilities

Linn County Rural Electric Cooperative Association and Subsidiary,
Marion, IA Consolidated Balance Sheets, December 31, 2021 and 2020.

ASSETS	2021	2020
UTILITY PLANT		
Electrical Plant in Service	\$174,071,732	\$166,833,228
Construction Work in Progress	<u>7,495,075</u>	<u>7,660,532</u>
Total	181,566,807	174,493,760
Less Accumulated Provision for Depreciation	<u>(46,928,019)</u>	<u>(43,518,779)</u>
Net Utility Plant	134,638,788	130,974,981
INVESTMENTS		
Investments in Assoc. Organizations	34,092,103	33,993,471
Non-Utility Property	1,273,933	1,352,955
Other Investments	<u>1,155,314</u>	<u>817,742</u>
Total Investments	36,521,350	36,164,168
CURRENT ASSETS		
Cash and Cash Equivalents	2,924,664	3,711,211
Accounts Receivable, Net	7,283,682	5,436,913
Materials and Supplies Inventory	4,356,159	3,477,286
Prepaid Expenses	152,051	315,533
Other Current and Accrued Assets	<u>49,650</u>	<u>50,003</u>
Total Current Assets	<u>14,766,206</u>	<u>12,990,946</u>
Total Assets	<u>\$185,926,344</u>	<u>\$180,130,095</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Patronage Capital	\$11,041,865	\$9,909,010
Other Equities	<u>65,325,317</u>	<u>60,544,497</u>
Total Equities	76,367,182	70,453,507
LONG-TERM DEBT (LESS CURRENT MATURITIES)	99,086,459	99,081,704
ACCUMULATED PROVISIONS FOR PENSIONS AND BENEFITS	247,327	222,746
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	4,259,000	4,164,000
Accounts Payable	2,713,186	3,046,987
Consumer Deposits	188,475	172,635
Other Current and Accrued Liabilities	1,572,528	1,594,540
Current Portion of Deferred Credits	-	38,000
Total Current Liabilities	<u>8,733,189</u>	<u>9,016,162</u>
DEFERRED CREDITS (LESS CURRENT PORTION)	<u>1,492,187</u>	<u>1,355,976</u>
Total Equities and Liabilities	<u>\$185,926,344</u>	<u>\$180,130,095</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, 2021 and 2020.

	2021	2020
OPERATING REVENUES	\$57,052,359	\$53,898,110
OPERATING EXPENSES		
Cost of Power	31,446,532	30,392,007
Distribution Expense - Operations	4,418,899	4,135,754
Distribution Expense - Maintenance	2,592,433	1,942,763
Consumer Account Expense	1,337,312	1,312,151
Sales Expense	704,695	681,340
Administrative and General Expense	2,843,326	2,849,283
Depreciation Expense	5,112,520	4,893,181
Taxes	882,821	893,151
Other Deductions	<u>10,032</u>	<u>5,037</u>
Total Operating Expenses	<u>49,348,570</u>	<u>47,104,667</u>
OPERATING MARGINS BEFORE FIXED CHARGES	7,710,789	6,793,443
INTEREST EXPENSE		
Long-Term Debt	4,156,811	4,327,869
Other	<u>8,660</u>	<u>16,577</u>
Total Interest Expense	<u>4,165,471</u>	<u>4,344,446</u>
OPERATING MARGINS AFTER FIXED CHARGES	3,545,318	2,448,977
GENERATION AND TRANSMISSION AND OTHER CAPITAL CREDITS	<u>2,170,907</u>	<u>3,109,064</u>
NET OPERATING MARGINS	5,716,225	5,558,061
NON-OPERATING MARGINS		
Interest Income	227,290	228,842
Other Non-Operating Margins	177,177	(33,918)
Gain (Loss) from Equity Investments	<u>16,427</u>	<u>1,244</u>
Total Non-Operating Margins	<u>420,894</u>	<u>196,168</u>
NET MARGINS	\$6,137,119	\$5,754,229



OFFICE CLOSED

Linn County REC offices will be closed September 29 for an employee in-service training day.

A bill payment kiosk is available 24 hours a day at our Marion office and North Liberty operations center.



LINN COUNTY RURAL ELECTRIC COOPERATIVE

WWW.LINNCOUNTYREC.COM

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