



MIDWEST ELECTRIC LOCAL PAGES

ANNUAL REPORT

2020 INDEPENDENT AUDITOR'S REPORT FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Balance Sheets

	2020	2019
ASSETS		
UTILITY PLANT		
Electric plant in service	\$ 62,499,059	\$ 60,410,898
Construction work in progress	1,229,013	1,075,239
	63,728,072	61,486,137
Less: Accumulated provision for depreciation and amortization	(20,665,720)	(19,231,160)
NET UTILITY PLANT	43,062,352	42,254,977
NONCURRENT ASSETS		
Investments in associated organizations	16,543,808	16,390,386
Notes receivable	602,729	614,814
Deferred charges	272,231	407,718
TOTAL NONCURRENT ASSETS	17,418,768	17,412,918
CURRENT ASSETS		
Cash and cash equivalents	5,798,419	737,823
Accounts receivable, net of provision for doubtful accounts of \$32,259 (\$37,441 for 2019)	2,424,502	2,286,621
Notes receivable	135,906	119,864
Materials and supplies	508,413	452,623
Other current assets	2,228,165	1,695,592
TOTAL CURRENT ASSETS	11,095,405	5,292,523
TOTAL ASSETS	\$ 71,576,525	\$ 64,960,418
LIABILITIES AND EQUITIES		
EQUITIES		
Patronage capital	\$34,276,944	\$34,036,333
Accumulated other comprehensive loss	(1,046,307)	(892,105)
Other equities	849,389	658,576
TOTAL EQUITIES	34,080,026	33,802,804
LONG-TERM LIABILITIES		
Mortgage and notes payable less current maturities	30,343,436	23,871,407
Provision for pensions and benefits	2,243,293	2,130,480
TOTAL LONG-TERM LIABILITIES	32,586,729	26,001,887
CURRENT LIABILITIES		
Line of credit	-	800,000
Current maturities of long-term debt	1,375,177	1,165,094
Accounts payable - purchased power	1,855,704	1,681,679
Accounts payable - other	194,544	71,658
Consumers' deposits	168,442	180,357
Accrued property taxes	855,942	833,907
Other current liabilities	459,961	423,032
TOTAL CURRENT LIABILITIES	4,909,770	5,155,727
TOTAL LIABILITIES AND EQUITIES	\$ 71,576,525	\$ 64,960,418

Statements of Cash Flow

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net margins	\$ 1,787,655	\$ 2,089,185
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	1,761,135	1,667,318
Noncash capital credits	(1,123,874)	(999,390)
Salvage and retirement adjustments for utility plant	(279,963)	(336,458)
Benefit plan expenses in excess of contributions (contributions in excess of expense)	(41,389)	207,412
Changes in assets and liabilities:		
Accounts and notes receivable	(141,838)	(95,049)
Materials and supplies	(55,790)	(41,408)
Other current assets	(532,573)	(545,081)
Deferred charges	135,487	126,671
Accounts payable and accrued expenses	343,960	(193,335)
Total adjustments	65,155	(209,320)
Net cash provided by operating activities	<u>1,852,810</u>	<u>1,879,865</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Construction and acquisition of utility plant	(2,567,571)	(3,350,209)
Proceeds from disposal of utility plant and aid to construction	279,024	336,458
Proceeds from redemption of investments	984,251	620,944
Purchase of investments	(13,799)	(8,823)
Net cash used by investing activities	<u>(1,318,095)</u>	<u>(2,401,630)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Change in line of credit	(800,000)	800,000
Proceeds from long-term debt	7,703,655	136,675
Payments on long-term debt	(1,211,000)	(1,141,310)
Changes in cushion of credit	189,457	732,645
Patronage capital credits retired	(1,356,231)	(2,162,560)
Net cash provided (used) by financing activities	<u>4,525,881</u>	<u>(1,634,550)</u>
Net change in cash and cash equivalents	5,060,596	(2,156,315)
Cash and cash equivalents at beginning of year	737,823	2,894,138
Cash and cash equivalents at end of year	<u>\$ 5,798,419</u>	<u>\$ 737,823</u>

We have audited the accompanying financial statements of Midwest Electric, Inc., which comprise the balance sheets as of Dec. 31, 2020 and 2019, and the related statements of operations, comprehensive operations, equities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Midwest Electric, Inc., as of Dec. 31, 2020 and 2019, 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.

Circleville, Ohio
March 12, 2021

BHM CPA Group, Inc.

ANNUAL REPORT

Statements of Equities

	Other Equities	Accumulated Other Comprehensive Income (Loss)	Patronage Capital	Total Equities
Balance at January 1, 2019	\$ 562,217	\$ (928,089)	\$ 34,206,067	\$ 33,840,195
Net margins	-	-	2,089,185	2,089,185
Unrecognized gains and losses (net), related to the defined benefit postretirement plan	-	35,984	-	35,984
Retirement of capital credits	-	-	(2,258,919)	(2,258,919)
Discounted capital credits	96,359	-	-	96,359
Balance at December 31, 2019	658,576	(892,105)	34,036,333	33,802,804
Net margins	-	-	1,787,655	1,787,655
Unrecognized gains and losses (net), related to the defined benefit postretirement plan	-	(154,202)	-	(154,202)
Retirement of capital credits	-	-	(1,547,044)	(1,547,044)
Deferred credits	117,693	-	-	117,693
Discounted capital credits	73,120	-	-	73,120
Balance at December 31, 2020	\$ 849,389	\$ (1,046,307)	\$ 34,276,944	\$ 34,080,026

Statements of Operations

	2020	2019
OPERATING REVENUES	<u>\$ 31,148,235</u>	<u>\$ 30,838,547</u>
OPERATING EXPENSES		
Cost of power	19,900,294	19,543,915
Distribution expense - operations	2,339,716	2,316,126
Distribution expense - maintenance	1,767,959	1,625,006
Consumer accounts	536,817	608,189
Customer service and information	360,153	354,630
Sales	104,077	70,202
Administrative and general	1,651,658	1,642,776
Depreciation and amortization	1,761,135	1,667,318
Taxes	1,165,597	1,164,679
Other deductions	51,279	49,980
TOTAL OPERATING EXPENSES	<u>29,638,685</u>	<u>29,042,821</u>
OPERATING MARGINS BEFORE INTEREST	1,509,550	1,795,726
Interest on long-term debt	(963,385)	(937,897)
OPERATING MARGINS AFTER INTEREST	546,165	857,829
Capital credits	1,124,040	1,049,104
OPERATING MARGINS	1,670,205	1,906,933
NON-OPERATING MARGINS (EXPENSE)		
Interest income	127,059	184,600
Other expense	(9,609)	(2,348)
TOTAL NON-OPERATING MARGINS	<u>117,450</u>	<u>182,252</u>
NET MARGINS FOR PERIOD	<u>\$ 1,787,655</u>	<u>\$ 2,089,185</u>

Operating Statistics

	2020	2019
Consumers (Average)	10,891	10,825
Miles of Line	1,526	1,523
Kilowatt-Hours:		
Purchased (Thousands)	284,967	284,632
Sold (Thousands)	270,521	271,172
Net Utility Plant: (Thousands)	\$43,062	\$42,255
Per Consumer	\$3,954	\$3,903
Cost Per Mile	\$28,219	\$27,745
Interest Costs:		
Total (Thousands)	\$963	\$938
Per Consumer	\$88	\$87
Member Equity	47.6%	52.0%
Current Ratio	2.3	1.1
Electric Revenue Per Consumer Per Month	\$238	\$237
KWH Sold Per Consumer Per Month	2,070	2,088
Revenue Per KWH Sold	\$0.115	\$0.114
Cost of Power %	63.9%	63.4%

A copy of this annual report can be obtained by contacting Midwest Electric's office or visiting midwestrec.com > My Co-op > Annual Meeting and Co-op Board.