Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Tri-County Electric Cooperative, Inc. and Subsidiary

March 31, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
Tri-County Electric Cooperative, Inc. and Subsidiary

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Tri-County Electric Cooperative, Inc. and Subsidiary, which comprise the consolidated balance sheet as of March 31, 2024, and the related consolidated statement of operations and comprehensive income, equities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tri-County Electric Cooperative, Inc. and Subsidiary as of March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Tri-County Electric Cooperative, Inc. 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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 GAAS 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 GAAS, 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 Tri-County Electric Cooperative, Inc. 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 Tri-County Electric Cooperative, Inc. 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 identified during the audit.

Prior Year Financial Statements

The consolidated financial statements, including supplementary information, of Tri-County Electric Cooperative, Inc. and Subsidiary as of and for the year ended March 31, 2023, were audited by other auditors whose reports, dated September 12, 2023, expressed an unmodified opinion on those statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Tri-County Electric Cooperative, Inc. and Subsidiary basic financial statements as of and for the year ended March 31, 2024. The consolidating balance sheet, consolidating statement of operations and comprehensive income, and consolidating statement of equities (collectively, “supplementary information”) are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating balance sheet, consolidating statement of operations and comprehensive income, and consolidating statement of equities is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Moss Adams LLP

Portland, Oregon
September 20, 2024

Consolidated Financial Statements

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidated Balance Sheets
March 31, 2024 and 2023

	2024	2023
ASSETS		
UTILITY PLANT		
Plant in service	$ 913,510,652	$ 734,999,419
Less accumulated depreciation	(209,574,692)	(204,179,831)
Net plant in service	703,935,960	530,819,588
Construction work in progress	57,421,151	134,889,727
Net utility plant	761,357,111	665,709,315
INVESTMENTS		
Investments in associated organizations	170,792,840	165,682,779
CURRENT ASSETS		
Cash and cash equivalents	2,434,765	8,432,096
Accounts receivable (less allowance for uncollectible of $1,307,552 in 2024 and $1,674,691 in 2023)	25,835,067	16,521,938
Unbilled revenue	21,341,087	25,688,047
Prepaid expenses and other	2,195,737	2,015,744
Total current assets	51,806,656	52,657,825
Deferred tax asset	-	4,026,069
Regulatory assets	480,562,119	486,711,597
Deferred debits	-	85,051
Total assets	$1,464,518,726	$1,374,872,636

See accompanying notes.

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidated Balance Sheets
March 31, 2024 and 2023

	2024	2023
EQUITIES AND LIABILITIES		
EQUITIES		
Memberships	$ 2,724,018	$ 2,606,914
Patronage capital	486,256,236	473,587,532
Other deficit equities	(53,684,302)	(53,721,226)
Accumulated other comprehensive income	9,892,780	7,961,119
Total equities	445,188,732	430,434,339
LONG-TERM LIABILITIES		
Long-term debt, less current portion	626,627,557	703,749,971
Accumulated postretirement benefit obligation (APBO) other than pensions	9,196,676	13,597,881
Total long-term liabilities	635,824,233	717,347,852
CURRENT LIABILITIES		
Current maturities of long-term debt	75,795,270	16,515,000
Line of credit	192,500,000	117,500,000
Accounts payable	23,535,124	29,194,040
Overbilled wholesale power cost adjustment	73,219,322	42,328,056
Consumer deposits	6,633,016	6,100,562
Accrued expenses	6,384,450	6,365,139
Accrued interest	792,078	821,388
Total current liabilities	378,859,260	218,824,185
Deferred credits	4,646,501	8,266,260
Total equities and liabilities	$1,464,518,726	$1,374,872,636

See accompanying notes.

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidated Statements of Operations and Comprehensive Income
Years Ended March 31, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Residential	$ 313,896,122	$ 317,987,952
Irrigation	2,419,547	2,763,619
Small commercial	81,766,457	80,257,068
Large commercial	54,259,186	53,541,480
Public street and highway lighting	1,050,935	1,033,129
Other sales to public authorities	12,214,830	12,106,486
Change in unbilled revenue	(4,346,959)	1,918,047
Power cost overbilled	(30,891,266)	(33,343,575)
Other electric revenue	5,184,967	5,686,142
Total operating revenues	435,553,819	441,950,348
OPERATING EXPENSES		
Cost of power	299,703,219	337,696,398
Distribution expense - operations	11,179,380	10,606,724
Distribution expense - maintenance	20,851,389	17,421,965
Consumer accounts	9,983,816	9,905,342
Customer service and information	1,290,310	1,244,935
Sales	1,050,639	806,923
Administrative and general	15,799,647	15,351,530
Depreciation and amortization	29,679,213	24,289,937
Taxes and other deductions	101,570	170,327
Total operating expenses	389,639,183	417,494,081
NET OPERATING MARGINS	45,914,636	24,456,267
INTEREST ON LONG-TERM DEBT, net of interest charged to construction of $10,377,376 and $0 in 2024 and 2023, respectively	41,221,885	20,329,731
OPERATING MARGIN BEFORE CAPITAL CREDITS	4,692,751	4,126,536
CAPITAL CREDITS	10,538,210	2,939,577
OPERATING MARGINS	15,230,961	7,066,113
NONOPERATING MARGINS		
Interest and dividend income	496,707	811,840
Other nonoperating income	326,665	503,633
Other extraordinary revenue	4,949,596	-
Total nonoperating margins	5,772,968	1,315,473
NET MARGINS BEFORE INCOME TAXES	21,003,929	8,381,586
INCOME TAXES (LOSS) BENEFIT	(4,026,069)	252,934
NET MARGINS	16,977,860	8,634,520
OTHER COMPREHENSIVE INCOME	1,931,661	7,378,747
COMPREHENSIVE INCOME	$ 18,909,521	$ 16,013,267

See accompanying notes.

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidated Statements of Equities
Years Ended March 31, 2024 and 2023

	2024	2023
Memberships		
Balance at April 1	$ 2,606,914	$ 2,489,618
Additions	117,104	117,296
Balance at March 31	2,724,018	2,606,914
Patronage capital		
Balance at April 1	473,587,532	469,466,326
Transfer of net margins	16,977,860	8,634,520
Retirement of capital credits, net	(4,309,156)	(4,513,314)
Balance at March 31	486,256,236	473,587,532
Other equity		
Balance at April 1	(53,721,226)	(53,423,867)
Removals (additions)	36,924	(297,359)
Balance at March 31	(53,684,302)	(53,721,226)
Accumulated other comprehensive loss		
Balance at April 1	7,961,119	582,372
Amortization of (gain)/loss	(2,433,235)	3,900
Actuarial gain	4,364,896	3,354,458
Prior service credit adjustment	-	4,020,389
Balance at March 31	9,892,780	7,961,119
Total equities	$ 445,188,732	$ 430,434,339

See accompanying notes.

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended March 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins	$ 16,977,860	$ 8,634,520
Adjustments to reconcile net margins to net cash from operating activities		
Depreciation	23,555,821	24,326,209
Depreciation charged to clearing	2,999,452	2,519,580
Amortization of regulatory asset	6,149,478	2,782,293
Deferred income taxes	4,026,069	(252,934)
Patronage capital credits assigned by associated organizations	(10,538,210)	(2,939,577)
Changes in assets and liabilities		
Accounts receivable, net	(9,313,129)	(4,280,122)
Unbilled revenue	4,346,960	(1,918,047)
Prepaid expenses and other	(179,993)	(145,291)
Regulatory assets	-	(488,988,912)
Deferred debits	85,051	(78,839)
Accounts payable	(5,658,916)	4,515,762
APBO other than pensions	(2,469,544)	946,903
Consumer deposits	532,454	783,536
Deferred credits	(3,619,759)	214,959
Other current and accrued liabilities	30,881,267	27,652,368
Net change in operating activities	57,774,861	(426,227,592)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in plant, net	(122,203,069)	(127,392,954)
Other investments	5,428,149	1,751,710
Net change in investing activities	(116,774,920)	(125,641,244)

See accompanying notes.

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended March 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on line of credit	83,000,000	53,000,000
Principal payments on line of credit	(8,000,000)	-
Borrowings on long-term debt	-	515,000,000
Payments on long-term debt	(17,842,144)	(10,231,719)
Memberships and other equities	154,028	462,313
Retirement of patronage capital	(4,309,156)	(5,155,690)
Net change in financing activities	53,002,728	553,074,904
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,997,331)	1,206,068
CASH AND CASH EQUIVALENTS - beginning of year	8,432,096	7,226,028
CASH AND CASH EQUIVALENTS - end of year	$ 2,434,765	$ 8,432,096
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 40,068,567	$ 16,219,079
Cash paid during the year for property taxes, net of refunds	$ 2,914,062	$ 2,876,319

See accompanying notes.

Note 1 – Nature of Organization and Operations

Tri-County Electric Cooperative, Inc. and Subsidiary (the Cooperative) is a non-profit corporation organized to provide electric service at the retail level to primarily residential and commercial accounts in a 16-county designated service area, headquartered in Aledo, Texas. The Cooperative is a member of Brazos Electric Power Cooperative, Inc., of whom power delivered at retail was purchased wholesale through February 28, 2023. Effective March 1, 2023, Tri-County entered into a power purchase agreement with Constellation Energy Generation, LLC that is in effect through December 31, 2029. Additionally, Constellation serves as the Cooperative's Qualified Scheduling Entity (QSE) in Electric Reliability Council of Texas (ERCOT).

Any revenues earned in excess of costs incurred are allocated to members of the Cooperative and are reflected as patronage capital in the balance sheet.

The wholly owned subsidiary, Value Choice, Inc. (Value Choice or Subsidiary) is a for-profit corporation which was organized to own a membership interest in Millennium Telcom, L.L.C. Although that membership interest was sold in 2020, the subsidiary remains an active organization and may be used in the future for other investments.

Note 2 – Summary of Significant Accounting Policies

Principles of consolidations – The consolidated financial statements include the accounts of the Cooperative and Value Choice. The consolidation of the Cooperative and Value Choice eliminated all intercompany transactions and balances. See supplementary information for details on the elimination of intercompany transactions and balances.

Basis of accounting and presentation – The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to regulated enterprises, which conform to policies prescribed by the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts – Electric. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 980, *Regulated Operations*, the Cooperative records certain assets and liabilities with the economic effects of the rate making process.

Utility plant – Utility plant assts are stated at cost (see Note 3). Costs include contracted services, direct labor and materials, interest capitalized during construction, and overhead items. Contributions in aid of construction are credited to the applicable plant accounts.

During fiscal year 2024, the Cooperative implemented a change in accounting estimate for allowance for funds used during construction (capitalized interest). Capitalized interest represents the cost of capital used to finance utility construction activity and is computed by applying a composite financing rate to qualified construction work in progress (CWIP). The amount of interest capitalized as a utility construction cost is credited to interest charges. The newly adopted accounting estimate is preferable over the method used previously due to the significant amount of construction funded through the use of debt proceeds.

When property which represents a retirement unit is replaced or removed, the average cost of such property as determined from the continuing property records, is credited to electric plant. Such, cost, together with cost of removal less salvage, is charged to the accumulated provision for depreciation.

Maintenance and repairs, including the replacement of minor items of the plant not comprising of a retirement unit, are charged to the appropriate maintenance accounts, except that repairs of transportation and service equipment are charged to clearing accounts and redistributed to operating expense and capital accounts.

Management assesses impairment and the existence of asset retirement obligations annually and as circumstances warrant.

Investments – Investments in associated organizations are carried at cost, plus capital credits allocated and not retired (see Note 4). Annually, management assesses the carrying value for impairment.

Cash and cash equivalents – The Cooperative considers short-term investments with original maturities of three months or less to be cash equivalents.

Receivables – Receivables are recorded when invoices are issued and stated at the amount that management expects to collect. The Cooperative provides an allowance for credit losses to estimate losses from uncollectible accounts. The allowance for credit losses is estimated considering the Cooperative's historical losses, existing and reasonably supported expected economic conditions, and the financial stability of customers. Generally, receivables are considered past due after 30 days.

Deferred debits and credits and regulatory assets – Deferred debits and credits, primarily consist of deferrals in accordance with generally accepted accounting principles, which include regulatory assets. Due to regulation of its rates by its Board, the Cooperative is subject to regulatory accounting requirements. Accordingly, certain costs and income may be deferred as a regulatory asset or liability that would otherwise be charged to revenues or expenses. Regulatory assets and liabilities are recorded when it is probable that future rates will permit recovery (see Note 5 and Note 8).

Income taxes – The Cooperative is exempt from federal income taxes under the provisions of Section 501(c)(12) or the Internal Revenue Code, except to the extent of unrelated business income, if any. Value Choice is a for-profit taxable corporation and is required to file Form 1120 – U.S. Corporation Income Tax Return. The Cooperative and Subsidiary adopted FASB ASC 740-10, relating to accounting for uncertain tax positions. As of March 31, 2024 and 2023, the Cooperative and the Subsidiary does not have any uncertain tax positions. Additionally, the Cooperative pays income tax on net unrelated business income. The Cooperative's unrelated business activities are primarily due to rental activities.

The Cooperative files an exempt organization tax return and income tax return in the U.S. federal jurisdiction and Value Choice files income tax returns in the U.S. federal jurisdiction and in the state of Texas (see Note 11).

Patronage capital – Operating margins are allocated to members annually, based on billings and usage of electricity. Distributions to members are made at the discretion of the board of directors in accordance with the bylaws, subject to the restrictions contained in long-term debt agreements. Patronage capital from associated companies is recorded at the stated amount of the certificate.

Revenue recognition and unbilled revenue – Substantially all the operating revenues consist of the sale of electric power to the Cooperative's customers, under the terms and conditions of the Cooperative's tariffs. These contracts contain a single performance obligation, the delivery of electric power. Revenue is measured as the consideration expected to be received for providing electrical service to the customer. The performance obligation of the Cooperative is measured using the output method and is recognized over time and is satisfied as energy is delivered to the customers as measured through reading of the electric meter. There are no significant financing components or variable consideration as contracts are short term. The Cooperative reads meters to determine invoicing and may have several cycles per month. Customers receive one bill per month.

Pricing for electric service is determined by set rate tariffs and may include adjustment clauses for changes in the cost of power, cost of debt service, or other rate-stabilizing inputs. To match revenues with these costs, billings are adjusted and may be billed in subsequent periods. These are included in contract assets and contract liabilities (as applicable) at month end. At month end, amounts of electric power delivered to customers but not yet billed are estimated and a corresponding unbilled revenue is recognized.

Contract assets and contract liabilities are the result of timing differences between revenue recognition billings and cash collection and consisted of the following as of March 31, 2024, 2023, and 2022:

	2024	2023	2022
Contract assets			
Accounts receivable - energy	$ 24,770,889	$ 16,158,386	$ 12,740,858
Accounts Receivable - pole contacts	1,064,178	363,552	534,351
Unbilled revenue	$ 21,341,087	$ 25,688,047	$ 23,770,000
Contract liabilities			
Accrued power cost	$ -	$ -	$ 6,290,000
Accrued power cost recovery factor	73,219,322	42,328,056	8,984,481
Consumer prepayments	$ 2,546,940	$ 1,300,810	$ 1,221,621

Other comprehensive income – Accounting principles generally require that recognized revenue, expense, gains, and losses be included in net income. Although certain changes in assets and liabilites, such as unrealized gains and losses in post-retirement benefits other than pensions, are reported as a separate component of the equity section of the balance sheet, such items are components of comprehensive income.

Post-retirement benefits other than pensions – The Cooperative sponsors a defined benefit medical insurance plan (the Plan). The Cooperative accounts for the Plan by reporting the current economic status (the overfunded or underfunded status) of the Plan in the balance sheets and measuring the Plan assets and Plan obligations as of the balance sheet dates (see Note 10).

Accrued vacation – The Cooperative accrues accumulated unpaid vacation as the obligation is incurred. Accumulated vacation is included in accrued expenses on the accompanying consolidated balance sheets and was $1,738,408 and $1,357,022 for the Cooperative for the years ending March 31, 2024 and 2023, respectively.

Advertising costs – Advertising costs are expensed as incurred. Advertising expense is included in sales on the accompanying consolidated statements of operations and comprehensive income and was $695,411 and $545,633 for the Cooperative for the years ending March 31, 2024 and 2023, respectively.

Concentration of credit risk – Financial instruments that are exposed to concentrations of credit risk consist primarily of cash and receivables.

The Cooperative maintains its cash in deposit accounts in various financial institutions. At times these balances exceed federally insured limits. Credit is extended to customers generally without collateral requirements; however, the Cooperative requires a deposit from some members upon connection, which is applied to unpaid bills and fees in the event of default. The deposit accrues interest and is returned periodically. In addition, formal shut-off procedures are in place.

Leases – The Cooperative determines if an arrangement contains a lease at inception. At commencement of the lease, the Cooperative records a right-of-use (ROU) asset and lease liability in the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Cooperative's obligation to make lease payments arising from the lease. As of March 31, 2024 and 2023, the Cooperative had no agreements that met the definition of a commenced lease.

Fair value measurements – Financial instruments include cash and investments. Investments in associated organizations are not considered a financial instrument because they represent nontransferable interests in such associated organizations.

The Cooperative has established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Use of estimates – The preparation of consolidated financial statements in conformity 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 disclosure 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. The significant estimates include the allowance for credit losses, unbilled revenue, depreciation, and post-retirement benefits other than pension. Actual results could differ from those estimates.

Recently adopted accounting standards – The Cooperative adopted Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including trade receivables and held-to-maturity debt securities. The Cooperative adopted this standard on April 1, 2023, utilizing the modified retrospective transition approach. This standard did not have a material impact on the financial statements.

Reclassifications – Certain prior year balances including accounts receivable, cost of power, depreciation and amortization, and interest and other deductions were reclassified to conform with current year presentation. These reclassifications have no effect on previously reported net margins.

Subsequent events – The Cooperative has evaluated subsequent events through September 20, 2024, the date the consolidated financial statements were available to be issued.

Note 3 – Utility Plant

The major classes of utility plant are as follows as of March 31:

	2024	2023
Distribution plant	$ 801,888,841	$ 629,436,021
General plant	111,621,811	105,563,398
Less accumulated depreciation	(209,574,692)	(204,179,831)
Net plant in-service	703,935,960	530,819,588
Construction work in progress	57,421,151	134,889,727
Net utility plant	$ 761,357,111	$ 665,709,315

Provision for depreciation of utility plant is computed using straight-line rates as follows:

Distribution plant	3.08%
Structures and improvements	2.86%
Office furniture and fixtures	6.66% - 33.34%
Transportation equipment	16.67%
Stores equipment	6.67%
Tools, shop, and garage equipment	6.67%
Laboratory equipment	6.67%
Power operated equipment	10.00%
Communication equipment	8.00%
Miscellaneous equipment	8.00%

Depreciation for the years ended March 31, 2024 and 2023, was $26,555,273 and $24,326,209, respectively, of which $23,555,821 and $21,806,629 was charged to depreciation expense, and $2,999,452 and $2,519,580 was allocated to other accounts.

Note 4 – Investments in Associated Organizations

Investments in associated organizations include the following as of March 31:

	2024	2023
National Rural Utilities Cooperative Finance Corporation (NRUCFC)		
Capital Term Certificates, 0.00% - 5.48%, maturing through 2080	$ 6,597,634	$ 6,903,732
Patronage Capital	6,937,978	6,421,075
Membership	1,000	1,000
Member Capital Securities, 5.00% maturing through 2043	10,000,000	10,000,000
Brazos Electric Power Cooperative, Inc.		
Patronage Capital	137,987,729	137,987,729
Membership	5	5
Texas Electric Cooperative, Inc.		
Patronage Capital	8,149,471	4,048,042
Membership	50	50
Meridian Cooperative, Inc.		
Patronage Capital	188,272	117,159
Federated Rural Electric Insurance Exchange		
Patronage Capital	132,831	129,973
CoBank		
Patronage Capital	774,689	51,325
Other	23,181	22,689
	$ 170,792,840	$ 165,682,779

Note 5 – Deferred Debits and Regulatory Assets

Deferred debits – Deferred debits include the following as of March 31:

	2024	2023
NISC Conversion Costs	$ -	$ 60,051
Substation Land Deposits	-	25,000
	$ -	$ 85,051

Deferred National Rural Electric Cooperative Association (NRECA) R&S contribution prepayment – represents a lump sum contribution payment made by the Cooperative in 2013 to the NRECA's R&S multi-employer plan to receive a discount for future contribution requirements. The Cooperative is amortizing this prepayment over the expected benefit period of 10 years. Amortization for the year ended March 31, 2023, was $221,625. As of March 31, 2023, this prepayment has been fully amortized.

Regulatory assets – Regulatory assets include the following as of March 31:

	2024	2023
Brazos Winter Storm Uri Costs	$ 468,932,954	$ 474,592,783
Brazos Winter Storm Uri Costs - Unamortized debt expense	4,279,983	$ 4,460,193
Brazos Winter Storm Uri Costs - Legal Expenses	7,349,182	7,658,621
	$ 480,562,119	$ 486,711,597

Storm Uri Costs – During February 2021, the region experienced historically cold temperatures. As a result of the extreme weather, natural gas pricing reached extraordinary levels, which caused increases in the cost of power to the Cooperative's power provider, Brazos Electric Power Cooperative, Inc. The Cooperative has elected to defer the unamortized debt expense and legal expenses to be amortized over 25 years and recognized in future periods by adopting ASC 980, *Regulated Operations*. The remaining costs are being recovered through the Cooperatives Brazos Financing Utility Plan Rider and are amortized based upon the revenue collected each year from the Brazos Financing Utility Plan Rider (see Note 12).

Note 6 – Long-Term Debt

Long-term debt is represented by mortgage notes payable to CFC and CoBank. Lien accommodations have been executed with CFC and CoBank. The agreements contain certain financial and nonfinancial covenants. Management believes the Cooperative was in compliance with financial covenants as of March 31, 2024, under these agreements. Substantially all assets are pledged as security for long-term debt to CFC and CoBank.

Following is a summary of outstanding long-term debt due to CFC and CoBank, as well as those under CFC management but owned by Farmer Mac as of March 31:

	2024	2023
CFC Fixed rate notes - 3.33% to 6.78%, maturing through 2052	$ 216,266,367	$ 224,672,461
Farmer MAC Fixed Rate Notes - 4.44%, maturing through 2041	15,317,260	15,944,902
CoBank Fixed rate notes - 5.79% to 6.91%, maturing through 2042	474,003,337	483,095,098
Subtotal	705,586,964	723,712,461
Less unamortized conversion fees	(3,164,137)	(3,447,490)
Less current maturities	(75,795,270)	(16,515,000)
Total	$ 626,627,557	$ 703,749,971

Conversion option fees were incurred in connection with restructuring cetain notes in December 2016. In accordance with generally accepted accounting principles, these fees are recorded as contra-debt.

As of March 31, 2024, annual maturities of long-term debt for the next five years ending March 21 and thereafter are as follows:

2025	$ 75,795,270
2026	111,363,656
2027	16,758,374
2028	16,993,040
2029	17,331,193
Thereafter	467,345,431
	$ 705,586,964

The long-term debt maturing in 2025 includes $58,379,773 associated with Tranche 1 with CoBank. The Cooperative is currently in the process of restructuring Tranche 1 with CoBank and does not expect the amount of $58,379,773 to be due in the upcoming year.

Note 7 – Lines of Credit

The Cooperative has a $25,000,000 perpetual line of credit with CFC, which is an uncommitted facility and is based on the sole discretion of CFC pursuant to the terms of the loan agreement. The line of credit is at a variable interest rate and is subject to automatic renewal. The line is collateralized by substantially all Cooperative assets. As of March 31, 2024 and 2023, $25,000,000 and $25,000,000, respectively, was outstanding on the line of credit with CFC.

The Cooperative has a $125,000,000 line of credit with CFC, which is a secured revolving facility. Under the terms of this loan agreement, CFC must advance loan funds, except in the event of a material adverse change. The line of credit is at a variable interest rate that matures on February 17, 2026. The line is collateralized by substantially all Cooperative assets. As of March 31, 2024 and 2023, $84,500,000 and $92,500,000, respectively, was outstanding on the line of credit with CFC.

The Cooperative has a $100,000,000 committed line of credit with CoBank, which is a secured revolving facility. Under the terms of this loan agreement, CoBank must advance loan funds, except in the event of a material adverse change. The line of credit is at a variable interest rate that matures on November 4, 2024. The line is collateralized by substantially all Cooperative assets. As of March 31, 2024 and 2023, $83,000,000 and $0, respectively, was outstanding on the line of credit with CoBank.

Note 8 – Deferred Credits

Deferred credits include the following as of as of March 31:

	2024	2023
Aid to construction	$ 78,503	$ 5,020,888
Consumer prepayments	2,546,940	1,300,810
Other	1,258,063	1,168,962
Scholarship funds	762,995	775,600
	$ 4,646,501	$ 8,266,260

Note 9 – Pension Benefits

The Retirement Security Plan (RS Plan), sponsored by the NRECA, is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. The Plan sponsor's Employer Identification Number is 53-0116145 and the RS Plan number is 333.

A unique characteristic of a multi-employer 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.

Plan information – The Cooperative's contributions to the RS Plan in 2024 and 2023 represented less than 5% of the total contributions made to the RS Plan by all participating employers. The Cooperative made contributions to the RS Plan of $3,223,148 in 2024 and $2,484,846 in 2023.

For 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% funded on January 1, 2022, and over 80% funded on January 1, 2023, 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.

			Funding Improvement	Contributions		
Pension Fund	EIN	PPA Zone Status	Plans and Surcharges	2024	2023	2022
Retirement Security Plan Number 333	53-0116145	Not required	Not applicable	$ 3,223,148	$ 2,484,846	$ 2,199,783

The Cooperative also has a 401(k) plan whereby the Cooperative matches 100% of the employees' contributions up to 5.5% of the employees' annual base salary. The total 401(k) plan expense for 2024 and 2023, was $939,510 and $773,121 respectively.

RS Plan prepayment option – At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating corporations in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a corporation's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a corporation's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most corporations the billing rate is reduced by approximately 25%, retroactive to January 1st of the year in which the amount is paid to the RS Plan. The 25% differential in billing rates is expected to continue for approximately 15 years from January 1, 2013. However, changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15-year period.

Note 10 – Post-Retirement Benefits Other Than Pensions

The Cooperative sponsors a defined benefit medical insurance plan that covers all eligible employees. The plan calls for benefits to be paid for eligible participants upon retirement. Eligible employees are those hired prior to January 1, 2016, and retire from active employment on or after age 55 with 10 or more years of service at the Cooperative. Effective January 1, 2023, eligible employees are no longer enrolled in the Cooperatives defined benefit medical insurance plan. The Cooperative will reimburse contributions at a cap of $1,020 monthly for a retiree and spouse, or $510 monthly for a retiree without a spouse or a surviving spouse. As of March 31, 2024 and 2023, the Cooperative has not funded any of the estimated APBO related to the defined benefit medical insurance plan. Since these costs would be immaterial, the Cooperative has chosen to pay them as they are incurred.

Amounts recognized in the Cooperative's March 31, 2024 and 2023, consolidated financial statements and funded status of the plan is as follows:

	2024	2023
(I) Net Post-retirement Benefit Cost		
Interest Cost	$ 472,688	$ 980,996
Service Cost	78,761	509,909
Amortization of Actuarial (Gain)/Loss	(429,540)	1,573,896
Amortization of Prior Service Credit	(2,003,695)	(1,569,996)
	$ (1,881,786)	$ 1,494,805
(II) Accumulated Post-retirement Benefit Obligation (APBO) Reconciliation		
APBO Beginning of Year	$ 13,597,881	$ 20,029,725
Service and Interest Cost	551,449	1,490,904
Benefits Paid	(587,758)	(547,901)
Prior Service Credit Adjustment	-	(4,020,389)
Actuarial Gain Adjustment	(4,364,896)	(3,354,458)
Net Post-retirement Benefit Liability at Year End	$ 9,196,676	$ 13,597,881
(III) Reconciliation of Funded Status		
APBO at Year End	$ 9,196,676	$ 13,597,881
Fair Value of Plan Assets	-	-
Net APBO at Year End	$ 9,196,676	$ 13,597,881
(IV) Accumulated Other Comprehensive Income (Loss)		
Actuarial Loss - Beginning of Year	$ 7,961,119	$ 582,372
Amortization of Actuarial (Gain)/Loss	(429,540)	1,573,896
Amortization of Prior Service Credit	(2,003,695)	(1,569,996)
Prior Service Credit Adjustment	-	4,020,389
Current Actuarial Gain	4,364,896	3,354,458
Total	$ 9,892,780	$ 7,961,119

Estimated future benefit payments for the next five years and the subsequent five years thereafter are as follows:

2025	$ 600,836
2026	628,058
2027	646,533
2028	658,800
2029	667,721
2030-2034	3,385,089
	$ 6,587,037

The following assumption was used in the measurement of the net periodic cost:

Weighted-average discount rate	5.60%

Note 11 – Income Taxes

The Subsidiary follows the asset and liability method for recording income taxes. The objective of the asset and liability method is to establish deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Subsidiary assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Deferred income taxes result from transactions which enter into the determination of taxable income in different periods than recorded for financial reporting purposes. Deferred tax assets represent the future tax benefit that will result when the asset is realized. Deferred tax liabilities represent the future tax return consequences of those differences, which will result in a tax expense when the liability is recognized. The principal sources of deferred federal income taxes are due to net operating loss carryovers. As of March 31, 2024, the total net operating loss (NOL) carryover available to Value Choice was $57,344,017. NOLs of $52,610,115 attributed to the 2004 through 2017 tax years expire in varying amounts from March 31, 2024, through March 31, 2038. The remaining NOLs of $4,733,902 do not expire and will carry over into future years indefinitely until fully utilized. Management believes it is more likely than not that the NOL carryover will not be fully utilized. Therefore, a valuation allowance of the related deferred tax asset has been recorded as of March 31, 2024 and 2023.

The components of deferred income taxes are as follows:

	2024	2023
Federal		
Deferred tax expense	$ 12,041,507	$ 12,041,507
	12,041,507	12,041,507
Valuation allowance	(12,041,507)	(8,018,218)
	-	4,023,289
State		
Deferred tax assets	-	2,780
	-	2,780
Total deferred income tax asset	$ -	$ 4,026,069

The components are deferred tax expense are as follows:

	2024	2023
Federal		
Deferred tax expense	$ 4,026,069	$ 252,934
Total federal tax expense	$ 4,026,069	$ 252,934

The components of income tax expense are as follows:

	2024	2023
Federal income tax expense at statutory rates	$ (737)	$ 252,934
Change in valuation allowance	4,026,806	-
Income tax expense	$ 4,026,069	$ 252,934

The Cooperative and the Subsidiary recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. There were no material amounts of penalties or interest recognized during the years ended March 31, 2024 and 2023.

Note 12 – Related-Party Transactions

Until February 28, 2023, the Cooperative was required to purchase all of its electric power from Brazos Electric Power Cooperative, Inc. (Brazos), a Cooperative of which it's a member and is represented on its board of directors. Effective March 1, 2023, the Cooperative is only required to purchase all of its transmission and distribution services from Brazos, and no longer buys power from Brazos.

During the years ended March 31, 2024 and 2023, the Cooperative purchased $64,110,724 and $332,032,546, respectively, from Brazos. As of March 31, 2024 and 2023, amounts due to Brazos included in accounts payable were $5,792,678 and $5,854,109, respectively.

During the years ended March 31, 2024 and 2023, the Cooperative received noncash capital credit allocations from Brazos of $0.

Brazos, filed for Chapter 11 Bankruptcy due to a crisis caused by the extreme cold weather (Winter Storm Uri) event that occurred in February 2021. As a participant in the Electric Reliability Council of Texas (ERCOT) market, Brazos was subjected to extreme power prices for energy procured during the event. In addition to power prices, Brazos was required to purchase natural gas for its generation plants, which were also at extreme price levels, at the prevailing market rates in order to meet the unprecedented demand for electricity during this extreme cold weather event. During the weather event, the Brazos generation assets also did not perform well; consequently, there was little revenue at the extreme power prices to offset the extreme costs. Normally, the costs to generate and/or procure power is billed to Brazos' distribution cooperative members, who then pass on this cost of power to their electric end-user members without markup. Because the distribution cooperatives were not able to immediately recover these costs from their members, Brazos was unable to immediately recover these costs from their distribution cooperative members. Brazos sent the Cooperative estimated bills for these costs; however, the final costs were not settled until the conclusion of the bankruptcy.

In November 2022, the Chapter 11 Plan of Reorganization for Brazos was approved. As part of the Brazos Plan, the Cooperative's TAA balance paid was $476,747,686, and was funded by a loan from CoBank (see Note 6).

In October 2019, the Cooperative sold all their inventory and entered into a Sole-Source Alliance with Texas Electric Cooperative, Inc. (TEC). Total material purchases from TEC for the years ending March 31, 2024 and 2023, was $48,332,843 and $54,822,104, respectively.

Note 13 – Litigation and Commitments

The Cooperative is involved in several instances of litigation or potential unasserted claims. The ultimate outcome, if any, of these items cannot presently be determined. However, in management's opinion, the likelihood of any material adverse outcome is remote or in its infancy and no likelihood of outcome is attainable. Accordingly, adjustments, if any, which might result from the resolution of these matters, have not been reflected in these consolidated financial statements.

Supplementary Information

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidating Balance Sheet
March 31, 2024

ASSETS

	Tri-County Electric Cooperative, Inc.	Value Choice, Inc.	Consolidation/ Elimination Entries	Consolidated
UTILITY PLANT				
Plant in service	$ 913,510,652	$ -	$ -	$ 913,510,652
Less accumulated depreciation	(209,574,692)	-	-	(209,574,692)
Net plant in service	703,935,960	-	-	703,935,960
Construction work in progress	57,421,151	-	-	57,421,151
Net utility plant	761,357,111	-	-	761,357,111
INVESTMENTS				
Investments in associated organizations	170,792,840	-	-	170,792,840
Investment in subsidiary	69,464	-	(69,464)	-
Total investments	170,862,304	-	(69,464)	170,792,840
CURRENT ASSETS				
Cash and cash equivalents	1,627,111	807,654	-	2,434,765
Accounts receivable, less allowance for doubtful accounts of $1,307,552	25,835,067	-	-	25,835,067
Accrued utility revenues	21,341,087	-	-	21,341,087
Accounts receivable - Value Choice	738,190	-	(738,190)	-
Prepaid expenses and other	2,195,737	-	-	2,195,737
Total current assets	51,737,192	807,654	(738,190)	51,806,656
Deferred tax asset	-	-	-	-
Regulatory assets	480,562,119	-	-	480,562,119
Deferred debits	-	-	-	-
Total assets	$ 1,464,518,726	$ 807,654	$ (807,654)	$ 1,464,518,726

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidating Balance Sheet
March 31, 2024

EQUITIES AND LIABILITIES

	Tri-County Electric Cooperative, Inc.	Value Choice, Inc.	Consolidation/ Elimination Entries	Consolidated
EQUITIES				
Memberships	$ 2,724,018	$ -	$ -	$ 2,724,018
Patronage capital	486,256,236	-	-	486,256,236
Other deficit equities	(53,684,302)	69,464	(69,464)	(53,684,302)
Accumulated other comprehensive income	9,892,780	-	-	9,892,780
Total equities	445,188,732	69,464	(69,464)	445,188,732
LONG-TERM LIABILITIES				
Long-term debt less current maturities	626,627,557	-	-	626,627,557
APBO other than pensions	9,196,676	-	-	9,196,676
Total long-term liabilities	635,824,233	-	-	635,824,233
CURRENT LIABILITIES				
Current maturities of long-term debt	75,795,270	-	-	75,795,270
Line of credit	192,500,000	-	-	192,500,000
Accounts payable	23,535,124	-	-	23,535,124
Accounts payable - Tri-County	-	738,190	(738,190)	-
Overbilled wholesale power cost adjustment	73,219,322	-	-	73,219,322
Consumer deposits	6,633,016	-	-	6,633,016
Accrued expenses	6,384,450	-	-	6,384,450
Accrued interest	792,078	-	-	792,078
Total current liabilities	378,859,260	738,190	(738,190)	378,859,260
Deferred credits	4,646,501	-	-	4,646,501
Total equities and liabilities	$ 1,464,518,726	$ 807,654	$ (807,654)	$ 1,464,518,726

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidating Statement of Operations and Comprehensive Income
Year Ended March 31, 2024

	Tri-County Electric Cooperative, Inc.	Value Choice, Inc.	Consolidation/ Elimination Entries	Consolidated
OPERATING REVENUE	$ 435,553,819	$ -	$ -	$ 435,553,819
OPERATING EXPENSES				
Cost of power	299,703,219	-	-	299,703,219
Distribution expense - operations	11,179,380	-	-	11,179,380
Distribution expense - maintenance	20,851,389	-	-	20,851,389
Consumer accounts	9,983,816	-	-	9,983,816
Customer service and information	1,290,310	-	-	1,290,310
Sales	1,050,639	-	-	1,050,639
Administrative and general	15,796,138	3,509	-	15,799,647
Depreciation and amortization	29,679,213	-	-	29,679,213
Taxes and other deductions	101,570	-	-	101,570
Total operating expenses	389,635,674	3,509	-	389,639,183
NET OPERATING MARGINS	45,918,145	(3,509)	-	45,914,636
INTEREST ON LONG-TERM DEBT, net of interest charged to construction of $10,377,376	41,221,885	-	-	41,221,885
OPERATING MARGIN BEFORE CAPITAL CREDITS	4,696,260	(3,509)	-	4,692,751
CAPITAL CREDITS	10,538,210	-	-	10,538,210
OPERATING MARGINS	15,234,470	(3,509)	-	15,230,961
NONOPERATING MARGINS				
Interest and dividend income	496,707	-	-	496,707
Net margin from subsidiary	(4,029,578)	-	4,029,578	-
Other nonoperating income	326,665	-	-	326,665
Other extraordinary revenue	4,949,596	-	-	4,949,596
Total nonoperating margins	1,743,390	-	4,029,578	5,772,968
NET MARGINS BEFORE INCOME TAXES	16,977,860	(3,509)	4,029,578	21,003,929
INCOME TAXES (LOSS) BENEFIT	-	(4,026,069)	-	(4,026,069)
NET MARGINS	16,977,860	(4,029,578)	4,029,578	16,977,860
OTHER COMPREHENSIVE INCOME	1,931,661	-	-	1,931,661
COMPREHENSIVE INCOME	$ 18,909,521	$ (4,029,578)	$ 4,029,578	$ 18,909,521

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidating Statement of Equities
Year Ended March 31, 2024

	Tri-County Electric Cooperative, Inc.	Value Choice, Inc.	Consolidation/ Elimination Entries	Consolidated
Memberships				
Balance at April 1	$ 2,606,914	$ -	$ -	$ 2,606,914
Additions	117,104	-	-	117,104
Balance at March 31	2,724,018	-	-	2,724,018
Patronage capital				
Balance at April 1	473,587,532	4,099,042	(4,099,042)	473,587,532
Transfer of net margins	16,977,860	(4,029,578)	4,029,578	16,977,860
Retirement of capital credits, net	(4,309,156)	-	-	(4,309,156)
Balance at March 31	486,256,236	69,464	(69,464)	486,256,236
Other equity				
Balance at April 1	(53,721,226)	-	-	(53,721,226)
Additions	36,924	-	-	36,924
Balance at March 31	(53,684,302)	-	-	(53,684,302)
Accumulated other comprehensive loss				
Balance at April 1	7,961,119	-	-	7,961,119
Amortization of gain	(2,433,235)	-	-	(2,433,235)
Actuarial gain	4,364,896	-	-	4,364,896
Balance at March 31	9,892,780	-	-	9,892,780
Total equities	$ 445,188,732	$ 69,464	$ (69,464)	$ 445,188,732

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidating Balance Sheet
March 31, 2023

ASSETS

	Tri-County Electric Cooperative, Inc.	Value Choice, Inc.	Consolidation/ Elimination Entries	Consolidated
UTILITY PLANT				
Plant in service	$ 734,999,419	$ -	$ -	$ 734,999,419
Less accumulated depreciation	(204,179,831)	-	-	(204,179,831)
Net plant in service	530,819,588	-	-	530,819,588
Construction work in progress	134,889,727	-	-	134,889,727
Net utility plant	665,709,315	-	-	665,709,315
INVESTMENTS				
Investments in associated organizations	165,682,779	-	-	165,682,779
Investment in subsidiary	4,849,042	-	(4,849,042)	-
Total investments	170,531,821	-	(4,849,042)	165,682,779
CURRENT ASSETS				
Cash and cash equivalents	7,526,361	905,735	-	8,432,096
Accounts receivable, less allowance for doubtful accounts of $1,674,691	16,521,938	-	-	16,521,938
Accrued utility revenues	25,688,047	-	-	25,688,047
Accounts receivable - Value Choice	82,762	-	(82,762)	-
Prepaid expenses and other	2,015,744	-	-	2,015,744
Total current assets	51,834,852	905,735	(82,762)	52,657,825
Deferred tax asset	-	4,026,069	-	4,026,069
Regulatory assets	486,711,597	-	-	486,711,597
Deferred debits	85,051	-	-	85,051
Total assets	$ 1,374,872,636	$ 4,931,804	$ (4,931,804)	$ 1,374,872,636

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidating Balance Sheet
March 31, 2023

EQUITIES AND LIABILITIES

	Tri-County Electric Cooperative, Inc.	Value Choice, Inc.	Consolidation/ Elimination Entries	Consolidated
EQUITIES				
Memberships	$ 2,606,914	$ -	$ -	$ 2,606,914
Patronage capital	473,587,532	-	-	473,587,532
Other deficit equities	(53,721,226)	4,849,042	(4,849,042)	(53,721,226)
Accumulated other comprehensive income	7,961,119	-	-	7,961,119
Total equities	430,434,339	4,849,042	(4,849,042)	430,434,339
LONG-TERM LIABILITIES				
Long-term debt less current maturities	703,749,971	-	-	703,749,971
APBO other than pensions	13,597,881	-	-	13,597,881
Total long-term liabilities	717,347,852	-	-	717,347,852
CURRENT LIABILITIES				
Current maturities of long-term debt	16,515,000	-	-	16,515,000
Line of credit	117,500,000	-	-	117,500,000
Accounts payable	29,194,040	-	-	29,194,040
Accounts payable - Tri-County	-	82,762	(82,762)	-
Overbilled wholesale power cost adjustment	42,328,056	-	-	42,328,056
Consumer deposits	6,100,562	-	-	6,100,562
Accrued expenses	6,365,139	-	-	6,365,139
Accrued interest	821,388	-	-	821,388
Total current liabilities	218,824,185	82,762	(82,762)	218,824,185
Deferred credits	8,266,260	-	-	8,266,260
Total equities and liabilities	$ 1,374,872,636	$ 4,931,804	$ (4,931,804)	$ 1,374,872,636

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidating Statement of Operations and Comprehensive Income
Year Ended March 31, 2023

	Tri-County Electric Cooperative, Inc.	Value Choice, Inc.	Consolidation/ Elimination Entries	Consolidated
OPERATING REVENUE	$ 441,950,348	$ -	$ -	$ 441,950,348
OPERATING EXPENSES				
Cost of power	337,696,398	-	-	337,696,398
Distribution expense - operations	10,606,724	-	-	10,606,724
Distribution expense - maintenance	17,421,965	-	-	17,421,965
Consumer accounts	9,905,342	-	-	9,905,342
Customer service and information	1,244,935	-	-	1,244,935
Sales	806,923	-	-	806,923
Administrative and general	15,347,204	4,326	-	15,351,530
Depreciation and amortization	24,289,937	-	-	24,289,937
Taxes and other deductions	170,326	-	-	170,326
Total operating expenses	417,489,754	4,326	-	417,494,080
NET OPERATING MARGINS	24,460,594	(4,326)	-	24,456,268
INTEREST ON LONG-TERM DEBT, net of interest charged to construction of $0	20,329,731	-	-	20,329,731
OPERATING MARGIN BEFORE CAPITAL CREDITS	4,130,863	(4,326)	-	4,126,537
CAPITAL CREDITS	2,939,577	-	-	2,939,577
OPERATING MARGINS	7,070,440	(4,326)	-	7,066,114
NONOPERATING MARGINS				
Interest and dividend income	811,840	-	-	811,840
Net margin from subsidiary	248,608	-	(248,608)	-
Other nonoperating income	503,633	-	-	503,633
Total nonoperating margins	1,564,081	-	(248,608)	1,315,473
NET MARGINS BEFORE INCOME TAXES	8,634,521	(4,326)	(248,608)	8,381,587
INCOME TAXES (LOSS) BENEFIT	-	252,934	-	252,934
NET MARGINS	8,634,521	248,608	(248,608)	8,634,521
OTHER COMPREHENSIVE INCOME	7,378,747	-	-	7,378,747
COMPREHENSIVE INCOME	$ 16,013,268	$ 248,608	$ (248,608)	$ 16,013,268

Tri-County Electric Cooperative, Inc. and Subsidiary
Consolidating Statement of Equities
Year Ended March 31, 2023

	Tri-County Electric Cooperative, Inc.	Value Choice, Inc.	Consolidation/ Elimination Entries	Consolidated
Memberships				
Balance at April 1	$ 2,489,618	$ -	$ -	$ 2,489,618
Additions	117,296	-	-	117,296
Balance at March 31	2,606,914	-	-	2,606,914
Patronage capital				
Balance at April 1	469,466,326	4,600,434	(4,600,434)	469,466,326
Transfer of net margins	8,634,520	248,608	(248,608)	8,634,520
Retirement of capital credits, net	(4,513,314)	-	-	(4,513,314)
Balance at March 31	473,587,532	4,849,042	(4,849,042)	473,587,532
Other equity				
Balance at April 1	(53,423,867)	-	-	(53,423,867)
Removals	(297,359)	-	-	(297,359)
Balance at March 31	(53,721,226)	-	-	(53,721,226)
Accumulated other comprehensive loss				
Balance at April 1	582,372	-	-	582,372
Amortization of loss	3,900	-	-	3,900
Actuarial gain	3,354,458	-	-	3,354,458
Prior service credit adjustment	4,020,389	-	-	4,020,389
Balance at March 31	7,961,119	-	-	7,961,119
Total equities	$ 430,434,339	$ 4,849,042	$ (4,849,042)	$ 430,434,339