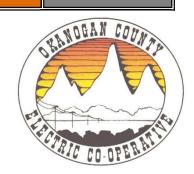
Okanogan County Electric Cooperative, Inc.

BOARD OF DIRECTORS MEETING

May 22nd, 2023 – 3pm
OCEC Monthly Board Meeting
Location: The Barn - Henhouse & Virtual



AGENDA

- A. PRELIMINARY
 - 1. Meeting Called to Order
 - 2. Determination of Quorum
 - 3. Approval of Agenda
- B. OKANOGAN COUNTY ENERGY, INC. ANNUAL MEETING
- C. CONSENT AGENDA
 - 1. Approval of Consent Agenda
 - a. Minutes from April 24th, 2023
 - b. May 2023 New Members
 - c. January, February, and March 2023 Form 7, Statement of Operations, Power & Service Data, Cash Flow
 - d. Revolving Loan Fund Quarterly Report
- D. GENERAL MANAGERS REPORT
- E. ITEMS OF BUSINESS

For Discussion

- 1. Discussion with Auditors Final Audit Report (3:45pm)
- 2. Board Committee Assignments

For Action

- 3. Broadband Grant Award
- F. OPEN FLOOR FOR MEMBERS
- G. OPEN FLOOR FOR BOARD MEMBERS
- H. EXECUTIVE SESSION
 - 1. Power Supply Update
 - 2. Legal, Personnel, Competitive, Other

OCEC Meeting is inviting you to a scheduled Zoom meeting.

Topic: OCEC Board Meeting

Time: May 22, 2023 03:00 PM Pacific Time (US and Canada)

Join Zoom Meeting

https://us06web.zoom.us/j/84313483627?pwd=MWFJdnBuMmEvR2hwOGo0RmNJeUhmZz09

Meeting ID: 843 1348 3627

Passcode: 135855 One tap mobile

- +12532158782,,84313483627#,,,,*135855# US (Tacoma)
- +12532050468,,84313483627#,,,,*135855# US

Dial by your location

- +1 253 215 8782 US (Tacoma)
- +1 253 205 0468 US
- +1 669 444 9171 US
- +1 719 359 4580 US
- +1 720 707 2699 US (Denver)
- +1 346 248 7799 US (Houston)
- +1 305 224 1968 US
- +1 309 205 3325 US
- +1 312 626 6799 US (Chicago)
- +1 360 209 5623 US
- +1 386 347 5053 US
- +1 507 473 4847 US
- +1 564 217 2000 US
- +1 646 558 8656 US (New York)
- +1 646 931 3860 US
- +1 689 278 1000 US
- +1 301 715 8592 US (Washington DC)

Meeting ID: 843 1348 3627

Passcode: 135855

Find your local number: https://us06web.zoom.us/u/ktlw8syT3



BOARD MEETING April 24th, 2023 The Barn Hen House & Virtual

Present: President Dale Sekijima, Vice President Michael Murray, Secretary/Treasurer Alan

Watson, Alaina Burtenshaw, and Rick Johnson.

Absent: John Rogers, Travis Thornton

Attending: Greg Mendonca General Manager, Glenn Huber Manager of Operations, Tracy

McCabe Manager of Finance and Administration, Katie Sigler Engineering Clerk

Guests: N/A

1. MEETING CALLED TO ORDER

President Dale Sekijima called the meeting of the Board of Directors of Okanogan County Electric Cooperative, Inc. (OCEC) to order at 3:06 pm.

2. <u>DETERMINATION OF QUORUM</u>

A quorum was present.

3. APPROVAL OF AGENDA

The agenda was approved.

4. SWEAR IN NEW BOARD MEMBER

Alaina Burtenshaw was sworn in as a new board member.

5. <u>ELECTION OF BOARD OFFICERS</u>

Dale Sekijima was elected Board President, Michael Murray was elected Vice President, Alan Watson was elected Secretary/Treasurer, and Dale Sekijima was elected OCEI Representative.

6. EXECUTIVE SESSION

At 3:21 pm the board went into executive session to discuss OCEI Quarterly Review. The board exited executive session at 3:39 pm.

7. APPROVAL OF CONSENT AGENDA

The consent agenda was approved.

8. GENERAL MANAGERS REPORT

Greg Mendonca gave an update on the annual meeting election results for the three open board positions, which were:

- Dale Sekijima 485 votes
- Travis Thornton 483 votes
- Alaina Burtenshaw 474 votes
- Write-in Candidates 6 votes

Greg also gave an update on the BPA Post-2028 listening session meeting held in Spokane as part of BPA's Post-2028 Provider of Choice process. He reported that PNGC has scheduled an in-person visit with the OCEC board at our August 2023 meeting to present PNGC's new contract. Finally, he reported that we have planned dates set for labor negotiations.

ITEMS OF BUSINESS

1. For Discussion – Strategic Plan Quarterly Report

Greg presented an updated quarterly report on the strategic plan. Greg highlighted the following areas:

- Delaying focus on enhancing system inspections until we have implemented the NISC product to see what they have available off the shelf
- Whether a facilities plan is still desired by the board. A discussion was held and the board would still like to see progress on presenting potential options for facilities improvements
- Updates on the energy efficiency program
- Updates on workforce development plans
- Updates on the potential for an NRECA safety program in the state of Washington led by Inland Power and Light in Spokane. OCEC has expressed interest in the program to achieve identified strategic goals in the safety area.

Updates on the load factor and corresponding cost of power in Q1-2023

2. For Discussion – Policy 10-070 – Compensation for Directors

Greg discussed the policy, provided some benchmarking data performed with other cooperatives, and identified the NRECA study sent to the board via email as a resource for these discussions.

A discussion was held by the board. The board provided some guidance to the governance committee for potential changes to the policy and instructed the governance committee to return to the full board with proposed changes to the policy.

3. For Action – Governance Committee Policy Updates

Greg presented a summary of the four policies recommended by the governance committee to the full board for approval. The policies reviewed were:

- Policy 10-110 Board Committees
- Policy 30-210 Disconnection and Reconnection of Service
- Policy 30-420 Net Metering
- Policy 30-510 Securing Customer Data

Dale Sekijima made a motion to approve the staff recommendation with a proposed wording change from Alaina Burtenshaw on Policy 30-420, Michael Murray seconded. A vote was held and the motion passed unanimously.

4. For Action – CFC Annual Reporting Extension Request

Greg recommended the board approve the recommendation from staff to allow for a 30-day extension to be requested from CFC on the 120-day audited financial statement submittal.

Alan Watson made a motion to approve the staff recommendation, Rick Johnson seconded. A vote was held and the motion passed unanimously.

OPEN FLOOR FOR MEMBERS - None

OPEN FLOOR FOR BOARD MEMBERS – None

Meeting adjourned to Executive Session at 5:20 pm.

EXECUTIVE SESSION

- 1. Revolving Loan Fund Committee Recommendations
- 2. Power Supply Update
- 3. Legal, Personnel, Competitive, Other

Meeting came out of Executive Session at 5:55 pm.

ITEMS OF BUSINESS

5. For Action – Revolving Loan Fund Committee Recommendations

The Revolving Loan Fund Committee recommended approving the Devin Project loan application for the amount of \$75,000.00 and give OCEC staff the ability to split the total amount between the two revolving loan funds as needed.

Dale Sekijima made a motion to approve the committee's recommendation, Rick Johnson seconded. A vote was held and the motion passed unanimously.

Meeting adjourned at 5:56 pm.		
	Alan Watson. Secretary	

New Members OCEC

May 22, 2023

REINSTATE

DESTEFANO TOM 105049

NEW MEMBERS

TURK JOE & JULIE	123026
	123027
JENSEN JIM & KELLY	123028
FORKER TOLLI	123029
MALOTTE SHERRY	123030
WALKER MATTHEW L	123031
LIEN SCOTT	123032
WOODWORTH CRISTINA	123033
VON VOLKLI KALI	123034
FERGUSON ELISE	123035



BORROWER NAME NATIONAL RURAL UTILITIES Okanogan County Electric Coop Inc COOPERATIVE FINANCE CORPORATION BORROWER DESIGNATION WA032 FINANCIAL AND STATISTICAL REPORT ENDING DATE 1/31/2023 Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar. CERTIFICATION BALANCE CHECK RESULTS We hereby certify that the entries in this report are in accordance AUTHORIZATION CHOICES with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? Needs Attention Signature of Office Manager or Accountant YES O NO Please Review Matches B. Will you authorize CFC to share your data with other cooperatives? Signature of Manager YES O NO PART A. STATEMENT OF OPERATIONS YEAR-TO-DATE ITEM LAST YEAR THIS YEAR BUDGET THIS MONTH 805,932 786,226 805,932 865,460 Operating Revenue and Patronage Capital Power Production Expense 337,513 436,531 444,927 436,531 Cost of Purchased Power 0 0 0 0 Transmission Expense Regional Market Operations Expense 0 0 0 0 22,500 Distribution Expense - Operation 13,783 17,792 17,792 77,626 103,126 62,757 103,126 Distribution Expense - Maintenance 39,111 36.573 39,111 37.896 Consumer Accounts Expense Customer Service and Informational Expense 319 288 1,738 288 10. Sales Expense 11,450 720 0 720 11. Administrative and General Expense 111,007 155,157 133,776 155,157 752,725 596,179 752,725 12. Total Operation & Maintenance Expense (2 thru 11) 695,685 13. Depreciation & Amortization Expense 34,879 40,614 39,167 40,614 14. Tax Expense - Property & Gross Receipts 4,071 4,141 4,248 4,141 26,554 14.013 15,833 14.013 15. Tax Expense - Other 18,338 20,556 18,338 16. Interest on Long-Term Debt 16,240 0 0 17. Interest Charged to Construction (Credit) 0 0 0 0 18. Interest Expense - Other 0 0 0 0 19. Other Deductions 20. Total Cost of Electric Service (12 thru 19) 777,429 829,831 675,983 829,831 21. Patronage Capital & Operating Margins (1 minus 20) 88,031 (23,899)110,243 (23,899)419 2,235 419 22. Non Operating Margins - Interest 800 0 23. Allowance for Funds Used During Construction 0 0 0 0 0 24. Income (Loss) from Equity Investments 3,400 3,400 1,400 3,400 25. Non Operating Margins - Other 26. Generation & Transmission Capital Credits 0 0 0 0 27. Other Capital Credits & Patronage Dividends 0 0 0 0 0 0 0 28. Extraordinary Items 92,231 (20,080) 113,878 (20,080) 29. Patronage Capital or Margins (21 thru 28) PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT YEAR-TO-DATE YEAR-TO-DATE THIS YEAR THIS YEAR LAST YEAR ITEM LAST YEAR ITEM (a) (a) New Services Connected 0 Miles Transmission 0 0 Miles Distribution Overhead 195 0 195 Services Retired 4,018 Total Services In Place Miles Distribution Underground 257 259

97

98 8. Total Miles Energized (5+6+7)

Idle Services (Exclude Seasonal)

454

452



NATIONAL RURAL UTILITIES		BORROWER NAME	Okanogan County
COOPERATIVE FINANCE CORPORATION B		BORROWER DESIGNATION	WA032
FINANCIAL AND STATISTICAL REPORT	,	ENDING DATE	01/31/2023
PART C. BALANCE SHEET			01/31/2023
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
Total Utility Plant in Service	17,516,180	29. Memberships	17,340
2. Construction Work in Progress		30. Patronage Capital	8,320,819
3. Total Utility Plant (1+2)		31. Operating Margins - Prior Years	500,591
Accum. Provision for Depreciation and Amort	5,991,251	32. Operating Margins - Current Year	(23,480
5. Net Utility Plant (3-4)		33. Non-Operating Margins	3,400
6. Nonutility Property - Net		34. Other Margins & Equities	1,614,857
7. Investment in Subsidiary Companies	1,288,020	35. Total Margins & Equities (29 thru 34)	10,433,527
8. Invest. in Assoc. Org Patronage Capital	461,853	36. Long-Term Debt CFC (Net)	4,939,527
9. Invest. in Assoc. Org Other - General Funds	0	37. Long-Term Debt - Other (Net)	0
10. Invest in Assoc. Org Other - Nongeneral Funds	134,856	38. Total Long-Term Debt (36 + 37)	4,939,527
11. Investments in Economic Development Projects	0	39. Obligations Under Capital Leases - Non current	0
12. Other Investments	13,500	40. Accumulated Operating Provisions - Asset Retirement Obligations	0
13. Special Funds	0	41. Total Other Noncurrent Liabilities (39+40)	0
14. Total Other Property & Investments (6 thru 13)	1,898,229	42. Notes Payable	0
15. Cash-General Funds	762,940	43. Accounts Payable	608,201
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	172,033
17. Special Deposits		45. Current Maturities Long-Term Debt	0
18. Temporary Investments		46. Current Maturities Long-Term Debt-Economic Dev.	0
19. Notes Receivable - Net	0	47. Current Maturities Capital Leases	0
20. Accounts Receivable - Net Sales of Energy	842,745	48. Other Current & Accrued Liabilities	201,792
21. Accounts Receivable - Net Other	759,420	49. Total Current & Accrued Liabilities (42 thru 48)	982,026
22. Renewable Energy Credits	0	50. Deferred Credits	0
23. Materials & Supplies - Electric and Other	423,316	51. Total Liabilities & Other Credits (35+38+41+49+50)	16,355,080
24. Prepayments	84,279		
25. Other Current & Accrued Assets	966	ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
26. Total Current & Accrued Assets (15 thru 25)	3,069,393	Balance Beginning of Year	0
27. Deferred Debits	472	Amounts Received This Year (Net)	54,097
28. Total Assets & Other Debits (5+14+26+27)	16,355,080	TOTAL Contributions-In-Aid-Of-Construction	54,097

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

STATEMENT OF OPERATIONS

January 31, 2023

	ANNUAL	Y-T-D	Y-T-D	MONTH	MONTH
	BUDGET	BUDGET	ACTUAL	BUDGET	ACTUAL
OPERATING REVENUE	\$6,795,470	\$786,226	\$805,932	\$786,226	\$805,932
COST OF POWER	\$2,844,497	\$337,513	\$436,531	\$337,513	\$436,531
GROSS MARGINS	\$3,950,973	\$448,714	\$369,401	\$448,714	\$369,401
OPERATING EXPENSES:					
DISTRIBUTION OPERATIONS	\$161,200	\$22,500	\$17,792	\$22,500	\$17,792
DISTRIBUTION MAINTENANCE	\$761,878	\$62,757	\$103,126	\$62,757	\$103,126
CONSUMER ACCOUNTING	\$480,122	\$37,896	\$39,111	\$37,896	\$39,111
CONSUMER SERVICE & INFO	\$23,356	\$1,738	\$288	\$1,738	\$288
SALES EXPENSE	-\$3,500	\$0	\$720	\$0	\$720
ADMIN & GENERAL	\$1,124,353	\$133,776	\$155,157	\$133,776	\$155,157
TOTAL OPERATING EXPENSES	\$2,547,409	\$258,666	\$316,194	\$258,666	\$316,194
FIXED EXPENSES:				1010	
DEPRECIATION	\$470,000	\$39,167	\$40,614	\$39,167	\$40,614
TAXES-PROPERTY	\$50,977	\$4,248	\$4,141	\$4,248	\$4,141
TAXES-OTHER	\$190,000	\$15,833	\$14,013	\$15,833	\$14,013
INTEREST	\$246,669	\$20,556	\$18,338	\$20,556	\$18,338
OTHER DEDUCTIONS	\$0	\$0	\$0	\$0	\$0
TOTAL FIXED EXPENSES	\$957,646	\$79,804	\$77,106	\$79,804	\$77,106
TOTAL EXPENSES	\$3,505,055	\$338,470	\$393,300	\$338,470	\$393,300
OPERATING MARGINS	\$445,918	\$110,243	-\$23,899	\$110,243	-\$23,899
NONOPERATING MARGINS:					
INTEREST	\$29,566	\$2,235	\$419	\$2,235	\$419
OTHER	\$38,000	\$1,400	\$3,400	\$1,400	\$3,400
NET MARGINS	\$513,484	\$113,878	-\$20,080	\$113,878	-\$20,080
T.I.E.R.	3.08	6.54	-0.09	6.54	-0.09

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

POWER & SERVICE DATA January-23

	OCT	NOV	DEC	JAN	JAN
	2022	2022	2022	2023	2022
POWER DATA:					
COST OF POWER	\$198,961	\$355,591	\$541,211	\$436,531	\$444,927
KWH PURCHASED	4,154,195	9,252,145	12,643,175	10,010,640	10,926,695
KWH SOLD & OCEC USE	3,571,032	8,204,058	12,169,724	9,286,858	10,231,362
KWH LOST	583,163	1,048,087	473,451	723,782	695,333
LINE LOSS %	14.04%	11.33%	3.74%	7.23%	6.36%
COST PER KWH	\$0.0479	\$0.0384	\$0.0428	\$0.0436	\$0.0407
BILLING DATA:					
ACCOUNTS BILLED	4,080	3,899	3,888	3,896	3,816
AVG. KWH/CONSUMER	875	2,104	3,130	2,384	2,681
BILLING REVENUE	\$398,281	\$726,244	\$1,003,597	\$802,952	\$863,458
AVERAGE BILL	\$97.62	\$186.26	\$258.13	\$206.10	\$226.27
REVENUE/KWH SOLD	\$0.1115	\$0.0885	\$0.0825	\$0.0865	\$0.0844
SERVICE DATA:					
NEW	8	4	0	1	0
RETIRED	0	1	0	0	0
TOTAL END OF MONTH	4080	4084	4084	4085	4018
IDLE SERVICES	98	98	98	98	98
TRANSPORTATION:					
TOTAL MILES	8,651	5,530	6,159	5,015	4,071
COST OF OPERATION	\$32,005	\$27,626	\$28,157	\$23,159	\$29,611
AVG. COST PER MILE	\$3.700	\$4.996	\$4.572	\$4.618	\$7.274
MATERIALS:					
ISSUES	\$107,817	\$17,713	\$23,860	\$22,875	\$9,080
INVENTORY	\$366,151	\$363,922	\$440,787	\$423,316	\$361,345



NATIONAL RURAL UTILITIES BORROWER NAME Okanogan County Electric Coop Inc COOPERATIVE FINANCE CORPORATION BORROWER DESIGNATION WA032 FINANCIAL AND STATISTICAL REPORT ENDING DATE 2/28/2023 Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar, CERTIFICATION BALANCE CHECK RESULTS We hereby certify that the entries in this report are in accordance AUTHORIZATION CHOICES with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? **Needs Attention** Signature of Office Manager or Accountant (YES O NO Please Review Matches B. Will you authorize CFC to share your data with other cooperatives? Signature of Manager YES ONO PART A. STATEMENT OF OPERATIONS YEAR-TO-DATE ITEM LAST YEAR THIS YEAR BUDGET THIS MONTH (c) Operating Revenue and Patronage Capital 1,579,491 1,563,662 1.525,654 757,731 Power Production Expense 0 0 Cost of Purchased Power 832,973 812,269 660,031 375,738 Transmission Expense 0 0 0 0 Regional Market Operations Expense 0 0 0 0 Distribution Expense - Operation 35,811 31,204 13,412 46 200 Distribution Expense - Maintenance 146,696 151,717 121,953 48,591 Consumer Accounts Expense 60,032 68,570 74,394 29,459 Customer Service and Informational Expense 638 2.296 3,476 2,009 10. Sales Expense 9,384 (2.879)(1,500)(3,599)11. Administrative and General Expense 189,018 237,170 264,802 82,012 12. Total Operation & Maintenance Expense (2 thru 11) 1,274,551 1,300,346 1,169,356 547,622 13. Depreciation & Amortization Expense 72,843 78,333 77.933 37,319 14. Tax Expense - Property & Gross Receipts 8,212 7.996 8,496 3,855 15. Tax Expense - Other 53,108 38,351 31,667 24,338 16. Interest on Long-Term Debt 32,480 36,676 41,112 18,338 17. Interest Charged to Construction (Credit) (1,225)0 0 18. Interest Expense - Other 0 0 0 0 19. Other Deductions 0 0 0 0 20. Total Cost of Electric Service (12 thru 19) 1,439,969 1,461,302 1,328,963 631,472 102,360 21. Patronage Capital & Operating Margins (1 minus 20) 139,522 196,691 126,259 22. Non Operating Margins - Interest 1,113 1,076 2,670 657 23. Allowance for Funds Used During Construction 0 0 0 0 24. Income (Loss) from Equity Investments 22 0 0 25. Non Operating Margins - Other 6,800 6,800 2,800 3,400 26. Generation & Transmission Capital Credits 0 0 0 0 27. Other Capital Credits & Patronage Dividends 0 0 0 0 28. Extraordinary Items 0 0 0 29. Patronage Capital or Margins (21 thru 28) 147,457 110,236 202,160 130,316 PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT YEAR-TO-DATE YEAR-TO-DATE ITEM LAST YEAR THIS YEAR ITEM LAST YEAR THIS YEAR (a) (b) (a) New Services Connected 0 1 5. Miles Transmission 0 0 Services Retired 0 Miles Distribution Overhead 195 195

4.018

97

Miles Distribution Underground

98 8. Total Miles Energized (5+6+7)

Total Services In Place

Idle Services (Exclude Seasonal)

259

454

257

452



NATIONAL RURAL UTILITIE	S	BORROWER NAME	Okanogan County
COOPERATIVE FINANCE CORPORATION B		BORROWER DESIGNATION	WA032
FINANCIAL AND STATISTICAL RE	EPORT	ENDING DATE	02/28/2023
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
Total Utility Plant in Service	17,478,484	29. Memberships	17,350
Construction Work in Progress	(78,859)	30. Patronage Capital	8,320,819
3. Total Utility Plant (1+2)		31. Operating Margins - Prior Years	500,591
Accum. Provision for Depreciation and Amort	6,030,964	32. Operating Margins - Current Year	103,436
5. Net Utility Plant (3-4)	11,368,662	33. Non-Operating Margins	6,800
6. Nonutility Property - Net		34. Other Margins & Equities	1,614,912
7. Investment in Subsidiary Companies		35. Total Margins & Equities (29 thru 34)	10,563,908
8. Invest. in Assoc. Org Patronage Capital		36. Long-Term Debt CFC (Net)	4,939,527
9. Invest. in Assoc. Org Other - General Funds	0	37. Long-Term Debt - Other (Net)	0
10. Invest in Assoc. Org Other - Nongeneral Funds	134,856	38. Total Long-Term Debt (36 + 37)	4,939,527
11. Investments in Economic Development Projects		39. Obligations Under Capital Leases - Non current	0
12. Other Investments	13,500	40. Accumulated Operating Provisions - Asset Retirement Obligations	0
13. Special Funds	0	41. Total Other Noncurrent Liabilities (39+40)	0
14. Total Other Property & Investments (6 thru 13)	1,898,229	42. Notes Payable	0
15. Cash-General Funds		43. Accounts Payable	459,416
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	172,133
17. Special Deposits	200,351	45. Current Maturities Long-Term Debt	0
18. Temporary Investments		46. Current Maturities Long-Term Debt-Economic Dev.	0
19. Notes Receivable - Net	0	47. Current Maturities Capital Leases	0
20. Accounts Receivable - Net Sales of Energy	799,529	48. Other Current & Accrued Liabilities	237,973
21. Accounts Receivable - Net Other	754,796	49. Total Current & Accrued Liabilities (42 thru 48)	869,522
22. Renewable Energy Credits		50. Deferred Credits	0
23. Materials & Supplies - Electric and Other	433,545	51. Total Liabilities & Other Credits (35+38+41+49+50)	16,372,957
24. Prepayments	76,618		
25. Other Current & Accrued Assets	966	ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
26. Total Current & Accrued Assets (15 thru 25)	3,104,916	Balance Beginning of Year	0
27. Deferred Debits	1,150	Amounts Received This Year (Net)	95,578
28. Total Assets & Other Debits (5+14+26+27)	16,372,957	TOTAL Contributions-In-Aid-Of-Construction	95,578

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

STATEMENT OF OPERATIONS

February 28, 2023

	ANNUAL	Y-T-D	Y-T-D	MONTH	MONTH
	BUDGET	BUDGET	ACTUAL	BUDGET	ACTUAL
OPERATING REVENUE	\$6,795,470	\$1,525,654	\$1,563,662	\$739,428	\$757,731
COST OF POWER	\$2,844,497	\$660,031	\$812,269	\$322,519	\$375,738
GROSS MARGINS	\$3,950,973	\$865,623	\$751,393	\$416,910	\$381,993
OPERATING EXPENSES:					
DISTRIBUTION OPERATIONS	\$161,200	\$46,200	\$31,204	\$23,700	\$13,412
DISTRIBUTION MAINTENANCE	\$761,878	\$121,953	\$151,717	\$59,195	\$48,591
CONSUMER ACCOUNTING	\$480,122	\$74,394	\$68,570	\$36,499	\$29,459
CONSUMER SERVICE & INFO	\$23,356	\$3,476	\$2,296	\$1,738	\$2,009
SALES EXPENSE	-\$3,500	-\$1,500	-\$2,879	-\$1,500	-\$3,599
ADMIN & GENERAL	\$1,124,353	\$264,802	\$237,170	\$131,027	\$82,012
TOTAL OPERATING EXPENSES	\$2,547,409	\$509,325	\$488,077	\$250,658	\$171,884
FIXED EXPENSES:					
DEPRECIATION	\$470,000	\$78,333	\$77,933	\$39,167	\$37,319
TAXES-PROPERTY	\$50,977	\$8,496	\$7,996	\$4,248	\$3,855
TAXES-OTHER	\$190,000	\$31,667	\$38,351	\$15,833	\$24,338
INTEREST	\$246,669	\$41,112	\$36,676	\$20,556	\$18,338
OTHER DEDUCTIONS	\$0	\$0	\$0	\$0	\$0
TOTAL FIXED EXPENSES	\$957,646	\$159,608	\$160,956	\$79,804	\$83,850
TOTAL EXPENSES	\$3,505,055	\$668,932	\$649,033	\$330,462	\$255,734
OPERATING MARGINS	\$445,918	\$196,691	\$102,360	\$86,447	\$126,259
NONOPERATING MARGINS:					
INTEREST	\$29,566	\$2,670	\$1,076	\$435	\$657
OTHER	\$38,000	\$2,800	\$6,800	\$1,400	\$3,400
NET MARGINS	\$513,484	\$202,160	\$110,236	\$88,282	\$130,316
T.I.E.R.	3.08	5.92	4.01	5.29	8.11

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

POWER & SERVICE DATA February-23

	NOV	DEC	JAN	Feb	Feb
	2022	2022	2023	2023	2022
POWER DATA:					
COST OF POWER	\$355,591	\$541,211	\$436,531	\$375,738	\$388,046
KWH PURCHASED	9,252,145	12,643,175	10,010,640	8,889,825	8,323,030
KWH SOLD & OCEC USE	8,204,058	12,169,724	9,286,858	8,614,687	7,990,662
KWH LOST	1,048,087	473,451	723,782	275,138	332,368
LINE LOSS %	11.33%	3.74%	7.23%	3.09%	3.99%
COST PER KWH	\$0.0384	\$0.0428	\$0.0436	\$0.0423	\$0.0466
BILLING DATA:					
ACCOUNTS BILLED	3,899	3,888	3,896	3,885	3,810
AVG. KWH/CONSUMER	2,104	3,130	2,384	2,217	2,097
BILLING REVENUE	\$726,244	\$1,003,597	\$802,952	\$754,939	\$702,215
AVERAGE BILL	\$186.26	\$258.13	\$206.10	\$194.32	\$184.31
REVENUE/KWH SOLD	\$0.0885	\$0.0825	\$0.0865	\$0.0876	\$0.0879
SERVICE DATA:					
NEW	4	0	1	0	1
RETIRED	1	0	0	0	0
TOTAL END OF MONTH	4084	4084	4085	4085	4019
IDLE SERVICES	98	98	98	98	97
TRANSPORTATION:					
TOTAL MILES	5,530	6,159		7,909	5,748
COST OF OPERATION	\$27,626	\$28,157	\$23,159	\$44,632	\$25,464
AVG. COST PER MILE	\$4.996	\$4.572	\$4.618	\$5.643	\$4.430
MATERIALS:					
ISSUES	\$17,713	\$23,860	\$22,875	\$117,804	\$14,365
INVENTORY	\$363,922	\$440,787	\$423,316	\$433,545	\$371,292



BORROWER NAME NATIONAL RURAL UTILITIES Okanogan County Electric Coop Inc COOPERATIVE FINANCE CORPORATION BORROWER DESIGNATION WA032 FINANCIAL AND STATISTICAL REPORT ENDING DATE 3/31/2023 Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar. BALANCE CHECK RESULTS CERTIFICATION We hereby certify that the entries in this report are in accordance AUTHORIZATION CHOICES with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? Needs Attention Signature of Office Manager or Accountant YES O NO Please Review Matches B. Will you authorize CFC to share your data with other cooperatives? Signature of Manager O NO YES PART A. STATEMENT OF OPERATIONS YEAR-TO-DATE ITEM LAST YEAR THIS YEAR BUDGET THIS MONTH Operating Revenue and Patronage Capital 2,189,941 2,124,233 2,127,517 626,278 0 Power Production Expense 1,125,149 1,114,150 890,518 301,881 Cost of Purchased Power Transmission Expense 0 0 0 0 0 0 0 0 Regional Market Operations Expense 43,097 57,700 11,893 Distribution Expense - Operation 62,986 190,923 203,523 185,813 51.806 Distribution Expense - Maintenance 38,235 Consumer Accounts Expense 94 860 106 804 119,620 Customer Service and Informational Expense 2,349 5,214 9,384 (2,879)(1,500)0 10. Sales Expense 11. Administrative and General Expense 305,231 317.758 349,179 80.588 12. Total Operation & Maintenance Expense (2 thru 11) 1,789,490 1,784,802 1,606,544 484,456 13. Depreciation & Amortization Expense 110,851 115,244 117,500 37,311 14. Tax Expense - Property & Gross Receipts 12,352 11,851 12,744 3,855 64,050 47,500 25,699 15. Tax Expense - Other 64,286 63,882 61,667 48,931 27,207 Interest on Long-Term Debt 17. Interest Charged to Construction (Credit) (1,225)0 0 0 0 0 0 0 18. Interest Expense - Other 0 0 0 0 19. Other Deductions 2,024,687 2,039,830 1,845,955 578,528 20. Total Cost of Electric Service (12 thru 19) 102,830 150,111 278,278 47,751 21. Patronage Capital & Operating Margins (1 minus 20) 6,565 5,911 9,991 4,835 22. Non Operating Margins - Interest 23. Allowance for Funds Used During Construction 0 0 4.997 1,295 1,200 1.295 24. Income (Loss) from Equity Investments 10,200 10,200 4,200 3,400 25. Non Operating Margins - Other 26. Generation & Transmission Capital Credits 0 0 0 0 27. Other Capital Credits & Patronage Dividends 0 0 0 0 28. Extraordinary Items 0 0 0 0 167,517 124,592 293,669 57,281 29. Patronage Capital or Margins (21 thru 28) PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT YEAR-TO-DATE YEAR-TO-DATE ITEM LAST YEAR THIS YEAR ITEM LAST YEAR THIS YEAR (a) (b) 0 2 5. Miles Transmission 0 New Services Connected 0 195 Services Retired 0 Miles Distribution Overhead 195 4,018 257 259 Total Services In Place Miles Distribution Underground

Idle Services (Exclude Seasonal)

454

452

98 8. Total Miles Energized (5+6+7)



		BORROWER NAME	Okanogan County	
		BORROWER DESIGNATION	WA032	
FINANCIAL AND STATISTICAL RI	EPORT	ENDING DATE	03/31/2023	
PART C. BALANCE SHEET			00,01,202	
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS		
Total Utility Plant in Service	17,477,212	29. Memberships	17,385	
Construction Work in Progress		30. Patronage Capital	8,320,819	
3. Total Utility Plant (1+2)	17,448,792	31. Operating Margins - Prior Years	500,591	
Accum. Provision for Depreciation and Amort	6,074,218	32. Operating Margins - Current Year	157,317	
5. Net Utility Plant (3-4)		33. Non-Operating Margins	10,200	
6. Nonutility Property - Net		34. Other Margins & Equities	1,614,912	
7. Investment in Subsidiary Companies	1,288,020	35. Total Margins & Equities (29 thru 34)	10,621,224	
8. Invest. in Assoc. Org Patronage Capital	462,870	36. Long-Term Debt CFC (Net)	4,879,312	
9. Invest. in Assoc. Org Other - General Funds	0	37. Long-Term Debt - Other (Net)	0	
10. Invest in Assoc. Org Other - Nongeneral Funds	134,856	38. Total Long-Term Debt (36 + 37)	4,879,312	
11. Investments in Economic Development Projects	0	39. Obligations Under Capital Leases - Non current	0	
12. Other Investments	13,500	40. Accumulated Operating Provisions - Asset Retirement Obligations	0	
13. Special Funds	0	41. Total Other Noncurrent Liabilities (39+40)	0	
14. Total Other Property & Investments (6 thru 13)	1,899,246	42. Notes Payable	0	
15. Cash-General Funds	840,366	43. Accounts Payable	400,320	
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	173,633	
17. Special Deposits	204,970	45. Current Maturities Long-Term Debt	0	
18. Temporary Investments	0	46. Current Maturities Long-Term Debt-Economic Dev.	0	
19. Notes Receivable - Net	0	47. Current Maturities Capital Leases	0	
20. Accounts Receivable - Net Sales of Energy	661,767	48. Other Current & Accrued Liabilities	211,587	
21. Accounts Receivable - Net Other	740,134	49. Total Current & Accrued Liabilities (42 thru 48)	785,540	
22. Renewable Energy Credits	0	50. Deferred Credits	0	
23. Materials & Supplies - Electric and Other	493,251	51. Total Liabilities & Other Credits (35+38+41+49+50)	16,286,076	
24. Prepayments	68,956			
25. Other Current & Accrued Assets	966	ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION		
26. Total Current & Accrued Assets (15 thru 25)	3,010,411	Balance Beginning of Year	0	
27. Deferred Debits	1,845	Amounts Received This Year (Net)	95,578	
28. Total Assets & Other Debits (5+14+26+27)	16,286,076	TOTAL Contributions-In-Aid-Of-Construction	95,578	

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

STATEMENT OF OPERATIONS

March 31, 2023

	ANNUAL	Y-T-D	Y-T-D	MONTH	MONTH
	BUDGET	BUDGET	ACTUAL	BUDGET	ACTUAL
OPERATING REVENUE	\$6,795,470	\$2,124,233	\$2,189,941	\$598,579	\$626,278
COST OF POWER	\$2,844,497	\$890,518	\$1,114,150	\$230,487	\$301,881
GROSS MARGINS	\$3,950,973	\$1,233,715	\$1,075,791	\$368,092	\$324,397
OPERATING EXPENSES:					
DISTRIBUTION OPERATIONS	\$161,200	\$57,700	\$43,097	\$11,500	\$11,893
DISTRIBUTION MAINTENANCE	\$761,878	\$185,813	\$203,523	\$63,860	\$51,806
CONSUMER ACCOUNTING	\$480,122	\$119,620	\$106,804	\$45,226	\$38,235
CONSUMER SERVICE & INFO	\$23,356	\$5,214	\$2,349	\$1,738	\$52
SALES EXPENSE	-\$3,500	-\$1,500	-\$2,879	\$0	\$0
ADMIN & GENERAL	\$1,124,353	\$349,179	\$317,758	\$84,377	\$80,588
TOTAL OPERATING EXPENSES	\$2,547,409	\$716,026	\$670,652	\$206,701	\$182,575
FIXED EXPENSES:					
DEPRECIATION	\$470,000	\$117,500	\$115,244	\$39,167	\$37,311
TAXES-PROPERTY	\$50,977	\$12,744	\$11,851	\$4,248	\$3,855
TAXES-OTHER	\$190,000	\$47,500	\$64,050	\$15,833	\$25,699
INTEREST	\$246,669	\$61,667	\$63,882	\$20,556	\$27,207
OTHER DEDUCTIONS	\$0	\$0	\$0	\$0	\$0
TOTAL FIXED EXPENSES	\$957,646	\$239,411	\$255,028	\$79,804	\$94,072
TOTAL EXPENSES	\$3,505,055	\$955,437	\$925,680	\$286,505	\$276,647
OPERATING MARGINS	\$445,918	\$278,278	\$150,111	\$81,587	\$47,751
				9.4	
NONOPERATING MARGINS:					X Table
INTEREST	\$29,566	\$9,991	\$5,911	\$7,322	\$4,835
OTHER	\$38,000	\$5,400	\$11,495	\$2,600	\$4,695
NET MARGINS	\$513,484	\$293,669	\$167,517	\$91,509	\$57,280
T.I.E.R.	3.08	5.76	3.62	5.45	3.11

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

POWER & SERVICE DATA

March-23

	DEC	JAN	FEB	MAR	MAR
	2022	2023	2023	2023	2022
POWER DATA:					
COST OF POWER	\$541,211	\$436,531	\$375,738	\$301,881	\$292,176
KWH PURCHASED	12,643,175	10,010,640	8,889,825	7,462,225	6,221,530
KWH SOLD & OCEC USE	12,169,724	9,286,858	8,614,687	6,763,185	5,731,899
KWH LOST	473,451	723,782	275,138	699,040	489,631
LINE LOSS %	3.74%	7.23%	3.09%	9.37%	7.87%
COST PER KWH	\$0.0428	\$0.0436	\$0.0423	\$0.0405	\$0.0470
BILLING DATA:					
ACCOUNTS BILLED	3,888	3,896	3,885	3,896	3,821
AVG. KWH/CONSUMER	3,130	2,384	2,217	1,736	1,500
BILLING REVENUE	\$1,003,597	\$802,952	\$754,939	\$623,917	\$544,013
AVERAGE BILL	\$258.13	\$206.10	\$194.32	\$160.14	\$142.37
REVENUE/KWH SOLD	\$0.0825	\$0.0865	\$0.0876	\$0.0923	\$0.0949
SERVICE DATA:					
NEW	0	1	0	1	3
RETIRED	0	0	0	0	1
TOTAL END OF MONTH	4084	4085	4085	4086	4021
IDLE SERVICES	98	98	98	98	97
TRANSPORTATION:					
TOTAL MILES	6,159	5,015	7,909	7,331	5,457
COST OF OPERATION	\$28,157	\$23,159	\$44,632	\$30,090	\$30,409
AVG. COST PER MILE	\$4.572	\$4.618	\$5.643	\$4.104	\$5.572
MATERIALS:					
ISSUES	\$23,860	\$22,875	\$117,804	\$7,443	\$5,617
INVENTORY	\$440,787	\$423,316	\$433,545	\$491,510	\$393,703

STATEMENT OF CHANGES IN CASH FLOW Okanogan County Electric Cooperative Inc

Budget Year: 2023 Current year Budget year
Dec-Dec Jan - Dec

	Dec-Dec	Jan - Dec													
I	2022	2023	January	February	March	April	May	June	July	August	September	October	November	December	YTD w/ Actuals
Patronage Capital or Margins	81,855	513,484	(20,080)	130,316	57,280	(19,118)	5,034	19,926	60,601	10,152	27,727	(14,576)	75,433	81,855	414,550
Plus Depreciation Expense	39,167	470,000	40,614	37,319	37,311	39,167	39,167	39,167	39,167	39,167	39,167	39,167	39,167	39,167	467,744
Less Capital Credit Allocations			(868)	55	0					7					^
Plus FAS 158 Amortization	0	0	0	0	0	0	o l	0	0	0	0	0	0	0	0
Total (Funds From Operations)	121,022	983,484	19,667	167,690	94,591	20,048	44,201	59,092	99,768	49,319	66,894	24,590	114,600	121,022	882,295
Cash Construction Funds - Trustee	0	o													
Special Deposit	(6,000)	(72,000)	(4,623)	(4,623)	(4,619)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(67,866)
Temporary Investment	0	0	0	0	0	12000		0		,	, , , , , , , , , , , , , , , , , , , ,				0
Accounts Receivable - Sale of Energy (Net)	(166, 190)	0	205,965	43,216	137,762	0	0	0	0	0	0	0	0	0	386,944
Accounts Receivable - Other (Net)	(110,539)	0	38,694	4,623	14,662	0	0	0	0	0	0	0	0	0	57,979
Regulatory Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Debits	0	0	0	(678)	(695)	0	0	0	0	0	0	0	0	0	(1,373)
Prepayments	0	0	(84,279)	7,661	7,661	0	0	0	0	0	0	0	0	0	(68,957)
Other Current & Accrued Asset	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease in Operating Assets	(282,729)	(72,000)	155,757	50,199	154,771	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	306,727
Notes Payable	0	0	0	0	0	0	О	О	О	0	О	0	0	0	0
Accounts Payable	0	0	(207,987)	(148,785)	(59,096)	0	0	0	0	0	0	0	0	0	(415,868)
Accumulated Operating Provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Regulatory Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Deferred Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current and Accrued Liabilities	0	0	43,627	36,180	(26,386)	0	0	0	0	0	0	0	0	0	53,421
Increase/(Decrease) in Operating Liabilities	0	0	(164,360)	(112,605)	(85,482)	0	0	0	0	0	0	0	0	0	(362,447)
CASH FROM OPERATING ACTIVITIES	(161,707)	911,484	11,063	105,284	163,881	14,048	38,201	53,092	93,768	43,319	60,894	18,590	108,600	115,022	826,575
INVESTMENT ACTIVITIES				1											
Total Utility Plant	0	(\$1,547,271)	(268,321)	37,696	1,273	(184,806)	(117,111)	(116,372)	(115,907)	(200,517)	(100,691)	(102,970)	(89,316)	(87,514)	(1,344,557)
Cost to Retire Utility Plant	0	0	(477)	2,394	5,943	0	0	(110,012)	0	0	(100,001)	0	0	0	7,860
Construction Work-in-Progress	0	0	156,551	(100,566)	(70,512)	0	0	0	0	0	0	0	0	0	(14,527)
Contributions in aid of construction (CIAC)	0	436,608	54,097	41,481	20,073	54,576	54,576	54,576	54,576	54,576	54,576	54,576	0	0	497,683
Total Other Property and Investments	0	0	517	0	(1,017)	0	0	0	0	0	0	0	0	0	(500)
Materials & Supplies - Electric and Other	0	0	17,471	(10,229)	(59,706)	0	0	0	0	0	0	0	0	0	(52,464)
Notes Receivable (Net)	0	0	0	0	0	0	o	0	0	0	0	0	0	0	0
CASH FROM INVESTMENT ACTIVITIES	0	(1,110,663)	(40,162)	(29,224)	(103,946)	(130,230)	(62,535)	(61,796)	(61,331)	(145,941)	(46,115)	(48,394)	(89,316)	(87,514)	(906,505)
FINANCING ACTIVITIES															
Margins & Equities	(292,908)	(\$310,374)	0	0	0	0	0	0	0	0	0	0	0	(310,374)	(310,374)
LT Debt - Additional Debt	350,245	\$750,000	300,000	0	0	400,000	0	0	0	0	350,000	0	0	0	1,050,000
LT Debt - Debt Service Payment	0	(\$225,364)	0	0	(60,215)	0	o	(56,341)	0	0	(56,341)	0	0	(56,341)	(229,238)
LT Debt - Other	0	Ó	0	0	0		55.00	1000000			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			1	0
Total LT Debt	57,337	524,636	300,000	0	(60,215)	400,000	0	(56,341)	0	0	293,659	0	0	(56,341)	820,762
LT Debt - Payments Unapplied	0	0	0	0	0	,		(0.0)0.1.7				-		(00)0,,	0
LT Debt - Current maturities	0	0	0	0						1					0
Consumer Membership	0	0	(20)	10	35	0	o	0	0	0	0	0	0	0	25
Consumers Deposits	0	0	250	100	1,500	0	0	0	0	0	0	0	0	0	1,850
CASH FROM FINANCING ACTIVITIES	57,337	214,262	300,230	110	(58,680)	400,000	О	(56,341)	0	0	293,659	0	0	(366,715)	512,263
CASH FROM ALL ACTIVITIES	(104,370)	15,082	271,131	76,170	1,254	283,818	(24,334)	(65,045)	32,436	(102,622)	308,437	(29,804)	19,284	(339,207)	432,333
TOTAL CASH BEGINNING OF PERIOD	309,245	525,880	491,810	762,940	839,111	840,365	1,124,184	1,099,850	1,034,805	1,067,241	964,619	1,273,056	1,243,252	1,262,536	525,880
TOTAL CASH END OF PERIOD	204,875	540,963	762,940	839,111	840,365	1,124,184	1,099,850	1,034,805	1,067,241	964,619	1,273,056	1,243,252	1,262,536	923,329	958,213

Okanogan County Electric Cooperative, Inc.

General Manager's Report to the Board – April 2023

Operations Updates:

System Improvement Projects Update

The OCEC line crew has begun work on one of our identified high-priority system improvement projects upgrading the line running across the river from West Chewuch down to the Pearrygin State Park turn off to 3-phase from "V" or 2-phase. This project will be at least a 2-year upgrade and will provide increased capacity to the state park as well as Studhorse Mountain. Both areas were identified in our engineering study as needing additional capacity and voltage support during peak winter events.

Cascade Condos North Update

The engineering team is hard at work designing the infrastructure necessary to support the new development at Cascade Condos North. This project will plan for 30 single-family homes and potentially an additional 20-30 apartments. This is a very large housing development for our system and could represent a 1% increase in members on its own. The development is scheduled to be completed in 2026 and the potential 20-30 apartments would likely come after that, if constructed.

Financial Updates:

2022 Financial Audit Completed

We have received final report from DeCoria, Blair & Teague, PS on May 11th which are included in this month's board book. The auditors will be joining our meeting to discuss the audit with the OCEC Board this month.

General Updates:

NISC Implementation Schedule Update

We have had two initial meetings with the implementation team leads at NISC and have a rough schedule of target dates for "go-live":

- January 2024 Service module go-live
- March 2024 Financial module go-live
- April 2024 Operations/mapping module go-live

Okanogan County Electric Cooperative, Inc.

We will have multiple on-site weeks where NISC staff will be in the building training and implementing software modules.

Okanogan County Electric Cooperative, Inc. and Subsidiary

Financial Report
December 31, 2022 and 2021

Okanogan County Electric Cooperative, Inc. and Subsidiary Table of Contents December 31, 2022 and 2021

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Independent Auditor's Report

Boards of Directors Okanogan County Electric Cooperative, Inc. and Subsidiary Winthrop, Washington

Opinion

We have audited the accompanying consolidated financial statements of Okanogan County Electric Cooperative, Inc. and Subsidiary, which are comprised of the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Okanogan County Electric Cooperative, Inc. and Subsidiary as of December 31, 2022 and 2021, and the consolidated results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Okanogan 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 Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Okanogan 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 Okanogan 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.

Deloria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S. Spokane, Washington

May 10, 2023

Okanogan County Electric Cooperative, Inc. and Subsidiary Consolidated Balance Sheets December 31, 2022 and 2021

	2022	2021
ASSETS		
Noncurrent assets: Net utility plant (Note 3) Investments in associated organizations (Note 4) Notes receivable, due after one year (Note 7)	\$ 13,713,863 632,360 240,734	\$ 12,974,624 610,007 342,256
Total noncurrent assets	14,586,957	13,926,887
Current assets: Cash and cash equivalents (Note 5) Restricted cash and cash equivalents (Notes 5 and 7) Accounts receivable, net (Note 6) Notes receivable, due within one year (Note 7) Materials and supplies inventory Total current assets	689,824 190,104 1,384,081 55,028 612,526	583,196 77,657 1,156,016 64,887 514,850
Total assets	2,931,563 \$ 17,518,520	2,396,606 \$ 16,323,493
MEMBERS' EQUITY AND LIABILITIES Members' equity: Memberships Patronage capital Other equities Total members' equity	\$ 17,320 6,678,419 3,758,716	\$ 17,145 6,724,637 3,496,217 10,237,999
Commitments and contingencies (Notes 11 and 12)	10,454,455	10,237,333
Noncurrent liabilities: Long-term debt, due after one year (Note 8) Total noncurrent liabilities	4,947,045 4,947,045	4,469,488 4,469,488
Current liabilities: Long-term debt, due within one year (Note 8) Line of credit (Note 9) Accounts payable and accrued expenses (Note 10) Consumer prepayments and deposits Deferred revenue Total current liabilities	315,714 300,000 1,134,636 304,635 62,035 2,117,020	251,272 - 1,009,086 294,017 61,631 1,616,006
Total members' equity and liabilities	\$ 17,518,520	\$ 16,323,493
Total members equity and natifices	ψ 17,310,340	φ 10,343,473

Okanogan County Electric Cooperative, Inc. and Subsidiary Consolidated Statements of Operations Years Ended December 31, 2022 and 2021

		2022	2021
Operating revenue:			
Sales		\$ 10,004,615	\$ 9,149,149
	Total operating revenue	10,004,615	 9,149,149
Operating expenses:			
Cost of sales		5,368,057	4,618,309
Distribution - operations		700,695	608,924
Distribution - maintenance		779,668	710,321
Administration and general		1,215,466	1,225,576
Depreciation and amortization		649,780	601,046
Consumer accounts		336,249	311,421
Interest		263,681	260,453
Taxes		323,012	295,061
Other		3,473	 3,165
	Total operating expenses	9,640,081	8,634,276
	Net operating margins	364,534	514,873
Nonoperating margins:			
Interest income		31,183	29,766
Patronage capital from other cooperatives		43,760	43,112
Rental income		16,800	11,100
Gain on disposition of plant		44,314	
	Total nonoperating margins	136,057	 83,978
	Net margins	\$ 500,591	\$ 598,851

Okanogan County Electric Cooperative, Inc. and Subsidiary Consolidated Statements of Changes in Members' Equity Years Ended December 31, 2022 and 2021

		 2022	2021
Memberships: Memberships, beginning of year Net change in memberships		\$ 17,145 175	\$ 16,760 385
	Memberships, end of year	 17,320	 17,145
Patronage capital: Patronage capital, beginning of year Net margins to be allocated Retirement of capital credits	Patronage capital, end of year	 6,724,637 263,321 (309,539) 6,678,419	6,726,699 360,692 (362,754) 6,724,637
Other equities: Other equities, beginning of year Unallocated margins Other changes, net	Other equities, end of year	3,496,217 237,270 25,229 3,758,716	3,230,724 238,159 27,334 3,496,217
	Total members' equity, end of year	\$ 10,454,455	\$ 10,237,999

Okanogan County Electric Cooperative, Inc. and Subsidiary Consolidated Statements of Cash Flows Years Ended December 31, 2022 and 2021

Net margins \$ 500,591 \$ 598,851 Adjustments to reconcile net margins to net cash 766,409 665,538 provided by operating activities: 766,409 665,538 Depreciation and amorization (44,314) - Changes in: 2(28,065) (158,125) Accounts receivable, net (228,065) (158,125) Accounts payable and accrued expenses 125,550 242,642 Consumer prepayments and deposits 1,0618 35,039 Deferred revenue Net cash provided by operating activities 1,033,517 1,253,596 Cash flows from investing activities Troceeds from sale of plant (1,510,174) (1,168,516) Additions to utility plant, net (1,510,174) (1,168,516) Proceeds from sale of plant 48,840 - Advances on notes receivable 1 (136,000) Principal payments received on notes receivable 21,407 165,219 Redemptions of investments in associated organizations 82,000 61,118,115 Redemptions payments on long-term debt		2022		2021	
Net margins \$ 500,591 \$ 598,851 Adjustments to reconcile net margins to net eash provided by operating activities: 766,409 665,538 Depreciation and amortization 766,409 665,538 Gain on disposition of plant (44,314) - Changes in: (228,065) (158,125) Accounts receivable, net (228,065) (132,726) Accounts payable and accrued expenses 125,550 242,642 Consumer prepayments and deposits 10,618 35,039 Deferred revenue Net cash provided by operating activities 1,033,517 1,253,596 Cash flows from investing activities: 1 (1,168,516) Proceeds from sale of plant 48,840 - (13,60,000) Additions to utility plant, net (1,510,174) (1,168,516) Proceeds from sale of plant 48,840 - (13,60,000) Additions to utility plant, net (1,510,174) (1,168,516) Proceeds from sale of plant 48,840 - (13,60,000) Principal payments received on notes receivable 111,381 64,294 <tr< th=""><th>Cash flows from operating activities:</th><th></th><th></th><th></th><th></th></tr<>	Cash flows from operating activities:				
Depreciation and amortization		\$	500,591	\$	598,851
Depreciation and amortization 766,409 665,538 Gain on disposition of plant (44,314) - (76,318) (44,314) - (76,318) (44,314) - (76,318) (44,314) - (76,318) (44,314) - (76,318) (158,125) (168,125) (168,	Adjustments to reconcile net margins to net cash				
Gain on disposition of plant Changes in: (44,314) - Accounts receivable, net Accounts prevable and accrued expenses (228,065) (158,125) Materials and supplies inventory (97,676) (132,726) Accounts payable and accrued expenses 125,550 224,642 Consumer prepayments and deposits 10,618 35,039 Deferred revenue 404 2,377 Rot cash provided by operating activities 1,033,517 1,253,596 Cash flows from investing activities: 404 2,377 Additions to utility plant, net (1,510,174) (1,168,516) Proceeds from sale of plant 48,840 - Advances on notes receivable 111,381 64,294 Additions to investments in associated organizations (43,760) (43,112) Redemptions of investments in associated organizations 21,407 165,219 Net cash used by investing activities (21,372,306) (1,118,115) Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt 820,000 510,000 Principal payments o					
Changes in: (228,065) (158,125) Accounts receivable, net (97,676) (132,726) Accounts payable and accrued expenses 125,550 242,642 Consumer prepayments and deposits 10,618 35,039 Deferred revenue 404 2,377 Net cash provided by operating activities 1,033,517 1,253,596 Cash flows from investing activities: 48,840 - Additions to utility plant, net (1,510,174) (1,168,516) Proceeds from sale of plant 48,840 - Advances on notes receivable 1 - (136,000) Principal payments received on notes receivable 111,381 64,290 Principal payments received on notes receivable 111,381 64,290 Redemptions of investments in associated organizations 21,407 165,219 Redemptions of investments in associated organizations 21,407 165,219 Net cash used by investing activities (378,001) (247,982) Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on lone of credit					665,538
Accounts receivable, net (228,065) (158,125) Materials and supplies inventory (97,676) (132,726) Accounts payable and accrued expenses 125,550 242,642 Consumer prepayments and deposits 10,618 35,039 Deferred revenue 404 2,377 Net cash provided by operating activities 1,033,517 1,253,596 Cash flows from investing activities: 48,840 - Additions to utility plant, net (1,510,174) (1,168,516) Proceeds from sale of plant 48,840 - Advances on notes receivable 111,381 64,294 Additions to investments in associated organizations (43,760) (43,112) Redemptions of investments in associated organizations (43,760) (1,118,115) Net cash used by investing activities (1,372,306) (1,118,115) Principal payments on long-term debt 820,000 510,000 Principal payments on long-term debt 820,000 510,000 Principal payments on long-term debt 820,000 510,000 Principal payments on long-term debt 300,000 </td <td></td> <td></td> <td>(44,314)</td> <td></td> <td>-</td>			(44,314)		-
Materials and supplies inventory (97,676) (132,726) Accounts payable and accrued expenses 125,550 242,642 Consumer prepayments and deposits 10,618 35,039 Deferred revenue 404 2,377 Net cash provided by operating activities 1,033,517 1,253,596 Cash flows from investing activities: 1,033,517 1,253,596 Cash flows from investing activities: (1,510,174) (1,168,516) Proceeds from sale of plant 48,840 - Advances on notes receivable 111,381 64,294 Additions to investments in associated organizations (43,760) (43,112) Redemptions of investments in associated organizations (43,760) (1,118,115) Cash flows from financing activities: 21,407 165,219 Net cash used by investing activities (378,001) (247,988) Principal payments on long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Action of capital credits (309,	•				
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Cash flows from investing activities: 1,033,517 1,253,596 Additions to utility plant, net (1,510,174) (1,168,516) Proceeds from sale of plant 48,840 - Advances on notes receivable 111,381 64,294 Additions to investments in associated organizations (43,760) (43,112) Redemptions of investments in associated organizations 21,407 165,219 Net cash used by investing activities (1,372,306) (1,118,115) Cash flows from financing activities: 820,000 510,000 Principal payments on long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents to the					
Cash flows from investing activities: Additions to utility plant, net (1,510,174) (1,168,516) Proceeds from sale of plant 48,840 - Advances on notes receivable - (136,000) Principal payments received on notes receivable 111,381 64,294 Additions to investments in associated organizations (43,760) (43,112) Redemptions of investments in associated organizations 21,407 165,219 Net cash used by investing activities (1,372,306) (1,118,115) Cash flows from financing activities: Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 255,229 27,334 Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395	Deferred revenue		404		2,377
Additions to utility plant, net (1,510,174) (1,168,516) Proceeds from sale of plant 48,840 - Advances on notes receivable - (136,000) Principal payments received on notes receivable 111,381 64,294 Additions to investments in associated organizations (43,760) (43,112) Redemptions of investments in associated organizations 21,407 165,219 Net cash used by investing activities (1,372,306) (1,118,115) Cash flows from financing activities Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Other changes in members' equity, net 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents to the Cash and cash equivale	Net cash provided by operating activities		1,033,517		1,253,596
Proceeds from sale of plant 48,840 - Advances on notes receivable - (136,000) Principal payments received on notes receivable 111,381 64,294 Additions to investments in associated organizations (43,760) (43,112) Redemptions of investments in associated organizations 21,407 165,219 Net cash used by investing activities (1,372,306) (1,118,115) Cash flows from financing activities: Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents to the 879,928 660,853 Cash and cash equivalents \$689,824 \$583,	9				
Advances on notes receivable - (136,000) Principal payments received on notes receivable 111,381 64,294 Additions to investments in associated organizations (43,760) (43,112) Redemptions of investments in associated organizations 21,407 165,219 Net cash used by investing activities (1,372,306) (1,118,115) Cash flows from financing activities: Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents, end of year \$ 879,928 \$ 660,853 Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: \$ 689,824 <td< td=""><td></td><td></td><td></td><td></td><td>(1,168,516)</td></td<>					(1,168,516)
Principal payments received on notes receivable 111,381 64,294 Additions to investments in associated organizations (43,760) (43,112) Redemptions of investments in associated organizations 21,407 165,219 Net cash used by investing activities (1,372,306) (1,118,115) Cash flows from financing activities: Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents, end of year 879,928 660,853 Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: \$89,824 \$88,196 Cash and cash equivalents \$89,928	<u>-</u>		48,840		-
Additions to investments in associated organizations (43,760) (43,112) Redemptions of investments in associated organizations 21,407 165,219 Net cash used by investing activities (1,372,306) (1,118,115) Cash flows from financing activities: Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net cash provided (used) by financing activities 557,864 (73,023) Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: 869,824 583,196 Cash and cash equivalents 190,104 77,657 \$879,928 660,853 S			-		
Redemptions of investments in associated organizations 21,407 165,219 Net cash used by investing activities (1,372,306) (1,118,115) Cash flows from financing activities: Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents to the Consolidated Balance Sheets: 8879,928 660,853 Cash and cash equivalents \$689,824 \$583,196 Restricted cash and cash equivalents 190,104 77,657 \$879,928 660,853 589,992			•		
Cash flows from financing activities: (1,372,306) (1,118,115) Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net increase in cash and cash equivalents 557,864 (73,023) Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents to the Consolidated Balance Sheets: 879,928 \$60,853 Cash and cash equivalents \$689,824 \$583,196 Restricted cash and cash equivalents 190,104 77,657 \$879,928 \$60,853 Supplemental disclosures of cash flow information:					
Cash flows from financing activities: Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 335 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net cash provided (used) by financing activities 557,864 (73,023) Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents to the 879,928 660,853 Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: 88,824 \$583,196 Cash and cash equivalents \$689,824 \$583,196 Restricted cash and cash equivalents 190,104 77,657 \$879,928 \$660,853 Supplemental disclosures of cash flow information: \$879,928 \$660,853	Redemptions of investments in associated organizations		21,407		165,219
Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net cash provided (used) by financing activities 557,864 (73,023) Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Reconciliation of cash and cash equivalents to the 879,928 660,853 Reconciliation of cash and cash equivalents \$689,824 \$583,196 Restricted cash and cash equivalents 190,104 77,657 \$879,928 \$660,853 Supplemental disclosures of cash flow information: \$879,928 \$660,853	Net cash used by investing activities		(1,372,306)		(1,118,115)
Proceeds from borrowings under long-term debt 820,000 510,000 Principal payments on long-term debt (278,001) (247,988) Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net cash provided (used) by financing activities 557,864 (73,023) Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Reconciliation of cash and cash equivalents to the 879,928 660,853 Reconciliation of cash and cash equivalents \$689,824 \$583,196 Restricted cash and cash equivalents 190,104 77,657 \$879,928 \$660,853 Supplemental disclosures of cash flow information: \$879,928 \$660,853	Cash flows from financing activities:				
Net borrowings on line of credit 300,000 - Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net cash provided (used) by financing activities 557,864 (73,023) Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents, end of year \$ 879,928 660,853 Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: \$ 689,824 \$ 583,196 Cash and cash equivalents 190,104 77,657 Restricted cash and cash equivalents \$ 879,928 660,853 Supplemental disclosures of cash flow information: \$ 879,928 660,853			820,000		510,000
Additions to memberships, net 175 385 Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net cash provided (used) by financing activities 557,864 (73,023) Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents, end of year \$ 879,928 \$ 660,853 Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: \$ 689,824 \$ 583,196 Restricted cash and cash equivalents 190,104 77,657 \$ 879,928 660,853 Supplemental disclosures of cash flow information:	Principal payments on long-term debt		(278,001)		(247,988)
Retirement of capital credits (309,539) (362,754) Other changes in members' equity, net 25,229 27,334 Net cash provided (used) by financing activities 557,864 (73,023) Net increase in cash and cash equivalents 219,075 62,458 Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents, end of year \$ 879,928 \$ 660,853 Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: \$ 689,824 \$ 583,196 Restricted cash and cash equivalents 190,104 77,657 \$ 879,928 \$ 660,853 Supplemental disclosures of cash flow information:	Net borrowings on line of credit		300,000		-
Other changes in members' equity, net Net cash provided (used) by financing activities Net increase in cash and cash equivalents Net increase in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Cash and cash equivalents to the Consolidated Balance Sheets: Cash and cash equivalents Restricted cash and cash equivalents \$ 689,824 \$ 583,196 Restricted cash and cash equivalents \$ 190,104 77,657 \$ 879,928 \$ 660,853 Supplemental disclosures of cash flow information:	Additions to memberships, net		175		385
Net cash provided (used) by financing activities Net increase in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Cash and cash equivalents to the Consolidated Balance Sheets: Cash and cash equivalents Restricted cash and cash equivalents Supplemental disclosures of cash flow information: State of the provided (used) by financing activities 557,864 (73,023) 62,458 660,853 598,395 660,853 Supplemental disclosures of cash flow information:	Retirement of capital credits		(309,539)		(362,754)
Net increase in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Cash and cash equivalents, end of year Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: Cash and cash equivalents Restricted cash and cash equivalents \$ 689,824 \$ 583,196	Other changes in members' equity, net		25,229		27,334
Cash and cash equivalents, beginning of year 660,853 598,395 Cash and cash equivalents, end of year \$ 879,928 660,853 Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: \$ 689,824 \$ 583,196 Cash and cash equivalents \$ 689,824 \$ 583,196 Restricted cash and cash equivalents 190,104 77,657 \$ 879,928 \$ 660,853	Net cash provided (used) by financing activities		557,864		(73,023)
Cash and cash equivalents, end of year \$879,928 \$660,853 Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: Cash and cash equivalents \$689,824 \$583,196 Restricted cash and cash equivalents 190,104 77,657 \$879,928 \$660,853 Supplemental disclosures of cash flow information:	Net increase in cash and cash equivalents		219,075		62,458
Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets: Cash and cash equivalents Restricted cash and cash equivalents \$ 689,824 \$ 583,196	Cash and cash equivalents, beginning of year		660,853		598,395
Consolidated Balance Sheets: Cash and cash equivalents \$ 689,824 \$ 583,196 Restricted cash and cash equivalents 190,104 77,657 \$ 879,928 \$ 660,853 Supplemental disclosures of cash flow information:	Cash and cash equivalents, end of year	\$	879,928	\$	660,853
Restricted cash and cash equivalents 190,104 77,657 \$ 879,928 \$ 660,853 Supplemental disclosures of cash flow information:	•				
\$ 879,928 \$ 660,853 Supplemental disclosures of cash flow information:	Cash and cash equivalents	\$	689,824	\$	583,196
Supplemental disclosures of cash flow information:	Restricted cash and cash equivalents		190,104		77,657
		\$	879,928	\$	660,853
	Supplemental disclosures of cash flow information:				
	= =	\$	263,681	\$	260,453

1. Organization

The consolidated financial statements include the accounts of Okanogan County Electric Cooperative, Inc. (OCEC or the Cooperative), a Washington tax-exempt cooperative corporation, and its whollyowned, for-profit subsidiary, Okanogan County Energy, Inc. (OCEI, or Propane); collectively, referred to as the Cooperative.

Okanogan County Electric Cooperative, Inc. (OCEC, or the Cooperative) was incorporated in 1939 under the laws of the State of Washington for the purpose of supplying electric energy to its members. In 2000, the Cooperative began providing propane to its members. Effective January 1, 2003, the Board of Directors approved the transfer of the propane division to a wholly-owned taxable subsidiary, Okanogan County Energy, Inc. (OCEI, or Propane). Assets and corresponding debt totaling approximately \$1,000,000 were transferred to the new subsidiary.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Cooperative follows the Federal Energy Regulatory Commission's *Uniform System of Accounts* prescribed for Class A and Class B Electric Utilities. As a result, the Cooperative's application of accounting principles generally accepted in the United States of America differs in certain respects from such application by non-regulated enterprises. The differences relate primarily to the time at which various items enter into the determination of net margins in order to follow the principle of matching revenues and costs. The Cooperative uses the accrual method of accounting.

Principles of Consolidation

The consolidated financial statements include the accounts of the Cooperative and Propane. All significant intercompany balances and transactions are eliminated in consolidation.

Utility Plant

Utility plant is recorded at cost, which includes contracted work, direct labor and materials, and indirect charges for engineering, supervision and other similar overhead items. Member advances for construction and system access charge payments reduce the amounts capitalized to utility plant. System access charge payments are based on panel size and distance from the substation. Major additions and betterments with a cost of \$1,500 or more for all asset groups are capitalized.

Costs of routine repairs and maintenance that do not improve or extend the useful lives of the related assets, and the replacement and renewal of items determined to be less than units of plant are charged to maintenance as incurred. When units of distribution plant are retired, sold or otherwise disposed of in the ordinary course of business, their average book cost is removed from utility plant and the cost, plus the cost of removal, less net salvage, is removed from accumulated depreciation. When general plant assets are retired, sold or otherwise disposed of in the ordinary course of business, their net book value is removed and the gain or loss, if any, is recognized in the Consolidated Statement of Operations.

Depreciation is recorded on the straight-line composite basis and is charged to capital and operating accounts at rates adopted by the Boards of Directors. Depreciation is computed on additions beginning in the month they are placed in service. Provision has been made for depreciation of distribution plant at a composite rate of 2.86% per annum.

2. Summary of Significant Accounting Policies, Continued

Utility Plant, Continued

The rates used to compute depreciation for general plant, based on an estimation of useful lives for each asset group, are as follows:

Structures and improvements	2.50% to 3.33%
Office furniture and equipment	14.28% to 20.00%
Computer equipment	20.00%
Transportation equipment	14.28% to 20.00%
Tools, shop and garage equipment	14.28% to 20.00%
Miscellaneous equipment	14.28% to 20.00%
Intangibles	20.00%

Overhead costs, including indirect labor, payroll burden, insurance, transportation charges and stores expense, are charged to construction and retirement work orders monthly on a prorated basis. Depreciation on transportation equipment is initially allocated to clearing accounts, and subsequently charged to construction work orders or maintenance expense.

Valuation of Long-Lived Assets

Management of the Cooperative periodically reviews the net carrying value of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. These reviews consider the net realizable value of each asset to determine whether an impairment in value has occurred, and whether there is a need for any asset impairment write-down. Impaired assets are reported at the lower of cost or net realizable value. At December 31, 2022 and 2021, no assets were considered to be impaired.

Investments in Associated Organizations

Capital term certificates are carried at cost. Patronage capital from associated organizations is recorded at the face value of capital credits allocated and not retired. Other investments in associated organizations are carried at cost, which approximates fair value.

Cash and Cash Equivalents

The Cooperative considers all short-term deposits and highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount that management of the Cooperative expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an allowance for doubtful accounts. Additions to the allowance for doubtful accounts are based on management's judgment, considering historical write-offs, review of specific past-due accounts, collections and current credit conditions. Generally, the Cooperative considers accounts receivable past due after 30 days.

2. Summary of Significant Accounting Policies, Continued

Accounts Receivable, Continued

Interest is charged on accounts receivable that are outstanding for more than 30 days and is recognized as it is charged. Interest is charged until the account is paid in full or written off. Balances which remain outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable. Payments received on receivables subsequent to being written off are considered a bad debt recovery. Changes in the allowance for doubtful accounts have not been material to the financial statements.

Materials and Supplies Inventory

Materials and supplies inventory, which consists primarily of items needed for construction and maintenance of electric plant, and propane and propane tanks, is stated at the lower of average cost or net realizable value. Useable materials salvaged from plant retirements are returned to inventory at current weighted average cost.

<u>Deferred Charges and Deferred Credits</u>

In accordance with ASC Topic 980, *Regulated Operations*, certain costs and income may be capitalized as a regulatory asset or liability that would otherwise be charged to expense or revenues when certain conditions are met. Regulatory assets and liabilities are recorded when it is probable that future rate increases or rate reductions will permit recovery.

Patronage Capital

The Cooperative operates on a nonprofit basis. In accordance with the Cooperative's bylaws, amounts received from furnishing electric energy in excess of operating costs and expenses (operating margins) are assigned to patrons on a patronage basis. Patronage basis is defined as allocating to members on the basis of total power billings to members for furnishing energy and utility services. At the Board's discretion, non-operating margins and margins from its wholly-owned subsidiary are currently retained by the Cooperative.

In addition, upon the death of any natural person member, the Board may retire all or a portion of the deceased member's capital credits early. Distributions for the early retirement of capital credits are discounted to their net present value.

Compensated Absences

Employees of the Cooperative are entitled to paid time off, the amount of which depends on length of service and other factors. Compensated absences for paid time off have been accrued.

Financial Instruments

ASC Topic 825, *Financial Instruments*, permits entities to choose to measure many financial assets and liabilities at fair value. The fair value of a financial instrument is the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants (i.e., an exit price). At December 31, 2022 and 2021, the carrying value of financial instruments, such as receivables, accounts payable and accrued expenses, approximated fair values based on the short-term maturities of these instruments.

2. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

ASC Topic 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the organization's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the organization. ASC Topic 820 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants. The inputs and methodology used for valuing the Cooperative's financial assets and liabilities are not indicators of the risks associated with those instruments. At December 31, 2022 and 2021, there are no assets or liabilities that are measured at fair value on a recurring basis.

Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The Cooperative had no assets measured at fair value on a nonrecurring basis during 2022 or 2021.

Clearing Accounts

Overhead costs, including indirect labor, payroll burden, insurance, depreciation, transportation charges and stores expense, are charged to clearing accounts on a monthly basis. The amounts charged to the clearing accounts are cleared each month of substantially all actual expenses. Transportation and equipment charges are allocated directly to construction work orders to the extent that usage relates to construction in progress. Remaining transportation and equipment expense, along with all other amounts charged to the clearing accounts, are allocated based on equipment usage, labor charges or material issuances, depending on the nature of the charge.

Revenue Recognition

The Cooperative records electric revenue billed to its members based on meter readings made at the end of each month. Substantially all of the Cooperative's members' meters were read as of December 31, 2022. Accordingly, management believes that any unbilled revenue would not be material to the financial statements, and therefore has not provided an accrual for unbilled accounts receivable.

Propane's revenue consists primarily of the sale and distribution of propane and propane supplies. The performance obligation is the delivery of the goods to the customer and revenue is recognized at that time. In addition, Propane offers the option to customers of either purchasing or renting their propane tanks. The rental fee is dependent upon the size of the propane tank and is recognized on a monthly basis.

Grants and Contracts

The Cooperative must perform services or meet specific conditions to receive grant and contract funds. When the conditions are met, or the required services have been provided, the government agency is billed and the support is recognized.

2. Summary of Significant Accounting Policies, Continued

Grants and Contracts, Continued

Generally, there are no significant remaining restrictions associated with the grants or contracts when the support is recognized. However, if there are restrictions, the amount is recorded as deferred revenue in the current liability section of the Balance Sheet.

At December 31, 2022 and 2021, the Cooperative had no deferred revenue related to grants, but had recorded \$62,035 and \$61,631, respectively, of deferred revenue related to propane tank rental agreements.

Income Taxes

The Cooperative is a tax-exempt organization under the provisions of Section 501(c)(12) of the Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the Cooperative's financial statements. However, the Cooperative is subject to tax on unrelated business income, if any. The Cooperative had no unrelated business income during 2022 and 2021.

The Cooperative's taxable subsidiary files separate corporate tax returns for federal purposes.

The Cooperative has not identified any uncertain income tax positions that would jeopardize its tax-exempt status. The Cooperative's income tax returns are subject to review and examination by federal authorities. The tax years that are open to examination by federal authorities include the years ended December 31, 2018 through 2022.

Credit Risk

Financial instruments which potentially subject the Cooperative to concentration of credit risk consist principally of cash and cash equivalents and receivables.

The Cooperative maintains its cash and cash equivalents with high credit quality financial institutions and, by policy, generally limits the amount of exposure to any one financial institution. The Cooperative's cash in bank deposit accounts, at times, may exceed federally insured limits. The Cooperative has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Concentrations of credit risk with respect to trade receivables are somewhat limited due to the Cooperative's number of customers. Credit is extended to customers without collateral requirements; however, advance payments are obtained from certain customers and formal shut-off policies and procedures exist.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management of the Cooperative to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates and affect the amounts reported in the financial statements.

2. Summary of Significant Accounting Policies, Continued

Subsequent Events

The Cooperative has evaluated subsequent events through May 10, 2023, the date as of which these financial statements were available to be issued. With the exception of the matter described in Note 14, no material subsequent events have occurred since December 31, 2022 that required recognition or disclosure in these financial statements.

3. Utility Plant

Utility plant is summarized as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Distribution plant General plant Intangibles	\$ 13,932,851 7,421,360 	\$ 13,016,040 7,299,971
Plant in service Less: Accumulated depreciation	21,425,211 (7,784,012)	20,387,011 (7,395,772)
Construction in progress	13,641,199 <u>72,664</u>	12,991,239 (16,615)
	<u>\$ 13,713,863</u>	<u>\$ 12,974,624</u>

Consumer "contribution in aid of construction" payments are offset against the cost of construction in determining the amount to capitalize into utility plant. Consumer contribution payments offset against construction costs totaled \$660,254 and \$867,187 for 2022 and 2021, respectively.

Total depreciation and amortization of utility plant for 2022 and 2021 was \$766,409 and \$665,538, respectively. Depreciation on transportation equipment that was allocated to clearing accounts and subsequently charged to work orders or maintenance expense totaled \$116,629 and \$64,492 in 2022 and 2021, respectively.

4. Investments in Associated Organizations

Investments in associated organizations are summarized as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
National Rural Utilities Cooperative Finance		
Corporation (CFC) – capital term certificates	\$ 147,791	\$ 150,779
CFC – patronage capital	235,974	226,499
Pacific Northwest Generating Cooperative		
(PNGC) – patronage capital	158,565	140,158
Federated Rural Electric Insurance – patronage capital	26,213	27,318
Southeastern Data Corporation – patronage capital	47,166	48,852
Cooperative Response Center, Inc. (CRC)		
– patronage capital	3,151	2,901
Other investments in associated organizations	 13,500	 13,500
	\$ 632,360	\$ 610,007

4. Investments in Associated Organizations, Continued

The capital term certificates with CFC yield 0% to 5% and mature at various times ranging from 2025 through 2080. Patronage capital is returned in accordance with the associated organization's policies.

5. Cash and Cash Equivalents

The Cooperative and its subsidiary maintain their cash accounts in local banks. Custodial credit risk is the risk that in the event of a bank failure, the Cooperative's deposits may not be returned to it. The Cooperative's deposits were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution at December 31, 2022.

Included in restricted cash and cash equivalents are amounts that are restricted for the revolving loan fund program (see Note 7). In 1998, the Cooperative received a grant of \$204,000 from the United States Department of Agriculture (USDA) to establish a revolving loan fund (RLF) program. During 2010, the Cooperative received another grant from the USDA in the amount of \$200,000 for the RLF program. Amounts that are not loaned, totaling \$190,104 at December 31, 2022, are considered to be restricted cash and cash equivalents.

The combined carrying amount of cash and cash equivalents, including restricted cash and cash equivalents, on the Cooperative's books at December 31, 2022 was \$879,928, and bank balances totaled \$1,087,553. The differences between the carrying amount of cash and cash equivalents on the Cooperative's books and the bank balances consisted of outstanding checks and deposits not processed by the banks as of December 31, 2022.

A summary of the total insured and uninsured bank balances at December 31, 2022 is as follows:

Total bank balances	\$ 1,087,553
Portion insured by FDIC	 (506,827)
Uninsured bank balances	\$ 580,726

6. Accounts Receivable

Accounts receivable are summarized as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	
Accounts receivable Less allowance for doubtful accounts	\$ 1,394,3 (10,2		
	\$ 1,384,0	081 \$ 1,156,016	

7. Notes Receivable

Notes receivable are summarized as follows at December 31, 2022 and 2021:

		<u>2022</u>	<u>2021</u>
Notes receivable, due within one year Notes receivable, due after one year	\$	55,028 240,734	\$ 64,887 342,256
	<u>\$</u>	295,762	\$ 407,143

7. Notes Receivable, Continued

In 1998, the Cooperative received a grant of \$204,000 from the USDA to establish a revolving loan fund (RLF) program. During 2010, the Cooperative received another grant from the USDA in the amount of \$200,000 for the RLF program. In addition to the grants received, the Cooperative has made net contributions totaling \$80,800 to the RLF program since its inception. The purpose of the RLF program is to finance approved rural economic development projects. The repayment terms on the loans vary from four to ten years. Loans made pursuant to the RLF program are noninterest bearing, however a small administration fee is charged.

The USDA grants do not have maturity dates, and the Cooperative is only required to repay the grants if the economic development loan fund program is terminated. Management of the Cooperative does not currently intend to terminate the program within the foreseeable future and therefore has not recorded a liability as of December 31, 2022 and 2021.

All of the economic development loans are in good standing and are current on their payments. As of December 31, 2022 and 2021, the Cooperative has not recorded an allowance for loan losses on their economic development loans.

8. Long-Term Debt

Long-term debt of the Cooperative consists of mortgage notes payable to National Rural Utilities Cooperative Finance Corporation (CFC). The CFC notes are secured by substantially all assets of the Cooperative.

Long-term debt is summarized as follows at December 31, 2022:

Mortgage notes payable to CFC, currently due in quarterly installments of approximately \$148,750, including interest at fixed and variable rates, currently ranging from 2.68% to 7.55%, maturing through	
December 2050	\$ 5,262,759
Less amount due within one year	 (315,714)
Amount due after one year	\$ 4,947,045

Scheduled principal payments on long-term debt are as follows:

Year Ending December 31,

2022	Φ 215.714
2023	\$ 315,714
2024	332,402
2025	350,063
2026	368,757
2027	388,550
Thereafter	3,507,273
	\$ 5,262,759

8. Long-Term Debt, Continued

Under the provisions of the CFC mortgage agreement, the Cooperative may make patronage distributions only if, after giving effect to the distribution, total members' equity of the Cooperative will be at least 30% of total assets. If, after giving effect to the distribution, total equity of the Cooperative will be less than 30% of its total assets, the Cooperative may only make distributions of up to 25% of the prior year's patronage capital or total margins. During 2022, total refunds of capital to patrons amounted to \$309,539. There were no violations of loan contracts or mortgage restrictions with respect to refunds of capital. The equities and margins of the Cooperative represented approximately 60% and 63% of the total assets of the Cooperative at December 31, 2022 and 2021, respectively. In addition, the CFC mortgage agreement sets forth certain financial requirements that must be met prior to additional borrowings.

The Cooperative has available, through CFC, a credit facility with a borrowing limit of \$8,000,000, which currently extends through May 9, 2023. Cumulative borrowings under this credit facility at December 31, 2022 and 2021 were \$1,955,000 and \$1,135,000, respectively.

9. Line of Credit

The Cooperative has an "as-offered" uncommitted line of credit agreement with CFC providing the Cooperative with loans up to \$1,000,000 on a revolving basis. CFC is obligated to consider requests for advances under this agreement but is not required to honor those requests. Interest is payable quarterly at rates established by CFC, which are not to exceed the prime rate as published in the "Money Rates" column of The Wall Street Journal plus \$1%, or lesser rates as fixed by CFC. The interest rate as of December 31, 2022 was 5.55%. Outstanding balances on the line were \$300,000 and zero at December 31, 2022 and 2021, respectively.

10. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are summarized as follows at December 31, 2022 and 2021:

		<u>2022</u>	<u>2021</u>
Accounts payable	\$	910,738	\$ 789,534
Accrued payroll-related liabilities		180,988	179,776
Accrued taxes		41,045	37,911
RS plan liability		1,865	 1,865
	<u>\$ 1</u>	,134,636	\$ 1,009,086

11. Retirement and Benefit Plans

The National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan) is a defined benefit, multi-employer pension plan qualified under Section 401, and tax-exempt under Section 501(a) of the Internal Revenue Code. The plan sponsor's Employer Identification Number is 53-0116145 and the 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.

11. Retirement and Benefit Plans, Continued

The Cooperative's contributions to the RS Plan for 2022 and 2021 represented less than 5% of the total contributions made to the plan by all participating employers. Contributions to the Plan for 2022 and 2021 totaled \$15,762 and \$24,581, respectively. There have been no significant changes that affect the comparability of the 2021 and 2020 contributions.

In the RS Plan, a "zone status" determination is not required, and therefore is 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 Retirement Security Plan was over 80% funded on both January 1, 2022 and 2021, 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.

The Cooperative and Propane also sponsor a 401(k) savings plan for all employees who have met minimum eligibility requirements. The Cooperative's contributions to the 401(k) savings plan totaled \$219,379 and \$246,503 for 2022 and 2021, respectively.

Both plans are administered by the NRECA. A copy of the full annual report can be obtained by writing to the office of the Plan Administrator, National Rural Electric Cooperative Association, 4301 Wilson Boulevard, Arlington, VA 22203.

12. Commitments and Contingencies

Power Supply Contracts

During 2008, the Cooperative entered into an agreement with Pacific Northwest Generating Cooperative, Inc. (PNGC) whereby the Cooperative became obligated to purchase all of its power requirements from PNGC through September 2028. PNGC is an electric generation and transmission cooperative owned by 16 northwest electric distribution cooperative utilities, formed to create more buying leverage for its members.

In December 2008, PNGC signed a new 20-year contract with Bonneville Power Administration (BPA). This contract, which became effective October 1, 2011, secured long-term, cost-based power from the Federal Base System. This allowed PNGC to acquire additional resources to meet member cooperatives' future energy needs in the most efficient manner and at the highest level of wholesale rate stability possible.

Union Agreement

In July 2011, the Cooperative entered into an agreement with the Local International Brotherhood of Electrical Workers (IBEW) Union #77 covering conditions of employment for outside linemen. During 2020, the agreement was renewed through June 30, 2023, which included wage increases effective July 1, 2020, July 1, 2021 and July 1, 2022.

13. Related Party Transactions

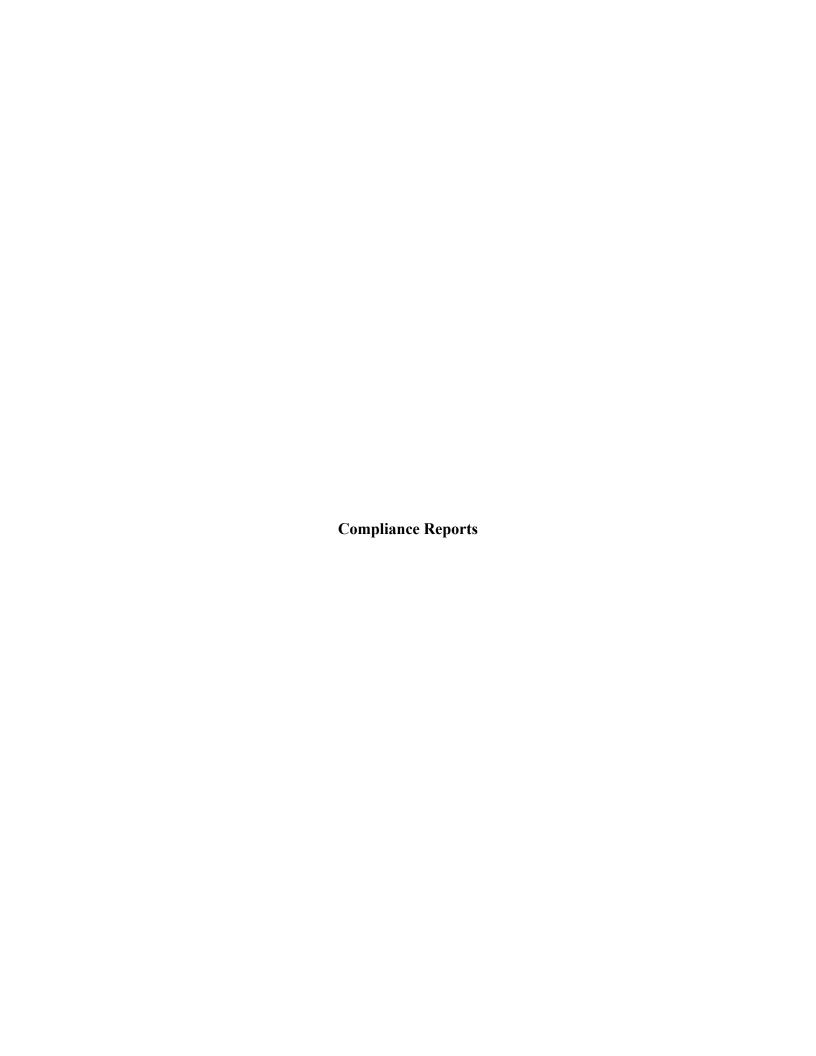
Okanogan County Energy, Inc. is a wholly-owned subsidiary of Okanogan County Electric Cooperative, Inc. and was incorporated on January 1, 2003. The Cooperative had an agreement with OCEI to provide office facilities during both 2022 and 2021. OCEI paid total rents, including electricity, of \$24,000 to the Cooperative for both 2022 and 2021. Certain office expenses and labor are also paid by OCEI and are reimbursed back to the Cooperative. At December 31, 2022, OCEI owed OCEC \$34,071 for these reimbursements, which are eliminated in the Consolidated Balance Sheet.

At various times in the past, OCEC has loaned funds to OCEI for the purchase of equipment. In exchange, OCEI has issued notes payable to OCEC. At December 31, 2022, OCEI owed OCEC \$474,165 under notes payable. This amount is eliminated in the Consolidated Balance Sheet.

The Board of Directors and its related entities purchase electric power and propane from the Cooperative. None of these related-party transactions is considered material, either individually or in the aggregate.

14. Broadband Grant

On May 10, 2023, the Cooperative was notified that it was awarded a grant through the Washington State Broadband Office (WSBO) Broadband Infrastructure Grant program to improve broadband coverage across the state. These grant awards, which are expected to total approximately \$12 million, are a sub-award of the American Rescue Plan Act (ARPA) funding provided to the State of Washington under Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. Both funding sources come directly from the U.S. Department of the Treasury (US Treasury). The grants must adhere to any and all internal control compliance and reporting requirements for the use and expenditure of federal funding. The grant awards will be reimbursed to the Cooperative as project costs are incurred, in accordance with the terms of the grant. The US Treasury requires all funds be obligated in writing (such as: executed contracts with contractor or executed change orders that include increased budgets and subcontractors) by December 31, 2024. All projects must be completed and project costs reimbursed by October 30, 2026.





Independent Auditor's Report on Internal Control

Boards of Directors Okanogan County Electric Cooperative, Inc. and Subsidiary Winthrop, Washington

In planning and performing our audit of the consolidated financial statements of Okanogan County Electric Cooperative, Inc. and Subsidiary (collectively, the Cooperative) as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Cooperative's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Okanogan County Electric Cooperative, Inc. and Subsidiary's internal control to be significant deficiencies.

Closing Procedures

Due in part to the Cooperative's size and limited resources, as well as significant turnover in the finance department, certain closing procedures are not fully formalized and documented, including procedures related to its subsidiary. Management is aware that an effective system of internal control includes periodically reconciling each general ledger account and adjusting the recorded balances as necessary, and is in the process of making the necessary improvements. However, in connection with performing our audit testing, we proposed several audit adjustments to correct account balances, without which the financial statements would not have been fairly presented in all material respects. While improvements have been made, we recommend that closing procedures continue to be further developed, documented and implemented for each general ledger account. The implementation of increased procedures should reduce or eliminate the need for audit adjustments.

Segregation of Duties

The overall size and experience of the Cooperative's staff is not sufficient to permit a complete segregation of duties for an effective system of internal control over financial reporting. In previous years, we discussed findings related to a lack of segregation of duties for various aspects of the operations. The Cooperative's management and staff continue to implement procedures that have improved their segregation of duties. The implementation of modifications to processes and controls have led to improved segregation of duties, specifically related to their day-to-day operations. However, the Cooperative has a limited number of individuals with sufficient understanding of accounting principles necessary to provide adequate oversight and review of the various financial reporting requirements in accordance with accounting principles generally accepted in the United States of America.

In addition, an effective system of internal control over financial reporting requires that closely related duties be segregated, including duties outside of the day-to-day operations. These additional functions specifically relate to the various reporting requirements in accordance with accounting principles generally accepted in the United States of America; general journal entries; and nonroutine or unusual transactions. In addition, an effective system of internal control over financial reporting requires adequate oversight and review procedures.

Although the Cooperative's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting, specifically related to duties outside of the day-to-day operations, we recommend that officials be aware that the condition does exist. In addition, we recommend that month-end, quarter-end and year-end closing procedures, as applicable, continue to be evaluated for potential opportunities to improve segregation of duties, as well as oversight and review procedures. Finally, the Cooperative may consider consulting with external sources who have sufficient knowledge and experience related to the various financial reporting requirements specific to electric cooperatives, for unusual or overly complex accounting issues, as deemed necessary, or to assist in oversight and review procedures of more complex and unusual accounting matters.

This communication is intended solely for the information and use of management, the Boards of Directors, and others within the Cooperative, and lenders, and is not intended to be and should not be used by anyone other than these specified parties.

Deloria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S. Spokane, Washington

May 10, 2023



Independent Auditor's Report on Loan Fund Expenditures

Board of Directors Okanogan County Electric Cooperative, Inc. Winthrop, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Okanogan County Electric Cooperative, Inc. and Subsidiary (collectively, the Cooperative) as of December 31, 2022, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, and have issued our report thereon dated May 10, 2023.

During the year ended December 31, 2022, the Cooperative received \$820,000 in advances from National Rural Utilities Cooperative Finance Corporation (CFC) pursuant to CFC Loan Number 9015, as controlled by CFC's 100% Restated Mortgage and Security Agreement. In conducting our audit, including testing of construction work orders and other plant accounting records created during the period of audit, nothing came to our attention that caused us to believe that the Cooperative was in noncompliance with the intended purpose of the loan funds, as contemplated in the loan agreement for CFC Loan Number 9015. However, our audit was not primarily directed toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Directors and management of Okanogan County Electric Cooperative, Inc. and National Rural Utilities Cooperative Finance Corporation and should not be used by anyone other than these specified parties.

Deloria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S. Spokane, Washington

May 10, 2023

Greg Mendonca

From: dale sekijima <dale@innosys.com> **Sent:** Wednesday, May 10, 2023 9:17 PM

To: alaina burtenshaw >; Rick Johnson; michael murray; travistmail@gmail.com; John

Rogers; Alan Watson

Cc: Greg Mendonca; Tracy McCabe

Subject: standing committees for 2023 through April 2024

The committees may include Tracy McCabe and other staff as called for.

Committees should meet (at the request of current committee chairs) and, coincident with beginning work, elect committee chairs for 2023-apr 2024 period

Finance

- Alan Watson
- Travis Thornton
- Rick Johnson
- Greg Mendonça ex officio

Governance

- John Rogers
- Michael Murray
- Alaina Burtenshaw
- Greg Mendonça ex officio

Revolving Loan Fund

- John Rogers
- Alan Watson
- Greg Mendonça ex officio

WSBO Broadband Infrastructure-ARPA Capital Grants Applications and Awards

Applicant	Project Name	Committee Score	Requested Amount	Awarded
Lincoln County	Lincoln County FTTx Project to Serve Deer Meadows and Seven Bays	86.29	\$ 8,921,342.00	\$ 8,921,342.00
Lewis County PUD1	Lewis County PUD Bunker Creek WSBO Broadband Infrastructure Grant	85.57	\$ 11,958,421.00	\$ 11,958,421.00
Okanogan County Electric Co-Op	Okanogan County Connect	85.57	\$ 11,985,014.00	\$ 11,985,014.00
Port of Whitman County	Port of Whitman FTTx Project	85.29	\$ 1,135,475.00	\$ 1,135,475.00
Spokane Tribe	Spokane Tribe HWY 231 FTTH Broadband Project	85		
Mason County PUD3	Cloquallum Communities Rural Broadband Fiber Expansion Project	84.86		\$ 3,645,768.00
Orcas Power & Light Co-Op	OPALCO ARPA - Orcas Island East	83.86		
Orcas Power & Light Co-Op	OPALCO ARPA – San Juan Island	81.29		
Franklin County PUD1	Connell and Basin FTTH	81.14		
Yakima County	Yakima County WSBO 2022	81.14		
Grays Harbor PUD1	Grays Harbor South Elma, Porter and Cedarville Broadband Project	80.86		
Whatcom PUD - Pt Roberts	Point Roberts FTTx	80.86		
Tri County Economic Development District	Central Stevens County Hybrid Broadband Project	80.83		
Jefferson County PUD1	The Inbetweens Fiber Project	80.57		
Port of Skagit County	Bow Outlying Areas FTTx	80.37		
Kittitas County	Kittitas County WSBO 2022	79.29		
Orcas Power & Light Co-Op - Orcas Island West	OPALCO ARPA – Orcas Island West	79.29		
Orcas Power & Light Co-Op - Orcas Island Outer Islands	OPALCO ARPA - Orcas Island West OPALCO ARPA - Outer Islands	79.29		
King County - Ziply	King County Ziply (Duvall)	78.86		
		i //.00;	3 1,707,001.00	3 1,707,081.00
Above Scoring Threshold, But Unable To Be Funded Due		70 57	ć 12.000.000.00	<u></u>
Port of Bellingham	Whatcom County Broadband Project	76.57		
Port of Woodland	Port of Woodland SR503 FTTX	76		
Port of Camas-Washougal	Port Camas Washougal North Port FTTH	75.43		
Spokane County	Spokane County Fiber to the Home (FTTH)	75.29		
Kitsap County PUD1	Kitsap FTTH Bay Ridge/Cynthia Lane/FossManx	74.14		
Colville Tribe	Colville Confederated Tribes Fiber Access to low Income Residents (FAIR)	73.71		
Island County	Camano Island Broadband	73.71		
WITA - South Whidbey	Whidbey Telecom - South Whidbey	72.43		
Pend Oreille PUD1	Community Network North-End Expansion	71.43		
WITA - Rainier	Rainier Connect	71.43		
Lower Elwha Klallam Tribe	Lower Elwha Klallam Tribe Broadband Project	70		
Nisqually Indian Tribe	Nisqually Regional OAN Phase III Project	69.57		
Whatcom PUD - Glacier	Glacier Communities FTTx	69.43		\$ -
Whatcom PUD - Ravencrest	Ravencrest Community FTTx	69.29		
WITA - Pt Roberts	Whidbey Telecom Pt Roberts Final Project Stage	69.29		\$ -
Snohomish County - Hand Rd	Snohomish County and Ziply Fiber NW, LLC - Hand Rd Project	69.14	\$ 625,230.00	\$ -
Pacific County PUD2	Pacific County Broadband Build Chinook/Loop 100	68.86	\$ 10,986,266.00	\$ -
Snohomish County - Verlot	Snohomish County and Ziply Fiber NW, LLC - Verlot Project	68	\$ 3,087,875.00	\$ -
Snohomish County - High Bridge	Snohomish County and Ziply Fiber NW, LLC - High Bridge Project	67.71	\$ 4,973,037.00	\$ -
Ferry County	Ferry County/Ziply Fiber WSBO ARPA Fund Grant Application	67.43	\$ 8,556,448.00	\$ -
King County - Astound	King County Astound (Cumberland/Kanaskat)	67.29	\$ 9,900,000.00	\$ -
Snohomish County - Index	Snohomish County and Ziply Fiber NW, LLC - Index Project	67.14	\$ 3,134,788.00	\$ -
Okanogan County PUD	OKPUD FTTx Broadband Expansion Project	66.86	\$ 11,605,471.00	\$ -
Snohomish County - High Rock	Snohomish County and Ziply Fiber NW, LLC - High Rock Project	66.71	\$ 2,707,645.00	\$ -
	TDS Telecom Last Mile Project McDaniel	66.57	\$ 4,098,777.00	\$ -
Chelan County PUD1	South Shore Lake Chelan Fiber Broadband	65.86	\$ 6,240,337.00	\$ -
Mason County PUD1	Mason PUD 1- HCC Brinnon Pole Upgrade Project	65.5	\$ 2,000,000.00	\$ -
Below Threshold- 65 points or less				
WITA - Lewis River	TDS Telecom Last Mile Project Lewis River	65	\$ 4,936,196.00	\$ -
WITA - Stehekin	Westgate Communications Stehekin Exchange	64.86		\$ -
Friends of the Television Association of Republic	Ferry County 2023 WCLR	64.71		
Hoh Indian Tribe	Hoh Broadband Project	43.43		
		otal	\$ 316,118,665.34	