



## BOARD MEETING SUMMARY

May 2025

### Board Approves 2024 Independent Audit Report

On Tuesday, May 6<sup>th</sup>, representatives Lee Ann Watters and Travis Purcell of Cherry Bekaert Advisory LLC presented the 2024 year-end audit report to the board of directors during the regular monthly meeting.

Mrs. Watters stated that the audit was filed by the April 30th deadline in accordance with RUS guidelines. She stated that there were no audit adjustments and assured the Board that the financial statements provided in the board meeting materials are exactly what has been shown throughout the year.

Mr. Purcell stated that the audit resulted in an unmodified opinion and directors can rely on the financial information they were provided throughout 2024. Mr. Purcell assured the Board that there was no difficulty with management or disagreements of any kind during the audit process and reminded the directors that the audit is not designed to detect fraud. Mr. Purcell added that the auditors did not encounter any type of fraud during their testing.

Mrs. Watters added that a Single Audit was conducted due to federal requirements based on the co-op receiving over \$750,000 during 2024 in disaster relief (FEMA) funding. There were no material misstatements detected as a result of the audit procedures, no uncorrected misstatement, and no items of non-compliance with bylaws or regulations identified.

Directors voted unanimously to approve the audit report for the year ended December 31, 2024.

### KEC Board Representative Chosen for 2025-2026

Directors voted unanimously to appoint Cathy Epperson to the Kentucky Electric Cooperatives Board for the upcoming term. Tommy Nelson was chosen as alternate in the event Mrs. Epperson is unable to fulfill her role for the term. New directors will be seated during the KEC Annual Meeting held in Louisville in August.

### March Continues With Positive Net Margins

Carrie Bessinger, Chief Financial Officer, reported that net margins for March showed a profit of \$1.1 million compared to a budgeted gain of \$656,000. Most of the gain can be attributed to strong February sales. Power cost was above budget because of higher base and fuel rates than both budget and prior year. Most expenses were close to budgeted totals except for labor, which was slightly higher than budget because of the many storms we experienced during the month.

Mrs. Bessinger reported that controllable costs are in line with budgeted totals but higher than 2024 by \$1 million. Administrative and general expenses were under budget by \$30,000 mainly due to a reduction in employee travel and training. Right-of-way circuit trimming is 22% complete through the end of March.

Mrs. Bessinger provided the Board with a status report on capital budget spending which listed items approved for purchase during the 1st quarter. Purchases are below budget by approximately \$40,000. Distribution (System Improvement, New Construction, and General Plant) is slightly over budget by 2% which is good. The directors were complimentary of the report, and Mrs. Bessinger agreed to provide the budget status update at the end of each quarter.

### Board Approves Right-of-Way Contract Extensions Through 2028

Directors voted unanimously during the May meeting to extend contracts with Asplundh Tree Experts LLC and ProtecTerra LLC through December 31, 2028.

Asplundh Tree Experts LLC provides contracted hourly right-of-way services and ProtecTerra LLC provides right-of-way herbicide spraying following circuit trimming.