

# **Dunn Energy Cooperative**



# **POWER ON**

**2023 Annual Report**

# **Annual Meeting Program**

5:30 p.m.                      Registration of Members

6:00 p.m.                      **Welcome – Jeff Gasteyer**

**Due Proof of Mailing**

**Report of Credentials Committee**

**President's Report – Jeff Gasteyer**

**Manager's Report – Jesse Singerhouse**

**Guest Speaker – Ben Porath, DPC**

## **Business Meeting**

- Approval of Minutes
- Old Business (none)
- New Business
- Questions
- Election of Directors

## **Adjournment**

### **Rules for the Annual Meeting:**

1. The meeting will be conducted in accordance with Robert's Rules of Order.
2. Any speaker must be recognized by the chair before speaking.
3. Only members will be recognized by the chair; each member must give his or her name.
4. No resolution on policy affecting Dunn Energy Cooperative may be submitted by any member unless written copies have been submitted to the Board of Directors no later than the date listed on the Notice of Nominations.
5. Members are to limit their questions and comments to three (3) minutes, with any rebuttal limited to two (2) minutes.
6. Members will be limited to one question. If time allows, members may ask additional questions.
7. There will be a designated time for questions and answers during the business session.



# Scholarship Recipients

## Boyceville High School

Nicholas Olson	Steve & Angie Olson	UW-River Falls
Alexis Schlough	Douglas & Heidi Schlough	UW-Eau Claire
Sarah Stoveren	Larry & Cheryl Polonec	UW-Madison

## Colfax High School

Jaycey Bowe	Jan & Amy Bowe	UW-La Crosse
Christian Ebert	Steve & Jaclyn Ackerlund	Northcentral Technical
College		

## Durand High School

Kara Bauer	Chad & Lacie Bauer	CVTC
Seth Bauer	Adam & Christina Bauer	CVTC

## Eau Claire Memorial High School

Travis Bauer	Jason & Laura Bauer	Minnesota State
University – Mankato		

## Elk Mound High School

Brady Amble	Brent Amble & Nicole DiLorenzo	UW-Madison
Grandt Mueller	Brandon & Shannon Mueller	CVTC

## Elmwood High School

Morgan Sailer	Jake & Leslie Sailer	CVTC
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## Glenwood City High School

Madeline Klatt	Ricky & Sara Klatt	Winona State University
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## Menomonie High School

Emi Anshus Frank	Dave & Lisa Frank	CVTC
Brayten Casey	Miah & Cassie Casey	University of Minnesota
Katrina Drazkowski	Greg & Maria Drazkowski	UW-River Falls

# STATEMENT OF OPERATIONS

## Dunn Energy Cooperative December 31, 2023 and 2022

	2023 (Audited)	2022 (Audited)
<b>OPERATING REVENUES</b>	<u>\$27,612,596</u>	<u>\$27,183,452</u>
<b>OPERATING EXPENSES</b>		
Cost of Purchased Energy	17,770,951	17,785,005
Distribution Expense - Operation & Maintenance	2,761,029	2,778,180
Consumer Accounting and Collection	343,733	320,568
Consumer Informational and Advertising	260,506	223,353
Sales Expense	50,628	31,505
Administrative and General Expenses	<u>1,585,941</u>	<u>1,436,199</u>
Total Operating Expenses	<u>22,772,788</u>	<u>22,574,810</u>
<b>OPERATING MARGINS BEFORE FIXED EXPENSES</b>	<u>4,839,808</u>	<u>4,608,642</u>
<b>FIXED EXPENSES</b>		
Depreciation Expenses	2,108,704	2,037,224
Tax Expense	313,949	299,811
Other Operating Deductions	17,887	73,411
Interest Expense - Other	49,811	0
Interest on Long Term Debt	<u>848,474</u>	<u>899,213</u>
Total Fixed Expenses	<u>3,338,825</u>	<u>3,309,659</u>
<b>OPERATING MARGINS AFTER FIXED CHARGES</b>	<u>1,500,983</u>	<u>1,298,983</u>
Other Patronage Capital or Margins	<u>1,031,428</u>	<u>798,931</u>
<b>NET OPERATING MARGINS</b>	<u>2,532,411</u>	<u>2,097,914</u>
Non-Operating Margins	<u>90,521</u>	<u>63,749</u>
<b>TOTAL PATRONAGE CAPITAL &amp; OPERATING MARGINS</b>	<u><b>\$2,622,932</b></u>	<u><b>\$2,161,663</b></u>
Dunn Energy Operating Margins	\$1,683,224	\$1,433,572
Dairyland Power Margins	849,187	664,342
Dunn Energy Non-Operating Margins	<u>90,521</u>	<u>63,749</u>
<b>TOTAL PATRONAGE CAPITAL &amp; OPERATING MARGINS</b>	<u><b>\$2,622,932</b></u>	<u><b>\$2,161,663</b></u>

## AUDIT REPORTS

Each year the USDA's Rural Utilities Service (RUS), the National Rural Utilities Cooperative Finance Corporation (CFC), and CoBank require an independent audit be made of the Cooperative's records. Our most recent audit was completed for the period ending December 31, 2023.

Each year an independent auditing firm does a complete audit of the past year's operation. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The auditing firm appears before the Board of Directors at a regularly scheduled board meeting to make recommendations, changes, auditing entries, and methods to further enhance the Cooperative. Copies of the completed audit are sent to RUS, CFC, and CoBank and are available at the office of the Cooperative.

# BALANCE SHEET

## Dunn Energy Cooperative

### December 31, 2023 and 2022

	2023 (Audited)	2022 (Audited)
<b>ASSETS</b>		
PLANT		
Utility Plant	\$73,559,044	\$68,244,580
Less: Reserve for Depreciation	<u>(18,288,182)</u>	<u>(17,020,098)</u>
Net Utility Plant	55,270,862	51,224,482
INVESTMENTS		
Investments in Associated Organizations	12,786,331	12,026,102
Other Investments	39,044	9,166
Total Investments	12,825,375	12,035,268
CURRENT ASSETS		
Cash and Temporary Investments	288,142	1,901,175
Accounts Receivable - Less Reserve	2,277,322	2,571,794
Materials and Supplies	1,289,281	1,686,883
Interest Receivable	2,926	5,466
Prepayments	<u>102,217</u>	<u>104,078</u>
Total Current Assets	3,959,888	6,269,396
DEFERRED DEBITS	71,277	39,370
<b>TOTAL ASSETS</b>	<u><u>\$72,127,402</u></u>	<u><u>\$69,568,516</u></u>
<b>EQUITIES &amp; LIABILITIES</b>		
EQUITIES		
Patronage Capital Credits Assigned	\$26,488,812	\$25,387,814
Other Equities	7,267,169	7,177,362
Current Year Patronage	<u>2,622,932</u>	<u>2,161,663</u>
Total Equities	36,378,913	34,726,839
LONG TERM LIABILITIES	<u>30,257,958</u>	<u>29,285,940</u>
OBLIGATIONS UNDER LEASE AGREEMENTS	-	1,148
CURRENT LIABILITIES		
Current Maturities of Long-Term Liabilities	1,531,693	1,527,868
Accounts Payable	1,998,778	2,327,560
Consumer Deposits	89,025	97,125
Other Current and Accrued Liabilities	<u>839,938</u>	<u>895,297</u>
Total Current Liabilities	4,459,434	4,847,850
DEFERRED CREDITS	1,031,097	706,739
<b>TOTAL EQUITIES AND LIABILITIES</b>	<u><u>\$72,127,402</u></u>	<u><u>\$69,568,516</u></u>



February 22, 2024

To the Members  
Dunn Energy Cooperative  
Menomonie, WI

Greetings,

Our firm was engaged by the board of directors to perform an independent audit of the financial statements of the Cooperative for the year ended December 31, 2023. Our firm is independent under generally accepted auditing standards as required by the American Institute of Certified Public Accountants (AICPA) as well as the Government Accountability Office (GAO). Generally speaking this means we are not providing any services which are prohibited, which would consist of us making management decisions of having custody of assets, as well as having any other relationships with the Cooperative which would impair our independence either in fact or in appearance (family or personal relationships, etc.).

Our audit entails a variety of employee interviews, transaction walkthroughs, document reviews and analytical procedures to substantiate year end balances and activities of the Cooperative. As part of the audit, we are also required to obtain an understanding of internal controls (internal checks and balances) which is used to develop the timing and extent of our audit procedures and report to management and the board. Although we do not attest to it, we also review significant compliance requirements as it relates to lenders, the IRS and by-laws of the Cooperative. This includes looking at significant debt covenants as well as member capital credit allocations and retirements as it relates to IRS requirements and the by-laws. The Cooperative currently is maintaining its tax-exempt status and there is no income tax liability.

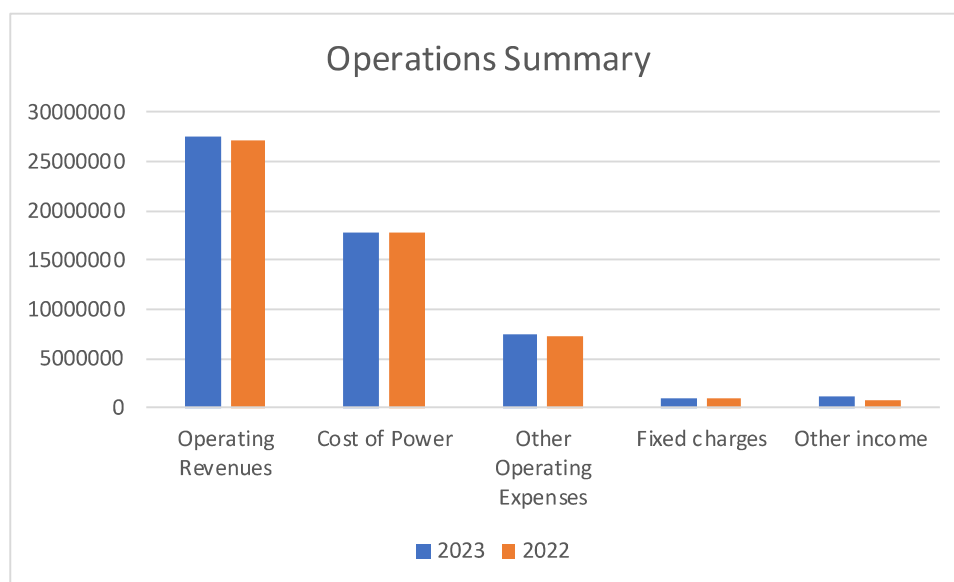
#### *Audit opinion*

Our audit opinion dated February 22, 2024 states that in our opinion, the financial statements are fairly presented, in all material respects, for the financial statement period as of and for the year ended December 31, 2023. This is an unmodified opinion which is the highest form of assurance we can offer under professional standards for a financial statement audit.

#### *Financial highlights*

See following summary of financial highlights:

*Financial highlights (Continued)*



In 2023 the Cooperative had net margins of approximately \$2.6 million compared to \$2.2 million in 2022. Operating revenues increased to \$27.6 million in 2023 compared to \$27.2 million in 2022. Cost of power remained relatively consistent at \$17.8 million in 2022 and in 2023. Expenses other than cost of power were approximately \$7.4 million in 2023 versus \$7.2 million in 2022.

In 2023 the Cooperative allocated all of its prior year margins of \$2.2 million to its members in accordance with applicable laws and governing documents to be paid back to members in future periods. Also, during 2023, the Cooperative paid back approximately \$971 thousand to its members from previous years allocated margins.

Total assets on the balance sheet remain relatively consistent with fixed assets accounting for approximately 77% of total assets. The Cooperative currently has a 50.4% equity to asset ratio for 2023 compared to 49.9% in 2022.

The Cooperative has maintained healthy financial ratios and is meeting financial covenants as set forth by its lenders.

Sincerely,

*Bauman Associates, Ltd.*

CERTIFIED PUBLIC ACCOUNTANTS

# 2023 AT-A-GLANCE

26  
Employees

9,012  
Members

10,539  
Meters

5.12  
Meters per mile

9329  
Residential

111  
Seasonal

231  
Irrigation

868  
Farm/Commercial

Capital Credits Returned in 2023

**\$1,060,665**

Capital Credits Returned to Date

**\$24,070,496**

Energy Sense Rebates Awarded

**\$67,975**

**\$31,243**

Operation  
Round Up  
Grants

**\$17,000**

Scholarships Awarded



# 2023 AT-A-GLANCE

2,054

Total Miles  
of Line

Overhead

1,147

Underground

907

135

New Services Added

\$146.34

Average Monthly Bill

131

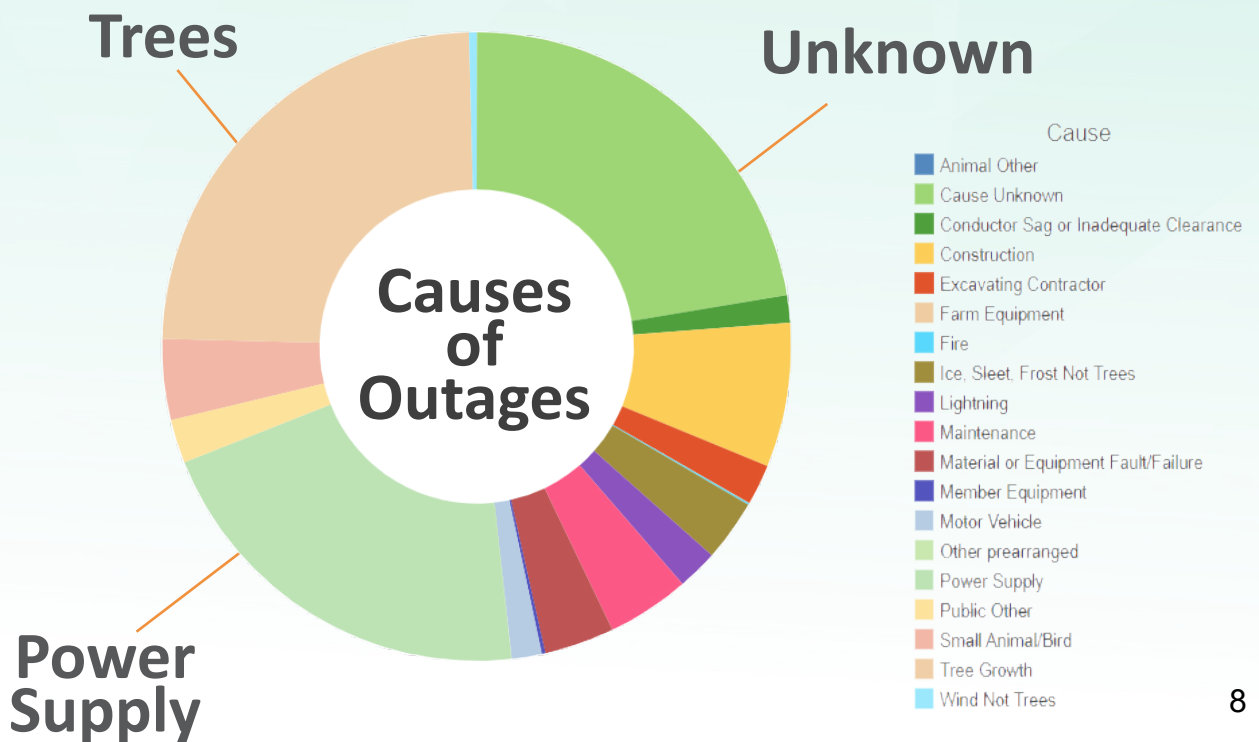
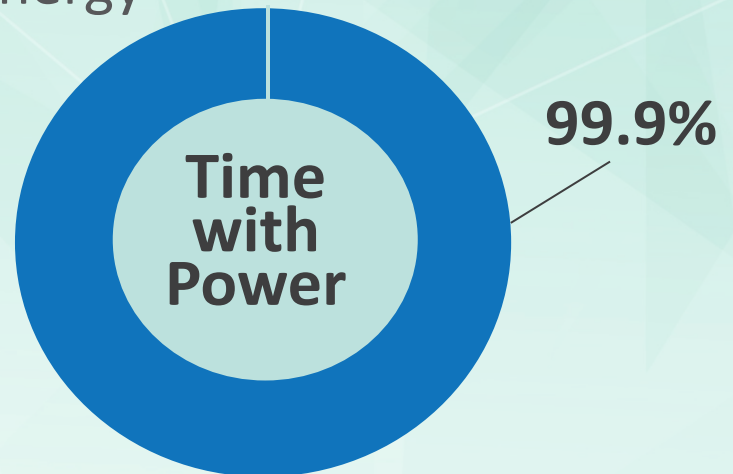
Member-owned  
renewable energy  
systems

1,317,379 kWh

Locally generated renewable  
energy

3.1MW

Cooperative  
Renewable Generation



## Where the Dollars Came from



**Residential**  
59.4%

**Small Commercial**  
18.1%

**Large Commercial**  
16.9%

**Irrigation & Other**  
5.6%

## Where the Dollars Were Spent



**Purchased Power**  
68.1%

**Operations & Maintenance** 10.5%

**Consumer/Customer/Sales /Admin** 8.6%

**Depreciation** 8.1%

**Interest/Tax/Other** 4.7%

**\$27.6M**  
Annual  
Revenue

**235M**  
kWh Sold

**\$17.8M**  
Cost of Energy  
& Demand

### 10-Year Historical Comparison

	2023	2013
<b>Total Assets</b>	72,127,402	49,446,555
<b>Total Other Liabilities</b>	5,490,531	2,629,440
<b>Total Long Term Debt</b>	30,257,958	21,861,984
<b>Total Equity</b>	36,378,913	24,955,131
<b>Total Electric Revenue</b>	27,612,596	21,806,880
<b>Total Electric Expenses</b>	26,111,613	20,982,879
<b>Other Margins</b>	1,121,949	914,917
<b>Net Margins</b>	2,622,932	1,738,918



In 2023, the Operation Round Up program funded nearly \$40,000 in grants for local not-for-profit organizations in the communities we serve.

Village of Elk Mound  
Elk Mound Fire District  
Durand Fire Relief Association  
Sand Creek Fire Department  
Prairie Farm FCCLA  
Colfax Cares Food Ministry  
Thursday's Table  
Stepping Stones  
Colfax Community Fire Dept  
Boys & Girls Club  
Boyceville Police Dept.  
Knapp Elementary School  
Shepherd of the Hill  
Menomonie Fire Department  
Options for Women  
Ridgeland Wilson Fire & Rescue  
Howard Firefighters Association  
Boyceville Bulldog Booster Club  
New Hope Comforters  
Positive Alternatives

AED  
Particulate Hoods  
Tender  
Turnout Gear  
Donation Delivery Expenses  
Support for Sunday Meals  
Clamshell Containers  
Project SAM  
Turnout Gear  
MMS Reception Desk  
Fire Suppression Tools  
2nd Grade Class Supplies  
Moulder Meals  
Stop the Bleed kits for SDMA  
Laptop  
Tools  
Turnout Gear Racks  
Weightroom Equipment  
Quilting Supplies  
Group Home Remodel



**DUNN ENERGY COOPERATIVE**  
**2023 ANNUAL MEETING OF MEMBERS**

The 86<sup>th</sup> Annual Meeting of Dunn Energy Cooperative was held at Dunn Energy Cooperative on Thursday, May 18<sup>th</sup>, 2023. Larry Amble, President of the Cooperative, acting as chairman, called the meeting to order at 6:30 p.m. and gave an invocation and led the Pledge of Allegiance. Brian Johnson, Secretary-Treasurer, was introduced and read the Notice of the Annual Meeting and Due Proof of Mailing. The President had the credentials committee give their report and Chairperson Tony Baier reported that 846 mail-in ballots were received and there are 71 members attending, which means that a quorum is present.

The President then asked the ballot clerks to pick up any ballots that had not yet been turned in. President Amble gave his report. During his final President's Speech, he took time to thank the directors, managers, and employees both past and present for their support throughout the years. Amble was given a meter lamp as a token of the Cooperative's gratitude for his years of service. Amble also spoke to his belief in the Cooperative's Operation Round Up program. Through small actions, the voices of many can combine to do great things. In 2022, the Operation Round Up program awarded nearly \$48,000 in grants to local not-for-profit organizations. He asked members who do not currently participate to think about signing up, to help create an even bigger contribution to organizations in need in our communities.

President Amble called on General Manager/CEO Jesse Singerhouse to give a State of the Cooperative Report for 2022. Mr. Singerhouse thanked the members for attending today. He then introduced the members of the nominating committee as well as the candidates running for the Board of Directors. Guests were introduced including; Clint Moses, Assembly District 29 Representative, Rob Stafsholt, 10<sup>th</sup> Senate District, and guest speaker Rob Richard, Wisconsin Energy Cooperative Association Director of Governmental Relations

He reported that total utility plant value at the end of 2022 was just over \$68 million dollars. The Cooperative's net utility plant plus materials increased \$2.2 million while cash and temporary investments decreased by roughly the same amount in large part to pay for materials and upgrades to the electric distribution system in 2022. As a result, total assets increased by about \$634,000 or just under 1%. Total long-term liabilities decreased again in 2022 by over \$1.5 million as the Cooperative paid down long-term debt and did not borrow funds in 2022. Therefore, equity increased by \$1.3 million. The Cooperative's total equity remains strong, above industry standards at about 50%.

Mr. Singerhouse pointed out a letter from Bauman and Associates, our independent financial auditors. The letter stated that the 2022 audit has been completed and the Cooperative has received a clean audit. It was also noted that energy sales per consumer remained relatively flat in 2022 with an average residential account using just over 1,000 kwh per month. There are 5.10 accounts per mile of distribution line. In the last 10 years the Cooperative's total assets and total equity have increased around 50% as we have invested in system improvements to increase power reliability. Since 2012 membership has increased by 625.

Mr. Singerhouse then introduced guest speaker, Rob Richard. Mr. Richard spoke to the threat of third-party ownership of renewable energy systems. Richard noted that the threat is that third-party installers would piggy-back on cooperative-owned infrastructure, without having to pay for it, and at the same time cherry-pick the largest loads to serve. This could create a large loss of load and reduction in sales for the cooperative while creating the need to maintain facilities (lines, poles, and equipment) without revenue. This could be the perfect storm of sales loss and maintenance cost increases that would negatively affect the rates of the rest of the cooperative membership.

President Amble then stated that we were now moving into the business portion of our meeting. He asked for a motion to accept the minutes as printed from the 85<sup>th</sup> Annual meeting. A motion was made and seconded by members present. Motion carried.

President Amble stated that there was no Old Business to come before the meeting and asked for any New Business. None was brought forth by the membership gathered.

President Amble and General Manager/CEO Singerhouse then asked for any questions from the membership. A member asked about damage to fence lines when brushing and the use of metal flags for staking in fields. Mr. Singerhouse directed the member to speak with Operations Manager Loren Luzinski at the conclusion of the meeting.

President Larry Amble announced that the Nominating Committee had finished counting the ballots and then had credentials committee chairman Tony Baier, read the results of the election. The official results are as follows:

For District 1 Director to succeed Larry Amble:

- |                   |     |
|-------------------|-----|
| 1. David Bartlett | 295 |
| 2. Karl Varnes    | 519 |

Tony then declared that since Karl Varnes received the majority of votes, he was elected as director for a three-year term ending in 2026.

For District 4 Director to succeed Dean Stokke:

- |                  |     |
|------------------|-----|
| 1. Gerald Porter | 266 |
| 2. Dean Stokke   | 547 |

Tony then declared that since Dean Stokke received the majority of votes, he was elected as director for a three-year term ending in 2026.

For District 9 Director to succeed Rachel Kummer:

- |                  |     |
|------------------|-----|
| 1. Rachel Kummer | 615 |
| 2. Greg Weiss    | 200 |

Tony then declared that since Rachel Kummer received the majority of votes, she was elected as director for a three-year term ending in 2026.

The drawing for bill credits was held and the following members each won bill credits:

\$25: James Eggert

\$50: Ilene Steinemeyer

\$100: Harold Schmidt

\$200: Daniel J Johnson

\$300: Merlin Maves

\$400: Scott Hazen

There being no further business to come before the meeting, on motion duly made, seconded and unanimously carried, the meeting was adjourned at 7:38 p.m.

APPROVED:

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Rachel Kummer, Secretary-Treasurer

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Jeff Gasteyer, President