Report of Independent Auditors
and Financial Statements

CORE Electric Cooperative

December 31, 2023 and 2022

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CORE Electric Cooperative
Board of Directors and CEO
as of December 31, 2023

NAME	TITLE	ADDRESS
Timothy L. White	President / Director	Castle Rock, Colorado
Bruff Shea	Vice President / Director	Franktown, Colorado
James Anest	Secretary-Treasurer / Director	Parker, Colorado
Michael Kempe	Assistant Secretary-Treasurer / Director	Littleton, Colorado
Robert Graf	Director	Centennial, Colorado
Ron Kilgore	Director	Conifer, Colorado
Mike Sperry	Director	Woodland Park, Colorado
Jeff Baudier	Chief Executive Officer	Castle Rock, Colorado

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Report of Independent Auditors

The Board of Directors
CORE Electric Cooperative

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CORE Electric Cooperative, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and comprehensive income, equities and margins, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CORE Electric Cooperative as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CORE Electric Cooperative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 CORE Electric Cooperative'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CORE Electric Cooperative'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.

Moss Adams LLP

Portland, Oregon
April 25, 2024

Financial Statements

CORE Electric Cooperative
Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
UTILITY PLANT		
Plant in service	$ 1,584,964,471	$ 1,507,051,934
Less: accumulated depreciation	(480,554,440)	(464,155,285)
Net plant in service	1,104,410,031	1,042,896,649
Construction work in progress	78,772,099	70,929,329
Net utility plant	1,183,182,130	1,113,825,978
INVESTMENTS AND OTHER ASSETS	36,355,968	34,138,806
CURRENT ASSETS		
Cash and cash equivalents	37,331,830	3,858,018
Receivables (less provision for uncollectible accounts of $700,000 and $625,000 in 2023 and 2022, respectively)	21,898,262	19,145,403
Unbilled revenue	19,890,556	24,874,729
Materials and supplies	33,137,901	31,194,721
Prepayments and other current assets	4,514,300	1,911,972
Total current assets	116,772,849	80,984,843
DEFERRED DEBITS	15,413,576	21,660,841
Total assets	$ 1,351,724,523	$ 1,250,610,468

See accompanying notes.

CORE Electric Cooperative
Balance Sheets
December 31, 2023 and 2022

	2023	2022
LIABILITIES AND CAPITAL EQUITIES		
CAPITAL EQUITIES		
Memberships	$ 764,425	$ 764,425
Patronage capital	363,326,095	350,993,098
Other equities	25,530,362	23,298,104
Other comprehensive income	7,692,286	7,075,790
Total	397,313,168	382,131,417
LONG-TERM LIABILITIES	761,857,827	713,140,405
OTHER LONG-TERM OBLIGATIONS	19,189,161	18,804,467
CURRENT LIABILITIES		
Current maturities of long-term debt	41,795,050	38,518,273
Current advance on line of credit	38,000,000	11,000,000
Accounts payable	35,088,869	35,238,242
Accrued expenses	16,007,344	12,855,529
Accrued taxes	12,854,550	13,069,314
Customer deposits	3,402,453	4,024,621
Total	147,148,266	114,705,979
DEFERRED AND OTHER LIABILITIES	26,216,101	21,828,200
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
Total liabilities and capital equities	$ 1,351,724,523	$ 1,250,610,468

See accompanying notes.

CORE Electric Cooperative
Statements of Operations and Comprehensive Income
Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING REVENUE		
Electric energy revenue	$ 335,053,370	$ 336,615,161
Miscellaneous electric revenue	4,081,777	3,165,365
Total operating revenue	339,135,147	339,780,526
OPERATING EXPENSES		
Cost of power purchased	103,759,137	123,304,346
Power production expense	33,826,602	24,045,794
Maintenance of transmission plant	2,242,227	2,154,915
Operating expenses – distribution	9,596,223	9,879,317
Maintenance of distribution plant	24,339,179	18,712,710
Accounting and collection expenses	8,006,546	8,023,187
Other customer expenses	1,403,696	676,204
Administrative and general	41,765,958	34,778,754
Depreciation	47,970,974	46,155,663
Regulatory liability/asset expense, net	5,828,400	15,093,801
Taxes	10,998,940	6,561,427
Total operating expenses	289,737,882	289,386,118
ELECTRIC OPERATING MARGINS	49,397,265	50,394,408
INTEREST ON LONG-TERM DEBT, NET OF INTEREST CHARGED TO CONSTRUCTION OF $4,556,188 AND $0 IN 2023 AND 2022, RESPECTIVELY	38,310,986	39,128,742
OPERATING MARGIN BEFORE CAPITAL CREDITS	11,086,279	11,265,666
CAPITAL CREDITS	4,650,434	4,994,474
OPERATING MARGIN	15,736,713	16,260,140
NON-OPERATING MARGINS (DEFICITS)		
Interest revenue	2,568,235	256,009
Other expense	(858,174)	(726,336)
Total non-operating margins (deficits)	1,710,061	(470,327)
NET MARGINS	17,446,774	15,789,813
OTHER COMPREHENSIVE INCOME	616,496	5,478,611
COMPREHENSIVE INCOME	$ 18,063,270	$ 21,268,424

See accompanying notes.

CORE Electric Cooperative
Statements of Equities and Margins
Years Ended December 31, 2023 and 2022

	2023	2022
Memberships		
Balance at January 1,	$ 764,425	$ 760,345
Additions	-	4,080
Balance at December 31,	764,425	764,425
Patronage capital		
Balance at January 1,	350,993,098	338,535,493
Transfer of net margins	17,446,774	15,789,813
Retirement of capital credits, net	(5,113,777)	(3,332,208)
Balance at December 31,	363,326,095	350,993,098
Other equity		
Balance at January 1,	23,298,104	23,069,329
Additions	2,232,258	228,775
Balance at December 31,	25,530,362	23,298,104
Other comprehensive income		
Balance at January 1,	7,075,790	1,597,179
Unrealized gain on pension and post-retirement benefits	616,496	5,478,611
Balance at December 31,	7,692,286	7,075,790
Total equities and margins	$ 397,313,168	$ 382,131,417

See accompanying notes.

CORE Electric Cooperative
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins	$ 17,446,774	$ 15,789,813
Adjustments to reconcile net margins to net cash provided by operating activities		
Depreciation	47,970,974	46,155,663
Depreciation charged to clearing	985,120	879,850
Amortization of terminal facilities	293,348	293,348
Amortization of conversion option fee	759,763	785,262
Accretion of asset retirement obligation	395,904	381,775
Patronage capital credits assigned by associated organizations	(4,650,434)	(4,994,474)
Change in assets and liabilities		
Receivables, net	(2,752,859)	(2,895,969)
Unbilled revenue	4,984,173	(4,466,387)
Prepayments and other current assets	(2,602,328)	483,216
Other deferred debits	5,953,917	(777,011)
Accounts payable	(149,373)	(816,001)
Accrued expenses and taxes	2,937,051	643,142
Customer deposits	(622,168)	670,083
Other deferred liabilities	7,485,485	13,013,939
Pension and post-retirement benefits	605,286	2,462,693
Net change in operating activities	79,040,633	67,608,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in utility plant, net	(118,312,246)	(50,924,229)
Increase in materials and supplies	(1,943,180)	(10,821,687)
Decrease in nonutility property	166,478	-
Capital credits redeemed	2,266,794	2,563,789
Net change in investing activities	(117,822,154)	(59,182,127)

See accompanying notes.

CORE Electric Cooperative
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal borrowings on long-term debt	$ 95,000,000	$ 95,000,000
Payments on long-term debt	(43,765,564)	(30,385,249)
Line of credit activity, net	27,000,000	(70,000,000)
Capital refunds to members	(5,113,777)	(3,332,208)
Customer advances for construction, net	(3,097,584)	(1,884,753)
Increase in other capital	2,232,258	232,855
Net change in financing activities	72,255,333	(10,369,355)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,473,812	(1,942,540)
CASH AND CASH EQUIVALENTS – beginning of year	3,858,018	5,800,558
CASH AND CASH EQUIVALENTS – end of year	$ 37,331,830	$ 3,858,018
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 41,863,076	$ 33,574,668
Cash paid during the year for property taxes, net of refunds	$ 10,857,908	$ 9,191,963

See accompanying notes.

Note 1 – Nature of Organization and Operations

CORE Electric Cooperative (the Cooperative or CORE) is a Colorado cooperative engaged in the generation, transmission, and distribution of electric energy in a 5,000 square mile service territory which includes portions of eleven counties surrounding the Denver metropolitan area. CORE serves approximately 177,000 meters and related distribution assets and, by this measure, is the largest of the twenty-two electric distribution cooperatives in the state. The Cooperative also owns and operates approximately 266 miles of energized transmission lines. The Cooperative's headquarters is located in Sedalia, Colorado.

CORE owns 25 1/3% of a supercritical, pulverized coal-fired generating plant, Comanche III, located in Pueblo, Colorado. The plant is operated by Public Service Company of Colorado (PSCo) which owns 66 2/3% of the unit. Holy Cross Energy owns the remaining 8%. Comanche III achieved commercial operation on July 6, 2010. The plant was designed to produce 750 megawatts (MW) and is rated at or above that level. The Cooperative pays its proportionate share of operating, maintenance, and capital expenditures and is entitled to its ownership share of the plant's generation.

Note 2 – Summary of Significant Accounting Policies

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

Utility plant and depreciation – Utility plant assets are stated at cost (see Note 3). Cost includes contracted services, direct labor and materials, interest capitalized during construction, and indirect charges. Contributions in aid of construction are credited to the applicable plant accounts. The provision for depreciation is determined by the straight-line method over estimated useful asset lives (as specified by FERC for utility plant) ranging from four to thirty-six years.

During 2023, the Cooperative implemented a change in accounting estimate for allowance for funds used during construction (capitalized interest). Capitalized interest represents the cost of capital used to finance utility construction activity and is computed by applying a composite financing rate to qualified construction work in progress (CWIP). The amount of interest capitalized as a utility construction cost is credited to interest charges. The newly adopted accounting estimate is preferable over the method used previously due to the significant amount of construction funded through the use of debt proceeds.

A provision has been made for depreciation of the generation plant on a straight-line composite rate of 3.96%. A provision has been made for depreciation of transmission and distribution plant on a straight-line composite rate of 2.69%. General plant depreciation rates have been applied on a straight-line basis at rates which will depreciate the assets over their estimated useful lives.

Maintenance and repairs, including the renewal of minor items of plant not comprising a retirement unit, are charged to the appropriate maintenance accounts, except that repairs of transportation and service equipment are charged to clearing accounts and redistributed to operating expense and other accounts. For utility plant, the actual or average cost of property replaced or renewed is removed from utility plant and such cost, together with costs of removal less salvage, is charged to accumulated depreciation.

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

Investments – Investments in associated organizations are carried at cost, plus capital credits allocated and not retired (see Note 4).

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

Receivables – Receivables are recorded when invoices are issued and stated at the amount that management expects to collect. The Cooperative provides an allowance for credit losses to estimate losses from uncollectible accounts. The allowance for doubtful accounts is estimated based on historical losses, review of specific problem accounts, current and reasonably supportable expected future economic conditions, and the financial stability of customers. Generally, receivables are considered past due after 30 days.

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

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

Materials and supplies – Materials and supplies consist primarily of items for construction and maintenance of the utility plant and are stated at average cost.

Deferred debits and liabilities – Deferred debits and liabilities consist of deferrals in accordance with generally accepted accounting principles, which include regulatory assets and liabilities. Due to regulation of its rates by its Board, the Cooperative is subject to regulatory accounting requirements. Accordingly, certain costs and income may be deferred as a regulatory asset or liability that would otherwise be charged to expenses or revenues. Regulatory assets and liabilities are recorded when it is probable that future rates will permit recovery (see Note 5 and Note 9).

Asset retirement obligations – Accounting standards require the recognition of an Asset Retirement Obligation (ARO), measured at estimated fair value, for legal obligations related to decommissioning and restoration costs associated with the retirement of tangible long-lived assets in the period in which the liability is incurred. The initial capitalized asset retirement costs are depreciated over the life of the related asset, with accretion of the ARO liability classified as an operating expense.

Income taxes – The Cooperative is exempt from federal income taxes under the provisions of Section 501(c)(12) of the Internal Revenue Code. The Cooperative files an exempt organization tax return in the U.S. federal jurisdiction. As of December 31, 2023 and 2022, the Cooperative had no uncertain tax positions, and no provision for income taxes, consistent with its tax-exempt status.

Patronage capital – Margins are assigned to individual Cooperative members' capital credit accounts based upon their share of energy usage for electric service provided by the Cooperative during the year. Amounts are assigned to members subsequent to year end. Non-operating margins are allocated to members at the discretion of the Board of Directors. Capital credits are returned to members in accordance with the Cooperative's bylaws, subject to the covenants contained in the long-term debt agreements.

Revenue recognition and unbilled revenue – Revenue is recognized when obligations under the terms of a contract with members are satisfied. Generally, this satisfaction of performance obligations and transfer of control occurs, and revenues are recognized as electricity is delivered to members, including any services provided. The prices charged, and amount of consideration the Cooperative receives in exchange for its goods and services provided, are established and approved by the Cooperative's Board of Directors. The Cooperative recognizes revenue through the following steps: i) identifying the contract with the member; ii) identifying the performance obligations in the contract; iii) determining the transaction price; iv) allocating the transaction price to the performance obligations; and v) recognizing revenue when or as each performance obligation is satisfied. Revenue is recognized to period-end through an accrual of unbilled revenue.

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

Pension and other post-retirement benefits – The Cooperative has defined benefit pension plans (Plans) and a defined contribution 401(k) plan for employees meeting eligibility requirements. The Cooperative reports the current economic status (the overfunded or underfunded status) of the Plans in its balance sheet and measures the Plans assets and Plans obligations as of the balance sheet date based upon an actuarial analysis (see Note 8).

Accrued paid time off – The Cooperative accrues accumulated paid time off as the obligation is incurred. Accumulated paid time off is included in accrued expenses on the accompanying balance sheets.

Concentration of credit risk – Financial instruments that are exposed to concentrations of credit risk consist primarily of cash and receivables. The Cooperative's noninterest-bearing cash balances may exceed federally insured limits of $250,000 per account. The Cooperative has not experienced any losses in such accounts to date.

Credit is extended to customers generally without collateral requirements; however, deposits are obtained from certain customers and formal shut-off procedures are in place.

Leases – The Cooperative determines if an arrangement contains a lease at inception. At commencement of the lease, the cooperative records a right-of-use (ROU) asset and lease liability in the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the cooperative's obligation to make lease payments arising from the lease. As of December 31, 2023 and 2022, the Cooperative had no agreements that met the definition of a commenced lease.

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

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specific estimates include allowance for doubtful accounts, unbilled revenue, depreciation, asset retirement obligation, and pension and post-retirement benefit obligations. Actual results could differ from those estimates.

Subsequent events – Accounting standards require disclosure of the date through which subsequent events have been evaluated, as well as whether the date is the date the financial statements were issued or the date the financial statements were available to be issued. The Cooperative has evaluated subsequent events through April 25, 2024, the date the financial statements were available to be issued (see Note 12).

Note 3 – Utility Plant

Utility plant consists of the following as of December 31:

	2023	2022
Distribution plant	$ 976,901,099	$ 912,592,681
Generation plant	400,663,523	401,332,687
Transmission plant	111,901,332	96,921,344
General plant	88,431,115	89,137,820
Generation asset retirement obligation	7,050,448	7,050,448
Intangible plant	16,954	16,954
Plant in service	$ 1,584,964,471	$ 1,507,051,934
Construction work in progress – distribution and general	$ 73,941,894	$ 69,140,268
Construction work in progress – Comanche III generation	4,830,205	1,789,061
Construction work in progress	$ 78,772,099	$ 70,929,329

Note 4 – Investments and Other Assets

The Cooperative is a member of various cooperatives and associated organizations. Patronage capital from associated organizations is recorded at the stated amount of the certificates. Patronage capital will be returned to the Cooperative based upon the respective entities' bylaws subject to certain restrictions and the financial health of these cooperatives.

The Cooperative maintains its temporary cash investments and checking accounts in federally chartered depository financial institutions located in its service territory, the National Rural Utilities Cooperative Finance Corporation (CFC), and in CoBank, ACB (CoBank). The Federal Deposit Insurance Corporation (FDIC) insures cash deposits up to certain limits. The Cooperative maintains accounts at FDIC insured institutions and at times deposits may exceed insured amounts.

Investments and other assets consist of the following as of December 31:

	2023	2022
Investment in associated organizations, at cost	$ 36,290,062	$ 33,906,422
Nonutility property, net	65,906	232,384
Total	$ 36,355,968	$ 34,138,806

	2023	2022
CFC:		
Capital credits	$ 13,169,542	$ 12,808,836
Zero term certificates, maturing through 2043	4,076,308	4,076,308
Capital term certificates, 5.00% maturing through 2080	2,036,677	2,036,677
Loan term certificates, 3.00% maturing through 2030	863,700	863,700
Membership	1,000	1,000
CoBank:		
Capital credits	12,102,915	11,411,181
Membership	1,000	1,000
Other organizations	4,038,920	2,707,720
Total	$ 36,290,062	$ 33,906,422

Note 5 – Deferred Debits

A regulatory balancing account was authorized by the Cooperative's Board of Directors to normalize the costs associated with periodic maintenance outages of Comanche III as well as any extraordinary maintenance or repair expenses and purchases of replacement power incurred as a result of unscheduled outages. The regulatory balance has been established under the provisions of ASC 980 – *Regulated Operations*. The outage costs are recorded as a regulatory asset or liability and will be recovered through member rates.

Terminal facilities represent the cost of substation high-side equipment that was transferred to PSCo during the years 2000 to 2008. The Cooperative is amortizing this deferral over the expected life of this equipment. $293,347 was amortized for the years ended December 31, 2023 and 2022.

Deferred debits at December 31 were as follows:

	2023	2022
Regulatory asset – balancing account	$ 5,832,063	$ 11,660,463
Terminal facilities	4,967,354	5,260,701
Xcel Energy operating deposit	4,298,000	4,298,000
Retired employee life/long-term care insurance	218,983	213,281
Long-range study	97,176	134,676
Miscellaneous	-	93,720
Total	$ 15,413,576	$ 21,660,841

Note 6 – Long-Term Liabilities

Long-term debt is represented by mortgage notes payable to CFC and CoBank. Lien accommodations have been executed with CFC and CoBank. The agreements contain certain financial and non-financial covenants. Substantially all assets are pledged as security for long-term debt to CFC and CoBank. Following is a summary of outstanding long-term debt as of December 31:

	2023	2022
CFC		
2.76% to 6.85% notes, maturing 2058	$ 244,898,734	$ 240,911,758
CoBank		
2.39% to 6.54% distribution construction loans maturing through 2053	288,188,693	231,571,693
6.65% to 6.76% generation loans maturing through 2039	277,780,906	287,150,446
Subtotal	810,868,333	759,633,897
Less: current maturities	41,795,050	38,518,273
Less: conversion option fees	7,215,456	7,975,219
Total	$ 761,857,827	$ 713,140,405

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

Maturities of long-term debt for the next five years ending December 31 and thereafter are as follows:

2024	$ 41,795,050
2025	36,782,361
2026	36,933,959
2027	35,867,695
2028	36,453,611
Thereafter	623,035,657
	$ 810,868,333

Note 7 – Lines of Credit

The Cooperative has two general lines of credit at variable interest rates, one with CoBank in the amount of $150,000,000, and one with CFC in the amount of $50,000,000. The CoBank line has a maturity date of October 31, 2026. The CFC line automatically renews yearly subject to Board of Directors approval, unless terminated by either party through December 31, 2049. As of December 31, 2023, no funds had been advanced on the CFC line of credit, and $38,000,000 had been advanced on the CoBank line of credit. As of December 31, 2022, no funds had been advanced on the CFC line of credit, and $11,000,000 had been advanced on the CoBank line of credit.

Note 8 – Other Long-Term Obligations

At December 31, other long-term obligations were as follows:

	2023	2022
Pension plan obligations	$ 3,671,540	$ 3,038,525
Post-retirement benefit obligations	4,425,456	5,069,681
Asset retirement obligations	11,092,165	10,696,261
Total	$ 19,189,161	$ 18,804,467

The Cooperative has two active and one frozen noncontributory defined benefit pension plans that, in total, cover substantially all employees. The plans provide defined benefits based on years of service and compensation rates near retirement.

The Cooperative has a post-retirement plan for employees, which provides health insurance and long-term care insurance after retirement. The health care plan is contributory with participants' contributions adjusted annually. The long-term care plan is purchased at retirement and participants make yearly contributions toward the cost. The Cooperative will pay up to one-half of the retiree and dependent premiums for any retiree based on the following formula:

Ten percent vesting per year beginning at age 55, times the number of service years, times .01677.

FASB ASC 715 requires recognition of the funded status of post-retirement benefits on the balance sheet, on a prospective basis. The change in the liability for post-retirement benefits is recorded as an adjustment to comprehensive income.

The following disclosure reflects the obligation and funded status as of December 31:

Obligation and funded status

	Pension Benefits		Post-Retirement Benefit Obligations	
	2023	2022	2023	2022
Actuarial present value of benefit obligations				
Accumulated benefit obligation	$ 21,184,697	$ 15,590,775	$ 4,425,456	$ 5,069,681
Change in benefit obligation				
Benefit obligation at beginning of year	$ 18,227,701	$ 23,370,355	$ 5,069,681	$ 7,171,599
Service cost	4,764,258	4,747,908	306,539	466,478
Interest cost	986,056	710,694	278,367	220,701
Retiree contributions received	-	-	171,234	222,719
Assumption changes	-	-	-	(1,899,460)
Actuarial loss (gain)	1,067,018	(9,963,502)	(1,043,784)	(814,613)
Benefits paid	(849,560)	(637,754)	(356,581)	(297,743)
Benefit obligation at end of year	$ 24,195,473	$ 18,227,701	$ 4,425,456	$ 5,069,681
Change in plan assets				
Fair value of plan assets at beginning of year	$ 15,189,176	$ 19,417,830	$ -	$ -
Actual return on plan assets	1,940,931	(5,790,250)	-	-
Employer contributions	4,243,386	2,199,350	185,347	75,024
Plan participants' contributions	-	-	171,234	222,719
Benefits and expenses paid	(849,560)	(637,754)	(356,581)	(297,743)
Fair value of plan assets at end of year	$ 20,523,933	$ 15,189,176	$ -	$ -
Reconciliation of funded status				
Funded status (underfunded)	$ (3,671,540)	$ (3,038,525)	$ (4,425,456)	$ (5,069,681)
Components of net periodic benefit cost				
Service cost	$ 4,764,258	$ 4,747,908	$ 306,539	$ 466,478
Interest cost	986,056	710,694	278,367	220,701
Expected return on plan assets	(866,828)	(1,162,924)	-	-
Amortization of net loss (gain)	-	-	(430,445)	(245,790)
Net periodic benefit cost	$ 4,883,486	$ 4,295,678	$ 154,461	$ 441,389
Amounts recognized in accumulated other comprehensive (income) loss				
Net actuarial (gain) loss	$ (3,157)	$ (3,010,328)	$ (1,043,784)	$ (2,714,073)
Amortization of net (loss) gain	-	-	430,445	245,790
Total recognized in other comprehensive (income) loss	$ (3,157)	$ (3,010,328)	$ (613,339)	$ (2,468,283)

Actuarial Assumptions – The total pension benefits and post-retirement benefit obligations in the actuarial valuations were determined using the following actuarial assumptions:

	Pension Benefits		Post-Retirement Benefit Obligations	
	2023	2022	2023	2022
Weighted average assumptions used to determine net periodic benefit				
Discount rate	5.34%	3.11%	5.39%	5.66%
Expected return on plan assets	5.00%	6.00%	N/A	N/A
Rate of compensation increase	4.00%	3.75%	N/A	N/A
Weighted average assumptions used to determine benefit obligations				
Discount rate	5.34%	5.66%	5.66%	3.17%
Expected return on plan assets	N/A	N/A	N/A	N/A
Rate of compensation increase	4.00%	3.75%	N/A	N/A

For measurement purposes, a 7.5% annual rate of increase, declining to a 5.0% ultimate trend rate of increase in the cost per capita of covered health care benefits was assumed.

The Cooperative has one fully insured pension fund which was frozen in May 2022. Total pension costs for this plan amount to $0 for the years ended December 31, 2023 and 2022.

The Cooperative adopted a variable defined benefit plan in 2022. Pension costs for this plan for the years ended December 31, 2023 and 2022 amounted to $3,969,118 and $3,289,235, respectively.

The Cooperative has a 401(k) savings plan for employees. Employer contributions for the years ended December 31, 2023 and 2022 amounted to $1,135,566 and $986,220, respectively.

Plan assets – Weighted average asset allocations, by asset category:

	Pension Benefits		Post-Retirement Benefit Obligations		Fair Value Level	
	2023	2022	2023	2022	2023	2022
Mutual funds	38%	25%	N/A [1]	N/A [1]	1	1
Collective investment trusts	61%	70%	N/A [1]	N/A [1]	2	2
Money market deposit account	1%	5%	N/A [1]	N/A [1]	1	1
Total	100%	100%	N/A [1]	N/A [1]		

[1] There were no post-retirement benefit obligation plan assets as of December 31, 2023 and 2022.

Estimated future benefit payments – The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	Pension Benefits	Post-Retirement Benefit Obligations
2024	$ 339,542	$ 199,927
2025	788,886	237,195
2026	2,256,554	225,661
2027	2,513,711	217,340
2028	4,626,879	249,236
Years 2029–2033	16,868,237	1,775,837

Asset retirement obligations – During 2010, construction was completed on the Comanche III generating facility. As of the date of completion, the Cooperative became legally obligated to share in the costs to dismantle and remove Comanche III at the termination of its then estimated useful life of sixty years. Accordingly, a liability was established equal to the present value of the Cooperative’s obligation, and the carrying amount of Comanche III was increased by the same amount. This liability has increased by applying the interest method of accretion to the liability and the capitalized costs have been depreciated over the useful life of Comanche III. Effective April 2018, the Cooperative revised its estimate of the useful life of Comanche III to thirty years. The facility will be substantially depreciated by the year 2040.

The following is a reconciliation of the aggregate retirement liability associated with the Cooperative’s obligation to dismantle and remove Comanche III:

BALANCE, December 31, 2021	$ 10,314,486
Increase in the present value of the obligation (accretion)	381,775
BALANCE, December 31, 2022	10,696,261
Increase in the present value of the obligation (accretion)	395,904
BALANCE, December 31, 2023	$ 11,092,165

Note 9 – Deferred and Other Liabilities

At December 31, deferred credits were as follows:

	2023	2022
Customers’ advances for construction	$ 3,558,765	$ 6,656,349
Unamortized joint use income	157,336	171,851
Regulatory liability	22,500,000	15,000,000
Total	$ 26,216,101	$ 21,828,200

During the year ended December 31, 2022, the Cooperative adopted a Deferred Revenue plan in accordance with *Accounting Standards Codification 980, Regulated Operations*. This plan was designed to help offset the potential increase of power cost in future years. The net revenue deferred under this plan was $7,500,000 and $15,000,000 for the years then ended December 31, 2023 and 2022, respectively. The balance of deferred revenue as of December 31, 2023 and 2022 was $22,500,000 and $15,000,000, respectively. The balance of the plan will be recognized over the years 2024–2028.

Note 10 – Commitments and Contingencies

Comanche III – The Cooperative is a joint owner with PSCo and Holy Cross Energy in Comanche III. Ownership percentages are 25 1/3%, 66 2/3%, and 8% respectively. The Cooperative is obligated to fund its percentage ownership share of the operating, maintenance and capital costs of the plant and is entitled to that share of the plant's generation.

On September 7, 2021, the Cooperative commenced litigation in the District Court of Denver, Colorado in a dispute with PSCo concerning its failure in the operation and maintenance of Comanche III. The lawsuit alleged that PSCo breached its contractual obligations related to the operations and maintenance of Comanche III and was negligent in the operation of the transmission system at Comanche. In October, 2023, the Cooperative prevailed at trial and received a jury verdict of $26,450,000. PSCo is challenging the verdict in post-trial motions and appeal. Accordingly, as the ultimate amount of potential recovery cannot be accurately estimated, no amounts related to this claim have been included within the financial statements as of December 31, 2023.

Wholesale power agreements – The Cooperative purchases wholesale power under long-term agreements with PSCo and WAPA. The PSCo agreement expires on December 31, 2025.

Purchase power agreements – The Cooperative has entered into various solar, wind and natural gas purchased power agreements extending up to 25 years. These agreements have various provisions and fixed and variable cost elements.

General litigation – In the normal course of business, the Cooperative is a party to claims and matters of litigation. The ultimate outcome of these matters cannot precisely be determined, however, in the opinion of management of the Cooperative, the resolution of these matters will not have material adverse effect on the Cooperative's financial position, results of operations, or liquidity.

Note 11 – Revenue Recognition

The following table presents the Cooperative's revenue, disaggregated by member type for the years ended December 31:

	2023	2022
Residential	$ 241,706,792	$ 240,118,032
Commercial and industrial	102,674,775	103,831,951
Public street and highway lighting	2,119,874	2,157,365
Irrigation	1,024,102	1,029,426
Other revenue and change in unbilled revenue	(890,396)	7,643,752
Deferred revenue plan - regulatory liability	(7,500,000)	(15,000,000)
Total	$ 339,135,147	$ 339,780,526

Electric energy revenues – The Cooperative's primary revenue source is generated through the sale of electricity to members located within its service territory. Retail members are classified as residential, commercial, industrial, or public street and highway lighting. Residential members include single family housing, multiple family housing (such as apartments, duplexes, and town homes), manufactured homes and general service. Residential demand is sensitive to the effects of weather, with demand highest during the summer cooling season. Commercial and industrial members consist of non-residential members who accept energy deliveries at voltages generally in excess to those delivered to residential members. Commercial members include most businesses and other large power users. Public street and highway lighting accounts are billed per wattage of light. Demand from commercial and industrial members is primarily driven by economic conditions, with weather having little impact on energy use by this member class. Revenue is recognized to period-end through an accrual of unbilled revenue.

The Cooperative's retail member prices are based on the Cooperative's cost of service and are approved by the Cooperative's Board of Directors. The Cooperative's obligation to sell electricity to retail members generally represents a single performance obligation representing a series of distinct goods that are substantially the same and have the same pattern of transfer to the member that is satisfied over time as members simultaneously receive and consume the benefits provided. The Cooperative applies the invoice method to measure its progress towards satisfactorily completing its performance obligations to transfer each distinct delivery of electricity in the series to the member.

Miscellaneous electric revenues – Other operating revenues consist primarily of miscellaneous service revenues and other electric services provided to members.

Note 12 – Subsequent Events

Indenture of Trust – Subsequent to year end, the Cooperative replaced its existing mortgage with the Indenture of Mortgage Security Agreement and Financing Statement (Indenture). Virtually all of the Cooperative's assets and revenues are subject to the lien of the Indenture.

Long-Term Debt – Subsequent to year end, the Cooperative secured a $40 million, 30-year loan with CoBank at 4.97% fixed for 5 years.

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