

Certified Public Accountants
& Consultants



Pioneer Electric Cooperative, Inc.
June 30, 2024
Financial Statements

Pioneer Electric Cooperative, Inc.

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Independent Auditor's Report

The Board of Trustees
Pioneer Electric Cooperative, Inc.
Greenville, Alabama

Opinion

We have audited the accompanying financial statements of Pioneer Electric Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of June 30, 2024 and 2023, and the related statements of revenue, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of June 30, 2024 and 2023, 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. 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 the Cooperative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Cooperative's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 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 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 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 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 the 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 the 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.

Jackson Thornton & Co. PC

Montgomery, Alabama
September 12, 2024

Pioneer Electric Cooperative, Inc.
Balance Sheets
At June 30, 2024 and 2023

Assets

	2024	2023
Utility Plant		
Electric plant in service	\$ 94,214,701	\$ 90,378,089
Construction work-in-progress	613,436	472,205
	94,828,137	90,850,294
Less accumulated provision for depreciation	36,839,412	35,078,747
Net utility plant	57,988,725	55,771,547
Other Assets and Investments		
Restricted cash	1,183,110	1,198,811
Investments in associated organizations	16,555,235	16,183,286
Investments in land and buildings	1,392,179	1,259,311
Notes receivable - economic development loans		47,472
Total other assets and investments	19,130,524	18,688,880
Current Assets		
Cash and cash equivalents	1,475,424	3,811,983
Temporary cash investments		750,000
Accounts receivable		
Customers, less provision for credit losses		
\$460 in 2024 and \$33,187 in 2023	1,701,782	1,118,639
Federal Emergency Management Agency		82,181
Other	279,604	267,150
Unbilled revenue	1,607,432	1,607,432
Materials and supplies	581,915	560,631
Prepays	209,221	181,985
Total current assets	5,855,378	8,380,001
Deferred Assets		
NRUCFC conversion fees	4,058,686	4,307,260
Other	83,397	99,252
Total deferred assets	4,142,083	4,406,512
Total assets	\$ 87,116,710	\$ 87,246,940

The accompanying notes are an integral part of these financial statements.

Equities and Liabilities

	<u>2024</u>	<u>2023</u>
Equities		
Patronage capital	\$ 28,342,120	\$ 28,687,552
Other equities	<u>669,444</u>	<u>661,915</u>
Total equities	<u>29,011,564</u>	<u>29,349,467</u>
 Noncurrent Liabilities		
Notes payable, net of current maturities	45,159,282	44,920,738
Right-of-use finance obligation, net of current maturities	1,420,320	1,095,476
NRUCFC conversion fees, net of current portion	3,810,112	4,058,686
Postemployment benefit obligation, net of current portion	<u>5,370</u>	<u>5,831</u>
Total noncurrent liabilities	<u>50,395,084</u>	<u>50,080,731</u>
 Current Liabilities		
Current maturities on notes payable	2,155,764	2,061,803
Current maturities on right-of-use finance obligations	562,096	381,776
Current portion of NRUCFC conversion fees	248,574	248,574
Current portion of postemployment benefit obligation	972	972
Accounts payable		
Purchased power	1,368,822	1,332,486
Trade	229,153	481,842
Customer deposits	1,585,119	1,526,541
Accrued liabilities		
Taxes	262,601	254,977
Other	<u>796,961</u>	<u>777,771</u>
Total current liabilities	<u>7,210,062</u>	<u>7,066,742</u>
 Deferred Credits		
Deferred revenue	<u>500,000</u>	<u>750,000</u>
Total deferred credits	<u>500,000</u>	<u>750,000</u>
Total equities and liabilities	<u><u>\$ 87,116,710</u></u>	<u><u>\$ 87,246,940</u></u>

Pioneer Electric Cooperative, Inc.
Statements of Revenue
For the Years Ended June 30, 2024 and 2023

	2024		2023	
Operating Revenue				
Electric revenue	\$ 32,519,523	97.85%	\$ 30,633,492	97.83%
Other	714,520	2.15%	679,089	2.17%
Total operating revenue	33,234,043	100.00%	31,312,581	100.00%
Operating Expenses				
Cost of power	15,530,212	46.73%	15,598,661	49.82%
Distribution - operations	1,824,328	5.49%	1,524,670	4.87%
Distribution - maintenance	6,135,939	18.46%	4,763,304	15.21%
Consumer accounts	1,526,697	4.59%	1,430,396	4.57%
Energy marketing and communications	411,375	1.24%	418,239	1.34%
Administrative and general	2,749,018	8.27%	2,548,608	8.14%
Depreciation and amortization	3,353,405	10.09%	3,258,715	10.41%
Taxes	79,418	0.24%	109,556	0.35%
Total operating expenses	31,610,392	95.11%	29,652,149	94.71%
Operating Margins	1,623,651	4.89%	1,660,432	5.29%
G & T and Other Capital Credits	572,898	1.72%	486,672	1.55%
Net Operating Margins	2,196,549	6.61%	2,147,104	6.84%
Interest Expense	2,044,611	6.15%	2,027,175	6.47%
Nonoperating Margins				
Interest income	122,373	0.37%	59,193	0.19%
Other income	117,246	0.35%	78,880	0.25%
Total nonoperating margins	239,619	0.72%	138,073	0.44%
Net Margins for the Year	\$ 391,557	1.18%	\$ 258,002	0.81%

The accompanying notes are an integral part of these financial statements.

Pioneer Electric Cooperative, Inc.
Statements of Changes in Equity
For the Years Ended June 30, 2024 and 2023

	Other	Patronage Capital	Total
Balance at June 30, 2022	\$ 769,878	\$ 29,175,678	\$ 29,945,556
Net margin		258,002	258,002
Reissued capital credits, net	(107,963)		(107,963)
Utility tax refund		208,180	208,180
Retirement of capital credits		(954,308)	(954,308)
Balance at June 30, 2023	661,915	28,687,552	29,349,467
Net margin		391,557	391,557
Patronage gains, net	7,529		7,529
Utility tax refund		84,247	84,247
Retirement of capital credits		(821,236)	(821,236)
Balance at June 30, 2024	<u>\$ 669,444</u>	<u>\$ 28,342,120</u>	<u>\$ 29,011,564</u>

The accompanying notes are an integral part of these financial statements.

Pioneer Electric Cooperative, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From (Used For) Operating Activities		
Net margins	\$ 391,557	\$ 258,002
Adjustments to reconcile net margins to net cash provided by operating activities		
Depreciation and amortization	3,353,405	3,258,715
Bad debt recovery	(30,559)	(47,730)
G & T and other capital credits	(572,898)	(486,672)
Deferral of revenue		1,000,000
Amortization of deferred revenue	(250,000)	(1,450,000)
Decrease (increase) in operating assets and increase (decrease) in operating liabilities		
Accounts receivable	(683,514)	(205,846)
Materials and supplies	(21,284)	(43,672)
Prepays	(27,236)	(10,051)
Other accrued assets	15,855	(31,065)
Accounts payable	(216,353)	420,973
Consumer deposits	58,578	10,858
Accrued liabilities	26,353	89,136
Net cash from operating activities	<u>2,043,904</u>	<u>2,762,648</u>
Cash Flows From (Used For) Investing Activities		
Net additions of property and equipment	(4,357,555)	(3,746,573)
Proceeds from investments	68,081	108,906
Purchases of temporary cash investments	750,000	(750,000)
Economic development loans - net	47,472	16,125
Net cash used for investing activities	<u>(3,492,002)</u>	<u>(4,371,542)</u>
Cash Flows From (Used For) Financing Activities		
Principal payments on notes payable	(2,067,495)	(1,936,465)
Principal payments on right-of-use finance leases	(459,290)	(352,645)
Proceeds from notes payable	2,400,000	
Payments on NRUCFC conversion fees	(248,574)	(248,574)
Increase in membership fees and other equity	48,938	50,330
Retirement of capital credits	(577,741)	(669,293)
Net cash used for financing activities	<u>(904,162)</u>	<u>(3,156,647)</u>

The accompanying notes are an integral part of these financial statements.

Pioneer Electric Cooperative, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Decrease in Cash and Cash Equivalents	\$ (2,352,260)	\$ (4,765,541)
Cash and Cash Equivalents at Beginning of Year	5,010,794	9,776,335
Cash and Cash Equivalents at End of Year	<u>\$ 2,658,534</u>	<u>\$ 5,010,794</u>
Reconciliation of Cash and Cash Equivalents		
Restricted cash	\$ 1,183,110	\$ 1,198,811
Unrestricted cash	1,475,424	3,811,983
Totals	<u>\$ 2,658,534</u>	<u>\$ 5,010,794</u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 2,068,126	\$ 1,988,286
Noncash Financing Transactions		
Recovery of bad debt from capital credit retirement	\$ 28,349	\$ 40,999
Return of capital to members through accounts receivable credit	172,308	194,129
Gains on retirement of unclaimed credits	42,838	49,887
Right-of-use assets acquired under finance lease	964,454	255,077

The accompanying notes are an integral part of these financial statements.

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies

Nature of business - Pioneer Electric Cooperative, Inc. (the Cooperative) distributes electric power to residential, commercial, and industrial consumers in rural central Alabama.

Basis of accounting - The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts prescribed by the Rural Utilities Service (RUS). As a result, the application of accounting principles generally accepted in the United States of America by the Cooperative differs in certain respects from the application of those principles by nonregulated enterprises. Such differences primarily concern the recognition of gains and losses on the retirement of assets.

Utility plant - The Cooperative's costs associated with electric plant additions and improvements are capitalized based upon the RUS guidelines established in Bulletin 1767B-2. This results in the capitalization of direct costs such as labor and materials and also includes capitalization of indirect costs including labor, material charges, taxes, insurance, transportation, depreciation, pensions, and other related costs. These costs are accumulated in work-in-process accounts and are capitalized to the proper plant accounts at the completion of the construction activity. Certain special equipment additions, as defined by RUS, are capitalized when purchased along with an estimated installation charge. The cost of depreciable property, when retired, is computed at the average unit cost along with removal costs less salvage. The net retirement cost is charged to accumulated depreciation. Maintenance and repairs, including minor items of property, are charged to maintenance expense as incurred.

Investments - Investments in associated organizations represent cooperative capital credits from the Cooperative's suppliers and lenders. Investments in associated organizations are recorded at cost plus allocated equities. Investments in land and buildings are carried at the lower of cost or market value.

Cash equivalents - The Cooperative considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Accounts receivable - The Cooperative extends credit to its customers who are primarily located in central Alabama.

Effective July 1, 2023, the Cooperative adopted the provisions of ASC 326, "*Financial Instruments - Credit Losses*", namely the currently expected credit loss model, in accounting for losses on certain financial instruments. The impact of adopting this standard was immaterial as of July 1, 2023. The Cooperative's trade receivables and unbilled revenue are due from customers for revenue recognized but not yet paid. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and economic factors. Account balances are charged off against the allowance after 12 months with approval of the Board of Directors. Recoveries of trade receivables previously written-off are recorded when received.

Materials and supplies - Electric materials and supplies are priced at average historical cost. Cost is determined by the cumulative average of all costs on a first-in, first-out (FIFO) basis.

Leases - The Cooperative recognizes lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statements of revenue. The Cooperative has elected to account for short-term leases by recognizing the lease payments in the statements of revenue on a straight-line basis over the term of the lease.

The discount rate used to compute interest expense is the rate implicit in the lease agreements or the risk-free rate if not implicit in the agreement.

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Recognition of revenue from contacts with customers - The Cooperative has contractual agreements with its customers for the provision of electric utility service. Electric revenue and the related cost of power purchased are recognized when electricity is used by the ultimate consumer. All such revenue is recognized as earned by the Cooperative. Customers are billed on a cycle basis throughout the month. Payment is due from customers within 15 days of the bill date.

The Cooperative has contractual agreements with customers for the attachment of other utility services to existing utility poles owned by the Cooperative. Revenue is recognized monthly over the term of the agreements. Customers are billed annually in arrears. Payment is due within 30 days of the bill date.

Deferred revenue - As a rate-regulated utility, the Cooperative has ratemaking authority to defer revenues to future periods under professional accounting standards ASC 980, *Regulated Operations*. This deferral was established to offset anticipated increases in wholesale power cost and other operating expenses. The Cooperative amortizes deferred revenue in accordance with the related ratemaking action.

Taxes - The Cooperative collects gross receipts taxes from its members on behalf of the State of Alabama. Revenue is presented net of taxes collected in the statements of revenue.

Income tax status - The Cooperative is exempt from income taxes under Internal Revenue Code Section 501(c)(12). Management has evaluated the Cooperative's tax positions and concluded that the Cooperative has taken no uncertain tax positions that require adjustment to 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents

The Cooperative maintains cash and cash equivalents in various banks located in Alabama, which at times may exceed federally insured limits. The Cooperative has approximately \$1,923,000 and \$2,649,000 of uninsured cash as of June 30, 2024 and 2023, respectively. The Cooperative has not experienced any losses in such accounts. The Cooperative believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted funds relate to industrial development revolving loan programs. Restricted balances were as follows:

	2024	2023
Intermediary relending program	\$ 204,436	\$ 220,137
RUS revolving loan fund	388,585	388,585
REDLG	460,993	460,993
RBEG revolving loan fund	129,096	129,096
Total restricted funds	<u>\$ 1,183,110</u>	<u>\$ 1,198,811</u>

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 3 - Receivables, Contract Assets, and Contract Liabilities from Contracts with Customers

Receivables, contract assets, and contract liabilities from contracts with customers for the year ended June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Receivables		
Customers beginning of year	\$ 1,118,639	\$ 1,112,369
Customers end of year	1,701,782	1,118,639
Contract Assets		
Unbilled revenue beginning of year	1,607,432	1,607,432
Unbilled revenue end of year	1,607,432	1,607,432
Contract Liabilities		
Customer deposits beginning of year	1,526,541	1,515,683
Customer deposits end of year	1,585,119	1,526,541

Customer deposits represent deposits from the Cooperative's customers upon connection of service. These deposits are refundable to customers after 36 months without a late fee or upon disconnection of service.

Note 4 - Investments in Associated Organizations

Investments in associated organizations consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
PowerSouth Energy Cooperative patronage capital	\$ 10,999,343	\$ 10,735,440
NRUCFC patronage capital	2,371,297	2,296,279
Investment in NRUCFC capital term certificates	2,215,516	2,215,516
Other investments in associated organizations	969,079	936,051
Totals	<u>\$ 16,555,235</u>	<u>\$ 16,183,286</u>

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 5 - Utility Plant

Listed below are the major classes of utility plant and estimated annual rates used to compute depreciation for financial reporting purposes as of June 30, 2024 and 2023:

	Plant Balances		Annual Depreciation Rate
	2024	2023	
Distribution plant	\$ 78,654,906	\$ 75,722,408	3.20 - 4.40%
General plant			
Land and rights	240,473	240,473	
Structures and improvements	5,204,589	5,183,380	2.05%
Office furniture and equipment	2,966,444	2,859,954	7.00 - 14.28%
Transportation equipment	2,287,758	1,649,601	17.00%
Power operated equipment	1,961,338	2,294,328	6.72 - 17.00%
Right-of-use assets under finance leases	1,912,458	1,451,111	6.72 - 17.00%
Communication equipment	568,864	564,120	8.00%
Other miscellaneous equipment	417,871	412,714	6.00 - 12.00%
Totals	<u>\$ 94,214,701</u>	<u>\$ 90,378,089</u>	

Electric plant is depreciated on a straight-line basis.

Note 6 - Notes Payable and Lines of Credit

Notes payable - Notes payable at June 30, 2024 and 2023 consisted of the following:

Description	2024	2023
Notes payable - NRUCFC; fixed interest rates from 3.59% to 6.22%; notes due at various times up to September 2046; secured by all assets.	\$ 47,124,261	\$ 46,727,686
Notes payable - USDA; 1.00% interest; intermediary relending program; principal and interest due in installments until August 2030; secured by related economic development loans.	182,435	223,051
Note payable - Thompson Tractor Co., Inc.; 0.00% interest; note due November 2024; secured by related transportation equipment.	8,350	31,804
Less current maturities	(2,155,764)	(2,061,803)
Total notes payable	<u>\$ 45,159,282</u>	<u>\$ 44,920,738</u>

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Estimated maturities on notes payable for the next five years are as follows:

<u>For the Years Ending</u>	<u>Amount</u>
June 30, 2025	\$ 2,155,764
June 30, 2026	2,243,742
June 30, 2027	2,340,410
June 29, 2028	2,424,229
June 30, 2029	2,950,554

The Cooperative has covenants with its lenders relating to certain financial ratios.

The Cooperative had approved but unadvanced loan funds of \$11,500,000 with NRUCFC as of June 30, 2024.

Lines of credit - The Cooperative has one line of credit with NRUCFC on which it may borrow up to \$5,000,000 and it may be used only for electric capital or operating needs. The balance outstanding was \$0 at June 30, 2024 and 2023.

The Cooperative has an available unsecured line of credit with CoBank on which it may borrow up to a total of \$1,000,000. The balance outstanding was \$0 at June 30, 2024 and 2023.

The NRUCFC loan conversion fees are payable in quarterly payments, over a period of 30 years. The related deferred asset is being amortized over a period of 30 years. Amortization expense related to this deferred asset was \$248,574 for 2024 and 2023.

Note 7 - Leases

The Cooperative has transportation equipment through finance lease agreements with CoBank. The agreements provide the Cooperative the right to control the equipment during the lease term. The agreements also contain options to purchase the equipment at the end of the lease term that the Cooperative expects to exercise. Obligations under finance leases have been recorded at the present value of future minimum lease payments plus the purchase obligation using the implicit rates from 2.04% to 19.50%. The capitalized cost of \$3,402,122 less accumulated amortization of \$1,489,664 is included in electric plant in service at June 30, 2024 and the capitalized cost of \$2,448,127 less accumulated amortization of \$997,016 is included in electric plant in service at June 30, 2023.

The finance lease costs for the year ended June 30, 2024 and 2023 consists of interest expense in the amount of \$64,416 and \$45,728, respectively, and right-of-use asset amortization in the amount of \$509,643 and \$356,044, respectively.

The following table summarizes certain other information related to the operating and finance leases for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Finance lease - operating cash flows (interest payments)	\$ 64,416	\$ 45,728
Finance lease - financing cash flows (liability reduction)	459,290	352,645
Weighted average remaining lease term - finance lease (in years)	3.11	3.57
Weighted average discount rate - finance lease	4.98%	2.96%

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Scheduled future minimum lease payments under finance leases together with present value of the net minimum lease payments are as follows:

<u>For the Years Ending</u>	
June 30, 2025	\$ 647,462
June 30, 2026	586,827
June 30, 2027	415,306
June 30, 2028	337,054
June 30, 2029	170,141
Future years	<u>33,519</u>
Total minimum lease payments	2,190,309
Less amount representing accretion	<u>(207,893)</u>
	1,982,416
Less current maturities	<u>562,096</u>
Long-term obligation	<u><u>\$ 1,420,320</u></u>

Note 8 - Accounting for Pensions

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

A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Cooperative's contributions to the RS Plan in 2023 and in 2022 represented less than 5% of the total contributions made to the RS Plan by all participating employers. The Cooperative made contributions to the RS Plan of \$1,088,876 in 2024 and \$945,541 in 2023.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded at January 1, 2023 and January 1, 2022 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 RS Plan and may change as a result of plan experience.

401(k) plan - The Cooperative has a 401(k) plan for its employees. The total expense related to the 401(k) plan for the Cooperative was \$77,397 and \$67,674 for 2024 and 2023, respectively.

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 9 - Commitments

Under its wholesale power agreement, the Cooperative is committed to purchase its electric power and energy requirements from PowerSouth until December 31, 2055. The rates paid for such purchases are subject to periodic review.

Note 10 - Related Party

Pioneer Electric Cooperative Charitable Foundation (the Foundation) was formed in 2020 to accumulate and disburse funds for charitable, educational, or other worthy purposes in the service area of the Cooperative. The Foundation is a separate operating and reporting entity. Employees of the Cooperative perform the general and administrative functions of the Foundation for no fee. The Cooperative remitted \$69,280 and \$60,505 to the Foundation for the years ended June 30, 2024 and 2023, respectively.

Note 11 - Subsequent Events

The Cooperative has evaluated subsequent events through September 12, 2024, which is the date these financial statements were available to be issued. All other subsequent events requiring recognition as of June 30, 2024, have been incorporated into these financial statements.