

# 2009 Lynchs River Electric Cooperative annual report

## Executive report

LYNCHES RIVER ELECTRIC COOPERATIVE'S board of trustees and management staff carefully monitor the financial health and operation of Lynchs River. This is done through carefully prepared work plans and budgets and the continued development of personnel.

We are pleased to present this annual report and our accomplishments for 2009.

- ▶ In 2009, Lynchs River Electric Cooperative celebrated 70 years of first-rate service to members.
- ▶ With the downturn in the economy and less consumer growth, we took the opportunity to minimize use

of contract workers, utilizing our employees instead. The decision saved the cooperative and members money. We concentrated on inspection of poles and distribution lines, and construction of power lines to improve overall reliability and safety.

- ▶ The Gates Ford substation, completed in 2009 and energized February 2010, ensures reliable power delivery to our members in the Gates Ford, Cassatt and Mt. Pisgah communities.
- ▶ Clearing our rights of way reduces power interruptions caused by vegetation. We sprayed 271 miles of right-of-way underbrush with an herbicide to prevent growth and side trimmed 345 miles of trees away from our power lines.
- ▶ Lynchs River worked in partnership with local and state economic development professionals to attract new businesses to Chesterfield, Kershaw and Lancaster counties. We distributed \$165,000 in Rural Development Act (RDA) grants for job-creating infrastructure projects in our service area.
- ▶ The Lynchs River Electric Trust Board granted more than \$67,800 in Operation Round Up funds to assist 151 co-op members facing financial hardship.
- ▶ We delivered 13 Get Charged! Energy kits to district school offices in our service area. The kits meet the science curriculum standard for electricity education for middle school students.
- ▶ WIRE donated 22 pairs of school shoes to needy children and assisted seven members who lost homes to fires.
- ▶ Two high school juniors traveled to Washington to learn about electric cooperatives and our government

on the Youth Tour.

- ▶ Lynchs River continued to communicate the message of energy conservation and efficiency. The Help My House contest, CFL giveaway and interactive website tools educate members on how to reduce their energy use.
- ▶ We installed 107 H<sub>2</sub>O Select water heaters for qualified members.
- ▶ Our new website went online with added features to allow easy access to news and information.
- ▶ To save money without sacrificing communication with members, we scaled back the number of *South Carolina Living* magazines to six per year. On alternate months, members receive the *Current Report*, an informative newsletter inserted bimonthly into members' bills.
- ▶ Lynchs River returned approximately \$461,000 in capital credits to members.

Should you have questions about your cooperative or this report, please call our office. We welcome the opportunity to assist our members in learning about their cooperative and the many programs and services we provide.



**David A. Altman**  
President and CEO



**Scott Croxton**  
Chairman of the Board

*David A. Altman*

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President and CEO

*Scott Croxton*

**Scott Croxton**  
Chairman of the Board



PO Box 308  
1104 West McGregor St.  
Pageland, SC 29728

Phone (843) 672-6111  
or 1-800-922-3486

www.lynchesriver.com

**Automated Outage System**  
675-LREC (5732) or  
1-866-675-LREC (5732)

**David A. Altman**  
President and CEO

Trustees:

**Scott Croxton**  
Chairman, District 5

**Vacant**, District 3

**John T. Blackwell**  
Secretary-Treasurer  
Member-At-Large

**Eric Horton**, District 1

**Myrtle L. Faile**, District 2

**Jimmy C. Freeman**, District 4

**W. Gary Leaird**, District 6

**Steve Chewning**, District 7

**Johnny A. West**, District 8

## Financial statement

### Balance sheets

December 31, 2009 and 2008

	2009	2008
<b>Assets</b>		
<b>Utility plant</b>		
Electric plant in service	\$88,136,623	\$86,637,840
Construction work in progress	1,884,880	1,789,473
	<u>90,021,503</u>	<u>88,427,313</u>
Less: Accumulated depreciation	(24,061,176)	(22,236,517)
	<u>65,960,327</u>	<u>66,190,796</u>
<b>Other assets and investments</b>		
Investments in associated organizations	3,636,068	3,594,226
Other investments	1,028,385	1,054,023
	<u>4,664,453</u>	<u>4,648,249</u>
<b>Current assets</b>		
Cash and cash equivalents	3,272,693	1,378,760
Accounts receivable — consumers (less allowance for uncollectible accounts of \$47,029 in 2009 and \$49,049 in 2008)	2,150,629	2,546,945
Interest receivable	12,568	7,614
Materials and supplies	570,474	579,873
Prepayments	962,538	222,683
	<u>6,968,902</u>	<u>4,735,875</u>
<b>Deferred debits</b>		
		1,900,739
<b>Total assets</b>	<u>\$77,593,682</u>	<u>\$77,475,659</u>
	2009	2008
<b>Equities and liabilities</b>		
<b>Equities</b>		
Memberships	\$ 100,685	\$ 100,010
Patronage capital	26,571,127	24,372,892
Accumulated other comprehensive loss	(1,985,000)	(1,982,000)
Other equities	2,166,473	2,138,931
	<u>26,853,285</u>	<u>24,629,833</u>
<b>Long-term debt</b>		
	42,133,078	44,628,600
<b>Other non-current liabilities</b>		
Accrued post-retirement benefit cost	2,206,900	1,916,000
<b>Current and accrued liabilities</b>		
Current maturities of long-term debt	1,446,000	1,382,000
Accumulated provision for postretirement benefits other than pensions — current	197,600	179,300
Accounts payable	2,680,474	2,586,040
Consumer deposits	1,835,674	1,805,729
Accrued and withheld taxes	29,885	29,741
Other current and accrued liabilities	210,580	310,487
	<u>6,400,213</u>	<u>6,293,297</u>
<b>Deferred credits</b>		
	206	7,929
<b>Total equities and liabilities</b>	<u>\$77,593,682</u>	<u>\$77,475,659</u>

### Statement of revenue and patronage capital

For the years ended December 31, 2009 and 2008

	2009	2008
<b>Operating revenues</b>	<u>\$40,819,681</u>	<u>\$38,367,629</u>
<b>Operating expenses</b>		
Cost of power	25,315,212	23,565,138
Distribution — operations	2,339,813	2,486,289
Distribution — maintenance	2,038,390	1,614,546
Consumer accounts	1,313,341	1,261,670
Customer service and information	231,849	322,710
Sales	19,286	60,790
Administrative and general	1,993,820	2,190,983
Depreciation	2,514,009	2,428,309
Other	364,466	323,539
	<u>36,130,186</u>	<u>34,253,974</u>
<b>Operating margins before interest charges</b>		
	4,689,495	4,113,655
Interest expense	2,053,206	2,129,223
<b>Operating margins after interest charges</b>		
	2,636,289	1,984,432
<b>Non-operating margins</b>		
Interest income	47,157	153,575
G & T Cooperative capital credits	45,784	40,889
Other cooperative capital credits	97,998	333,072
<b>Net margins for period</b>	<u>2,827,228</u>	<u>2,511,968</u>
<b>Patronage capital — beginning of year</b>	24,372,892	22,717,796
Retirement of Capital Credits	(628,993)	(856,872)
<b>Patronage capital — end of year</b>	<u>\$26,571,127</u>	<u>\$24,372,892</u>

### How your dollar was spent

