MID-OHIO ENERGY COOPERATIVE, INC.
A Touchstone Energy® Cooperative

ANNUAL REPORT 2024

RELIABLE VALUE

PAST
PRESENT
FUTURE

John Metcalf
President & CEO

Trevor Fremont
Board Chairman

Report from Management

Your co-op is always looking ahead. We're exploring ways to innovate, utilizing new technologies as a way to improve our services, and getting the most of available resources.

We provide competitive rates (at-cost plus operating margins), consistently receive industry-leading member satisfaction scores, and our members currently enjoy a reliability rate of 99.9%. So what motivates us to keep moving forward? The answer is simple — our members!

As a member-owned, not-for-profit electric cooperative, we're here to provide our members with the best possible service (and VALUE) for your energy dollars. We are governed by our members — not by outside shareholders.

We emphasize value because we offer unique advantages to our members and communities. That includes putting people before profits, caring about the local community, and making safe, affordable, reliable power a top priority.

Part of our responsibility to you includes communicating and being transparent with our member-owners. In April, we provide the annual report to members, including a financial report, update on the past year's activities, and insight into the year ahead.

Here's a look at some of your co-op's initiatives and accomplishments from the past year.

Accounting & Member Service

Your co-op's finances have remained strong throughout the past year. In the pages ahead, you'll find the full independent auditor's report from BHM CPA Group, Inc.

In January of 2025, a flat $2.00 service charge adjustment went into effect for all residential and general services. This was the result of the cost of equipment necessary to deliver electricity (meters, poles, wire, etc.) increasing sharply in recent years.

Mid-Ohio Energy is consistently assessing our local rates and rate structures. The co-op's staff, board, and rate committee work to establish rates and financial ratios that will set the co-op up for long term success, while holding costs down for members.

Similarly, the staff and board determine when working capital and margins can be retired, and paid out to members as capital patronage. In 2024, Mid-Ohio Energy paid out a total of $593,218 in capital credits to members. In the previous year, a total of $45,825 was also refunded as estate patronage. Combined, this equates to more than $1 million dollars in patronage paid out to our members.

On the member service front, your co-op continues to offer all available payment methods and notices, so you can manage your account as it's most convenient for you!

When it comes to low-hassle and convenient options for managing your monthly bills, we offer e-bill statements and auto-bill pay options. If you haven't taken advantage of these methods yet, contact us and ask how you can earn energy credits for signing up. A $5 energy credit is available for new enrollments in each program.

In 2024 and 2025, we're also emphasizing the importance of having accurate and up-to-date member info on file. We want to be able to accurately reach all members with important updates regarding your account and service (including outage notifications). We're currently working to contact all members to confirm or update this info. We appreciate your cooperation in these efforts to ensure we can provide you with fast and accurate service.

Line Operations & Engineering

Locally, our employees have done an incredible job maintaining and operating our local electric distribution system.

Our reliability rate is 99.9% for the year, meaning that with all outages factored, a typical service would only be without power for an average of 87 minutes for the entire year! The majority of outages on our system were caused by vehicle accidents, followed by wind/trees, substation-related outages, power supply, and small animals. While most of these outages are beyond our control, the Operations team monitors outage causes and trends in great detail to determine projects to improve reliability in the years ahead.

Our vegetation and right-of-way management programs are also critical to clearing trees, brush, and other obstacles away from power lines. This helps us eliminate the potential for outages caused by storms and/or high winds.

Of course, reliability only matters when we can deliver electricity in a manner that is safe and sustainable. We place a high emphasis on a culture of safety, resulting in zero restricted or lost time incidents in the past year. We train and develop employees to establish a safe and knowledgeable workforce that can quickly respond to make repairs.








Despite these measures, we still see cost pressures and delays on certain equipment that we rely on to provide power — such as substation transformers, bucket/digger trucks, and other specialized electric utility equipment. In some cases, it now takes three to five years to receive specialized equipment, at a cost two to three times higher than the same equipment cost just a few years ago! Our staff has been able to manage the situation, but we remain focused on managing these costs and lead times to keep the power as affordable and reliable as possible.

Information Technology

Safeguarding your data and the systems we rely on to operate the electrical grid has never been more important. As scammers and cyber-threats target members and the nation's grid, your co-op's IT professionals stay informed and work to keep your information secure.

Cyber threats have the potential to disrupt power reliability. That's why we work to stay one step ahead. We employ the latest technology and security protocols to provide layers of protection, and backup options in case of disaster recovery or other emergency scenarios.

We also realize that these cyber threats are always evolving. Your co-op's staff has spearheaded initiatives and assessment programs to incorporate cyber resources available through the state-and-national network of electric cooperatives.

Locally, IT staff has conducted several cybersecurity tabletop exercises across all co-op departments in order to ensure that we are prepared to maintain or recover operations in any scenario. These proactive measures collectively provide a foundation for a robust and secure electric grid.

Communications & Marketing

In 2024, your co-op's staff and board focused on increasing member engagement. In response to declining attendance at annual meetings, we formed a member events plan consisting of a virtual annual meeting with two Family Fun Day events held at our offices in August. Based on increased engagement numbers and positive feedback from members, we are planning a similar format for member events in 2025. Members can receive a $20 energy credit for viewing the annual meeting, and attend our Family Fun events this summer for free food, kids' activities, and more!

To keep members engaged and informed, we use all available methods to reach our members in their preferred format. This includes *Ohio Cooperative Living* magazine, our website, e-newsletter, and social media channels.

Community involvement is another area of impact. We provide local sponsorships and a community room for community gatherings, and administer the Mid-Ohio Energy Community Fund. In 2024, the Community Fund provided 24 grants, totaling $40,840 dollars to support community efforts and nonprofit organizations. Since the start of the program, the Community Fund has granted more than $800,000 locally.

We're proud to partner with schools (scholarships, Youth Tour, career presentations), local economic development professionals (development grants, resource sharing, etc.), and our legislative representatives (grassroots political action and education) to provide support to those who are working to make a local impact!

Engage with us in 2025

At the time you read this report, your co-op's 2025 plans are well underway. In addition to our ongoing efforts to improve your service, we're looking forward to upcoming opportunities to engage with members.

We hope you'll take a moment to view our annual meeting, stop by our offices during member appreciation events, and attend our Family Fun Day celebrations.

We look forward to seeing you and promise to continue working to provide the reliable, affordable electricity you expect and deserve — yesterday, today, and tomorrow.

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

For the years ended December 31, 2024 and 2023

	2024	2023
OPERATING REVENUES	$ 26,356,208	$ 24,651,741
OPERATING EXPENSES		
Cost of purchased power	15,594,386	13,995,256
Distribution - operation	1,080,036	1,028,200
Distribution - maintenance	1,922,424	1,706,622
Consumer accounts	685,090	760,171
Administrative and general	2,527,077	2,112,185
Depreciation and amortization	2,123,211	2,066,345
Taxes	723,907	736,981
Interest	1,042,540	1,055,390
Other deductions	12,174	12,174
TOTAL OPERATING EXPENSES	25,710,845	23,473,324
Operating margins before capital credits	645,363	1,178,417
Buckeye Power, Inc., capital credits	393,217	804,584
Other capital credits	124,234	120,158
NET OPERATING MARGINS	1,162,814	2,103,159
NON-OPERATING MARGINS		
Interest income	253,485	253,858
Miscellaneous non-operating income	1,446	1,583
Gain on disposition of property	424	7,202
TOTAL NON-OPERATING MARGINS	255,355	262,643
NET MARGINS	1,418,169	2,365,802
Patronage capital, beginning of year	29,864,122	28,379,692
Retirement of capital credits	(1,219,083)	(991,133)
Reassignment of retired capital credits	122,397	109,761
Patronage capital, end of year	$ 30,185,605	$ 29,864,122

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins	$ 1,418,169	$ 2,365,802
Adjustments to reconcile net margins to net cash provided by operating activities:		
Change in provision for credit losses	(5,626)	(56,718)
Depreciation and amortization	2,312,281	2,287,367
Other deductions	12,174	12,174
Non-cash capital credits allocation	(517,450)	(924,743)
Gain on disposition of property	(424)	(7,202)
Changes in assets and liabilities:		
Accounts receivable	120,138	1,486,318
Materials and supplies	183,432	(13,555)
Deferred charges, interest receivable and prepayments	1,024,509	(1,969,417)
Accounts payable	291,881	(81,729)
Accumulated provision for non-pension postretirement benefits, patronage capital payable, accrued taxes and other current liabilities	(54,395)	60,485
Total adjustments	3,366,520	792,980
Net cash provided by operating activities	4,784,689	3,158,782
CASH FLOWS FROM INVESTING ACTIVITIES		
Extension and replacement of electric plant, net of salvage and cost of retirements	(3,975,064)	(4,589,736)
Proceeds from sale of scrap	7,512	24,765
Proceeds from sale of assets	550	13,500
Purchase of investments	(990)	-
Proceeds from redemption of investments - patronage capital	654,649	658,967
Net cash used by investing activities	(3,313,343)	(3,892,504)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in consumer memberships and deposits	18,483	133,050
Proceeds from long-term debt	1,000,000	3,500,000
Payments on long-term debt	(1,915,064)	(1,659,353)
Payments on finance lease obligations	(115,709)	(177,835)
Patronage capital credits retired	(1,096,686)	(881,372)
Net cash used by financing activities	(2,108,976)	914,490
(Decrease) Increase in cash and cash equivalents	(637,630)	180,768
Cash and cash equivalents at beginning of year	2,591,694	2,410,926
Cash and cash equivalents at end of year	$ 1,954,064	$ 2,591,694

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NATURE OF ORGANIZATION

Mid-Ohio Energy Cooperative, Inc. (the Cooperative) was incorporated under the laws of the State of Ohio, operates as a cooperative, and is exempt from federal taxation under Section 501(c)(12) of the Internal Revenue Code. The Cooperative's primary business is that of providing electric service to rural consumers in Hardin, Allen, Auglaize, Marion, Logan, Wyandot, Morrow, Union and Crawford counties in Ohio. Providing electric service includes construction of plant as well as purchasing electricity to sell to consumers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cooperative's accounting policies conform to generally accepted accounting principles, as applied to Rural Electric Cooperatives, substantially in accordance with the Uniform System of Accounts of the Rural Utilities Service (RUS). Following is a description of the more significant accounting policies used by the Cooperative in the preparation of its financial statements:

Electric plant and depreciation - The Cooperative records improvements and additions to the distribution plant at cost using continuing property records. Retirements are removed from the cost and accumulated depreciation accounts at standard costs which are updated periodically. The actual cost of removing retirements is charged to accumulated depreciation during the year the retirement is completed. General plant and equipment are recorded at cost based on the unit method. Any retirements or disposals of general plant and equipment are removed from the cost and accumulated depreciation accounts. Any salvage received is credited to accumulated depreciation.

Investments - Investments are primarily in the form of patronage and equity capital of other cooperatives. They are included on the balance sheets as long-term assets. These investments are considered equity investments without readily determinable fair values and are accounted for at cost, minus impairments, if any, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment. No impairment or observable price changes were recorded during 2024 and 2023.

Materials and supplies - Inventories of material and supplies not allocated to construction work in progress are valued at the lower of cost (determined using the average cost method) or net realizable value..

Accounts receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides a valuation allowance for potential credit losses through a charge to earnings. In establishing the valuation allowance, using the current expected credit loss methodology, management considers their knowledge of customers, historical losses, and current economic conditions in their service area. Balances that are still outstanding after reasonable collection efforts have been exhausted are written off through a charge to the valuation allowance. Changes in the valuation allowance historically have not been significant. The Cooperative performs ongoing credit evaluations of its consumers and requires a security deposit for consumers meeting specified criteria.

Cash and cash equivalents - The Cooperative considers cash and cash equivalents to be cash on hand, demand deposits, certificates of deposit, money market accounts, and investments in commercial paper having a maturity of ninety days or less. There were no investments in commercial paper at December 31, 2024 or 2023.

Financial instruments - The Cooperative believes that the carrying amount of its financial instruments, which include cash and cash equivalents, receivables, and other current assets and liabilities, approximates fair value based on their short-term duration. The Cooperative has determined that it is not practical to calculate the fair value of investments in other cooperatives and long-term debt due to the excessive cost involved.

Income taxes - The Cooperative has been recognized by the Internal Revenue Service as an organization exempt from income taxes under Internal Revenue Code Section 501(c)(12). Accordingly, no provision for federal income taxes has been recorded.

The Cooperative complies with Accounting Standards Codification (ASC) 740-10, Accounting for Uncertainty in Income Taxes. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. Management is not aware of any tax positions taken by the Cooperative on its tax returns that they consider to be uncertain or that would jeopardize its tax-exempt status. Tax returns for the years ended 2023, 2022 and 2021 are still open and subject to examination by the Internal Revenue Service.

Retirement related benefits - Generally accepted accounting principles requires the recognition of the funded status of the non-pension postretirement benefit plan as an asset or a liability on the balance sheets. It also requires the recognition of the changes in that funded status in the year in which they occur through other comprehensive income and the recognition of previously unrecognized gains and losses, prior service costs and credits and transition assets or liabilities as a component of accumulated other comprehensive income. However, these amounts were not significant for the Cooperative, therefore other comprehensive income has not been recorded.

Compensated absences - The Cooperative accrues a liability for compensated absences for which the employee has earned a vested, non-forfeitable right. Non-vested benefits related to accumulated sick leave, which cannot be reasonably estimated, are expensed as incurred.

Patronage capital and margins - Mid-Ohio Energy Cooperative, Inc. operates under the Cooperative form of organization. As provided in the code of regulations, any excess of revenues over expenses from operations is treated as advances of capital by the patrons and credited to each of them on an individual basis. Generally, it is the Cooperative's policy to retire capital contributed by patrons periodically as deemed appropriate by management and the Board of Trustees. Capital credits due to patrons who become deceased are paid to the estates of such patrons.

Concentration of credit risk - At various times throughout the year, the Cooperative may have deposits in financial institutions that exceed the federally insured limit. The Cooperative's investments with Cooperative Response Center Inc. (CRC) and National Rural Utilities Finance Corporation (NRUCFC) are uninsured. Management does not believe it is exposed to any significant credit risk related to its cash deposits.

Credit risk for accounts receivable is concentrated because substantially all the balances are unsecured credit to consumers, primarily for the sale of electricity, located within the same geographic region. The Cooperative has five major consumers that represent approximately 12.3% and 14.5% of revenue for the years ended December 31, 2024 and 2023.

Revenue recognition and cost of purchased power - Revenues represent amounts billed monthly to members using established rates applied to energy consumption. Revenues and the related cost of purchased power are recognized during the month in which energy is consumed. Revenues from all other sources, primarily services and late charges, are recognized as the service is provided or the consumer is charged. The Cooperative generally meets its performance obligations related to the service within a month of the order. Payments for the service are due upon delivery of the service. The sales price for the services are fixed at established rates or amounts in the contract or agreed to at the time of the sale of the power and services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Some of the Cooperative's operations provide for deposits or prepayments for power. The revenue and gross profit related to these transactions is not recognized until the power is consumed by the member. These consumer deposit contract liabilities are classified as current liabilities on the balance sheets.

The table below includes disaggregated information by the significant type of consumer and services for the years ended December 31:

	2024	2023
Residential	$ 17,704,355	$ 16,243,727
General service	2,281,919	2,182,648
Large commercial	1,083,872	892,682
Generator station	472,923	344,622
Large commercial standby	161,148	136,032
Large power	4,196,325	4,411,346
Late charges	165,109	148,968
Pole attachments, net	211,487	210,496
Miscellaneous service	79,070	81,220
Total Operating Revenue	$ 26,356,208	$ 24,651,741

Statement of cash flows - Net cash flows from operating activities include cash payments for interest of $1,214,032 and $1,026,631 for 2024 and 2023, respectively. There were no payments for federal income taxes..

Use of estimates - The preparation of financial statements in accordance with generally accepted accounting principles 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. Actual results could differ from those estimates.

LITIGATION

The Cooperative is from time to time subjected to litigation through the ordinary course of business. As of December 31, 2024, management is not aware of any litigation pending or pertaining to the Cooperative that is material to the financial statements. The Cooperative is fully insured against any pending litigation.

DEFERRED CHARGES

Starting in 2018, participating Cooperatives in the RS Plan may make an additional contribution prepayment(voluntary contribution acceleration program or 'VCAP' contribution) in order to reduce future required contributions. The reduction in future contributions (contribution discount) and the length of the period over which the contribution reduction extends (discount period) is selected by the Cooperative. The VCAP contribution amount is then determined such that it is expected to fund the contribution discount over the discount period. After making the VCAP contribution, the RS Plan billing rate is reduced to reflect the selected contribution discount, which becomes effective the subsequent January 1. The VCAP contribution is accounted for on a monthly basis by crediting it with the actual monthly RS Plan investment return and reducing it by the reduction in monthly contributions obtained through the contribution discount, until the account value reduces to zero. Changes in plan provisions, demographic changes, asset returns different from the long term expected return on plan assets, and other factors will have an impact on the length of the discount period.

On December 1, 2022, December 1, 2023, and November 1, 2024, the Cooperative made voluntary $250,000 prepayments to the NRECA RS Plan with a three-year discount period. The Cooperative recorded the prepayments in deferred charges on the balance sheets and is amortizing each over three years.

ELECTRIC PLANT

Listed below are the major classes of the electric plant as of December 31:

	2024	2023
Intangible plant	$ 339	$ 339
Transmission plant	129,800	129,800
Distribution plant	49,019,108	47,243,281
General plant	12,803,252	13,010,676
Electric plant in service	61,952,499	60,384,096
Construction work in progress	36,543	8 ,033
Total Electric Plant	$ 61,989,042	$ 60,392,129

General plant depreciation rates have been applied on a composite and straight-line basis as follows:

Structures and improvements	10 to 50 years	Office furniture and fixtures	5 to 24 years
Transportation equipment	5 to 15 years	Laboratory equipment	5 to 10 years
Communications equipment	5 to 12 years	Shop equipment	5 to 20 years

Provisions have been made for depreciation of transmission plant and distribution plant at a straight-line composite rate of 3.10 percent per annum. The depreciation and amortization expense for the years ended December 31, 2024 and 2023 totaled $2,312,281 and $2,287,367, respectively, of which $189,070 and $221,022, respectively, have been capitalized to distribution plant and expensed to numerous accounts in accordance with RUS policies and procedures.

LEASES

During 2024 and 2023, the Cooperative held leased vehicles under finance lease agreements. For financial reporting purposes, the present value of the minimum lease payments has been capitalized. The equipment has a total cost of $628,723 and $971,006 at December 31, 2024 and 2023, respectively, and accumulated amortization of $448,812 and $677,845 at December 31, 2024 and 2023, respectively. Amortization of property leased under finance leases is included in depreciation expense and was $113,076 and $169,419 for the years ended December 31, 2024 and 2023, respectively. Interest expense related to these leases and charged to operations was $7,870 and $13,559 during 2024 and 2023, respectively. During 2023, the Cooperative executed the purchase option upon the expiration of a finance lease contract for $8,282 for a vehicle with no remaining net book value.

Future minimum lease payments required under finance lease agreements for the years subsequent to December 31, 2024 are as follows::

	Payment	Interest	Principal
2025	99,851	4,297	95,554
2026	68,323	1,700	66,623
2027	20,037	192	19,845
	$ 188,211	$ 6,189	$ 182,022

PATRONAGE CAPITAL

Patronage capital is the retained net margins arising from operations of the Cooperative which have been or are expected to be allocated to its members in the form of capital credits, determined by each member's billings during the year the margins were generated. No portion of any current allocation is paid in cash. Patronage capital consisted of the following as of December 31:

	2024	2023
Assignable	$ 1,418,169	$ 2,365,802
Assigned to date	51,355,928	48,990,126
	52,774,097	51,355,928
Less: Retirements to date	(22,588,492)	(21,491,806)
Total Patronage Capital	$ 30,185,605	$ 29,864,122

Under the provisions of the mortgage agreement with RUS, until the equities and margins equal or exceed 30 percent of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to 25% of the patronage capital or margins received by the Cooperative in the prior calendar year.

The equities and margins of the Cooperative represent 47.5% in 2024 and 46.5% in 2023 of the total assets at the balance sheet dates. During 2024, the Board of Trustees approved a 2% general retirement of 2023 capital credits totaling $593,218.

INVESTMENTS

Investments consisted of the following as of December 31:

	2024	2023
Patronage Capital:		
Buckeye Power, Inc.	$ 8,908,157	$ 9,118,314
United Utility Supply (UUS)	357,510	291,762
Meridian Cooperative	106,416	105,889
NRUCFC	188,307	185,406
National Rural Telecommunications Cooperative, Inc. (NRTC)	20,503	22,388
National Information Solutions Cooperative (NISC)	4 ,194	5,522
CRC	7 ,774	7,208
Central Ohio Farmers Coop	3 ,961	4,380
CoBank	153,599	146,426
Federated Rural Electric Insurance Exchange (Federated)	136,239	135,852
Equity Capital:		
Buckeye Power, Inc.	896,059	896,059
Meridian Cooperative	100	100
NRUCFC	1,000	1,000
NRTC	1,000	1,000
NISC	25	25
CRC	2,500	2,500
Central Ohio Farmers Coop	1,000	10
Other Investments:		
NRUCFC member capital securities	170,000	170,000
NRUCFC capital term certificates	213,660	214,372
NRUCFC other	1,390	1,390
CRC	10,000	10,000
Total Investments	$ 11,183,394	$ 11,319,603

The member capital securities held by NRUCFC earn interest at an annual rate of 5.0%, payable semiannually with a maturity date of July 2044. The NRUCFC has the option to redeem all or a portion of the principal in July 2025.

The capital term certificates held by NRUCFC earn interest at an annual rate of 3.0% or 5.0%, payable semi-annually with maturity dates ranging from 2025 to 2080. The $10,000 equity investment with CRC earns dividends annually at the discretion of its Board of Directors.

LONG-TERM DEBT

Long-term debt is represented by mortgage notes payable to the Federal Financing Bank (FFB) of the United States of America acting by and through RUS, NRUCFC and CoBank. Following is a summary of outstanding long-term debt as of December 31.

	2024	2023
Mortgage notes payable to FFB:		
3.403% note due December 2042	$ 2,052,346	$ 2,153,873
4.197% note due December 2042	2,812,891	2,940,975
2.314% note due December 2042	977,159	1,031,195
3.912% note due April 2046	1,934,066	2,006,949
2.398% note due January 2046	1,601,311	1,673,740
2.352% note due January 2050	1,414,109	1,465,461
3.055% note due January 2050	1,468,714	1,516,953
2.527% note due January 2050	1,568,688	1,624,258
1.121% note due January 2050	694,392	724,298
1.188% note due December 2053	1,364,886	1,413,869
1.188% note due December 2053	1,902,465	1,952,501
3.710% note due December May 2053	3,404,894	3,485,397
4.165% note due September 2052	998,672	-
Subtotal FFB	22,194,593	21,989,469
Mortgage notes payable to NRUCFC:		
4.35% note due December 2029	4,468,927	5,252,449
3.00% note due September 2024	103,625	115,035
Subtotal NRUCFC	4,572,552	5,367,484
Mortgage notes payable to CoBank		
6.50% notes due March 2029 and December 2030	229,901	262,965
3.78% note due October 2030	1,603,617	1,844,173
3.00% note due September 2034	595,438	647,074
Subtotal CoBank	2,428,956	2,754,212
Total mortgage notes payable	29,196,101	30,111,165
Less: current maturities	(1,842,610)	(1,913,170)
Total Long-term Debt	$ 27,353,491	$ 28,197,995

The Cooperative had one variable rate note due to FFB in January 2022 that was classified as long-term debt. This note had a recurring 90-day maturity extension feature with a final maturity date of

LONG-TERM DEBT - Continued

January 2046. Management continued with the recurring extensions up to September 30, 2022 when the Cooperative refinanced this variable rate note, to a fixed rate note with interest of 3.912%, due April 2046. Substantially all assets of the Cooperative are pledged as security for the long-term debt to FFB, NRUCFC and CoBank. Loan agreements contain various financial covenants, which the Cooperative was in compliance for both periods presented.

As of December 31, 2024, there are unadvanced loan funds available to the Cooperative from NRUCFC and CoBank for lines of credit of $2,000,000 and $1,000,000, respectively, of which there was no outstanding balance as of December 31, 2024 and 2023. Unadvanced loan funds available to the Cooperative through FFB were $11,000,000 and $12,000,000 at December 31, 2024 and 2023, respectively.

During 2019 certain debt was refinanced resulting in a prepayment penalty of $182,608. The penalty is included in prepayments on the balance sheets and is being amortized over fifteen years. The amortization expense is included in other deductions on the statements of revenue and patronage capital. As of December 31, 2024, annual maturities of all long-term debt outstanding for the next five years are as follows:

2025	$1,842,610
2026	1,914,678
2027	1,809,971
2028	2.058,142
2029	2,324,265
Thereafter	19,246,435

PENSION PLAN AND OTHER POSTRETIREMENT BENEFITS

The Cooperative sponsors three retirement related benefit plans, a defined benefit pension plan, a defined contribution retirement plan and a postretirement health care plan. Following is a brief description of each of the plans including financial data recognized in the accompanying financial statements related to each plan.

Defined Contribution Retirement Plan - The Cooperative maintains a 401(k)-profit sharing plan that covers substantially all employees. In accordance with this plan, the Cooperative contributes 0.5% of each participant's base salary for each 1% of salary that the participant contributes to the plan. The maximum contribution by the Cooperative is 3% of salary. For the years 2024 and 2023, the Cooperative made contributions to the plan of $71,321 and $62,630, respectively.

Defined Benefit Pension Plan - Substantially all the employees of the Cooperative are covered by the NRECA RS Plan, which is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The plan Sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333. A unique characteristic of a multiemployer 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 plan of $137,255 and $178,675 for 2024 and 2023, respectively, represented less than 5% of the total contributions made to the plan by all employers.

In 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 on January 1, 2024 and January 1, 2023 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.

Non-pension Postretirement Benefit Plan - The Cooperative sponsors a defined benefit postretirement health care plan covering substantially all employees. The plan is funded by the Cooperative on a "pay as you go" basis and provides a fixed annual benefit for retired employees with 20 years of service between the ages of 61 and 65. ASC 715 Compensation - Retirement Benefits, requires the recognition of the funded status of pension plans and non-pension postretirement benefit plans as an asset or liability on the balance sheets, the recognition of changes in that funded status in the year in which they occur through other comprehensive income and the recognition of previously unrecognized gains and losses, prior service costs and credits and transition assets and liabilities as a component of accumulated other comprehensive income. Since the Cooperative's postretirement benefit plan covers a limited time period for the retiree (between ages 61 and 65) and the benefits paid cannot exceed a total of $21,600 per participant for the four-year period, management did not obtain an actuarial study and did not implement all of the provisions of this standard. Management estimated the maximum potential liability for the Cooperative and determined that the impact of not implementing the standard was not significant.

The following table sets forth the plan's estimated funded status and presents the amounts shown in the Cooperative's financial statements as of December 31:

	2024	2023
Accumulated postretirement benefit obligation	$ 183,905	$ 196,367
Accrued benefit cost included on the balance sheets	99,803	120,812
Net periodic postretirement benefit cost for the year	(21,009)	13,218
Benefits paid	15,300	5,400

As noted above, the total estimated accumulated postretirement benefit obligation is not recorded on the balance sheets but will eventually be recorded through annual charges of net periodic postretirement benefit cost. The accumulated postretirement benefit obligation ($99,803 as of December 31, 2024) includes estimates for experience gains and losses and unrecognized prior service costs. The discount rate used in determining the accumulated postretirement benefit obligation is 6 percent. The estimated maximum potential for benefits to be paid over the next five years approximates $80,550. Management believes the estimated accrued benefit cost included on the balance sheets is very conservative since no allowance is included for employee turnover and no reduction in the obligation was made for employees that choose to not retire between ages 61 and 65.

RELATED PARTY TRANSACTIONS

The Cooperative purchases all of its power from Buckeye Power, Inc. at rates determined in its wholesale power agreement. Buckeye Power, Inc. is a cooperative whose membership includes Mid-Ohio Energy Cooperative, Inc. The Cooperative has an investment in and receives patronage from Buckeye Power, Inc. Accounts payable to Buckeye Power, Inc. at December 31, 2024 and 2023 were $1,508,778 and $1,202,858, respectively.

There is also a prepaid balance with Buckeye Power, Inc. of $2,369,230 and $3,369,885 as of December 31, 2024 and 2023, respectively, that earns interest at an annual weighted average rate of 6.49% and 6.63%, respectively. The prepaid balance is included in current portion of prepayments on the accompanying balance sheets.

The Cooperative borrows funds from CoBank, in which it is an owner and a member. The Cooperative has an investment in CoBank and may receive patronage from time to time.

The Cooperative is a member of the NRUCFC, which provides a portion of the Cooperative's financing. Investments in NRUCFC include stock and patronage capital as well as interest bearing capital term certificates and capital security investments.

The Cooperative purchases most of its materials and supplies from UUS of which it is an owner and member. Investments in this organization include patronage capital.

The Cooperative purchases data processing services from Meridian Cooperative of which it is an owner and member. Investments in this organization include stock and patronage capital.

The Cooperative previously purchased data processing services from NISC of which it is still an owner and member. Investments in this organization include a membership fee and patronage capital.

The Cooperative is a member of NRTC. Membership in this association required an investment of $1,000.

The Cooperative is a member of CRC. Membership in this association required an investment of $2,500.

Federated, a non-assessable reciprocal insurer, provides property and liability insurance to the Cooperative. The carrying value of this investment represents the Cooperative's contributions and share of patronage capital.

The Cooperative purchases fuel and other miscellaneous materials from Central Ohio Farmers Coop of which it is a member. Investments in this organization includes a membership fee and patronage capital.

Additional information, including the investment balances in these related entities, is provided in the "INVESTMENTS" note.

Following is a summary of related party purchases for the years ended December 31:

	2024	2023
UUS	$ 866,903	$ 1,241,614
Meridian Cooperative	263,942	262,488
CRC	40,734	37,526
Federated	106,577	91,307
Central Ohio Farmers Coop	53,296	56,368

Accounts payable due to related parties included the following as of December 31:

	2024	2023
UUS	$ 53,818	$ 18,813
Meridian Cooperative	19,921	20,167
CRC	3,617	3,092
Federated	-	-
Central Ohio Farmers Coop	2,720	4,422

The above amounts are included in "accounts payable - other" on the accompanying balance sheets.

SUBSEQUENT EVENTS

Subsequent events were evaluated through February 7, 2025, which is the date the financial statements were available to be issued.

Quick Cooperative Facts:

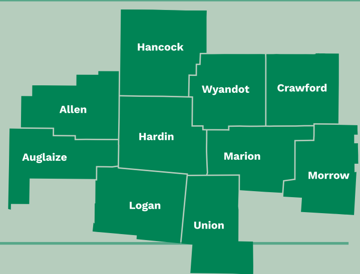
Substations owned & operated: 13

Meters served: 8,186

Miles of line: 1,336mi

Counties Served:

Allen, Auglaize, Crawford, Hancock, Hardin, Logan, Marion, Morrow, Union, and Wyandot



As a Touchstone Energy cooperative, we are guided by the principles of **integrity**, **accountability**, **innovation**, and **commitment to community**.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mid-Ohio Energy Cooperative, Inc. • Kenton, Ohio

Opinion

We have audited the accompanying financial statements of Mid-Ohio Energy Cooperative, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of revenue and patronage capital, 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 Mid-Ohio Energy Cooperative, Inc., as of December 31, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Mid-Ohio Energy Cooperative, Inc. 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.

Responsibility 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 Mid-Ohio Energy Cooperative, Inc.'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 Responsibility 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 and Government 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 and Government 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 Mid-Ohio Energy Cooperative, Inc.'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 Mid-Ohio Energy Cooperative, Inc.'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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, statistical sections and include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2025 on our consideration of the Mid-Ohio Energy Cooperative, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mid-Ohio Energy Cooperative, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mid-Ohio Energy Cooperative, Inc.'s internal control over financial reporting and compliance.

Columbus, Ohio
February 7, 2025

BHM CPA Group, Inc.

BALANCE SHEETS

December 31, 2024 and 2023

	2024	2023
ASSETS		
ELECTRIC PLANT		
In service - at cost	$ 61,952,499	$ 60,384,096
Construction work in progress	36,543	8,033
Subtotal Electric Plant	61,989,042	60,392,129
Less: accumulated provision for depreciation and amortization	(18,243,448)	(17,407,517)
NET ELECTRIC PLANT	43,745,594	42,984,612
INVESTMENTS AND OTHER ASSETS		
Investments - patronage capital	9,886,660	10,023,147
Investments - equity capital	901,684	900,694
Other investments	395,050	395,762
Deferred charges, less current portion	250,000	250,000
Prepayments, less current portion	106,521	118,695
TOTAL INVESTMENTS AND OTHER ASSETS	11,539,915	11,688,298
CURRENT ASSETS		
Cash and cash equivalents	1,954,064	2,591,694
Accounts receivable, less provision for credit losses of $29,242 and $34,868 for 2024 and 2023, respectively	2,999,052	2,523,275
Materials and supplies	657,022	840,454
Interest receivable	4,704	4,711
Prepaid power costs	2,369,230	3,369,885
Current portion of deferred charges	250,000	250,000
Current portion of prepayments	111,398	135,245
TOTAL CURRENT ASSETS	8,345,470	9,715,264
TOTAL ASSETS	$ 63,630,979	$ 64,388,174
EQUITIES AND LIABILITIES		
EQUITIES		
Memberships	$ 70,275	$ 70,205
Patronage capital	30,185,605	29,864,122
TOTAL EQUITIES	30,255,880	29,934,327
LONG-TERM DEBT		
FFB mortgage notes, less current maturities	21,521,257	21,196,487
CoBank mortgage notes, less current maturities	2,089,880	2,428,956
NRUCFC mortgage notes, less current maturities	3,742,354	4,572,552
Capital lease obligations, less current portion	86,468	182,022
TOTAL LONG-TERM DEBT	27,439,959	28,380,017
OTHER NONCURRENT LIABILITIES		
Accumulated provision for non-pension postretirement benefits	99,803	120,812
TOTAL OTHER NONCURRENT LIABILITIES	99,803	120,812
CURRENT LIABILITIES		
Current maturities of long-term debt	1,842,610	1,913,170
Current portion of capital lease obligations	95,554	115,709
Accounts payable - cost of purchased power	1,508,778	1,202,858
Accounts payable - other	316,038	330,077
Patronage capital payable	287,909	275,096
Consumer deposits	423,784	405,371
Accrued taxes	828,536	803,035
Other current liabilities	532,128	907,702
TOTAL CURRENT LIABILITIES	5,835,337	5,953,018
TOTAL EQUITIES AND LIABILITIES	$ 63,630,979	$ 64,388,174

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

BOARD OF TRUSTEES

Mid-Ohio Energy Cooperative serves portions of 10 counties in north-central Ohio. The current board is made up of one trustee from each of the cooperative's nine districts. Each year, prior to the annual meeting of members, members vote (either by mail or by online ballot) to elect trustee representatives. Board members are responsible for cooperative policies, rates, and contracts. They are the ambassadors of the cooperative's rural community, focusing on the needs of the membership.

Bill Waggoner

Brice Turner
VICE CHAIRMAN

Trevor Fremont
CHAIRMAN

Curtis Byers

Howard Lyle
SECRETARY

Paul Beineke
TREASURER

Gene McCluer

John Thiel
CHAIRMAN

Robert Imbody