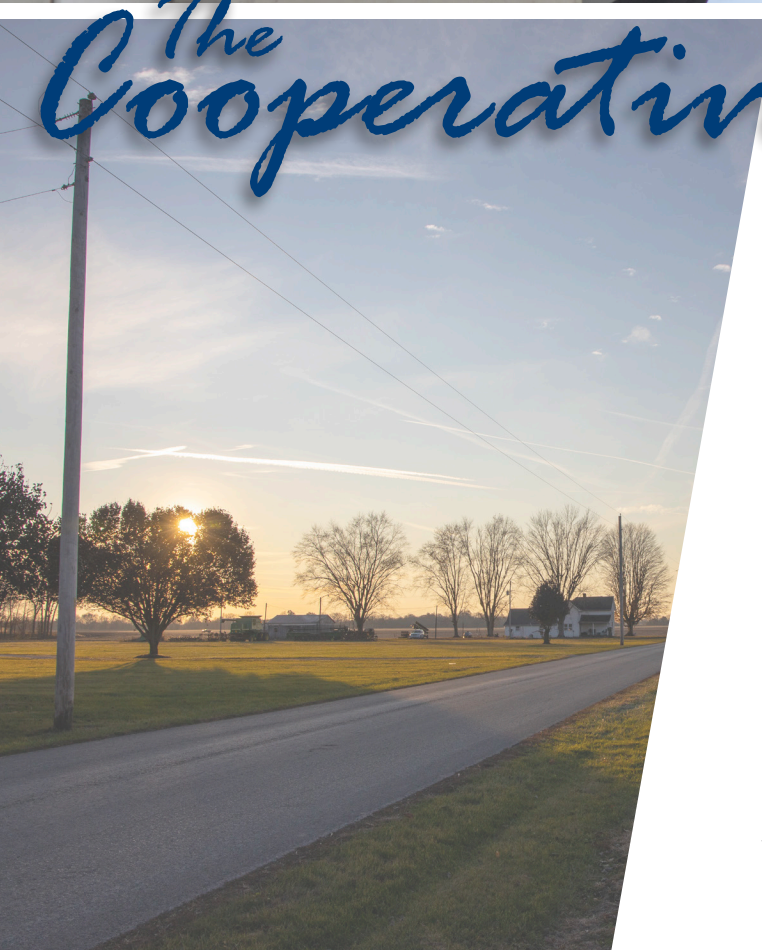




# *The Cooperative Strength*

## 2019 ANNUAL REPORT



# TABLE OF CONTENTS

---

04 | Board President  
and CEO Messages

---

---

09 | Financial  
Reports

---

---

06 | Board of Directors | District  
Map | Nominating Committee

---

---

12 | Infographic  
Charts

---

---

08 | The People  
Behind the Power

---

---

14 | 2019 Annual  
Meeting Minutes

---

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# COMPANY PROFILE

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Johnson County Rural Electric Membership Corporation is a member-owned electric power cooperative in Franklin, Indiana. JCREMC supplies electricity to 27,698 accounts in Johnson County and portions of Morgan, Shelby, and Brown.

JCREMC electric consumers are the cooperative’s owner-members and are entitled to the benefits the cooperative offers, including concern for community and local governance by a board of directors who are also JCREMC members.

Founded in 1935, JCREMC is committed to safely and efficiently providing reliable electric services for our community.

# JCREMC AT A GLANCE

---

**511,409,443**  
SALES TO MEMBERS (kWh)

---

**27,698**  
ACCOUNTS SERVED

---

**1,717**  
MILES OF ELECTRIC LINE

---

**\$61,039,656**  
OPERATING REVENUES

---

**\$91,492,307**  
NET PLANT IN SERVICE

---

**62**  
EMPLOYEES

---





# LETTER FROM THE PRESIDENT



*Stephen X. Watson*  
**Stephen Watson**  
Board President

Since its inception in 1935, JCREMC has continuously strengthened as an organization. Although change comes faster and more furiously these days, we are surely up to the challenge.

Your JCREMC Board of Directors is constantly looking toward the future with the best interests of our membership in mind. We, along with the cooperative's Leadership Team, are committed to embracing change and identifying and implementing initiatives that will continue to help us meet our vision of being the most efficient, customer service-oriented, and forward-thinking utility in Indiana.

We begin this decade with a clear road map for proactively addressing the future. The JCREMC board and leadership worked diligently last year to develop the 2020-2024 Strategic Plan titled "Member Centered, Forward Focused." The plan lays out six goals and 27 supporting initiatives. I am pleased to say that the board, leadership, and staff are off to a fast start implementing the strategic plan.

One of the immediate changes you'll notice is the all-new [jcremc.com](http://jcremc.com). On the new site, you'll be able to access your account from the homepage, learn ways to save on your monthly electric bill, keep up with cooperative news, and report and monitor any service disruptions. The site provides the necessary forms to start, stop, or change service; the application for community grants through Operation Round-Up®; and offers any information you need about company bylaws and

the Board of Directors.

We also just launched the *myJCREMC* mobile app to give you 24/7 access to your account any time you have your mobile device.

In the next year, you will see even more improvements in the ways we communicate with our members via texts, email, newsletters, and in-person at CEO Town Hall meetings and informative seminars.

Our member focus and thoughtful evolution serve as key parts of the cooperative strength of JCREMC. We are thankful to serve you now and look forward to the future.

## 2020-24 STRATEGIC GOALS

- Embrace and proactively prepare for changes in how electricity is produced and consumed.
- Provide a superior consumer experience through communications, consumer tools, and cost-effective programs.
- Create community value through feasible expansion of fiber assets and JCFiber retail offerings.
- Actively engage in value-added business, community and economic development initiatives.
- Safely and reliably deliver electricity at the lowest possible cost through operational excellence.
- Deliver exceptional leadership, staffing, and fiscal responsibility.

# LETTER FROM THE CEO



*John W. Sturm*  
**John Sturm**  
CEO

As I recently entered year three of my tenure as CEO of your electric cooperative, I took some time to reflect on the blessings that make my job so enjoyable and the things that really define the cooperative strength of JCREMC.

There is a certain strength that comes from our outstanding teams of employees and the directors who serve on our board. Another facet is the strength from being a part of our many local, statewide, and national cooperative affiliates. And, of course, there's strength that comes from the support of the community in which we live and serve.

But our members are the reason JCREMC exists. You are what makes us tick and we are thankful for the opportunity to serve you.

This past year has been an exciting one for your electric cooperative. We have spent a lot of time focused on strategic planning for JCREMC's future. As we think about the ever-evolving energy landscape, we are putting special focus on encouraging and facilitating emerging technologies, including renewable energy, battery storage, smart home integrations, and electric vehicles.

We also have emphasized initiatives designed specifically to help our members save money, including our residential energy advising program, rate options, rebates on new energy-efficient equipment, discounted energy-efficient lighting, and more. We want to be your trusted energy advisor and your partner in energy efficiency.

In addition to our mission of safely and efficiently providing reliable electric services for our community, we are diligently working to close the digital divide by providing high-speed fiber internet access in our rural territories through our JCFiber subsidiary. JCFiber's reach grows daily and we look forward to serving even more of our community as growth continues.

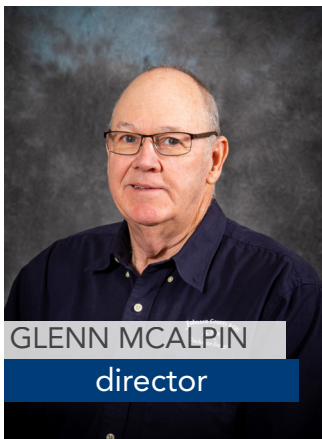
Everything we do here at JCREMC is done with concern for our members and community, and we continue to further strengthen that commitment every single day. In the coming weeks, months, and years, you will continue to see many positive changes from your electric cooperative—changes to help you save money, more easily find information, gain better rural internet access, and improve your community.

Starting April 21, I will be hosting semi-annual CEO Town Hall meetings each Spring and Fall to give you the chance to learn more about JCREMC initiatives and ask any questions you have about your electric cooperative. Transparency is something we emphasize and I look forward to being able to connect with our membership in meaningful and informative ways through these meetings. Please keep an eye on our website, social media, and *News & Views* for more information about these town halls.

Finally, I want to thank you. Thank you for your membership, your continued support of the cooperative and community, and for being a key part of the cooperative strength of JCREMC.

# BOARD OF DIRECTORS

---



GLENN MCALPIN  
director

DISTRICT 1



SETH BROWN  
director

DISTRICT 2



STEVE SHAUL  
director

DISTRICT 3



JAMES MEREDITH  
secretary/treasurer

DISTRICT 4



LEE ANN WILBUR  
vice president

DISTRICT 5



STEPHEN WATSON  
president

DISTRICT 6

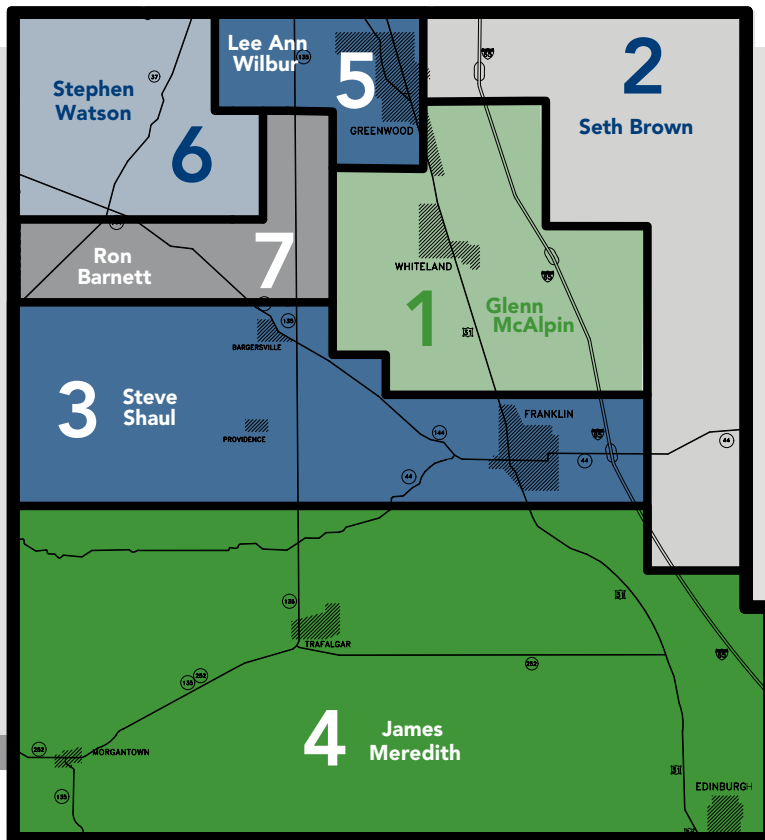


RON BARNETT  
director

DISTRICT 7



# DISTRICT MAP



The business affairs of JCREMC are managed by a board of directors, one representing each of the seven districts in the service area of the cooperative. The general boundaries and the board member representing each district for 2019 are illustrated here.

## NOMINATING COMMITTEE

It is the responsibility of the Nominating Committee to offer a slate of candidates for election to the Board of Directors of the cooperative for open board seats. The 2019 committee members are:

District 1 – Zach Dougherty  
District 2 – Clay Fulkerson  
District 3 – Michele Graves  
District 4 – Ken Bradley  
District 5 – Lynn Gray  
District 6 – Conrad Wong  
District 7 – Linda Haggard



# PEOPLE BEHIND THE POWER

---

Here at your electric cooperative, the people behind the power are local and invested in the community we serve. After all, it's our community too. The people who assist you on the phone or in the office, the line workers who leave their families in the middle of the night to restore power, the men and women dispatching crews and identifying outages, the JCFiber team, and the board directors are your family, friends, and neighbors. We'd have it no other way. That local focus, commitment, and philosophy is part of the cooperative strength of JCREMC.





# BY THE NUMBERS

## REVENUE AND EXPENSE STATEMENTS

OPERATING REVENUES	UNAUDITED 2019	2018
Residential and farm sales	\$44,358,178	\$44,846,014
Commercial and large power sales	\$16,020,508	\$14,853,738
Other electric revenue	\$660,970	\$595,232
TOTAL OPERATING REVENUES	\$61,039,656	\$60,294,984
OPERATING EXPENSES		
Wholesale power costs	\$41,284,633	\$41,510,029
Operation and maintenance of lines	\$6,733,336	\$5,705,673
Consumer accounting and service	\$1,281,687	\$1,273,588
Sales and economic development	\$155,608	\$182,800
Administrative and general	\$4,303,763	\$4,003,392
Depreciation	\$4,149,597	\$4,035,334
Taxes	\$886,404	\$834,904
Interest on long-term debt	\$1,574,576	\$1,539,377
TOTAL OPERATING EXPENSES	\$60,369,604	\$59,085,097
MARGINS		
Operating margins	\$670,052	\$1,209,887
Non-operating margins	\$1,313,570	\$1,286,645
Capital credits allocated from associated organizations	\$1,374,768	\$1,398,183
TOTAL MARGINS	\$3,358,390	\$3,894,715

# BALANCE SHEETS

ASSETS	UNAUDITED 2019	2018
UTILITY PLANT IN SERVICE - NET	\$91,492,307	\$89,367,292
OTHER PROPERTY AND INVESTMENTS		
Investments in subsidiary companies	\$3,335,646	\$3,335,646
Investments in associated organizations - patronage capital	\$23,969,878	\$23,028,362
Investments in associated organizations - non-general funds	\$642,643	\$633,959
Investments in economic development projects	\$0	\$0
Special funds	\$549,093	\$538,981
TOTAL OTHER PROPERTY AND INVESTMENTS	\$28,497,260	\$27,536,948
LONG-TERM NOTE RECEIVABLE - NET	\$1,469,347	\$0
CURRENT AND ACCRUED ASSETS		
Cash and cash invested	\$2,916,648	\$3,410,730
Special deposits	\$14,679	\$15,392
Electric bills receivable - net	\$5,108,262	\$2,716,146
Accounts receivable - net (other)	\$1,316,619	\$1,843,206
Inventory of materials	\$4,363,024	\$3,755,474
Prepayment and other assets	\$2,674,055	\$2,843,874
TOTAL CURRENT ASSETS	\$16,393,287	\$14,548,822
<b>TOTAL ASSETS</b>	<b>\$137,852,201</b>	<b>\$131,489,062</b>
EQUITIES AND LIABILITIES		
PATRONAGE CAPITAL	\$84,405,807	\$81,798,459
LONG-TERM DEBT (Less current portion)	\$37,001,195	\$35,275,062
NONCURRENT LIABILITIES		
Retirement benefits other than pensions	\$7,623,139	\$7,091,067
Obligations under capital leases	\$0	\$0
TOTAL NONCURRENT LIABILITIES	\$7,623,139	\$7,091,067
CONSTRUCTION ADVANCES	\$888,613	\$843,079
CURRENT AND ACCRUED LIABILITIES		
Accounts payable	\$3,571,723	\$3,281,760
Accrued taxes and other liabilities	\$1,304,987	\$1,288,702
Customer advances and deposits	\$364,789	\$420,421
Current portion of long-term debt	\$2,691,948	\$1,490,512
Current portion of capital lease obligations	\$0	\$0
TOTAL CURRENT LIABILITIES	\$7,933,447	\$6,481,395
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>\$137,852,201</b>	<b>\$131,489,062</b>

# STATEMENTS OF CASH FLOW

CASH FLOWS FROM OPERATING ACTIVITIES	UNAUDITED 2019	2018
Cash received from consumers	\$57,728,380	\$59,904,666
Cash paid to suppliers, vendors, employees	(\$53,706,448)	(\$53,184,935)
Taxes paid	(\$886,404)	(\$834,904)
Interest and dividends received	\$534,695	\$580,799
Interest paid	(\$1,582,290)	(\$1,550,520)
Other revenue (expense) - net	\$743,298	\$662,797
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$2,831,231	\$5,577,903
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of utility plant service, net of retirements	(\$6,403,786)	(\$7,047,538)
Capital credits received	\$435,945	\$422,240
Proceeds from sales of investments	\$0	\$0
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(\$5,967,841)	(\$6,625,298)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowed from the RUS, FFB, and NRUCFC	\$4,000,000	\$5,000,000
Repayments on borrowings	(\$947,431)	(\$2,477,447)
Customer patronage retirement	(\$404,511)	(\$335,427)
Repayment of notes receivable	\$0	\$88,803
Customer deposits and construction advances	(\$10,098)	\$100,596
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$2,637,960	\$2,376,525
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(\$498,650)	\$1,329,130
CASH AND EQUIVALENTS, BEGINNING OF YEAR	\$3,426,122	\$2,096,992
CASH AND EQUIVALENTS, END OF YEAR	\$2,927,472	\$3,426,122

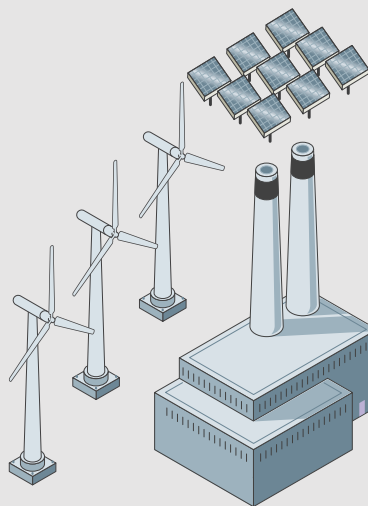
The books and records of Johnson County Rural Electric Membership Corporation for the year ended December 31, 2019 were being audited by London Witte Group, LLC, Certified Public Accountants as this Annual Report was printed. Any member who would like an audited copy of these summarized financial statements is invited to contact the JCREMC office (317-736-6174) at 750 International Drive, Franklin, IN 46131.



## Total Electricity Purchased by JCREMC for Consumers

**532,770,897**

**kWh**



2011  
\$33,277,252

2013  
\$36,746,646

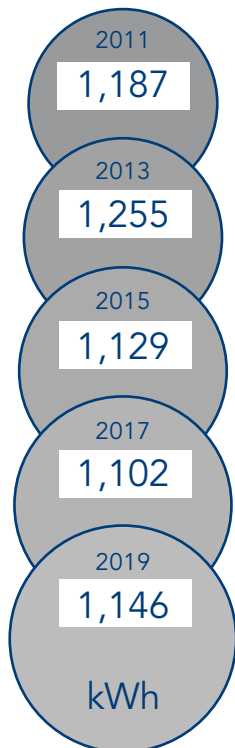
2015  
\$37,911,701

2017  
\$37,754,151

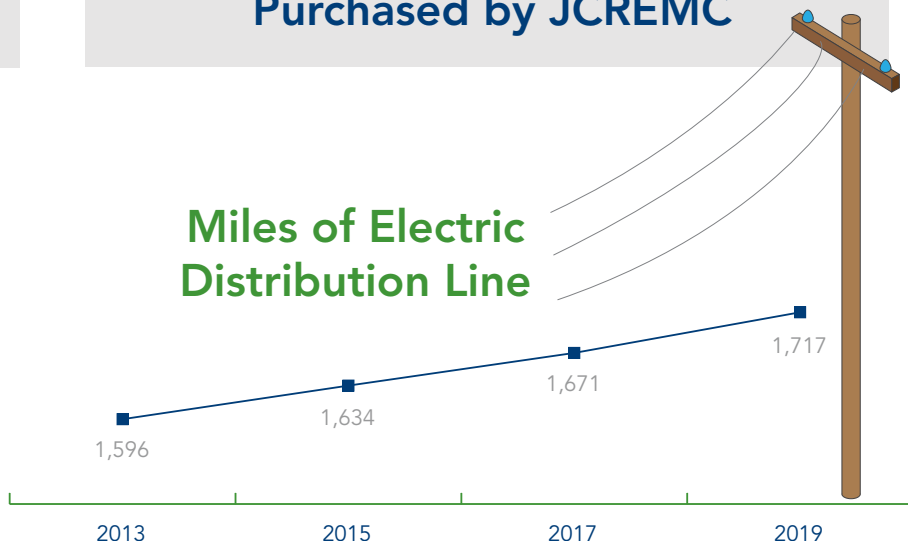
2019  
\$41,284,633

## Total Cost of Power Purchased by JCREMC

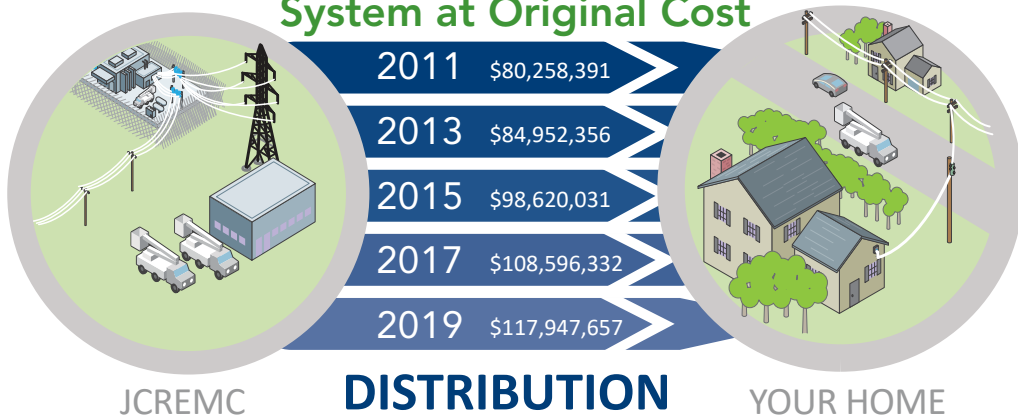
## Average Monthly Residential Electricity Usage (kWh)

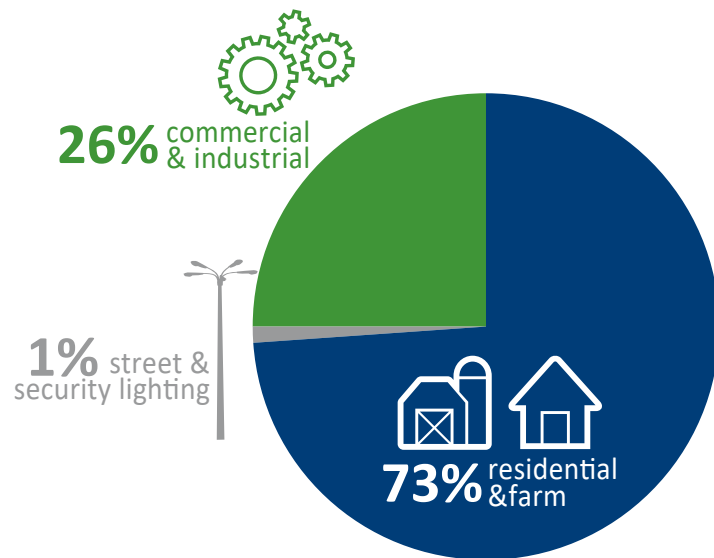


## Miles of Electric Distribution Line

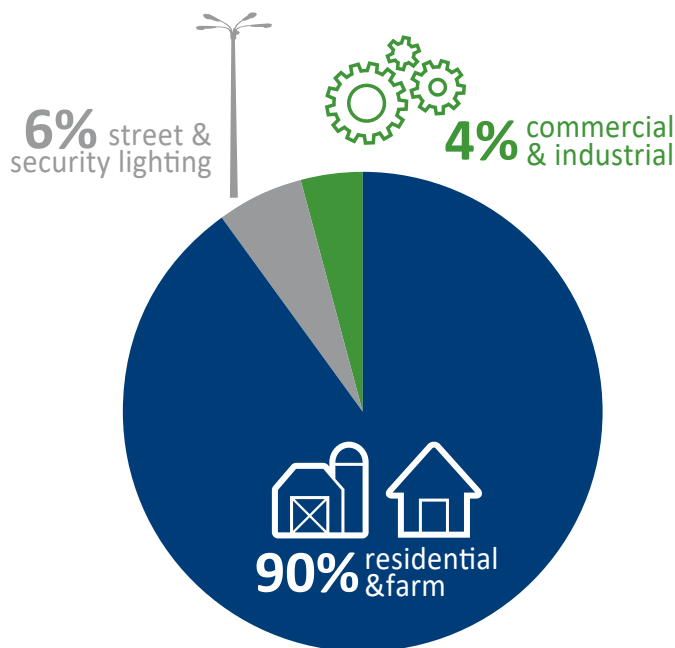


## Investment in Electric Distribution System at Original Cost





**JCREMC Sales by Consumer Type**

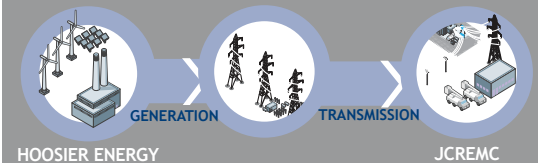


**JCREMC Accounts by Consumer Type**

# EXPENSES

where your electric dollars were spent in 2019

**68%**  
wholesale  
power  
cost

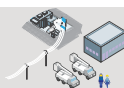


**13%**  
customer  
services



**7%**  
general &  
administrative  
costs

**7%**  
principal & interest  
payments



**4%** construction  
costs

**1%** taxes

# 2019 ANNUAL MEETING MINUTES

---

The annual meeting of the Johnson County Rural Electric Membership Corporation was held on April 13, 2019 at the Franklin Community High School, Franklin, Indiana.

The annual meeting video was played.

Mrs. Wilbur, Chairperson of the Activities Committee, welcomed everyone to the 2019 annual meeting and announced entertainment for the children was being provided by the 4-H Junior Leaders with each child receiving a shirt. Mrs. Wilbur then thanked Jill Overton and her staff for the delicious breakfast and the Cool City Band for providing the entertainment.

Mrs. Wilbur introduced Ms. Kathleen Bennett, interpreter from Deaf Community Services, to help the hearing-impaired members.

Mrs. Wilbur asked everyone to stand for the singing of our National Anthem and then introduced Brett Barger of Trafalgar Boy Scout Troop 218 who led everyone in the recital of the Pledge of Allegiance. Mrs. Wilbur called upon the Reverend Shan Rutherford, Pastor of Greenwood Christian Church, to give the invocation.

Mrs. Wilbur introduced Board President, Stephen Watson. Mr. Watson welcomed everyone to the annual meeting and announced the door prize drawing would be held after the business-portion of the meeting.

Mr. Watson introduced the Directors by district and displayed a map of the districts as they had been redistricted. Mr. Watson recognized the special guests in attendance.

Mr. Watson introduced Jamie Meredith, Secretary/Treasurer, who read the Proof of Mailing. Mr. Meredith announced registration had been checked and a quorum was present with a total of 728 registered members.

Mr. Watson took the stage and called the meeting to order as the quorum had been certified by Mr. Meredith.

Mr. Meredith read the legal notice of the annual meeting. Mr. Meredith asked for a motion to dispense with the reading of the Annual Meeting minutes from the prior year and to approve them as presented in the annual report. A motion was made, seconded and carried.

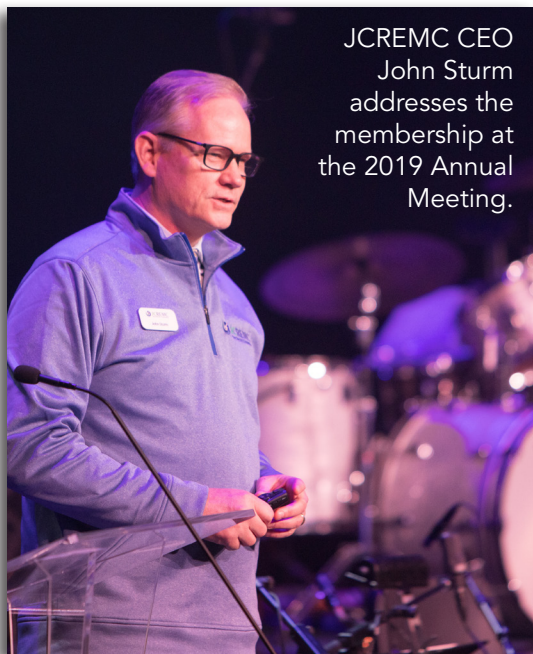
Mr. Meredith asked for a motion to dispense with the reading of the Treasurer's report and to accept it as presented in the annual report. A motion was made, seconded and carried.

Mr. Meredith introduced Larry Gesse, Legal Counsel for the Johnson County REMC, who introduced Mr. Dave Parsley, Nominating Committee Chairperson, to provide the Nominating Committee report.

Mr. Parsley announced that he represented District 4 and the other members of the Nominating Committee for this year's election are: Zach Dougherty, District 1; Clay Fulkerson, District 2; Gary Dorman, District 3; Philip Standley, District 5; Conrad Wong, District 6; and, Linda Haggard, District 7. Mr.

Parsley stated that it was the Nominating Committee's duty to review the current board member from each district and recommend any nominees they believed were qualified and appropriate for that district. At the November 7, 2018 Nominating Committee meeting the recommendation was made that the following individuals be offered to the membership for a vote. Candidates for election are Lee Ann Wilbur, District 5 incumbent director; and, Stephen Watson, District 6 incumbent director.

The meeting was then turned over to Larry Gesse, Legal Counsel for JCREMC.



JCREMC CEO  
John Sturm  
addresses the  
membership at  
the 2019 Annual  
Meeting.



---

Mr. Gesse asked for a motion from the floor to accept the Nominating Committee report as presented. A motion was made, seconded and carried.

Mr. Gesse introduced Lee Ann Wilbur from District 5 and Stephen Watson from District 6. Mr. Gesse asked for a motion from the floor to elect by acclamation Lee Ann Wilbur and Stephen Watson. A motion was made, seconded and carried.

John Sturm, CEO, was introduced and took the podium. Mr. Sturm welcomed everyone to the annual meeting and discussed the theme for this year which was "Local Then. Local Now." Mr. Sturm presented his vision and the state of the cooperative and discussed his key initiatives including safety, rates, the community solar program called My Solar, Operation Round-Up, and JCFiber.

Mr. Watson announced the winners of the Johnson County REMC Scholarship awards. The scholarships are based upon an essay as well as academic and personal accomplishments. The winners of the \$2,000 scholarships were Ethan Rather from Franklin Community

High School and Kaylin Todor from Indian Creek High School. Mr. Rather could not attend, but Ms. Todor was presented a certificate and she expressed her thanks to JCREMC for awarding her this scholarship.

Mr. Watson re-introduced the Cool City Band for another set of music.

Mr. Sturm called upon youth representatives from the audience to help in the prize drawing.

Mr. Watson announced the winners of the \$100 drawings which were: E. Lewis Warren, Nora Byrd and Sharon Steele.

The winners of the iPads were: Robert McCormick and Shawn and Melisa McCain.

The winner of the John Deere tractor was Union Village Lodge (Bob Torrance).

There being no further business to come before the membership, the meeting adjourned at 11:00 a.m.

**Jamie Meredith**  
**Secretary/Treasurer**





P.O. Box 309  
750 International Drive  
Franklin, Indiana 46131

[jcremc.com](http://jcremc.com)

