

**Steuben Rural Electric
Cooperative, Inc.**

October 2021

Annual Meeting

Special Edition

Annual Report

Included herein you will find the proposed minutes from the 2019 and 2020 Annual Meeting; Auditor's Report for 2019 and 2020; Nominations for Directors for Districts 5, 7, and 8 for three-year terms on the Cooperative's Board of Directors and Districts 3, 4, and 6 for the remaining two years of a three-year term on the Cooperative's Board of Directors due to a lack of a quorum being present at the 2020 Annual Meeting; President's Report; General Manager's Report, 2019 and 2020 Secretary's Report; and Treasurer's Report for 2019 and 2020. The Secretary and Treasurer's Reports together with the minutes and Auditor's Reports are being provided for member information and will be considered for approval at the 2021 Annual Meeting.

ANNUAL REPORT

77th Annual Membership Meeting



James McCormick, President

We recognize the annual meeting is a special time for our members to gather, listen to reports from the General Manager and President, and elect board members. We are happy to advise that the Cooperative will be hosting an in-person meeting this year. There will be some revisions to the in-person meeting that you have come to know, but we're looking forward to seeing everyone.

The Board of Directors and employees of the Cooperative have implemented a plan for this year's Annual Membership Meeting that will provide its members the opportunity to listen to Cooperative reports, vote for directors in the districts scheduled for election, proposed Bylaw amendments, and carry out the Stearns Chicken Barbeque while adhering to the state and local mandates as they relate to the COVID-19 pandemic.

The meeting will be held at the Steuben County Fairgrounds in Bath. Entry will be through the Chestnut Street gate and departure will be from the Rumsey Street gate. Members will participate in the business meeting, with employees registering you upon arrival and then directing you to the parking area and advising whether you must remain in your vehicle or be allowed to sit in the grandstand. Reserved chicken dinners will be distributed upon departure from the meeting and will be carry out only.

This publication contains reports from the President and General Manager together with updates concerning operations, financial health, and future plans of the Cooperative.

There are six director elections being held this year. Director elections for Districts 3, 4, and 6 could not be held in 2020 due to the lack of a quorum. The directors for those districts continued in their positions and are on the ballot to be elected for the remaining two years of their three-year terms. Since the last meeting, the director for District 3 has resigned his position and the Nominating Committee has nominated an individual to be elected to serve the remaining two years of the three-year term for District 3.

Directors for Districts 5, 7 and 8 are scheduled for election during this meeting and will be elected to serve a three-year term for those districts.

Members are encouraged to submit questions they may have concerning the Cooperative to either of our offices. All questions will be reviewed and answered on an individual basis by the General Manager.

Members attending the meeting will receive a \$30.00 credit on their November billing statement (\$25 annual meeting gift plus \$5 registration). Only one \$25/\$5 credit per membership will be issued.

On behalf of the Board of Directors and employees, I would like to thank each of our members, once again, for your patience, understanding, and support related to mandated directives received from local and state governments as a result of the uncertain times we continue to experience.

MINUTES OF THE OCTOBER 19, 2019 ANNUAL MEETING

The 75th Annual Meeting of the Steuben Rural Electric Cooperative, Inc. was convened at the Canisteo Greenwood High School, 84 Greenwood Street, Canisteo, New York on Saturday, October 19, 2019, as designated by the Bylaws, Article III, Meeting of Members, Section 1, Annual Meeting.

Call to Order: President McCormick called the meeting to order at 11:12 a.m.

Invocation: Doctor George Coon, Pastor of the Tuscarora Baptist Church, delivered the invocation.

Quorum: Attorney Robert Tyson declared that a quorum was present. Three hundred thirty-seven members registered from the Eastern District and twenty-five members registered from the Western District.

Introductions: President McCormick introduced the Board of Directors, Cooperative Attorney and management employees: James McCormick, President, District 1; Janice Hoad, Secretary, District 2; Joseph Hauryski, Director, District 3; Gary Brockway, Treasurer, District 4; Gordon Foster, Director, District 6; Robert Nichols, Vice-President, District 7; Randy Stankey, Director, District 8; William Moss, III, Director, District 9; Robert Tyson, Cooperative Attorney; Bryant Dillon, General Manager, and Lee Ann Hoad, Recording Secretary.

Special Guests: President McCormick introduced the special guests in the audience: Darryl Jacobs, New York Power Authority; Steve Burnett, Director, Delaware County Electric Cooperative; Laurie Wehmeyer, Director, Delaware County Electric Cooperative; Bill Moss, Jr., former SREC Director; Carol Ellis, wife of former SREC Director Butch Ellis; Dick Moyle, former SREC General Manager and his wife Lynne; Gary Potter, President Otsego Electric Cooperative and NYS NRECA Director; and Lee James, Constituent Services Specialist of Congressman Tom Reed's office.

Special Recognition: Lee James of Congressman Tom Reed's office addressed the membership and presented a recognition plaque to Mr. McCormick honoring the Cooperative's 75th anniversary.

Welcome: President McCormick welcomed the members and guests to the meeting and expressed his appreciation to the Cherry Creek members for making the trip and taking an interest in Cooperative affairs.

Appreciation: President McCormick expressed his appreciation to the employees and volunteers assisting at the meeting.

Electric Bill Credit: President McCormick announced the \$5.00 credit for registering at the meeting and a credit of \$25.00 as a member gift (total \$30.00) will again be credited to members' November billing statements.

Appointment of Tellers: President McCormick appointed the following members to collect and record the vote: Amy Badeau, Michelle Keefer, Jeanna Krisher and James Lindberg. Betty Orcutt was appointed to monitor the recording of the final vote.

Reading of the Meeting Notice and Proof of Publication: Pursuant to the Bylaws, Article III, Section 3, Secretary Janice Hoad declared that the notice of the meeting, stating the place, day and hour and the purpose or purposes for which the meeting is called was mailed to all members at the United States Post Office in O'Fallon, Missouri on September 16, 2019. In addition, Mrs. Hoad declared the special notice of the meeting, stating the place, day and hour and the purpose or purposes for which the meeting is called was mailed to all members at the United States Post Office in O'Fallon, Missouri on October 8, 2019.

Minutes of the October 13, 2018 Meeting: A motion was made, seconded, and adopted to waive the reading of the October 13, 2018 minutes and accept them as published.

President's Report: President McCormick provided the President's Report. The report highlighted and reviewed the 75-year history of the Cooperative and the importance of the Seven Cooperative Principles, advising how each of the principles is applied by the directors and employees of SREC. In addition, he advised the Cooperative retired \$373,104.48 in capital credits to its members.

MINUTES OF THE OCTOBER 19, 2019 ANNUAL MEETING, CONTINUED

General Manager's Report: Mr. Dillon presented the General Manager's Report that included updates concerning broadband installation across SREC's system; the 15-year hydropower contract extension with the New York Power Authority, extending the current contract through 2040; sectionalizing study implementation to improve reliability to members; pole replacements; member communication and the sale of the landfill gas to energy plant to Steuben County. In addition, he thanked the employees for their dedication and professionalism over the past year.

Secretary and Treasurer's Reports: A motion was made, seconded, and adopted to accept the Secretary and Treasurer reports as published.

Nominating Committee: Attorney Tyson read the Nominating Committee Report. The committee met on June 26, 2019 to select a slate of candidates for election to the Board of Directors in the districts scheduled for election.

In addition, Attorney Tyson advised a petition had been filed in accordance with the Bylaws, for another candidate to be placed on the ballot.

Introduction of Candidates for Election to the Board of Directors: Attorney Tyson introduced the candidates who were nominated for a three-year term to the Board of Directors: District 1: Wayland, Cohocton, Fremont, Avoca, Hornellsville, Hartsville, Greenwood, and West Union – James McCormick; District 2: Cameron and Howard – Janice Hoad; District 9: Chautauqua County – William Moss, III.

Attorney Tyson introduced the candidates who were nominated for the remaining two years of a three-year term for District 5: Canisteo, Jasper, Troupsburg, and Woodhull – Gerald Chase, Jr.; Joe Cornell; and Jennifer Thurber.

Attorney Tyson called for nominations from the floor for Districts 1, 2 and 9. Receiving no nominations from the floor, a motion was made, seconded, and adopted to close the nominations for Districts 1, 2 and 9 and have the secretary cast one ballot electing those nominated for these positions by the Nominating Committee.

Attorney Tyson declared James McCormick, Janice Hoad and William Moss, III duly elected to the position of director for Districts 1, 2 and 9 respectively.

Attorney Tyson directed the Tellers to collect the ballots and adjourn to the conference room for the purpose of counting the ballots.

Service Awards: President McCormick and the General Manager recognized the following employees for their years of service: Ernie Jessup, Stores and Facilities, 30-year pin; Justin Young, 1st Class Lineman, 15-year pin; Bryant Dillon, General Manager, 5-year pin; and Katie Smith, Branch Office Clerk, 5-year pin.

In addition, they advised Evan Green, Richard Pendle, and Ryan Anderson-Petell have been hired as linemen during 2019. They further advised the Cooperative saw three employees retire in 2019, Dana Robinson, Crew Chief; Ernie Lang, Crew Chief; and John Ellis, Mechanic.

Unfinished Business: President McCormick announced there was no unfinished business to bring before the membership.

New Business: President McCormick advised there were proposed Bylaw amendments to be considered by the membership and asked Attorney Tyson to explain same.

Attorney Tyson advised the first Bylaw amendment would amend Article IV Directors, Section 3, Nominations as follows:

Current Article IV Directors Section 3 Nominations reads : It shall be the duty of the Board of Directors to appoint, not less than forty-five (45) days nor more than one hundred twenty (120) days before the date of the meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than nine (9) members who shall be selected from different sections of the project area as to insure equitable representation. No member

MINUTES OF THE OCTOBER 19, 2019 ANNUAL MEETING, CONTINUED

of the Board of Directors or any relative of any director may serve on such committee. The committee, to provide equitable representation, shall prepare and post at the principle office of the Cooperative, at least twenty (20) days before the meeting a list of nominations for directors. The committee shall make a prudent effort to nominate at least two (2) nominees from each district of the Cooperative scheduled for election. In the event that less than two (2) nominees are nominated by the committee, the committee shall certify to the Board of Directors that a diligent search was made for candidates and that less than two (2) persons were found who were willing to be nominated for the position of director from that district. Any fifteen (15) or more members acting together may make other nominations by petition not less than fifteen (15) days prior to the meeting, and the Cooperative shall post such nominations, under the direction of the Secretary of the Board of Directors, at the same place where the list of nominations made by the committee is posted. Under the direction of the Secretary of the Board of Directors, the cooperative shall mail the notice of the meeting or separately, but at least seven (7) days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates specifying separately the nominations made by petition, if any.

Nothing contained herein shall, however, prevent additional nominations from the floor at the meeting of the members. Additional nominations made by petition **or from the floor** shall be for the respective districts scheduled for election. The nominee in each district receiving the highest number of votes cast shall be deemed elected to the Board of Directors.

The proposed amendment would remove the bold language above, thereby eliminating the option to nominate candidates from the floor at future meetings.

Attorney Tyson advised the second Bylaw amendment would add the following to the Bylaws, specifying a time frame in which a former director may be considered for employment with the Cooperative:

Article IV Directors, Section 8 Employment of Former Directors by the Cooperative: Former directors shall not be employed by the Cooperative for at least five (5) years after completing service as a director.

Attorney Tyson called for and received a motion, and second to approve the proposed Bylaw amendments. Attorney Tyson called for a vote to approve the proposed Bylaw amendments and all members voted to approve the amendments. The motion was adopted.

Question and Answer Period: Mr. Dillon advised that all questions submitted to the office prior to the meeting were addressed on an individual basis with the member and asked if there were additional questions the members would like addressed. One additional question was raised in which the member inquired as to the nominating committee process and how one is considered for nomination. Mr. Dillon answered the question to the satisfaction of the members.

Luncheon Recess: Mr. McCormick declared a luncheon recess at 12:30 p.m. for the Kanona Volunteer Fire Department's chicken barbeque and announced the election results and raffle ticket drawing would take place following the luncheon.

Reconvene: The meeting was reconvened at 1:30 p.m.

Election Results: Attorney Tyson declared Gerald Chase, Jr. duly elected to the position of Director for District 5 for the remaining two years of a three-year term and thanked the other candidates for their interest in the position.

Raffle Ticket Drawings: Lee Ann Hoad conducted the raffle ticket drawing for four (4) \$100 Visa Gift Cards and the following individuals were awarded the gift cards: Henry Johnson, Max Tobias, James Frantz, and Harry Spears.

Adjournment: Mr. Dillon adjourned the meeting at 2:00 p.m. and thanked everyone for attending.

Respectfully submitted,

Janice L. Hoad
Secretary

MINUTES OF THE OCTOBER 21, 2020 ANNUAL MEETING

The 76th Annual Meeting of the Steuben Rural Electric Cooperative, Inc. was convened at the office of Steuben Rural Electric Cooperative, Inc., 9 Wilson Avenue, Bath, New York on Wednesday, October 21, 2020, as designated by the Bylaws, Article III, Meeting of Members, Section 1, Annual Meeting.

Call to Order: President McCormick called the meeting to order at 4:31 p.m.

Roll Call: Those in attendance, in person, were James McCormick, Director/President, District 1; Janice Hoad, Director/Secretary, District 2; Joseph Hauryski, Director, District 3; Gary Brockway, Director/Treasurer, District 4; Gerald Chase, Jr., Director, District 5; Gordon Foster, Director, District 6; Robert Nichols, Director/Vice-President, District 7; Randy Stankey, Director, District 8; Bryant Dillon, General Manager; and Lee Ann Hoad, Recording Secretary.

Also in attendance, by phone, were: William H. Moss, III, Director, District 9; and Robert Tyson, Cooperative Attorney.

Quorum: Attorney Tyson declared a quorum comprised of at least 50 members as required by the Cooperative Bylaws Article III, Section 4, Quorum was not present in-person and those members present are unable to conduct any business. Lack of a quorum being present was due to New York State mandates limiting the number of attendees allowed to be present for large gatherings as a result of the COVID-19 pandemic.

A motion was made by Janice Hoad and seconded by Gary Brockway to adjourn the 2020 Annual Meeting due to lack of a quorum and reschedule the meeting until a date and time to be determined by the current Board of Directors at which time notice of the adjourned meeting will be provided to all members in accordance with the Bylaws.

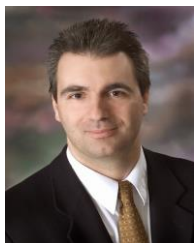
President McCormick called for a vote on the motion and all members present in-person voted in favor of adopting the motion. President McCormick declared the motion adopted.

Adjourn: Attorney Tyson declared the 76th Annual Membership Meeting adjourned until a date and time to be determined at 4:35 p.m.

Respectfully submitted,

Janice L. Hoad
Secretary

INDEPENDENT AUDITOR'S REPORT



Dave DiTanna
Buffamante, Whipple
Buttafaro, PC

To the Board of Directors
Steuben Rural Electric Cooperative, Inc. & Subsidiary
Bath, New York

We have audited the accompanying consolidated financial statements of Steuben Rural Electric Cooperative & Subsidiary which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of revenue, expenses and patronage capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Steuben Rural Electric Cooperative, Inc. & Subsidiary as of December 31, 2019 and 2018 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 19, subsequent to December 31, 2019 the following events occurred: a formal plan for dissolution of the SREC Generating Company was executed by members of the Board of Directors; the agreement to the rights to landfill gas was terminated; a debt cancellation and release agreement was executed between the Generation Company and the Cooperative; and the assets (facility and equipment) owned by the Cooperative were sold to the County of Steuben. The financial statements do not include any adjustments that resulted from the outcome of the events that occurred subsequent to year-end. Our opinion is not modified with respect to that matter.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Balance Sheets and Consolidating Statements of Revenue, Expenses and Patronage Capital as of and for the years ended December 31, 2019 and 2018 on pages 22 through 27, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020, on our consideration of Steuben Rural Electric Cooperative, Inc.'s internal control over financial reporting and our testes of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro, P.C.
Jamestown, New York
May 20, 2020

CONSOLIDATED BALANCE SHEETS

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Electric Plant		
In Service - At Cost	\$ 55,431,652	\$ 55,111,640
Construction in Progress	344,738	419,559
Total Electric Plant	<u>55,776,390</u>	<u>55,531,199</u>
Less:		
Provision for Depreciation	23,016,906	21,963,886
Retirement Work in Progress	(3,081)	(67,142)
Subtotal	<u>23,013,825</u>	<u>21,896,744</u>
Total Electric Plant - Net	<u>32,762,565</u>	<u>33,634,455</u>
Other Assets		
Investments in Associated Organizations	1,992,808	1,203,435
Total Other Assets	<u>1,992,808</u>	<u>1,203,435</u>
Current Assets		
Cash and Cash Equivalents	730,961	1,730,804
Accounts Receivable - Net	1,605,645	1,875,503
Other Accounts Receivable	1,713,100	812,975
Inventory	493,805	443,489
Prepaid Expenses	357,964	116,068
Total Current Assets	<u>4,901,475</u>	<u>4,978,839</u>
Noncurrent Assets		
Other Regulatory Assets	522,638	659,182
Miscellaneous Deferred Debits	88,824	12,723
Total Noncurrent Assets	<u>611,462</u>	<u>671,905</u>
TOTAL ASSETS	<u>\$ 40,268,310</u>	<u>\$ 40,488,634</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
	<u>2019</u>	<u>2018</u>
Members' Equity		
Memberships	\$ 326,605	\$ 318,780
Patronage Capital	14,679,377	14,696,820
Other Equities	1,751,668	1,636,264
Total Members' Equity	<u>16,757,650</u>	<u>16,651,864</u>
Long-Term Debt - Net	<u>19,877,593</u>	<u>20,464,552</u>
Current Liabilities		
Long-Term Debt - Current Maturities	1,508,407	1,555,968
Line of Credit	872,000	200,000
Accounts Payable	389,651	599,888
Customer Deposits	39,830	44,730
Other Liabilities	619,951	743,122
Total Current Liabilities	<u>3,429,839</u>	<u>3,143,708</u>
Noncurrent Liabilities		
Loan Conversion Fees	-	-
Other Postretirement Benefits	203,228	228,510
Total Noncurrent Liabilities	<u>203,228</u>	<u>228,510</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 40,268,310</u>	<u>\$ 40,488,634</u>

A COPY OF THE FULL AUDIT REPORT
MAY BE OBTAINED
BY CONTACTING THE BATH DISTRICT OFFICE

CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES AND PATRONAGE CAPITAL

	<u>2019</u>	<u>2018</u>
Operating Revenues	\$ 10,999,696	\$ 11,879,411
Operation and Maintenance Expenses		
Cost of Purchased Power	2,383,029	2,653,694
Power Production Expense	172,378	736,859
Distribution Expense - Operation	1,879,114	1,654,631
Distribution Expense - Maintenance	1,680,824	1,775,038
Customer Accounts Expense	445,881	491,324
Customer Service and Information Expense	116,068	128,620
Administrative and General Expense	1,366,559	1,408,279
Total Operation and Maintenance Expenses	<u>8,043,853</u>	<u>8,848,445</u>
Other Operating Expenses		
Depreciation Expense	1,650,361	1,651,787
Interest Expense - Long-Term Debt	795,495	787,595
Interest Expense - Other	13,944	13,365
Miscellaneous Expenses	113,736	4,787
Total Other Operating Expenses	<u>2,573,536</u>	<u>2,457,534</u>
Total Cost of Electric	<u>10,617,389</u>	<u>11,305,979</u>
Net Operating Margins	<u>382,307</u>	<u>573,432</u>
Non-Operating Margins		
Interest Income	46,443	28,386
Other Capital Credits and Patronage Dividends	37,809	51,193
Miscellaneous Non-Operating Income	5,097	5
Net Non-Operating Margins	<u>89,349</u>	<u>79,584</u>
Net Margins	471,656	653,016
Patronage Capital - Beginning	14,696,820	14,628,963
Less: Retirement of Patronage Capital	<u>(489,099)</u>	<u>(585,159)</u>
Patronage Capital - Ending	<u>\$ 14,679,377</u>	<u>\$ 14,696,820</u>

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INDEPENDENT AUDITOR'S REPORT



Dave DiTanna
Buffamante, Whipple
Buttafaro, PC

To the Board of Directors
Steuben Rural Electric Cooperative, Inc. & Subsidiary
Bath, New York

We have audited the accompanying consolidated financial statements of Steuben Rural Electric Cooperative & Subsidiary which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of revenue, expenses and patronage capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Steuben Rural Electric Cooperative, Inc. & Subsidiary as of December 31, 2020 and 2019 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Balance Sheets and Consolidating Statements of Revenue, Expenses and Patronage Capital as of and for the years ended December 31, 2020 and 2019 on pages 22 through 27, are presented for purposes of additional analysis and are not a required

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Other Matters continued

part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2021, on our consideration of Steuben Rural Electric Cooperative, Inc.'s internal control over financial reporting and our testes of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro, P.C.
Jamestown, New York
April 21, 2021

CONSOLIDATED BALANCE SHEETS**ASSETS**

	<u>2020</u>	<u>2019</u>
Electric Plant		
In Service – At Cost	\$ 50,582,824	\$ 55,431,652
Construction in Progress	317,964	344,738
Total Electric Plant	<u>50,900,788</u>	<u>55,776,390</u>
Less:		
Provision for Depreciation	19,882,465	23,016,906
Retirement Work in Progress	(780)	(3,081)
Subtotal	<u>19,881,685</u>	<u>23,013,825</u>
Total Electric Plant – Net	<u>31,019,103</u>	<u>32,762,565</u>
Other Assets		
Investments in Associated Organizations	<u>1,207,721</u>	<u>1,992,808</u>
Total Other Assets	<u>1,207,721</u>	<u>1,992,808</u>
Current Assets		
Cash and Cash Equivalents	1,099,567	730,961
Accounts Receivable – Net	1,515,833	1,605,645
Other Accounts Receivable	576,834	1,713,100
Inventory	568,932	493,805
Prepaid Expenses	<u>358,527</u>	<u>357,964</u>
Total Current Assets	<u>4,119,693</u>	<u>4,901,475</u>
Noncurrent Assets		
Other Regulatory Assets	1,584,396	522,638
Miscellaneous Deferred Debits	<u>20,949</u>	<u>88,824</u>
Total Noncurrent Assets	<u>1,605,345</u>	<u>611,462</u>
TOTAL ASSETS	<u>\$ 37,951,862</u>	<u>\$ 40,268,310</u>

LIABILITIES AND MEMBERS' EQUITY

Members' Equity		
Memberships	\$ 334,230	\$ 326,605
Patronage Capital	15,224,195	14,679,377
Other Equities	<u>1,772,221</u>	<u>1,751,668</u>
Total Members' Equity	<u>17,330,646</u>	<u>16,757,650</u>
Long-Term Debt – Net		
Long-Term Debt – Current Maturities	1,288,240	1,508,407
Line of Credit	901,588	872,000
Accounts Payable	269,539	389,651
Customer Deposits	33,230	39,830
Other Liabilities	<u>394,127</u>	<u>619,951</u>
Total Current Liabilities	<u>2,886,724</u>	<u>3,429,839</u>
Noncurrent Liabilities		
Other Postretirement Benefits	<u>270,071</u>	<u>203,228</u>
Total NonCurrent Liabilities	<u>270,071</u>	<u>203,228</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 37,951,862</u>	<u>\$ 40,268,310</u>

A COPY OF THE FULL AUDIT REPORT
MAY BE OBTAINED
BY CONTACTING THE BATH DISTRICT OFFICE

CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES & PATRONAGE CAPITAL

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ <u>10,881,039</u>	\$ <u>10,999,696</u>
Operation and Maintenance Expenses		
Cost of Purchased Power	2,370,510	2,383,029
Power Production Expense	-	172,378
Distribution Expense – Operation	1,795,440	1,879,114
Distribution Expense – Maintenance	1,829,204	1,680,824
Customer Accounts Expense	451,721	445,881
Customer Service and Information Expense	157,172	116,068
Administration and General Expense	<u>1,139,261</u>	<u>1,366,559</u>
Total Operation and Maintenance Expenses	<u>7,743,308</u>	<u>8,043,853</u>
Other Operating Expenses		
Depreciation Expense	1,291,455	1,650,361
Interest Expense – Long Term Debt	727,492	795,495
Interest Expense – Other	581	13,944
Miscellaneous Expenses	<u>139,813</u>	<u>113,736</u>
Total Other Expenses	<u>2,159,341</u>	<u>2,573,536</u>
Total Cost of Electric	<u>9,902,649</u>	<u>10,617,389</u>
Net Operating Margins	<u>978,390</u>	<u>382,307</u>
Non-Operating Margins		
Interest Income	31,955	46,443
Other Capital Credits and Patronage Dividends	35,559	37,809
Miscellaneous Non-Operating Income	<u>39,200</u>	<u>5,097</u>
Net Operating Margins	<u>106,714</u>	<u>89,349</u>
Net Margins	1,085,104	471,656
Patronage Capital – Beginning	14,679,377	14,696,820
Less Retirement of Patronage Capital	<u>(540,286)</u>	<u>(489,099)</u>
Patronage Capital – Ending	<u>\$ 15,224,195</u>	<u>\$ 14,679,377</u>

A COPY OF THE FULL AUDIT REPORT
MAY BE OBTAINED
BY CONTACTING THE BATH DISTRICT OFFICE

NOMINATING COMMITTEE REPORT 2020

A meeting of the Nominating Committee was held at the main office of the Cooperative, 9 Wilson Avenue, Bath, New York on Wednesday, July 1, 2020 at 5:00 p.m. by teleconference only as a result of the current New York State mandates concerning social gatherings and travel restrictions associated with the COVID-19 Corona Virus Pandemic.

The committee members present by phone were: Donna Bossick, District 2; Camelia Oswald, District 3; Walter Longwell, District 4; Willard Caudill, District 6; Mary Ellen Baker, District 7; and Patricia Bromley, District 8. Also, in attendance were Bryant Dillon, General Manager and Lee Ann Hoad, Executive Secretary of the Cooperative.

Mr. Dillon welcomed everyone to the meeting and thanked them for taking time from their schedules to participate on the committee and asked that all members, when possible, be sure to place their phones on mute when not speaking and announce themselves when speaking. The committee was also advised that motions would be voted on by objection only. He then reviewed and explained Policy 201 Director Search and Selection, Policy 202 Functions of the Nominating Committee, and Article 4 Section 2 Qualification and Tenure and Article 4 Section 3 Nominations of the Bylaws in detail with committee members.

A motion was made and seconded to elect Walter Longwell as Committee Chair. The motion was adopted, and the meeting was turned over to Mr. Longwell to conduct the remainder of the nomination process.

A motion was made and seconded to elect Willard Caudill as Recording Secretary. The motion was adopted.

The following candidates were nominated for a three-year term on the Cooperative's Board of Directors with the Committee assuring that each nominee was advised prior to accepting the nomination that the official election for their districts would not take place until the 2021 Annual Meeting as a result of the 2020 Annual Meeting being adjourned for lack of a quorum due to the fact New York State will likely not allow large gatherings at the time the meeting would be scheduled in October of 2020.

District 3	Joseph Hauryski
District 4	Gary Brockway
District 6	Gordon Foster

A motion was made and seconded to accept the nominations for the districts scheduled for director election. The motion was adopted. The names of the nominees will be submitted to the General Manager for verification of district.

The Nominating Committee certified to the Board of Directors as required by the Bylaws, that they made a prudent effort to nominate at least two nominees from each district. A diligent search was made for candidates for Districts 3, 4, and 6, and they were able to find only one candidate willing to be nominated for the position of director from those districts.

A motion was made and seconded to adjourn the meeting at 5:23 p.m. The motion was adopted.

Respectfully submitted,

Willard Caudill
Recording Secretary

DIRECTOR ELECTIONS 2020-2023

As mentioned earlier, voting for director elections for Districts 3, 4 and 6 will be held during the 2021 Annual Meeting due to the fact that the 2020 Annual Meeting will be convened without a quorum being present. Because no quorum will be present, the meeting will be adjourned with no action being taken on any business items including approval of the 2019 Annual Meeting Minutes, Officer Reports or Director Elections. All 2020 business items will be included in the 2021 Annual Meeting. Those currently serving as Directors for Districts 3, 4, and 6 will continue in their respective positions and at the 2021 Annual Meeting, all candidates nominated by the Nominating Committee in 2020 will be placed on the ballot to be elected to serve the remaining two years of the three-year term for those districts.

DIRECTOR ELECTIONS 2020-2023 CONTINUED

District 3
Towns of Urbana, Wayne, Bradford, Hornby,
Orange

District 4
Town of Bath

District 6
Towns of Thurston, Campbell, Rathbone



Vacant

Since the 2020 Annual Meeting was adjourned due to lack of a quorum being present, Mr. Hauryski continued to represent District 3 until May 2021 at which time he resigned his position as Director with Steuben Rural Electric Cooperative, Inc., thereby creating a vacancy on the Board of Directors.

The Nominating Committee met on June 30, 2021 and selected candidate(s) interested in being elected as Director for District 3. Each candidate agreed that if elected, they would serve the remaining two years of the three-year term that will expire in 2023.

Gary Brockway

Mr. Brockway and his wife, Barbara, reside in Savona, New York and have been Cooperative members since 1996. He has been a member of the Board of Directors since 2010. He currently serves as Treasurer.

He obtained his degree in Business Administration from Alfred and was employed at the Steuben County Department of Social Services, retiring in 2005, following 30 years of service.

He is a past member of the Avoca Volunteer Fire Department and Ambulance Corp and served as Deputy Mayor of the Village Board. He also served as Deputy Mayor for the Savona Village Board. Gary is a long-time communicant of the Church of the Good Shepherd Episcopal Church in Savona, serving on the Executive Committee for 20 years.

Gordon Foster

Mr. Foster resides in Thurston, New York and has been a member of the Cooperative for 55 years. He has served on the Board of Directors since 1982 and was President for 15 years. He is an active participant with the NYSRECA Statewide organization.

He obtained his AAS Degree in Engineering Sciences from Alfred Agricultural and Technical College and was employed with Coming, Inc. for 40 years as a Technologist until retiring in 2005.

Mr. Foster manages a 750-acre replacement farm in Risingville and has served as Thurston Town Assessor for 48 years.

Mr. Hauryski, Mr. Brockway, and Mr. Foster were nominated for the position of Director for Districts 3, 4, and 6 respectively by the Nominating Committee at their meeting on July 1, 2020. As explained above, due to the fact the 2020 Annual Membership Meeting having been convened and subsequently adjourned due to a lack of a quorum, Directors for Districts 3, 4, and 6 continued in their current roles with the understanding they would be placed on the ballot at the 2021 Annual Membership Meeting for election by the members to serve the remaining two years of their three-year term.

Mr. Hauryski has since resigned his position as Director for District 3. The Nominating Committee was charged with nominating a candidate to be placed on the ballot at the 2021 Annual Membership Meeting to fulfill the remaining two years of the three-year term for District 3.

Candidate information for District 3 can be found on page 17 of this publication.

NOMINATING COMMITTEE REPORT 2021

A meeting of the Nominating Committee was held at the main office of the Cooperative, 9 Wilson Avenue, Bath, New York on Wednesday, June 30, 2021 at 5:04 p.m.

The committee members present were Curt R. Williamson, District 1; Robert Spears, District 2; Lucinda Adams, District 3; Walter Longwell, District 4; Melinda Morgan, District 5; Willard Caudill, District 6; Mary Ellen Baker, District 7; and John D. Robinson, District 9. Also in attendance were Bryant Dillon, General Manager; Lee Ann Hoad, Executive Secretary; and Kristen Cleveland, Executive Secretary. Patricia Bromley, District 8, arrived at 5:25 p.m.

Mr. Dillon welcomed everyone to the meeting and thanked them for taking time from their schedules to participate on the Nominating Committee. He reviewed and explained Policy 201 Director Search and Selection, Policy 202 Functions of the Nominating Committee, and Article 4 Section 2 Qualification and Tenure and Article 4 Section 3 Nominations of the Bylaws in detail with committee members.

A motion was made by Mr. Longwell and seconded by Mary Ellen Baker to elect Mr. Caudill as a Committee Chair. The motion was adopted, and the meeting was turned over to Mr. Caudill to conduct the remain of the nomination process.

A motion was made by Mr. Longwell and seconded by Mr. Caudill to elect Mary Ellen Baker as Recording Secretary. The motion was adopted.

The following candidates were nominated for a three-year term on the Cooperative's Board of Directors:

District 5	Gerald S. Chase, Jr.
District 7	Robert S. Nichols
District 8	Randy Stankey

The following candidates were nominated for the remaining two years of a three-year term on the Cooperative's Board of Directors due to the vacancy created with District 3's current director's resignation:

District 3	Edward Borkowski
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A motion was made by Mr. Longwell and seconded by Lucinda Adams to accept the nominations for the districts scheduled for election. The motion was adopted. The names of the nominees will be submitted to the General Manager for verification of district.

The Nominating Committee certified to the Board of Directors, as required by the Bylaws that they made a prudent effort to nominate at least two nominees from each district. A diligent search was made for candidates in District 5, 7, and 8 and they were able to find only one candidate willing to be nominated for the position of director from Districts 5, 7, and 8.

The Nominating Committee further certified to the Board of Directors, as required by the Bylaws that they made a prudent effort to nominate at least two nominees for the remaining two years of a three-year term for District 3. A diligent search was made for candidates in District 3, and they were able to find only one candidate willing to be nominated for the remaining two years of a three-year term for the position of director from District 3.

A motion was made by Mr. Longwell and seconded by Lucinda Adams to adjourn the meeting at 5:30 p.m. The motion was adopted.

Respectfully submitted,

Mary Ellen Baker
Recording Secretary

DIRECTOR ELECTIONS 2021 - 2024

District 5

Canisteo, Jasper, Troupsburg, Woodhull



Gerald S. Chase, Jr.

Mr. Chase and his wife, Judy, reside in the Town of Woodhull, New York. He has been a Cooperative member since 1984 and retired as an RN Supervisor and the Army Nurse Corps with the rank of Major with 22 years of service. He was also in the US Air Force 71-75 with Vietnam service and is currently a voter inspector for Steuben County.

He graduated from Alfred University with a degree in Nursing and Elmira College where he obtained an MS in Adult Education.

He attends Victory Highway Wesleyan Church, is a Life Member of NRA, American Legion and DAV. Mr. Chase recently obtained his Credentialed Cooperative Director certification through NRECA.

Mr. Chase has five children and six grandchildren.

District 7

Addison, Erwin, Corning, Tuscarora, Lindley



Robert Nichols

Mr. Nichols and his wife, Susan, reside in the Town of Tuscarora and operate a dairy farm with their son Dan. He has been a Cooperative member for 47 years, a Board Member since 2003 and currently serves as Vice-President.

He is a graduate of Corning Community College and Cornell University. He currently serves as Steuben County Legislature; Town of Tuscarora Supervisor; President of the Addison Milk Cooperative; is a member of the Addison Fish & Game Club; is a Board Member of the Steuben Soil & Water District; and has previously served as Deacon at the Tuscarora Baptist Church.

Bob has five adult children and 18 grandchildren.

District 8

Cattaraugus County



Randy Stankey

Mr. Stankey and his wife, Brenda, reside in the Town of Leon. They have been Cooperative members for over 40 years, and he has been a member of the Board of Directors since 2016.

He is a graduate of Pine Valley High School and Alfred State College. As a member of Carpenters Local for 36 years he worked at West Valley Disposal and Niagara Mohawk. In addition, he was foreman for Benchley Construction at Nestle Purina in Dunkirk, NY.

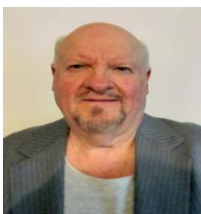
Since retiring, Randy enjoys motorcycling, snowmobiling, and watching high school sports. Most importantly, he enjoys spending time four-wheeling with his family and grandchildren.

Districts 5, 7, & 8 are scheduled for election for a three-year term on the Cooperative's Board of Directors while District 3 is scheduled for election to fill the remaining two years of a three-year term due to the vacancy created by resignation of the Director who previously held this position. District 3 will again be scheduled for election in 2023.

DIRECTOR ELECTIONS 2021-2023

District 3

Urbana, Wayne, Bradford, Hornby, Orange



Edward Borkowski

Mr. Borkowski resides in the Town of Bradford and has been a Cooperative member since 1993.

He is a graduate of Bradford Central School and Cornell University where he obtained a degree in Life Science and Agriculture. He was employed with the New York Department of Agriculture and Markets until his retirement in 2017. He has served on the Bradford Town Board for 17 years and is a former Toastmaster.

Mr. Borkowski is a member of the Sons of the American Legion, member, lector and usher with St. Stanislaus Church in Bradford and a member of the Board of Directors for the Shooter Committee on Public Education (S.C.O.P.E.)

DIRECTOR QUALIFICATIONS

In order to be elected to the Board as a Director, candidates must meet the following qualifications (see Bylaws, Article IV Directors, Section 2 Qualifications & Tenure): Directors shall be elected by ballot at each annual meeting of the members, by and from the members, to serve until the third succeeding annual meeting of the members or until their successor shall have been elected and shall have qualified. No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who: (A) Is not a member and bona fide resident of the district within the Cooperative for which the director was elected to serve; (B) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy, equipment or supplies to the Cooperative; (C) Is an employee of the Cooperative or has been an employee of the Cooperative within five (5) years from the date of the annual meeting at which the nomination will come to a vote; (D) Is unable to read, write and speak in the English language; (E) Is not able to enter into a legally binding contract; (F) Is a convicted felon; (G) Has had bills owed to the Cooperative delinquent for more than ninety (90) days within the past two (2) years.

NOMINATIONS

It shall be the duty of the Board of Directors to appoint, not less than forty-five (45) days nor more than one hundred twenty (120) days before the date of the meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than nine (9) members who shall be selected from different sections of the project area so as to insure equitable representation. No member of the Board of Directors or any relative of a director may serve on such committee. The committee, to provide equitable representation, shall prepare and post at the principle office of the Cooperative, at least twenty (20) days before the meeting a list of nominations for directors. The committee shall make a prudent effort to nominate at least two (2) nominees from each district of the Cooperative scheduled for election. In the event that less than two (2) nominees are nominated by the committee, the committee shall certify to the Board of Directors that a diligent search was made for candidates and that less than two (2) persons were found who were willing to be nominated for the position of director from that district. Any fifteen (15) or more members acting together may make nominations by petition not less than fifteen (15) days prior to the meetings, and the Cooperative shall post such nominations, under the direction of the Secretary of the Board of Directors, at the same place where the list of nominations made by the committee is posted. Under the direction of the Secretary of the Board of Directors, the Cooperative shall mail with the notice of the meeting or separately, but at least seven (7) days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of candidates specifying separately the nominations made by petition, if any. Additional nominations made by petition shall be for the respective districts scheduled for election. The nominee in each district receiving the highest number of votes cast shall be deemed elected to the Board of Directors.

PROPOSED BYLAW AMENDMENTS

Current Article III Meetings of Members Section 1. Annual Meeting reads: The annual meeting or meetings of the members shall be designated in the notice of the meeting or meetings for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting or meetings. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperatives.

Proposed Amendment to Article III Meetings of Members Section 1. Annual Meeting: The annual meeting or meetings of the members shall be designated in the notice of the meeting or meetings for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting or meetings. **The Board of Directors may, in its sole discretion, direct that meetings of members be held partially or solely by means of electronic communication, and the electronic service and/or platform by which a meeting is held shall be the place of such meeting if such meeting is held solely by means of electronic communication. The notice of the meetings shall state whether the Board of Directors has authorized the conduct of a meeting partially or solely by means of electronic communication. Meetings conducted partially or solely by means of electronic communication and any member's electronic participation in such meetings shall be subject to guidelines adopted by the Board of Directors, provided that the Board of Directors implement reasonable measures to: (i) verify that each person participating electronically is a member or a proxy of a member according to the term of these Bylaws; (ii) provide each member participating electronically with a reasonable opportunity to participate, including an opportunity to propose, object to, and votes upon a specific action to be taken by members, and to see, read, or hear the proceedings of the meeting substantially and concurrently with such proceeding; (iii) record and maintain a record of any votes or other actions taken by electronic communication at the meeting; and (iv) within a reasonable time after, but not to exceed sixty days after the meeting, distribute minutes of such meeting to the members in electronic or paper form.** Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Current Article III Meetings of Members Section 2. Special Meetings reads: Special meetings of the members may be called by resolution of the Board of Directors, upon written request signed by any three (3) Directors, by the President, or by ten percent (10%) or more of all the members; and it shall thereupon be the duty of the Cooperative to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the State of New York, specified in the notice of the special meeting.

Proposed Amendment to Article III Meetings of Members Section 2. Special Meetings proposes to add the following language **(in bold)** to the last sentence: Special meetings of the members may be held at any place within the State of New York, specified in the notice of the special meeting **and may also be held partially or solely by means of electronic communication.**

Proposed Amendment to Article III Meetings of Members Section 4. Quorum proposes to add the following language **(in bold)** to the first and third sentences: As long as the total number of members does not exceed five hundred (500), ten percent (10%) of the total number of members present in person **or electronically** shall constitute a quorum. In case the total number of members shall exceed five hundred (500), fifty (50) members shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person **or electronically** may adjourn the meeting from time to time without further notice, provided the Cooperative shall notify absent members of the time and place of such adjourned meeting.

Proposed Amendment to Article III Meetings of Members Section 5. Voting proposes to add the following language **(in bold)** to the last sentence: Each member shall be entitled to one (1) vote. All questions shall be decided by a vote of the majority of the members voting thereon in person or by proxy, **mail or electronic means, or any combination thereof.**

REPORT OF THE SECRETARY 2019 & 2020



Janice Hoad
Secretary

Last year's Annual Meeting was held at the Canisteo Greenwood High School, Canisteo, New York, on October 19, 2019. Total attendance was 337 members from the Eastern District and 25 members from the Western District. There were no proxies submitted.

The directors elected to three-year terms were: James McCormick, District 1; Janice Hoad, District 2; and William Moss, III, District 9. Gerald Chase, Jr. was elected to fill the remaining two years of a three-year term for District 5.

The Board held regular, committee and special meetings, according to the Bylaws of the Cooperative. Attendance was nearly 100 percent.

As of January 1, 2019, there were a total of 6734 members representing the utilization of 6299 active metering points. For the period January 1, 2019 through December 31, 2019, the Board accepted membership of 39 new members, while 16 members left our system. We ended 2019 with a total of 6757 members.

All membership records and minutes from all meetings are up-to-date and on file at the office. We welcome suggestions from the members on any item of Cooperative affairs.

Janice Hoad
Secretary

The 2020 Annual Meeting was held at the main office of Steuben Rural Electric Cooperative, Inc. 9 Wilson Avenue, Bath New York on October 21, 2020. Total attendance was 7 members from the Eastern District and 2 members from the Western District. Robert Tyson, Esq. declared a quorum of at least 50 members was not present in-person due to the current NY State gathering and travel restrictions due to the COVID-19 Pandemic and therefore no business could be conducted and must be rescheduled to the next available date or the next regularly scheduled annual meeting.

The following directors were scheduled for election to three-year terms: Joseph Hauryski, District 3; Gary Brockway, District 4; and Gordon Foster, District 6. These directors remained in their current positions and will be scheduled for election to fill the remaining two years of their three-year terms during the 2021 Annual Meeting.

The Board held regular, committee and special meetings, according to the Bylaws of the Cooperative and in compliance with NY State mandated gathering and travel restrictions. Attendance was nearly 100 percent.

As of January 1, 2020, there were a total of 6757 members representing the utilization of 6387 active metering points. For the period January 1, 2020 through December 31, 2020, the Board accepted membership of 94 new members, while 22 members left our system. We ended 2020 with a total of 6829 members.

All membership records and minutes from all meetings are up-to-date and on file at the office. We welcome suggestions from the members on any item of Cooperative affairs.

Janice Hoad
Secretary

REPORT OF THE TREASURER 2019 & 2020

Gary Brockway
Treasurer

You have been provided a copy of the audited Financial Statements for the years ended December 31, 2019 and 2018. Our operating revenue in the consolidated financial statements decreased 7.4% from \$11,879,411 in 2018 to \$10,999,696 in 2019. The decrease in operating revenues was due in large part to (1) the suspension of operations of the landfill gas to energy plant in April of 2019; and (2) having experienced no major storms during 2019. Operating expenses decreased 6.09% from \$11,305,979 to \$10,617,389 during this time period.

During 2019, the Cooperative maintained its commitment to the retirement of patronage capital in order to ensure a timely return on member capital. Patronage capital retirement amounted to \$585,159 in 2018 and \$489,099 in 2019.

Gary Brockway
Treasurer

You have been provided a copy of the audited Financial Statements for the years ended December 31, 2020 and 2019. Our operating revenue in the consolidated financial statements decreased 1.07% from \$10,999,696 in 2019 to \$10,881,039 in 2020. The decrease in operating revenues was due in large part to having experienced no major storms during 2020. Operating expenses decreased 6.73% from \$10,617,389 to \$9,902,649 during this time period.

During 2020, the Cooperative maintained its commitment to the retirement of patronage capital in order to ensure a timely return on member capital. Patronage capital retirement amount to \$489,099 in 2019 and \$540,286 in 2020.

Gary Brockway
Treasurer

DIRECTOR & EMPLOYEE SERVICE AWARDS 2020

- Jim McCormick, Director/President – 40-year pin
- Joseph Hauryski, Director – 15-year pin
- Gary Brockway, Director/Treasurer – 10-year pin
- Josh Gauss, Operations Manager – 20-year pin
- Mike Green, 2nd Class Lineman – 20-year pin
- Betty Hall, IT/Payroll Benefits Specialist – 20-year pin
- Kristen Cleveland, Members Services Rep – 10-year pin
- Jennifer Madigan, Receptionist/Cashier – 5-year pin

DIRECTOR & EMPLOYEE SERVICE AWARDS 2021

- Randy Stankey, Director – 5-year pin
- Matt Meyers – 1st Class Lineman – 20-year pin
- Emily Murray, Staking Technician – 15-year pin
- Lisa Luther, Billing Clerk – 10-year pin
- Evan Wightman, 1st Class Lineman – 5-year pin

EMPLOYEE RETIREMENTS & NEW EMPLOYEES 2020 & 2021

During 2020 and 2021, we were sad to announce the retirements and departures of office personnel and linemen but are pleased to welcome several new faces in our line department. Johnny Badeau, 1st Class Lineman, retired from the Cooperative in January of 2020 following 18 years of dedicated service. Dick Swift, Line Foreman, and Doug Hilsdorf, 1st Class Lineman retired in June and July of 2021, each with 39 years of dedicated service to the Cooperative. Lee Ann Hoad, Executive Secretary, retired in July of this year following 20 years of service. We wish each of our retirees the best in their retirements and thank them for their years of service.

Kristen Cleveland was promoted to Executive Assistant and Jennifer Madigan was promoted to Member Services Representative in April of 2021.

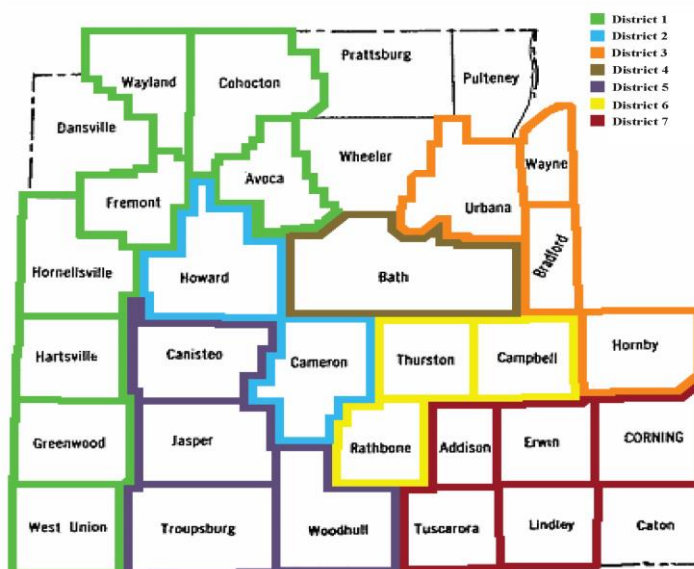
In the Bath District, the Cooperative welcomed Robert Cornell, III – 1st Class Lineman; Taylor Parsons – 2nd Class Lineman; Douglas Hosmer-Smith – 2nd Class Lineman; and Trenton LaBarr – Lineman Apprentice in 2020. In 2021, Scott Jones, Apprentice Lineman, was welcomed aboard.

In the Cherry Creek District, the Cooperative welcomed Kevin Hunt, Lineman Apprentice in 2020.

Each of our new hires may be familiar faces to some Cooperative members, having grown up in their respective service territories. We look forward to continuing acclimating our new group and continuing to expand on our reputation of quality service. Please join us as we welcome our new employees and congratulate those promoted to their new positions.

BATH DISTRICT MAP

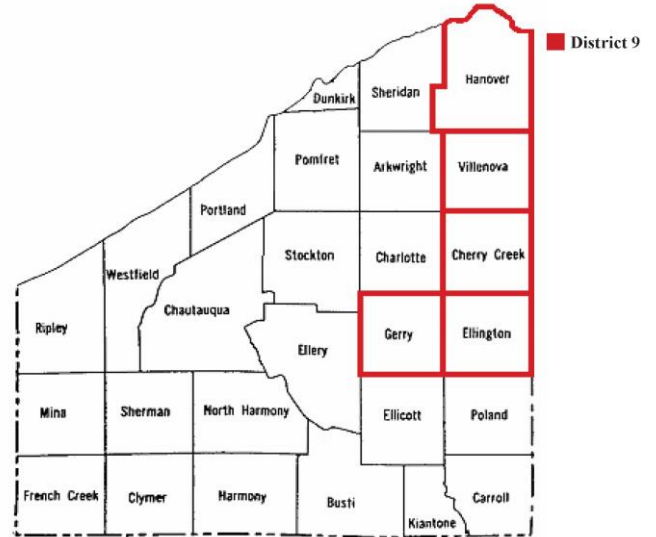
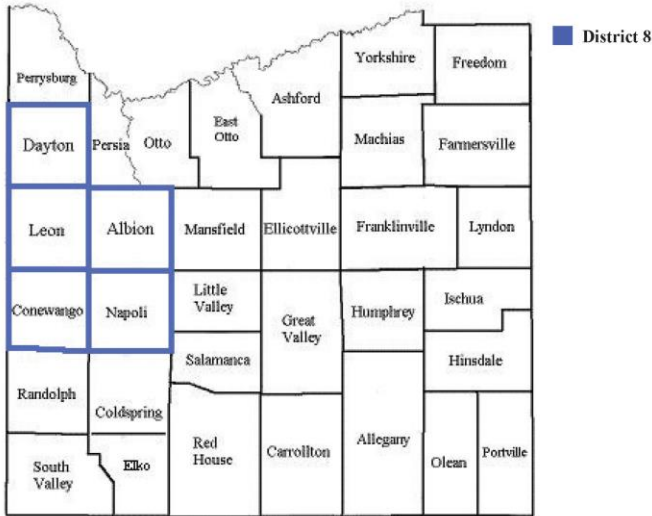
Steuben County



CHERRY CREEK DISTRICT MAPS

Cattaraugus County

Chautauqua County



BOARD OF DIRECTORS

OFFICERS



James McCormick
President
District 1



Robert Nichols
Vice-President
District 7



Janice Hoad
Secretary
District 2



Gary Brockway
Treasurer
District 4

DIRECTORS



Gerald Chase, Jr.
District 5



Gordon Foster
District 6



Randy Stankey
District 8



William Moss III
District 9

Vacant
District 3

Contact Us

Steuben Rural Electric Cooperative, Inc.

Bath District

9 Wilson Avenue

Bath, NY 14810

Phone: 607-776-4161

Phone: 800-843-3414

Cherry Creek District

5966 South Road

Cherry Creek, NY 14723

Phone: 716-296-5651

Phone: 800-883-8236

MEMBER QUESTIONS

Because of the unusual structure of this year’s meeting due to circumstances beyond our control, members may find they would like additional information on certain reports or have questions in general.

Please feel free to submit your questions, in writing to the Bath or Cherry Creek Offices, by emailing kcleveland@steubenrec.com or by dropping them off at our offices. Each question will be reviewed and answered on an individual basis.

THANK YOU

STATEMENT OF NONDISCRIMINATION

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