



# GradyEMC

Powering Progress



August 2023

## Grady Electric Membership Corporation

### President/CEO

John Long

### Board of Directors

District 1: Eric Cohen, Chairman

District 2: Blake Stanaland

District 3: Lee Powell

District 4: Terry Hurst, Vice Chairman

District 5: Sammy Perkins

District 6: Jimmy Hammett

District 7: Greg Brouillet,  
Secretary/Treasurer

### Address

1499 Highway 84 W  
P.O. Box 270  
Cairo, GA 39828

### Office Hours

#### Drive-thru

Monday through Thursday  
7 a.m. to 5:30 p.m.  
Friday  
7 a.m. to 5 p.m.

#### Front Lobby

Monday through Thursday  
7:30 a.m. to 5:30 p.m.  
Closed Friday

### Phone

Local: 229.377.4182  
Toll free: 1.800.942.4362

### Outage Number

Local: 229.377.6060  
Toll free: 1.877.757.6060  
Text the word "out" to 1.800.942.4362

### Website

[www.gradyemc.com](http://www.gradyemc.com)

## 2022 Annual Report

### A Letter to the Members

Things are changing for our membership literally at "the speed of light." In reflecting on 2022, the decision to bring broadband internet to our membership is by far the biggest story. In fact, I believe that it is the most significant undertaking since Grady EMC was created in 1936, when 175 farmers got together and decided to form their own electric membership cooperative in south Georgia.

If you have not heard, Grady EMC won a \$9 million grant that catapulted the plan to help get high-speed internet into rural areas of Grady, Decatur and Thomas counties. As a result, Grady EMC is partnering with Conexon Connect. We

will own the fiber-optic cable, and Conexon Connect will be the internet service provider.

As you may have seen on the inside cover of this magazine, Connect is the internet services provider (ISP), meaning that Connect maintains the infrastructure and provides all customer support for the fiber network. Communications and billing will come directly from Connect.

An added benefit to the partnership with Conexon allows Grady EMC a path to build a robust smart-grid system for reliability.



John Long, President/CEO

Fiber-optic networks are considered the future-proof gold standard of high-speed internet communications transmission. Conexon Connect is committed to bringing the advantages of high-speed internet to rural Americans and communities. This is a win-win for Grady EMC members—high-speed internet and improved reliability on the system.

Although this is an exciting time, we have not lost focus on our core purpose, to bring you safe, reliable power!

*Continued on page 18B*



# A Letter to the Members,

*Continued from page 18A*

**We have continued to make much progress as we look back on 2022:**

- Monthly safety meetings with Georgia EMC
- 22 group training sessions (in-house)
- Enrolled 4 new employees into the Northwestern Lineman College
- Promoted 3 employees to First Class Lineworker
- 3 employees attended Right-of-Way (ROW) School
- 1 employee attended Powerline Design School
- Attended 7 Customer Service and Communications courses
- Continuation of on-call training and testing
- Rubber Cover-up Training
- Defensive Driver Training
- Chainsaw Safety Training
- OSHA 1910.269 Course
- Incident/Accident Investigation and Near-Miss Reporting
- Management-OSHA 30-hour Training Course
- Performed 10 Live-Line Demonstrations
- 150 social media posts
- 32 print advertisements
- Quarterly newsletter with member-specific content
- Lent aid to 5 cooperatives in three states
- Installed 3 triple-single breakers bringing us to a system total of 28
- Installed 19 trip savers, bringing us to a system total of 87

## **2022 Work Plan Update**

- Brumbley Creek 1903-7 miles reconductor complete (Highway 93 S)
- Climax 0702-1.3 miles reconductor complete (Open Pond)
- Pavo 1004-1.7 miles reconductoring complete (Airline Road)

## **2022 Large Consumer Jobs Update**

- Merrillville 0502-2.4-mile conversion (irrigation)
- Boydville 1302-2-mile conversion (irrigation)
- Climax 0704-1-mile Sharber Road (relocation project)
- Boston South 1404-1.3-mile reconductor (irrigation)
- Elpino 0801-1-mile conversion (2 irrigations)

## **2022 Project Update**

- GIS/Joint Use Inventory-Thomas County-field work complete
- GIS/Joint Use Inventory-Decatur County-field work 90% complete
- Osmose Pole Inspection-207 rejects out of 6,674 poles inspected (Grady EMC has 57,016 poles)



## **2022 Other Items of Interest**

- Replaced or installed 1,053 poles
- Inspected 315 URD transformers and cabinets
- Responded to approximately 3,600 Georgia 811 locates
- Inspected 15 substations monthly
- Inspected 2,675 meters
- Installed 391 new services
- Installed 146 new yard lights

## **2022 Residential Solar Installation**

- Installed 22
- System total-57

## **Aggressive Right-of-Way (ROW) Plan**

- **Grady EMC Crew**
  - Completed 674.41 miles mowing
  - ROW cutting dead trees following mowing cycle
  - 194 service orders for tree trimming/danger trees
- **Contract ROW**
  - Completed 540.69 miles ground to sky
  - Completed 594.29 miles
- **Contract Spraying**
  - Completed 594.29 miles

## **Capital Credits Retirement**

- \$1.5 million in general retirement
- \$500,000 in estate refunds
- Voted to return an additional \$400,000 in 2023

Much could be said about these bullet points, and the work Grady EMC employees and the Board of Directors put into making each accomplishment a reality. Nothing worth doing comes easy, but through hard work and dedication, you have a cooperative you can be proud of. I know I am!

# Consolidated Balance Sheets

ASSETS		Years Ended Dec. 31, 2022, and 2021	
	2022	2021	
<b>Utility plant:</b>			
In service—at cost .....	\$ 125,656,383	\$ 120,679,299	
Construction work in progress .....	512,646	439,413	
	126,169,029	121,118,712	
Less—accumulated provisions for depreciation .....	(29,506,764)	(28,035,373)	
	96,662,265	93,083,339	
<b>Other assets and investments:</b>			
Investments in associated organizations .....	26,024,586	25,036,189	
Nonutility plant, net of accumulated depreciation of \$70,380 in 2022 and \$64,169 in 2021 .....	1,618,206	1,624,417	
Equity investments .....	5,670,281	2,854,379	
	33,313,073	29,514,985	
<b>Current assets:</b>			
Cash and cash equivalents .....	6,128,311	5,699,769	
Accounts receivable (less allowance for doubtful accounts of \$227,767 in 2022 and \$183,557 in 2021 .....	2,158,505	2,281,005	
Materials and supplies .....	1,431,712	763,265	
Accrued utility revenue .....	2,506,675	1,952,315	
Other .....	232,542	75,143	
Total current assets .....	12,457,745	10,771,497	
<b>Deferred charges</b>	48,072	32,593	
<b>Total assets</b> .....	<u>\$ 142,481,155</u>	<u>\$ 133,402,414</u>	
<b>EQUITIES AND LIABILITIES</b>			
<b>Equities:</b>			
Membership fees .....	\$ 69,345	\$ 68,620	
Patronage capital .....	65,884,718	59,945,641	
Accumulated other comprehensive loss .....	(4,285)	(3,033,697)	
Other .....	7,104,473	6,584,997	
	73,054,251	63,565,561	
<b>Long-term obligations, net of current maturities:</b>			
Mortgage notes and long-term debt .....	44,505,766	46,732,522	
Accrued post-retirement benefits .....	6,140,912	8,574,787	
	50,646,678	55,307,309	
<b>Current liabilities:</b>			
Current maturities of long-term debt .....	2,195,170	2,118,388	
Lines of credit .....	6,775,000	4,775,000	
Accounts payable .....	3,519,815	2,769,038	
Consumer deposits .....	1,437,030	1,485,013	
Other .....	4,853,211	3,382,105	
	18,780,226	14,529,544	
<b>Total equities and liabilities</b> .....	<u>\$ 142,481,155</u>	<u>\$ 133,402,414</u>	

# Consolidated Statements of Revenues and Comprehensive Margins

Years Ended Dec. 31, 2022, and 2021

	2022	2021
<b>Operating revenues</b> .....	\$ 47,519,141	\$ 41,763,744
<b>Operating expenses:</b>		
Cost of power .....	28,491,393	23,898,577
Distribution operations .....	2,040,680	2,063,163
Distribution maintenance .....	3,215,106	3,484,161
Consumer accounts .....	1,640,256	1,497,281
General and administrative .....	2,808,969	2,687,127
Depreciation.....	3,676,909	3,591,879
Taxes .....	11,146	11,183
	<u>41,884,459</u>	<u>37,233,371</u>
<b>Operating margins before interest expense</b> .....	5,634,682	4,530,373
<b>Interest expense</b> .....	<u>1,879,332</u>	<u>1,638,578</u>
<b>Operating margins after interest expense</b> .....	3,755,350	2,891,795
<b>G&amp;T and other capital credits</b> .....	<u>1,283,933</u>	<u>2,246,057</u>
<b>Net operating margins</b> .....	<u>5,039,283</u>	<u>5,137,852</u>
<b>Nonoperating margins:</b>		
Interest income .....	44,603	38,499
Equity (loss) income .....	3,555,871	(1,112,937)
Post-retirement benefit expense .....	(445,558)	(430,259)
Gain on disposition of utility plant.....	60,835	33,044
Other nonoperating income .....	27,313	44,210
	<u>3,243,064</u>	<u>(1,427,443)</u>
<b>Net margins</b> .....	8,282,347	3,710,409
<b>Other comprehensive income (loss):</b>		
Net actuarial gain (loss) arising during the year.....	2,863,315	34,019
Amortization of unrecognized net actuarial losses .....	166,097	175,096
	<u>3,029,412</u>	<u>209,115</u>
<b>Net comprehensive margins</b> .....	<u>\$ 11,311,759</u>	<u>\$ 3,919,524</u>



## Consolidated Statements of Changes in Equities

Years Ended Dec. 31, 2022, and 2021

	2022	2021
<b>Membership fees:</b>		
Balance at beginning of year .....	\$ 68,620	\$ 67,795
Memberships issued (refunded), net .....	725	825
<b>Membership fees at end of year .....</b>	<b>69,345</b>	<b>68,620</b>
<b>Patronage capital:</b>		
Balance at beginning of year .....	59,945,641	56,958,627
Net margins .....	8,282,347	3,710,409
Patronage capital retirements and gains .....	(2,343,270)	(723,395)
<b>Patronage capital at end of year .....</b>	<b>65,884,718</b>	<b>59,945,641</b>
<b>Other equities:</b>		
Balance at beginning of year .....	3,551,300	2,896,342
Patronage capital retirements and gains .....	519,476	445,843
Other comprehensive margins (loss) .....	3,029,412	(209,115)
<b>Other equities at end of year .....</b>	<b>7,100,188</b>	<b>3,551,300</b>
<b>Total equities .....</b>	<b>\$ 73,054,251</b>	<b>\$ 63,565,561</b>

## The Future Is Fiber

Experience a new era of connectivity with *super-fast* fiber internet from **Connect**, powered by Grady EMC.

### Why Connect?

- Unrival speed and reliability
- Affordable packages
- Safe and secure network
- Adaptable, future-proof technology
- *And more!*



Check availability at  
[www.conexonconnect.com](http://www.conexonconnect.com),  
call us at (844) 542-6663  
or scan our QR Code!



## Consolidated Statements of Cash Flows

Years Ended Dec. 31, 2022, and 2021

	2022	2021
<b>Cash flow from operating activities:</b>		
Net margins .....	\$ 8,282,347	\$ 3,710,409
<b>Noncash income and expenses included in net margins:</b>		
Depreciation .....	4,043,927	3,991,973
Postretirement benefit cost .....	750,645	749,185
G&T and other capital credits .....	(1,283,933)	(2,246,057)
Gain on disposition of utility plant .....	(60,835)	(33,044)
Loss (earnings) from other equity investments .....	(3,555,871)	1,112,937
<b>(Increase) decrease in:</b>		
Accounts receivable and accrued utility revenue .....	(431,860)	590,223
Other current assets .....	(157,399)	62,428
Deferred charges .....	(15,479)	(9,742)
<b>Increase (decrease) in:</b>		
Accounts payable .....	750,777	193,745
Other current liabilities .....	1,449,546	275,334
Consumer deposits .....	(47,983)	(36,970)
<b>Cash flows provided by operating activities .....</b>	<b>9,723,882</b>	<b>8,360,421</b>
<b>Cash flows from investing activities:</b>		
Additions to utility plant, net of salvage and cost of removal .....	(7,555,807)	(6,433,557)
Net change in materials and supplies .....	(668,447)	(224,048)
Contributions from FEMA .....	739,969	-
Returns of equity from associated organizations .....	295,536	301,551
<b>Cash flows (used) by investing activities .....</b>	<b>(7,188,749)</b>	<b>(6,356,054)</b>
<b>Cash flows from financing activities:</b>		
Payments on long-term debt .....	(2,149,974)	(2,331,216)
Payments on lines of credit, net .....	2,000,000	(25,000)
Post-retirement benefit payments .....	(133,548)	(119,166)
Net change in memberships .....	725	825
Retirement of patronage capital .....	(1,823,794)	(277,552)
<b>Cash flows (used) by financing activities .....</b>	<b>(2,106,591)</b>	<b>(2,752,109)</b>
<b>Net change in cash and cash equivalents .....</b>	<b>428,542</b>	<b>(747,742)</b>
<b>Cash and cash equivalents—beginning of year .....</b>	<b>5,699,769</b>	<b>6,447,511</b>
<b>Cash and cash equivalents—end of year .....</b>	<b>\$ 6,128,311</b>	<b>\$ 5,699,769</b>

## Consolidated Statements of Cash Flows

Years Ended Dec. 31, 2022, and 2021

	2022	2021
<b>Supplemental schedule of noncash investing and financing activities:</b>		
Increase in other equities resulting from discounting capital credits retirements .....	\$ 519,476	\$ 445,843
Change in accrued post-retirement benefits .....	\$ 3,029,412	\$ 209,115
<b>Supplemental disclosures of cash flow information—cash paid during the year for:</b>		
Interest .....	\$ 1,900,610	\$ 1,656,392

## Cooperation Among Cooperatives

On June 14, the Grady EMC service area was hit hard as severe weather pounded many parts of Decatur, Grady and Thomas counties, interrupting power for more than 10,000 members. Grady EMC would like to thank our sister cooperatives, which lent aid in the aftermath: Central Georgia EMC, Snapping Shoals EMC and Washington EMC.







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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Grady Electric Membership Corporation  
and Subsidiaries  
Cairo, Georgia 39828

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Grady Electric Membership Corporation and its Subsidiaries (Grady Electric Membership Corporation), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of revenues and comprehensive margins, changes in equities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Grady Electric Membership Corporation and its Subsidiaries as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in conformity 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Grady Electric Membership Corporation 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.

#### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about Grady Electric Membership Corporation's ability to continue as a going concern for one year after the date of the consolidated financial statements are issued.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and Governmental Auditing Standards will always detect 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, individually or in the aggregate, they would influence judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and Governmental Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grady Electric Membership Corporation'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 consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grady Electric Membership Corporation'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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023, on our consideration of Grady Electric Membership Corporation's internal control over financial reporting and our tests of its compliance with certain provisions 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Grady Electric Membership Corporation's internal control over financial reporting and compliance.

#### Other Reporting Required by 7 CFR Part 1773

In accordance with 7 CFR Part 1773, Policy on Audits of Rural Utilities Service Borrowers, §1773.33 and clarified in the Rural Utility Service policy memorandum dated February 7, 2014 (the regulatory requirements for electric borrowers), we have also issued our report dated March 16, 2023, on our consideration of the Grady Electric Membership Corporation's compliance with the terms, covenants, provisions, or conditions of their loan, grant, land security instruments as set forth in the regulatory requirements for electric borrowers, insofar as they relate to accounting matters enumerated therein. The purpose of that report is to describe the scope of our testing of Grady Electric Membership Corporation's compliance with the regulatory requirement for electric borrowers and the results of that testing, and not to provide an opinion on Grady Electric Membership Corporation's compliance with the regulatory requirements for electric borrowers. That report is an integral part of an audit in considering Grady Electric Membership Corporation's internal control over financial reporting and compliance.

*Nichols, Cauley & Associates, LLC*  
Warner Robins, Georgia  
March 16, 2023