



# Grady EMC



July 2021

Empowering Those We Serve



## 2021 ANNUAL REPORT

### A Letter to the Members: Our Climb Continues



John Long, President/CEO

**H**appy Independence Day! It's hard to believe that it has already been one year since my first correspondence with you. Last year, I told you all that I am goal-oriented. With one year behind me, I can report that we keep climbing and making progress. I would like to point out some of your Grady EMC's accomplishments.

For 2019, I reported that four triple single reclosers were added to the system. In 2020, we installed 10! The technology associated with these devices enables us to close breakers remotely from the office and trouble-shoot fault data.

We continue to improve our system. In 2020, we changed out 2,000 meters and more than 1,100 poles, installed 27 trip savers, reconductored 7 miles of line, trimmed approximately 500 miles of right-of-way and mowed more than 630 miles.

The prepay option that was rolled

out last year now has 142 members participating. Prepay has been very beneficial for those struggling financially, especially following the stay-at-home order of 2020. Once restrictions were lifted and we had to resume cutoffs, many members with large balances could roll those into a debt management account without having their service interrupted. Now, when they prepurchase power, 25% goes toward managing their debt, which has helped many get caught up.

We also took these members' deposits and rolled them into their accounts as credits, immediately putting their money to work for them. This program has proved very helpful for those who have chosen to participate.

We continue to move forward with Operation Round Up. We now have a Certificate of Incorporation and an Operation Round Up Board of Direc-



tors in place, made up of Grady EMC members. We hope to have tax exempt status within the next six months and the program can officially begin. However, it is a voluntary program. Should any members choose not to participate, they may opt out by calling our customer service department.

Be on the lookout for a mailer from the HomeServe Co. They are the leading independent provider of home repair service programs. They offer affordable repair plans to protect homeowners from repair expenses not typically covered by homeowner's insurance. They serve more than 4 million customers in North America through partnerships with more than 1,000 utilities, cooperatives and



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## GRADY EMC ANNUAL MEETING

**Friday, Oct. 15**

The 2021 Annual Meeting will once again be a hybrid/virtual meeting. In addition to the normal absentee ballot process, members will have the option to drop their ballot off in drive-thru fashion at the Family Worship Center between 8-10 a.m.



# Grady EMC Makes an Impact in the Community

One of the Seven Cooperative Principles is Concern for Community. Grady EMC demonstrates that in a number of ways, including recognizing local businesses like Big Cory's Country Cooking, supporting school sports teams and selecting delegates for the Washington Youth Tour. The 2020 tour was canceled because of the COVID-19 pandemic but each of the three delegates received a \$1,000 scholarship.



## Grady EMC Board of Directors



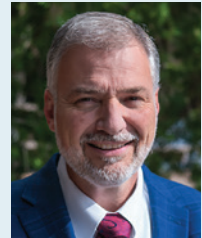
**DISTRICT 1**  
Eric Cohen  
*Chairman*



**DISTRICT 2**  
Blake Stanaland



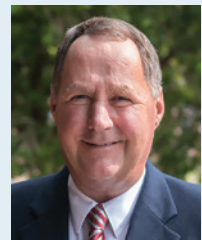
**DISTRICT 3**  
Lee Powell



**DISTRICT 4**  
Terry Hurst  
*Vice Chairman*



**DISTRICT 5**  
Sammy Perkins



**DISTRICT 6**  
Jimmy Hammett



**DISTRICT 7**  
Greg Brouillet  
*Secretary/Treasurer*

# Youth Tour Goes Virtual for 2021

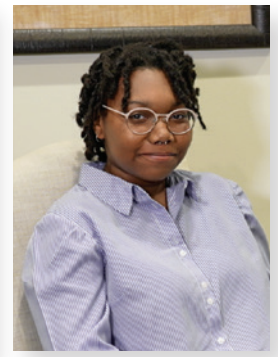
For more than 50 years, electric cooperatives across the state have recognized outstanding high school students by providing a valuable leadership experience for exceptional teens. Usually, that means selecting delegates for the Washington Youth Tour, which includes a trip to the nation's capital. In 2021, due to the uncertainty surrounding COVID-19, the decision was made to offer a virtual Youth Tour (YTGA) in June. Claire Pope, Thomas Neal



Claire Pope



Thomas Neal



Iversyn Session

and Iversyn Session were Grady

EMC's three delegates on the 2021 virtual Youth Tour.

This virtual tour is a dynamic three-day interactive experience that focused on different aspects of leadership: Day 1, Leadership and Me; Day 2, Leadership and My Community; and Day 3, Leadership and My

Nation. Students learned their personality profiles, broke out into small groups and participated in photo contests, trivia challenges, and more.

One of the Youth Tour highlights each year is a meeting with Georgia's U.S. representatives and senators at the U.S. Capitol on "Hill Day." YTGA 2021 offered the same opportunity on Day 3 by inviting all of Georgia's members of Congress to be part of a virtual town hall to hear from legislators and ask questions live online.



## Focus on Employee Safety and Training



'Safety and training have been a significant focus over the last year. Our employees have had a number of training opportunities. We have had experts come in to help facilitate some of these, and some of our in-house veterans have led in the efforts. We have also expanded our training facility because we believe well-trained lineworkers are critical to the success of Grady EMC.'

*John Long  
President/CEO*



## Consolidated Balance Sheets

ASSETS	Years Ended December 31, 2020 and 2019	
	2020	2019
<b>UTILITY PLANT</b>		
Utility plant in service .....	\$ 117,188,743	\$ 114,314,165
Construction work in progress .....	213,054	385,957
	<u>117,401,797</u>	<u>114,700,122</u>
Less - Accumulated provisions for depreciation .....	(26,799,295)	(25,759,180)
<b>Total utility plant</b> .....	<u>90,602,502</u>	<u>88,940,942</u>
<b>OTHER PROPERTY AND INVESTMENTS</b>		
Investments in associated organizations .....	23,091,683	21,167,150
Equity investments .....	3,967,316	3,186,959
Non-utility plant, net of accumulated depreciation of \$57,960 in 2020 and \$51,750 in 2019 .....	1,630,626	1,636,836
<b>Total other property and investments</b> .....	<u>28,689,625</u>	<u>25,990,945</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	6,447,511	3,541,013
Accounts receivable (less allowance for doubtful accounts of \$202,289 in 2020 and \$242,698 in 2019) .....	2,388,297	2,182,166
FEMA receivable .....	—	1,554,332
Accrued utility revenue .....	2,435,246	1,899,690
Current portion of note receivable .....	—	2,215,386
Materials and supplies .....	539,217	560,127
Other .....	137,571	145,322
<b>Total current assets</b> .....	<u>11,947,842</u>	<u>12,098,036</u>
<b>DEFERRED CHARGES</b> .....	<u>22,851</u>	<u>40,425</u>
<b>TOTAL ASSETS</b> .....	<u>\$ 131,262,820</u>	<u>\$ 127,070,348</u>
<b>EQUITIES AND LIABILITIES</b>		
<b>EQUITIES</b>		
Memberships .....	\$ 67,795	\$ 66,575
Patronage capital .....	56,958,627	51,156,627
Accumulated other comprehensive loss .....	(3,242,812)	(2,991,124)
Other .....	6,139,154	5,890,324
	<u>59,922,764</u>	<u>54,122,402</u>
<b>LONG-TERM DEBT AND OTHER NONCURRENT LIABILITIES</b>		
Mortgage .....	48,955,361	51,275,286
Accrued postretirement benefits .....	8,396,788	7,583,058
	<u>57,352,149</u>	<u>58,858,344</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt .....	2,226,765	2,178,271
Lines of credit .....	4,800,000	4,800,000
Accounts payable .....	2,575,293	2,872,276
Consumer deposits .....	1,521,983	1,539,483
Other .....	2,863,866	2,699,572
	<u>13,987,907</u>	<u>14,089,602</u>
<b>Total equities and liabilities</b> .....	<u>\$ 131,262,820</u>	<u>\$ 127,070,348</u>

# Consolidated Statements of Revenues and Comprehensive Margins

Years Ended December 31, 2020 and 2019

	2020	2019
<b>OPERATING REVENUES</b> .....	\$ 42,415,164	\$ 40,526,458
<b>OPERATING EXPENSES</b>		
Cost of power .....	24,321,457	24,534,144
Distribution operations .....	1,945,516	2,672,114
Distribution maintenance .....	3,386,700	3,118,868
Consumer accounts .....	1,430,838	1,580,139
General and administrative .....	2,499,546	2,627,429
Depreciation .....	3,522,879	3,473,084
Taxes .....	22,443	-
<b>Total operating expenses</b> .....	<u>37,129,379</u>	<u>38,005,778</u>
<b>OPERATING MARGINS BEFORE INTEREST EXPENSE</b> .....	<u>5,285,785</u>	<u>2,520,680</u>
<b>INTEREST EXPENSE</b> .....	<u>1,796,027</u>	<u>2,152,100</u>
<b>OPERATING MARGINS AFTER INTEREST EXPENSE</b> .....	3,489,758	368,580
<b>G&amp;T AND OTHER CAPITAL CREDITS</b> .....	<u>2,078,368</u>	<u>2,003,814</u>
<b>NONOPERATING MARGINS</b> .....	<u>632,457</u>	<u>152,552</u>
<b>NET MARGINS</b> .....	<u>6,200,583</u>	<u>2,524,946</u>
<b>OTHER COMPREHENSIVE LOSS</b>		
Net actuarial loss arising during the year .....	(406,614)	(1,328,335)
Amortization of unrecognized net actuarial losses .....	<u>154,926</u>	<u>103,533</u>
<b>OTHER COMPREHENSIVE LOSS</b> .....	<u>(251,688)</u>	<u>(1,224,802)</u>
<b>NET COMPREHENSIVE MARGINS</b> .....	<u>\$ 5,948,895</u>	<u>\$ 1,300,144</u>

## Our Climb Continues, *Continued from page 22A*

municipalities. Grady EMC is excited to offer this optional service to you through them.

We're not just helping our members and our community. We are also helping our region. We sent crews to assist in the aftermath of five natural disasters. In 2020, Grady EMC workers traveled to Louisiana twice, Alabama twice and Kentucky once.

Grady EMC has also continued to return capital credit estate refunds. In 2020, we returned \$398,580. We want to remind those entitled to an estate capital credit refund to contact us at (229) 377-4182 and a customer service representative will gladly assist you.

Safety and training have been a significant focus over the

last year. Our employees have had a number of training opportunities. We have had experts come in to help facilitate some of these, and some of our in-house veterans have led in the efforts. We have also expanded our training facility because we believe well-trained lineworkers are critical to the success of Grady EMC.

In this newsletter, you will find our consolidated financial audit. We have made much progress over the last year and continue to gain momentum. I remain excited about the future of your co-op, and I thank you for the support you show our employees. I will continue to work hard alongside them for you, the members we serve.

## Consolidated Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net margins .....	\$ 6,200,583	\$ 2,524,946
<b>Noncash income and expenses included in net margins</b>		
Depreciation .....	3,966,691	3,994,294
Postretirement benefit cost .....	703,505	1,123,402
G&T and other capital credits .....	(2,078,368)	(2,003,814)
Gain on disposition of utility plant .....	(82,601)	(49,848)
Equity earnings from other investments .....	(780,357)	(304,859)
<b>(Increase) decrease in</b>		
Accounts receivable and accrued utility revenue .....	(741,687)	(1,751,222)
Other current assets .....	7,751	2,773
Deferred charges .....	17,574	(23,291)
<b>Increase (decrease) in</b>		
Accounts payable .....	(296,983)	(393,055)
Other current liabilities .....	164,294	(86,594)
Consumer deposits .....	(17,500)	8,005
<b>Cash flows provided by operating activities</b> .....	<u>7,062,902</u>	<u>3,040,737</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to utility plant, net of salvage and cost of removal .....	(5,539,440)	(3,158,770)
Net change in materials and supplies .....	20,910	133,017
Contributions from FEMA .....	1,554,332	4,662,997
Investments in associated organizations .....	(119,853)	-
Returns of equity from associated organizations .....	273,688	209,863
Payments received on notes receivable .....	2,215,386	-
<b>Cash flows provided (used) by investing activities</b> .....	<u>(1,594,977)</u>	<u>1,847,107</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt .....	(2,271,431)	(821,044)
Payments on lines of credit, net .....	-	(2,018,837)
Postretirement benefit payments .....	(141,463)	(124,992)
Net change in memberships .....	1,220	20
Retirement of patronage capital .....	(149,753)	(202,835)
<b>Cash flows provided by financing activities</b> .....	<u>(2,561,427)</u>	<u>(3,167,688)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b> .....	2,906,498	1,720,156
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR</b> .....	<u>3,541,013</u>	<u>1,820,857</u>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b> .....	<u>\$ 6,447,511</u>	<u>\$ 3,541,013</u>

## Consolidated Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Increase in other equities resulting from discounting capital credit retirements .....	\$ 248,830	\$ 327,276
Transfer of construction work in process to FEMA receivable .....	\$ —	\$ 6,217,329
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash payments for interest.....	\$ 1,796,027	\$ 2,150,670

## Consolidated Statements of Changes in Equities

Years Ended December 31, 2020 and 2019

	2020	2019
<b>MEMBERSHIPS</b>		
Balance at beginning of year .....	\$ 66,575	\$ 66,555
Memberships.....	1,220	20
<b>Memberships at end of year</b> .....	<b>67,795</b>	<b>66,575</b>
<b>PATRONAGE CAPITAL</b>		
Balance at beginning of year .....	51,156,627	49,161,792
Net margins .....	6,200,583	2,524,946
Retirement of patronage capital .....	(398,583)	(530,111)
<b>Patronage capital at end of year</b> .....	<b>56,958,627</b>	<b>51,156,627</b>
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>		
Balance at beginning of year .....	(2,991,124)	(1,766,322)
Other comprehensive loss .....	(251,688)	(1,224,802)
<b>Accumulated other comprehensive loss at end of year</b> .....	<b>(3,242,812)</b>	<b>(2,991,124)</b>
<b>OTHER</b>		
Balance at beginning of year .....	5,890,324	5,563,048
Retirement of patronage capital .....	248,830	327,276
<b>Other equities at end of year</b> .....	<b>6,139,154</b>	<b>5,890,324</b>
<b>TOTAL</b> .....	<b>\$ 59,922,764</b>	<b>\$ 54,122,402</b>



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 Warner Robins, Georgia 31088  
 478-929-3888 FAX 478-923-7896  
 warnerrobins@nicholscauley.com

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Grady Electric Membership Corporation and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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.

**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 Grady Electric Membership Corporation and Subsidiaries 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021, on our consideration of Grady Electric Membership Corporation and Subsidiaries' 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 and Subsidiaries' 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 23, 2021, on our consideration of the Grady Electric Membership Corporation and Subsidiaries' compliance with the terms, covenants, provisions, or conditions of their loan, grant, and 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 and Subsidiaries' 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 and Subsidiaries' compliance with the regulatory requirements for electric borrowers. That report is an integral part of an audit in considering Grady Electric Membership Corporation and Subsidiaries' internal control over financial reporting and compliance.

*Nichols, Cauley & Associates, LLC*  
 Warner Robins, Georgia  
 March 23, 2021

**Secretary and Treasurer's Report**

Each year, we obtain the services of Certified Public Accountants to perform an audit of the corporation's accounting records. This audit includes an examination of the cooperative's consolidated balance sheets, related statements of consolidated revenues, comprehensive margins, changes in equities, cash flows for the year then ended and notes to the financial statements.

Our auditor, Nichols, Cauley & Associates, LLC, conducts our audit

in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in accordance with the requirements of the Rural Utilities Service as outlined in Part 1773 of the Code of Federal Regulations entitled Policy on Audits of RUS Borrowers—more information may be found at: [govinfo.gov/content/pkg/FR-1998-07-28/pdf/98-20073.pdf](http://govinfo.gov/content/pkg/FR-1998-07-28/pdf/98-20073.pdf)

Financial statements for the fiscal

year ended December 31, 2020, reflect the status of Grady Electric Membership Corporation. To view the completed financial statements contained in our 2020 financial audit, please visit our website at [www.gradyemc.com](http://www.gradyemc.com).

*Respectfully submitted,*

**Gregory R. Brouillet**  
 Secretary/Treasurer