

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE  
AND SUBSIDIARY  
FRIENDSHIP, WISCONSIN  
CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2015 and 2014  
AND  
REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY  
FRIENDSHIP, WISCONSIN**

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## **Report of Independent Certified Public Accountants**

Board of Directors  
Adams-Columbia Electric Cooperative and Subsidiary  
Friendship, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Adams-Columbia Electric Cooperative and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations, equities, and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of 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 Cooperative'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 Cooperative'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.

## Report of Independent Certified Public Accountants (Continued)

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Adams-Columbia Electric Cooperative and Subsidiary as of December 31, 2015 and 2014, 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.

### Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The Schedule of Balance Sheets – Intermediary Relending Program and the Schedule of Income and Fund Balance – Intermediary Relending Program on pages 25 - 28 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 basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic consolidated financial statements as a whole.

*Bauman Associates, Ltd.*

CERTIFIED PUBLIC ACCOUNTANTS

Eau Claire, Wisconsin  
February 16, 2016

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE  
AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
PLANT:		
In service	\$ 201,673,418	\$ 194,874,766
Construction work in progress	<u>3,795,773</u>	<u>3,021,063</u>
Total plant	205,469,191	197,895,829
Less - Accumulated provision for depreciation	<u>60,402,979</u>	<u>56,296,589</u>
Net plant	<u>145,066,212</u>	<u>141,599,240</u>
INVESTMENTS AND OTHER ASSETS:		
Nonutility plant	37,445	37,445
Investments in associated organizations	20,329,856	19,805,492
Deferred compensation - Investments held in trust	448,815	420,595
Notes receivable - Net of current portion	<u>658,935</u>	<u>587,901</u>
Total investments and other assets	<u>21,475,051</u>	<u>20,851,433</u>
CURRENT ASSETS:		
Cash - General	1,230,379	915,949
Cash - Special deposits	83,246	69,488
Temporary cash investments	1,646,493	408,763
Notes receivable - Current portion	84,018	360,790
Accounts receivable (less accumulated provision for uncollectible accounts of \$326,938 in 2015 and \$288,390 in 2014)	6,414,966	7,051,825
Materials and supplies	909,951	940,179
Other current assets	<u>144,019</u>	<u>130,657</u>
Total current assets	<u>10,513,072</u>	<u>9,877,651</u>
DEFERRED DEBITS	<u>2,993,041</u>	<u>3,415,910</u>
TOTAL ASSETS	<u>\$ 180,047,376</u>	<u>\$ 175,744,234</u>

The accompanying notes are an integral part of these consolidated statements.

EQUITIES AND LIABILITIES		<u>2015</u>	<u>2014</u>
<b>EQUITIES:</b>			
Memberships	\$	160,320	\$ 159,565
Patronage capital		61,990,809	62,159,694
Other equities		<u>13,921,350</u>	<u>12,981,097</u>
Total equities		<u>76,072,479</u>	<u>75,300,356</u>
LONG-TERM LIABILITIES		<u>90,453,448</u>	<u>87,489,752</u>
DEFERRED COMPENSATION		<u>448,815</u>	<u>420,595</u>
<b>CURRENT LIABILITIES:</b>			
Current maturities of long-term liabilities		3,574,000	3,392,000
Accounts payable		2,955,458	3,165,772
Customer deposits		1,826,336	1,508,121
Other current liabilities		<u>2,967,451</u>	<u>3,061,328</u>
Total current liabilities		<u>11,323,245</u>	<u>11,127,221</u>
DEFERRED CREDITS		<u>1,749,389</u>	<u>1,406,310</u>
TOTAL EQUITIES AND LIABILITIES	\$	<u><u>180,047,376</u></u>	\$ <u><u>175,744,234</u></u>

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES	\$ <u>64,118,284</u>	\$ <u>67,263,808</u>
OPERATING EXPENSES:		
Cost of power	35,389,573	38,163,197
Distribution - Operations	2,345,380	2,421,925
Distribution - Maintenance	5,166,719	4,567,099
Consumer accounts	1,889,500	1,920,954
Customer service and informational	899,831	913,832
Sales	197,847	178,872
Administrative and general	2,868,197	2,910,564
Depreciation	6,974,090	6,241,421
Taxes	918,769	931,030
Other deductions	<u>62,458</u>	<u>47,791</u>
Total operating expenses	<u>56,712,364</u>	<u>58,296,685</u>
OPERATING MARGINS BEFORE FIXED CHARGES	7,405,920	8,967,123
FIXED CHARGES:		
Interest on long-term liabilities	<u>4,357,983</u>	<u>4,518,115</u>
OPERATING MARGINS AFTER FIXED CHARGES	3,047,937	4,449,008
PATRONAGE CAPITAL ALLOCATIONS	<u>597,671</u>	<u>665,572</u>
NET OPERATING MARGINS	<u>3,645,608</u>	<u>5,114,580</u>
NON-OPERATING MARGINS:		
Interest and dividend income	307,492	334,484
Other non-operating margins	<u>218,631</u>	<u>614,874</u>
Total non-operating margins	<u>526,123</u>	<u>949,358</u>
NET MARGINS FOR PERIOD	<u>\$ 4,171,731</u>	<u>\$ 6,063,938</u>

The accompanying notes are an integral part of these consolidated statements.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF EQUITIES  
Years ended December 31, 2015 and 2014**

	Memberships	Patronage Capital		Nonoperating Margins	Other Equities		Total
		Assigned	Assignable		Donated Capital	Other Equities	
Balance at December 31, 2013	\$ 164,935	\$ 54,476,656	\$ 5,299,396	\$ 9,867,533	\$ 2,116,214	\$ 73,602	\$ 71,998,336
Assignment of 2013 operating margins and retention of 2013 nonoperating margins	-	4,517,385	(5,299,396)	782,011	-	-	-
Retirements of equities	-	(2,898,285)	-	-	-	-	(2,898,285)
Net other equity changes 12-31-14	-	-	-	-	141,737	-	141,737
Net change in memberships 12-31-14	(5,370)	-	-	-	-	-	(5,370)
Net margins - year ended 12-31-14	-	-	6,063,938	-	-	-	6,063,938
Balance at December 31, 2014	159,565	56,095,756	6,063,938	10,649,544	2,257,951	73,602	75,300,356
Assignment of 2014 operating margins and retention of 2014 nonoperating margins	-	5,282,207	(6,063,938)	781,731	-	-	-
Retirements of equities	-	(3,558,885)	-	-	-	-	(3,558,885)
Net other equity changes 12-31-15	-	-	-	-	158,522	-	158,522
Net change in memberships 12-31-15	755	-	-	-	-	-	755
Net margins - year ended 12-31-15	-	-	4,171,731	-	-	-	4,171,731
Balance at December 31, 2015	\$ 160,320	\$ 57,819,078	\$ 4,171,731	\$ 11,431,275	\$ 2,416,473	\$ 73,602	\$ 76,072,479

The accompanying notes are an integral part of these consolidated statements.



**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years ended December 31, 2015 and 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net margins	\$ 4,171,731	\$ 6,063,938
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation:		
Operating expense	6,974,090	6,241,421
Nonoperating expense	429	603
Clearing	564,474	576,468
Patronage capital allocations	(597,671)	(665,572)
Loss (gain) on disposition of property	-	(6,014)
Equity allocations from LLC investments	(718,534)	(895,020)
Provisions for bad debts	84,000	60,000
Write-offs net of recoveries	(45,452)	(94,464)
Write-offs of note receivable	246,526	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	598,311	(142,581)
Decrease (increase) in resale and other inventory	73,408	55,211
Decrease (increase) in other current assets and deferred debits	409,507	527,076
Increase (decrease) in accounts payable	(210,314)	2,406,476
Increase (decrease) in other current liabilities	452,222	301,191
Total adjustments	7,830,996	8,364,795
Net cash provided by operating activities	12,002,727	14,428,733
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from investments	1,405,799	1,254,740
Purchase of investments	(654,747)	(308,626)
Extensions and replacements of plant	(10,301,566)	(10,152,127)
Plant removal costs	(700,596)	(645,190)
Proceeds on salvaged plant	12,065	65,647
Net cash used in investing activities	(10,239,045)	(9,785,556)

The accompanying notes are an integral part of these consolidated statements.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net payments (refunds) of memberships	\$ 755	\$ (5,370)
Retirement of patronage capital	(3,344,216)	(2,686,051)
Principal payments on long-term liabilities	(3,397,185)	(3,443,502)
Proceeds from long-term liabilities	<u>6,542,882</u>	<u>-</u>
Net cash used in financing activities	<u>(197,764)</u>	<u>(6,134,923)</u>
Net change in cash and cash equivalents	1,565,918	(1,491,746)
Cash and cash equivalents at beginning	<u>1,394,200</u>	<u>2,885,946</u>
Cash and cash equivalents at end	<u>\$ 2,960,118</u>	<u>\$ 1,394,200</u>
 Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 4,432,004</u>	<u>\$ 4,647,935</u>
 Supplemental information on non-cash investing and financing activities:		
 The Cooperative records patronage capital allocations from associated organizations, as revenue and as an increase in investments in associated organizations. The amounts recorded were as follows:		
Patronage capital allocations	<u>\$ 597,671</u>	<u>\$ 665,572</u>
 The Cooperative records allocations of investee company earnings as revenue and as an increase in investments. The amounts were:		
Net credits to investment income - equity in the partnership income of LLC investments	<u>\$ 718,534</u>	<u>\$ 895,020</u>

The accompanying notes are an integral part of these consolidated statements.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Adams-Columbia Electric Cooperative (“the Cooperative”) was incorporated December 12, 1938. The Cooperative is a corporation operating as a not-for-profit rural electric distribution cooperative headquartered in Friendship, Wisconsin. The primary purpose of the Cooperative is to provide electricity to its members through wholesale power purchases and subsequent distribution. The Cooperative’s primary service area is located in the central Wisconsin counties of Adams, Marquette, Columbia, and Waushara Counties and portions of Dodge, Green Lake, Wood, Sauk, Jefferson, Dane, Waupaca, and Portage Counties. Net operating margins are allocated to members on the books of the Cooperative on a patronage basis in the form of capital credits. The Cooperative presently retires capital credits on a percentage of total year margins.

The Cooperative is subject to the accounting and reporting rules and regulations of the Rural Development Utilities Program Service (RDUP).

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Cooperative and its wholly owned subsidiary, ACEC, LLC. All significant intercompany balances and transactions have been eliminated.

ACEC, LLC was created to operate vehicles used by the Cooperative for delivery and installation of appliances, installation of electrical service, and customer repairs and maintenance.

**Use of Estimates**

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the Consolidated Statements of Cash Flows, the Cooperative considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Plant, Maintenance and Depreciation**

Plant is stated at the original cost of construction, which includes the cost of contracted services, direct labor, materials and overhead items. Contributions from others toward the construction of electric plant are credited to the applicable plant accounts.

When property which represents a retirement unit is replaced or removed, the average cost of such property as determined from the continuing property records is credited to electric plant and such cost, together with cost of removal less salvage is charged to the accumulated provision for depreciation.

Maintenance and repairs, including the renewal of minor items of plant not comprising a retirement unit, are charged to the appropriate maintenance accounts, except that repairs of transportation and service equipment are charged to clearing accounts and redistributed to operating expense and other accounts.

Depreciation of distribution plant is provided through the use of composite straight-line rates as set forth in Note 3. General plant is depreciated on a straight-line basis.

Non-utility property, which is all attributable to the subsidiary, is recorded at cost and depreciated over the estimated useful lives on a straight-line basis.

**Long-Lived Assets**

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or their fair value less cost to sell.

**Asset Retirement Obligation**

GAAP requires entities to record the fair value of a liability for legal obligations associated with an asset retirement in the period in which the obligations are incurred. When the liability is initially recorded, the entity capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accrued to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. The Cooperative has determined it does not have a material legal obligation to remove the long-lived assets as described by current GAAP, and accordingly has not recognized any asset retirement obligation costs in its financial statements for the years ended December 31, 2015 and 2014.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Investments are generally in other cooperatives and are recorded at their original cost, plus the face value of equities received in the form of patronage refunds or capital credits. These investments are not transferable. No cash is received until such time as they are redeemed at the discretion of the issuing cooperative. Capital credits and patronage refunds and redemptions are recorded in the year in which they were received.

The Cooperative's investment of 16.67% in Mid-Wisconsin DBS, LLC is accounted for under the equity method because the Cooperative exercises significant influence over its operating and financial activities. Accordingly, the investment in Mid-Wisconsin DBS, LLC is carried at cost and adjusted for the company's proportionate share of earnings or losses. This is considered a related party.

The Cooperative's investment of 0.62% in American Transmission Company, LLC is accounted for under the equity method because the LLC maintains a specific ownership account for the Cooperative and this method is a better approximation of the Cooperative's economic interests in this LLC. Accordingly, the investment in American Transmission Company, LLC is carried at cost and adjusted for the company's proportionate share of earnings and losses. This is considered a related party.

**Accounts Receivable**

Accounts receivable are uncollateralized customer obligations, which generally require payment within thirty days from the invoice date. Accounts receivable are stated at the invoice amount plus accrued interest. Unpaid accounts over thirty days old bear interest at 1% per month. Notes receivable are stated at principal and are collateralized.

Account balances with invoices over sixty days old are considered delinquent. Interest continues to accrue on delinquent accounts until the age of an invoice exceeds one year, at which time the account is placed on nonaccrual status. A note receivable is considered delinquent when the debtor fails to make two or more consecutive payments. Payments of accounts receivable are applied to the specific invoices on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices. Payments of notes receivable are allocated first to unpaid interest with the remainder to the outstanding principal balance.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 1**    **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable (Continued)**

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management reviews individual notes receivable and accounts receivable balances based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for losses. Changes in the valuation allowance have not been material to the financial statements.

**Inventories**

Materials and supplies and resale merchandise are valued at the lower of average cost or market. Materials and supplies inventory consists of line materials, and the resale merchandise consists of appliances, appliance parts, security equipment and mattresses.

**Income Taxes**

The Cooperative is exempt from income taxes under Section 501 (c) (12) of the Internal Revenue Code as long as more than 85 percent of revenue is received from its members. Deferred taxes are provided for timing differences between financial accounting and income tax reporting as well as the estimated future benefit of net operating losses relative to unrelated business taxable income.

The Organization will recognize any accrued interest and penalties related to unrecognized benefits in income tax, if incurred. The Company's last three tax years are open for examination by the Internal Revenue Service.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Cooperative to concentrations of credit risk consist principally of cash equivalents, accounts receivable and notes receivable.

The Cooperative maintains cash and investment balances at financial institutions, which at times, may exceed federally insured limits. The Cooperative has not experienced any losses from these accounts. The Cooperative believes it is not exposed to any significant risk on such balances.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Concentrations of Credit Risk (Continued)**

The Cooperative grants unsecured credit for service and also issues loans for energy conservation projects to its members, all of who are located in the service area. The collectability of accounts and loans receivable is dependent upon the economy of the service area, which is primarily agricultural. The members are located in the rural areas of Adams, Marquette, Columbia, and Waushara Counties and portions of Dodge, Green Lake, Wood, Sauk, Jefferson, Dane, Waupaca, and Portage Counties.

**Public Utility Regulation**

The Cooperative is subject to regulation for rates and other matters by the Board of Directors and follows accounting policies prescribed by the Board. The Cooperative prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), which includes the provisions of Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 980 Regulated Operations (FASB ASC 980). FASB ASC 980 requires cost-based, rate regulated enterprises, such as the Cooperative, to reflect the impact of regulatory decisions in their financial statements. The balance sheets include regulatory assets and liabilities as appropriate, primarily related to deferred revenues based on anticipated cost increases. The Cooperative has no regulatory assets as of December 31, 2015 and 2014. The Cooperative believes, based on current regulatory circumstances, that its use of regulatory accounting is appropriate and in accordance with the provisions of FASB ASC 980.

**Revenue Recognition**

Operating revenues are recognized on the basis of monthly billings based on actual meter readings as of the end of the month. The Cooperative utilizes cycle billing and accruals for unbilled revenue are made at the end of each month.

**Purchased Power**

The Cooperative purchases power for resale from Alliant Energy Corporate Services, Inc. under terms of a contract effective through February 14, 2022.

**Advertising Costs**

The Cooperative's advertising costs are expensed as they are incurred.

**Subsequent Events**

In preparing these financial statements, the Cooperative has evaluated events and transactions for potential recognition or disclosure through February 16, 2016, the date the financial statements were available to be issued.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Compensation**

The Cooperative has deferred compensation agreements with the current CEO and elective deferrals of Directors of the Board. The funds are segregated in a separate investment account, the purpose of which is to provide the funding for the deferred compensation in the future. These funds plus investment income earned on them are to be paid out over a fifteen year period following retirement.

**Note 2 ASSETS PLEDGED**

All assets are pledged as security for the long-term liabilities to National Rural Utilities Cooperative Finance Corporation (NRUCFC).

**Note 3 PLANT AND DEPRECIATION PROCEDURES**

Listed below are the major classes of plant as of December 31, 2015 and 2014:

	2015	2014
Organization	\$ 64	64
Distribution plant	186,801,971	180,583,126
General plant	14,871,383	14,291,576
Plant in service	201,673,418	194,874,766
Construction work in progress	3,795,773	3,021,063
 Total plant, at cost	 \$ 205,469,191	 197,895,829

Depreciation rates for individual distribution plant accounts are as follows:

Underground conductor	3.50%
Other distribution plant	2.88%
Automated meter reading (AMR) devices	5% - 6.67%

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

Structures and improvements	2 - 10%
Transportation equipment	9 - 16%
Office furniture and equipment	6 - 25%
Power operated equipment	7 - 16%
Communications equipment	6 - 16%
Other general plant	5 - 16%



**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 4 INVESTMENTS**

The Cooperative is also associated with NRUCFC. The repayment terms of the capital term certificates (CTC's) are such that the first return of investment will be received in 2070. The CTC's earn interest at 5%. The loan term certificates (LTC's) bear interest at 3% and mature starting in 2020. The zero term certificates (ZTC's) are non-interest bearing and mature starting in 2016. CFC member capital securities bear interest at 5.0% as of December 31, 2015, are callable on December 30, 2023 and mature on December 30, 2043.

A summary of investments at December 31, 2015 and 2014 consisted of the following:

	2015	2014
<b><u>Investments in associated organizations:</u></b>		
NRUCFC	\$ 2,375,242	2,209,982
Investments in other associated organizations	2,782,395	2,703,894
Investment in Mid-Wisconsin DBS, LLC (related party)	542,446	564,020
Investment in ATC, LLC (related party)	9,681,279	9,358,007
Investments in Securities to be held-to-maturity:		
Investment in CFC member capital securities - 5.0%	2,500,000	2,500,000
Investment in NRUCFC - CTC - 5%	1,049,278	1,049,278
Investment in NRUCFC - LTC - 3%	261,350	261,350
Investment in NRUCFC - ZTC	1,137,866	1,158,961
Investments in associated organizations	\$ 20,329,856	19,805,492
<b><u>Other investments:</u></b>		
Deferred compensation	\$ 448,815	420,595
<b><u>Notes receivable:</u></b>		
3% note to 4 Ever Green Lawn Professionals, Inc.. Monthly payments of \$1,850 due by the 1st of each month from 7/1/2013 to maturity on 6/1/2017, at which time a balloon payment of \$44,676 will be due. Secured by vehicles and equipment used in this business and personal guarantees of the shareholders.	\$ 73,502	93,210
4% note to Vertical Illusions, LLC. Monthly payments of \$532 due by the 15th of each month from 7/15/09 to maturity on 6/15/2014 at which time a balloon payment was scheduled; the loan was paid off in January 2015 in the amount of \$52,958. Secured by mortgage on property and personal guarantee of the member.	-	52,958

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 4 INVESTMENTS (Continued)**

<u>Notes receivable (continued):</u>	2015	2014
3% note to Ship-Rec Logistics, Inc. Monthly payments of \$1,352 due by the 1st of each month from 5/1/2016 to maturity on 11/1/2020 at which time a balloon payment totaling \$84,106 is due. Secure by a mortgage on property, liens on all equipment and personal guarantees.	\$ 140,000	-
3% note to Ship-Rec Logistics, Inc. Monthly payments of \$2,410 due by the 1st of each month from 1/1/2016 to maturity on 12/1/2018 at which time a balloon payment totaling \$185,648 is due. Secure by a mortgage on property, liens on all equipment and personal guarantees.	250,000	-
4% note to Uninterruptible Power Products, Inc. Monthly payments of \$400 due by the 1st of each month from 12/1/09 to maturity on 11/1/12 at which time a balloon payment of \$65,445 was due. The note was extended until 10/15/2015. Secured by a mortgage on the property to be purchased with these loan funds.	57,845	60,279
4% note to Vertical Illusions, LLC. Monthly payments of \$500 due by the 1st of each month from 7/1/11 to maturity on 6/1/14 at which time a balloon payment was scheduled; the loan was paid off in January 2015.	-	73,777
4% note to Long Dental Studios. Monthly payments of \$1,879 due by the 1st of each month from 10/1/12 to maturity on 9/1/15 at which time a balloon payment of \$85,119 will be due. The note was repaid in 2015	-	121,548
4% note to Europlast, Ltd. Monthly payments of \$2,531 due by the 15th of each month from 11/15/2012 to maturity on 10/15/17 at which time a balloon payment of \$139,383 was due. Europlast petitioned for a reorganization of this debt and the plan was approved so that the repayment will be the principal amount only to be received in installments of 2.5% of the balance for 2015-2018 and 15% of the balance for 2019-2024. The note was deemed uncollectible and written off in 2015.	-	229,126

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Note 4 INVESTMENTS (Continued)**

<u>Notes receivable (continued):</u>	2015	2014
4% note to Eco Hub, LLC. Secured by a second mortgage on specific parcels of land and the personal guarantee of the member.	\$ 25,253	25,489
4% note to Fosnow Family Home. Monthly payments of \$658 due by the 1st of each month from 8/1/11 to maturity on 7/1/14 at which time a balloon payment of \$48,708 was due. This was fully repaid in January 2015.	-	45,024
3% note to Custom Floor Finishing of Wisconsin, LLC. Monthly payments of \$2,695 due by the 1st of each month from 2/1/2016 to maturity on 11/1/2021 at which time a final payment of \$2,547 is due. Secured by a lien on the wood finishing equipment and liens on other equipment and personal guarantees of the member.	150,000	-
4% note to Uninterruptible Power Products, Inc. Monthly payments of \$1,000 due by the 1st of each month from 12/1/09 to maturity on 11/1/12 at which time a balloon payment of \$131,909 was due. The note was extended until 10/15/2016. Secured by a mortgage on the property to be purchased with these loan funds.	108,753	116,239
4% note to the City of Adams. Monthly payments of \$1,122 due by the 1st of each month from 9/1/13 to maturity on 8/1/2016 at which time a balloon payment of \$166,530 is due. Secured by revenues from an existing TIF district. This note was fully repaid in 2015.	-	176,041
	805,353	993,691
Less - Allowance for doubtful notes receivable	62,400	45,000
Net notes receivable - Intermediary relending and economic development loan programs	742,953	948,691
Less - Current portion of notes receivable	84,018	360,790
Noncurrent portion of notes receivable	\$ 658,935	587,901

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 5 MATERIALS AND SUPPLIES**

At December 31, 2015 and 2014, materials and supplies were classified into the following categories:

	<u>2015</u>	<u>2014</u>
Electric line materials	\$ 857,761	814,581
Resale and other	52,190	125,598
Total	<u>\$ 909,951</u>	<u>940,179</u>

**Note 6 DEFERRED DEBITS**

At December 31, 2015 and 2014, deferred debits consisted of:

	<u>2015</u>	<u>2014</u>
Deferred bond issuance costs	\$ 400,191	416,253
NRECA RS plan prepayment	2,540,914	2,903,902
Miscellaneous	51,936	95,755
Total	<u>\$ 2,993,041</u>	<u>3,415,910</u>

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the Retirement Security (RS) Plan (a defined benefit multiemployer pension plan) to make a prepayment and reduce future required contributions. The prepayment amount is the cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However changes in interest rates, asset returns and other plan experience different from that expected, plan assumption changes, and other factors may have an impact on the differential in billing rates and the 15 year period. On April 30, 2013 the Cooperative made a prepayment of \$3,629,877 to the NRECA RS Plan. The Cooperative is amortizing this amount over ten years.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 7 LONG-TERM LIABILITIES**

Long-term liabilities consist of the following:

	2015	2014
Notes payable to NRUCFC: principal and interest of approximately \$7,185,000 due during the next twelve months; individual notes will be repaid from December 2016 through October 2045; secured by all assets. Various fixed rate loans ranging from 2.50% to 7.05%; notes are repriced at various dates and subject to volume and equity level discounts	\$ 79,849,834	76,833,548
\$15 million fixed rate revenue bonds, Series 2010A Serial bonds totaling \$1,565,000 bearing interest at rate of 2%-3.5% with maturities of specified principal beginning 12/1/2011 and maturing each year until a final principal amount on 12/1/2016. The remainder of the issue consists of term bonds totaling \$13,435,000 and bear interest in a range from 4% to 5.5% and principal maturities in 10 year increments beginning 2/1/2020 and ending on 12/1/2040 with a final principal maturity of \$7,755,000 on 12/1/2040. The bonds are unconditionally guaranteed by NRUCFC and the bond proceeds are to be used to fund specific approved acquisition, construction, renovation, and equipping projects and to pay certain issuance costs. Principal and interest totaling \$999,088 due in 2016	13,715,000	13,985,000
Less - Bond issuance premium (to be amortized over the term of the bonds)	179,684	186,896
	13,535,316	13,798,104
1% note payable to the USDA dated 6/26/1995; principal and interest payments due annually. Secured by the portfolio of investments derived from the loan proceeds of notes receivable	227,923	250,100
1% note payable to the USDA dated 12/10/14; \$ 1 million available to be drawn, first drawn down in 2015. 30 year note with interest only for the first 3 years, and then 27 annual payments of principal and interest. Secured by the revolving fund including the portfolio of investments derived from the loan proceeds of notes receivable	414,375	-
	642,298	250,100
	94,027,448	90,881,752
Less - Current maturities	3,574,000	3,392,000
	\$ 90,453,448	87,489,752

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 7 LONG-TERM LIABILITIES (Continued)**

Aggregate maturities on long-term liabilities for the five years following December 31, 2015 are as follows:

2016	\$ 3,574,000
2017	\$ 3,529,000
2018	\$ 3,678,000
2019	\$ 3,798,000
2020	\$ 3,740,000

**Note 8 LINE OF CREDIT**

The Cooperative has an available line of credit with NRUCFC which totaled \$10,000,000 as of December 31, 2015 and 2014. Amounts borrowed under this agreement totaled \$-0- and \$-0- as of December 31, 2015 and 2014, respectively. Interest is payable quarterly at a variable rate. The interest rate as of December 31, 2015 and 2014 was 2.90%. The line of credit is secured by substantially all assets of the Cooperative and is in effect until 2049.

**Note 9 DEFERRED CREDITS**

Deferred credits consist of the following as of December 31, 2015 and 2014:

	2015	2014
Prepaid footage fees which are to be held for a three-year period to be refunded or applied to contributions in aid of construction	\$ 252,207	217,053
Deferred sick leave and vacation	401,795	225,041
Deferred health reimbursement accounts	184,987	175,469
Capital credit checks outstanding	582,562	526,415
Estimated cost of installing special equipment	192,919	169,025
Transformer disposal liability	55,436	55,436
Other	79,483	37,871
Total	\$ 1,749,389	1,406,310

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Note 10 PATRONAGE CAPITAL**

The loan agreement with NRUCFC requires that until the equities and margins equal or exceed twenty percent of the total assets of the Cooperative, the return to patrons of contributed capital is generally limited to thirty percent of the patronage capital or margins received by the Cooperative in the prior calendar year. The patronage capital and other equities of the Cooperative represent 42.25% and 42.87% of the total assets at December 31, 2015 and 2014, respectively.

The Cooperative presently retires capital credits on a percentage of total year margins. Capital credit retirements to estates that are made prior to the general retirement are done so on a discounted basis, with the excess retained by the Cooperative as a gain on retirement of capital credits (shown in the other equities section as donated capital and a discount rate of 7% for 2015 and 2014). All retirements are based on the discretion and approval of the Board of Directors.

**Note 11 OTHER EQUITIES**

At December 31, 2015 and 2014, other equities consisted of:

	2015	2014
Donated capital	\$ 2,416,473	2,257,951
Capital losses	(3,167)	(3,167)
Nonoperating margins	11,431,275	10,649,544
Other margins	76,769	76,769
	\$ 13,921,350	12,981,097

**Note 12 EMPLOYEE BENEFITS**

**Retirement Plans**

The Retirement Security Plan (RS Plan), sponsored by the National Rural Electric Cooperative Association (NRECA), is defined benefit pension plan qualified under Section 401 and tax-exempt under 501(a) of the Internal Revenue Code. It is considered a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 12 EMPLOYEE BENEFITS (Continued)**

**Retirement Plans (Continued)**

The Cooperative's contributions to the RS Plan for 2015 and 2014 represented less than 5 percent of the total contributions made to the plan by all participating employers. The Cooperative made contributions to the plan of \$843,835 in 2015 and \$905,089 in 2014. There have been no significant changes that affect the comparability of 2015 and 2014 contributions. The Cooperative is required to make contributions for those employees covered by the collective bargaining agreement through December 31, 2017.

In the RS Plan a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80 percent funded on January 1, 2015 and at January 1, 2014 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

In addition to the above retirement plan, employees of the Cooperative and its subsidiary are eligible for a 401(k) savings plan, a defined contribution plan. The Cooperative makes a contribution equal to 3% of each eligible employee's wages into this plan. To be eligible, the employees must complete one year of full-time service and also contribute 3% to the plan. The cost of this plan was \$195,155 and \$207,206 in 2015 and 2014, respectively.

**Health and Welfare Benefits**

The Cooperative participates in a Multiple Employer Welfare Association (MEWA). The MEWA provides health insurance benefits to employees of the Cooperative and other employer/member Cooperative's. The MEWA maintains stop-loss insurance coverage whereby if individual claims of those insured exceed \$125,000 annually; these excess amounts are covered by the stop-loss policy. Employee health benefits up to \$125,000 annually are the responsibility of the MEWA and the employer/member Cooperatives. On an annual basis, the plan administrator determines monthly contribution amounts based on funding requirements and plan experience. Costs to the Cooperative totaled \$1,199,788 and \$1,268,744 for 2015 and 2014, respectively, based on monthly contribution amounts.



**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 13 COMMITMENTS**

Under an agreement dated February 15, 2012, the Cooperative is committed to purchase its electric power requirements from Alliant Energy Corporate Services, Inc. as agent for Wisconsin Power and Light Company at rates established under the Federal Energy Regulatory Commission for a period of 10 years through February 14, 2022. The rate paid for such purchases is subject to periodic review.

**Note 14 LITIGATION**

There currently is no pending litigation, claims or assessments against the Cooperative and Subsidiary at December 31, 2015.

**Note 15 CONTINGENCIES**

The Cooperative has been identified as a potentially responsible party (PRP) at Ward Transformer in North Carolina. Ward Transformer had been improperly disposing of contaminated oil from transformers and received a substation transformer for demolition from the Cooperative in 1987. The liability for the cooperative's estimated share of the clean-up is included in deferred credits for \$55,436 and \$55,436 in 2015 and 2014, respectively. No contingent liability associated with additional remediation costs has been provided in the financial statements.

**Note 16 CASH AND CASH EQUIVALENTS**

At December 31, 2015 and 2014, cash and cash equivalents as defined in Note 1 consisted of:

	2015	2014
Cash - General	\$ 1,230,379	915,949
Cash - Special deposits	83,246	69,488
Temporary cash investments	1,646,493	408,763
	\$ 2,960,118	1,394,200

**Note 17 INCOME TAXES**

Deferred income taxes relate to timing differences between financial accounting and income taxes relative to bad debts expense and future net operating losses available to the Cooperative. The Cooperative has net operating losses totaling approximately \$1,962,000 available for offset of taxable income in future years related to the Cooperative's federal 990-T and state 4T filings. These net operating loss carry forwards begin to expire in 2024.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 17 INCOME TAXES (Continued)**

Deferred tax assets and deferred tax liabilities based upon these timing differences and carry forwards are as follows:

	<u>2015</u>	<u>2014</u>	<u>1/1/2014</u>
Federal deferred tax assets	\$ 319,200	294,400	263,700
State deferred tax assets	168,100	155,000	138,800
Federal deferred tax liabilities	-	-	-
State deferred tax liabilities	-	-	-
	<u>487,300</u>	<u>449,400</u>	<u>402,500</u>
Valuation allowance	487,300	449,400	402,500
Net recognized deferred liability	<u>\$ -</u>	<u>-</u>	<u>-</u>

Provision for income taxes consists of the following:

	<u>2015</u>	<u>2014</u>	<u>1/1/2014</u>
Current:			
Federal	\$ -	-	-
State	-	-	-
Total current	<u>-</u>	<u>-</u>	<u>-</u>
Deferred:			
Federal	-	-	-
State	-	-	-
Total deferred	<u>-</u>	<u>-</u>	<u>-</u>
Total provision for (benefit from) income taxes	<u>\$ -</u>	<u>-</u>	<u>-</u>

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

**Note 18 RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2015 and 2014, the Cooperative engaged in transactions with the following related parties as follows:

	2015	2014
American Transmission Company, LLC:		
Sales	\$ 45,407	47,992
Purchases	4,426,945	4,361,729
Accounts receivable	12,336	583
Distributions	518,625	630,099
Accounts payable	358,624	337,759
MidWisconsin DBS, LLC:		
Distributions	\$ 21,667	85,000
Badger Unified Cooperative Services, Inc.:		
Sales	\$ -	-
Purchases	1,083,006	1,009,419
Accounts payable	11,327	24,456
Distributions	12,785	6,612
Board of Directors:		
Sales	\$ 129,325	122,337
Accounts and notes receivable	-	743
Accounts payable	4,597	1,565

**Note 19 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Cooperative has a number of financial instruments, none of which are held for trading purposes. The Cooperative estimates that the fair value of all financial instruments at December 31, 2015, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Cooperative using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Cooperative could realize in a current market exchange.

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE  
AND SUBSIDIARY  
SCHEDULE OF BALANCE SHEETS - INTERMEDIARY RELENDING PROGRAM (D01)  
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash - General	\$ 507,525	\$ 193,976
Current portion of note receivable	28,091	7,487
Interest receivable	372	2,477
Total current assets	<u>535,988</u>	<u>203,940</u>
<b>INVESTMENTS:</b>		
Notes receivable	207,508	529,780
Less - Reserve for doubtful accounts	(45,000)	(45,000)
Less - Current portion above	(28,091)	(7,487)
Total investments	<u>134,417</u>	<u>477,293</u>
<b>TOTAL ASSETS</b>	<u>\$ 670,405</u>	<u>\$ 681,233</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ 22,399	\$ 22,177
Accrued interest	1,174	1,289
Total current liabilities	<u>23,573</u>	<u>23,466</u>
<b>LONG-TERM LIABILITIES:</b>		
Note payable - USDA	227,923	250,100
Less - Current maturities above	(22,399)	(22,177)
Total long-term liabilities	<u>205,524</u>	<u>227,923</u>
Total liabilities	<u>229,097</u>	<u>251,389</u>
<b>FUND BALANCE:</b>		
Principal	150,000	150,000
Income	291,308	279,844
Total fund balance	<u>441,308</u>	<u>429,844</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 670,405</u>	<u>\$ 681,233</u>

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE  
AND SUBSIDIARY  
SCHEDULE OF INCOME AND FUND BALANCE -  
INTERMEDIARY RELENDING PROGRAM (D01)  
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
INTEREST AND PROGRAM INCOME	\$ 13,941	\$ 20,706
OPERATING EXPENSES:		
Interest and related fees expense	<u>2,477</u>	<u>2,628</u>
CHANGE IN FUND BALANCE	11,464	18,078
FUND BALANCE, BEGINNING OF YEAR	<u>429,844</u>	<u>411,766</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 441,308</u></u>	<u><u>\$ 429,844</u></u>

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE  
AND SUBSIDIARY  
SCHEDULE OF BALANCE SHEETS - INTERMEDIARY RELENDING PROGRAM (D04)  
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash - General	\$ 295,849	\$ -
Current portion of note receivable	32,212	-
Interest receivable	702	-
Total current assets	<u>328,763</u>	<u>-</u>
<b>INVESTMENTS:</b>		
Notes receivable	290,000	-
Less - Reserve for doubtful accounts	(17,400)	-
Less - Current portion above	(32,212)	-
Total investments	<u>240,388</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 569,151</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ -	\$ -
Accrued interest	128	-
Total current liabilities	<u>128</u>	<u>-</u>
<b>LONG-TERM LIABILITIES:</b>		
Note payable - USDA	414,375	-
Less - Current maturities above	-	-
Total long-term liabilities	<u>414,375</u>	<u>-</u>
Total liabilities	<u>414,503</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT):</b>		
Principal	171,875	-
Income (deficit)	(17,227)	-
Total fund balance	<u>154,648</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 569,151</u>	<u>\$ -</u>

**ADAMS-COLUMBIA ELECTRIC COOPERATIVE  
AND SUBSIDIARY  
SCHEDULE OF INCOME AND FUND BALANCE -  
INTERMEDIARY RELENDING PROGRAM (D04)  
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
INTEREST AND PROGRAM INCOME	\$ 804	\$ -
OPERATING EXPENSES:		
Interest and related fees expense	<u>631</u>	<u>-</u>
OPERATING INCOME	173	-
NONOPERATING EXPENSES:		
Provision for allowance for doubtful notes	<u>17,400</u>	<u>-</u>
CHANGE IN FUND BALANCE	(17,227)	-
FUND BALANCE, BEGINNING OF YEAR	-	-
COOPERATIVE MATCH CONTRIBUTIONS	<u>171,875</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 154,648</u>	<u>\$ -</u>