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# WHARTON COUNTY ELECTRIC COOPERATIVE



The 2019 Wharton County Electric Cooperative Board of Directors and staff are: (front, l-r) Heath Radley, Attorney; John Roach; Gary Raybon, General Manager/CEO; Jim W. Harton; Frankie Peter; (back, l-r) Paul L. Phillips, Jr., Assistant Secretary/Treasurer; Peggy Glaze, Vice President; Leroy Kaspar, President; Rick Graff; A.J. Kresta, Secretary/Treasurer. Not Pictured: Gus Wessels Jr.

## *82<sup>nd</sup> Annual Meeting of Members*

### **Special Drive Thru Meeting**

**Due to COVID-19 Pandemic Precautions**

**DETAILS ON PAGE 2 OF THIS REPORT**

**WEDNESDAY, JUNE 17, 2020 • 4:30 - 7:00 P.M.**

**EL CAMPO CIVIC CENTER**

### **2020 BOARD OF DIRECTOR NOMINEES**

**DETAILS ON PAGE 3 OF THIS REPORT**



**PATRICK KUBALA**  
(DISTRICT 2)



**KARL H. HAUPT**  
(DISTRICT 2)



**ANNETT K. SIMMONS**  
(DISTRICT 5)



**RICK MARIK**  
(DISTRICT 5)



**SAMUEL CRAIG HARDIN**  
(DISTRICT 5)



**FRITZ CORNELIUS**  
(DISTRICT 8)



**JIM W. HARTON**  
INCUMBENT  
(DISTRICT 8)

# WCEC ANNUAL MEETING OF MEMBERS DRIVE THRU PROCEDURE



## MUST BE PRESENT IN VEHICLE TO VOTE!

Each member who votes will receive a \$20 bill credit, an attendance gift, and entry into the drawing for WCEC's fabulous door prizes!

Drive thru lane will open at 4:30 p.m.

Voting will end at 7:00 p.m. SHARP. No access to the parking lot allowed after 7:00 p.m.

- Enter Civic Center Parking Lot and pick up Annual Report. (See Map on Back Cover)
- Registration will be under the Portico. You will receive a Director Election Ballot and an Approval Ballot for each membership. (See Samples Below) You will also receive a \$20 bill credit and be entered into the prize drawing which will be held at a later date. Winners will be contacted by phone.
- Pick up your attendance gift.
- Drop off your completed ballots with the Balloting Committee and exit Civic Center Parking Lot.

WHARTON COUNTY ELECTRIC COOPERATIVE, INC.		JUNE 17, 2020
DISTRICT #2	DISTRICT #5	DISTRICT #8
Taiton, New Taiton and Jones Creek	North Pierce, Friendly Corners, Crescent, Lakeview and Glen Flora	East Danevang, East Midfield, El Dorado and Clemville
<input type="radio"/> Patrick Kubala <input type="radio"/> Karl H. Haupt <input type="radio"/> _____ Write-in	<input type="radio"/> Annett K. Simmons <input type="radio"/> Rick Marik <input type="radio"/> Samuel Craig Hardin <input type="radio"/> _____ Write-in	<input type="radio"/> Fritz Cornelius <input type="radio"/> Jim W. Harton (incumbent) <input type="radio"/> _____ Write-in

**WHARTON COUNTY ELECTRIC COOPERATIVE  
2020 ANNUAL MEETING  
APPROVAL BALLOT**

The following items were mailed to you as part of the June 2020 *Texas Coop Power* magazine. Please check YES or NO for each item.

I approve the <b>Minutes of the 2019 WCEC Annual Meeting.</b> YES _____ NO _____ Reason: _____	I approve the <b>WCEC Financial Report.</b> YES _____ NO _____ Reason: _____	I approve the <b>President's &amp; Manager's Reports</b> YES _____ NO _____ Reason: _____
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# DIRECTOR ELECTIONS—THREE-YEAR TERMS

## DISTRICT 2



### PATRICK KUBALA

"In February 1938, when WCEC was created, my grandparents did not have electricity like so many others in rural areas. Soon after the creation of WCEC, they received power. They considered that a tremendous privilege. Before that, life was hard raising their family during those financial times of the Great Depression. Electric power made life somewhat easier.

Fast forward to today: We take the electric power for granted, and when it goes out, we flood the WCEC office with phone calls about the power outage. In these times, we are dependent on our electric power and Internet. We just expect it to work when we flip the switch.

We should be grateful for WCEC, and most importantly, the employees of the electric co-op. The employees are the ones who make WCEC what it is. The people working as a team to provide us, the customers, with electricity and Internet.

The board of directors support all the employees, so that they are comfortable and proud to be a WCEC employee.

I ask for your support and vote to serve as a board member."

Kubala has lived in the WCEC service territory for 35 years. He and his wife, Becky, have two grown children and two grandchildren. He is a graduate of El Campo High School and Texas A&M University.

Kubala has served as past president of the statewide association County Elected Tax Assessor Collectors, is a member of the Hillje Society of KJT insurance and a sales representative, holds the office of Faithful Friar with the Knights of Columbus 4th Degree. He and his family are active members of St. John's Catholic Church.

He is also a former WCEC board member, serving from 1987-1992.



### KARL H. HAUPT

"Cost effective, dependable power is a must for our rural neighbors."

Haupt has lived in the WCEC service territory for 22 years. He is a graduate of Texas A&M - Galveston (Marine Biology), Texas A&M University (Wildlife Fisheries), and the Texas Maritime Academy. Haupt is a retired offshore oil and gas captain/OIM. He and his wife, Marilyn, have 3 adult children.

Qualifications, Organizations, and Volunteer: Unlimited Masters License, Offshore Installation Manager, and Barge Supervisor (USCG, Marshall Islands, and Vanuatu Flags), Current; Dynamic Positioning Full Certificate - Nautical Institute, Current; WELLSHARP Well Control OPITO/IADC Certificate, Current; Major Emergency Management OPITO/IADC Certificate (OIM/PIC), Current; Admiral in the Texas Navy; Captain/Commandant/Maritime Professor Texas Maritime Academy 1996-2012.

Organizations and Volunteering: National Eagle Scout Association, 1973; Boy Scouts of America God and Country, 1974; Galveston Rugby Football Club; Propeller Club of the United States; Appalachian Trail, 1982 (Georgia to Maine); Pacific Crest Trail, 1986 (Mexico to Canada); Continental Divide Trail, 1990 (Mexico to Silverthorne, CO); Oktoberfest - First Lutheran Church, Galveston, TX; Galveston Youth Soccer Club - VP/Treasurer; Assistant Scoutmaster Troop 123 and 104, Galveston, TX; Christ Lutheran Church, El Campo, TX; MANNA Meals, El Campo, TX; Taiton Community Center, Taiton, TX.

## DISTRICT 5



### ANNETT K. SIMMONS

"The cooperative provides great service with one-on-one interaction with the office when needed. There is always a fast response when there is trouble with the electric power. They are easy to talk to with any problems."

Simmons has lived in the WCEC territory for 30 years. She is retired and has two ground children.



### RICK MARIK

"I am old enough to remember the single light bulb hanging from the ceiling in our farm house and the extension cords to supply power to a fan or lamp.

People today take electricity for granted and don't always realize how much they rely on it. Those who live in rural areas need electricity for light and heat, but also for increasing productivity on their farms. Many farm-related activities occur after dark."

Marik has lived in the WCEC territory for 42 years. He is an agency owner at Douglas & Marik Insurance Agency, Inc. He and his wife, Jo Ann, have one grown daughter.

Marik is a graduate of Wharton County Junior College and Sam Houston State University. He is the Post Chaplain for American Legion Post 251, and a member and former president and assistant district governor for El Campo Rotary Club.



### SAMUEL CRAIG HARDIN

"The cooperative has a common sense application to operation. The service is excellent because the people that are providing it are your neighbors. Also, if you have a question, you can go in and sit down face-to-face and get that one-on-one treatment that is so rare these days."

Hardin has lived in the WCEC service territory for 37 years. He is a graduate of El Campo High School and Sam Houston State University, and is retired from El Campo ISD where he taught Agri-Science. He is now self employed. He and his wife, Sherrie, have two grown sons.

He is currently an executive board member for the Wharton County Youth Fair as well as serving on five committees, two of which he chairs. He has also served on and chaired numerous committees associated with El Campo ISD and with the Vocational Ag Teachers Association of Texas in all officer stations.

## DISTRICT 8



### FRITZ CORNELIUS

"Years ago, electric co-operatives were conceived to provide affordable energy to the rural community. Today, WCEC continues to assure its customers are given the best reliable service at the most reasonable rates. My goal is to help WCEC members receive these benefits."

Cornelius has lived in the WCEC service territory for 30 years. He is a graduate of Tidehaven High School and Sam Houston State University, and is a safety technician for Lester Contracting. He and his wife, Terry, have three grown children.

Cornelius is a member of the Texas Southwestern Cattle Association, Matagorda County Cattlemen's Association/Texas Farm Bureau, Fort Bend County Bee Raisers, and Texas Retired Teachers Association.



### JIM W. HARTON INCUMBENT

"For the past three years, it has truly been an honor and privilege to serve as your District 8 representative. During my first term, I was able to complete the Credentialed Cooperative Director Program which broadened my knowledge of the business and operations of electric cooperatives from the past to the present, but most importantly a look ahead to the future.

Also, during this time, we experienced Harvey, 'The Ice Storm,' and now COVID-19. Throughout these challenging times, the Co-op Board, and especially, the staff and employees have worked diligently together continuing to provide its members affordable and reliable electric power and improved Internet for your home and business. WCEC has always provided prompt and efficient customer service for its members. It is crucial for electric cooperatives to continue keeping up with ever changing technological advancements for the 21st century, and if elected, I will continue working on these goals on behalf of you, our members.

I was raised on a farm in Danevang and experienced firsthand the importance rural electrification and the impact it had on our lives. I have been married to Jennifer Kaspar Harton for 40 years and we continue to live on the farm. Graduating from El Campo High School and Sam Houston State University, I am a member and lector at St. Andrew's Catholic Church in Hillje, Knights of Columbus Council #9394 and a Director of the Danish Heritage Preservation Society.

Thank you for allowing me to serve on your behalf, and I would appreciate your vote for another term."



## PRESIDENT'S REPORT **LEROY KASPAR**

### *Safe, Reliable & Affordable Electricity*

Core principals of WCEC are to provide to our members safe, reliable and affordable electricity. As of the writing of this report (so that it can be published in the Texas Co-op Power) our daily lives have been interrupted by this terrible Covid-19 virus. Keeping to these principals has become much more difficult. Let's take a look at each one individually.

**SAFETY** – Safety has taken on a double meaning. Not only do our linemen have to continue working safely around our electrical system as priority one, they also must do so maintaining the mandated social distancing. Difficult since it usually takes more than one lineman to repair or replace downed poles and wires. Or even work on transformers and other components of our distribution system. Numerous steps have been taken by management and staff to afford these men, as well as all other office personnel, to adhere to all mandates concerning this disease. Things like some office personnel working from home, and having only one lineman per truck to and from the jobsite. While this may not be as economical as two men per truck, we feel this is necessary for their safety. Hopefully this is only temporary.

**RELIABLE** – WCEC is in charge of a distribution system consisting of an intricate system of poles, wires, transformers, and many more items. In the past, ice storms, hurricanes and other weather-related events, as well as non-weather-related events, have created some sort of damage to the system. No matter what the event, our crews are always on call to get the job done. This unwanted event has put more stress on our system. With so many more of our members working from home, as well as having their children there since schools are closed, reliable electricity has

taken on additional challenges. Rest assured, everyone at WCEC is working hard to keep the lights on during these troubled times.

**AFFORDABLE** – WCEC has always looked for ways to provide our members with the most for their dollars. This will not change no matter what event we face. Management and staff continue to provide budgets and proposals to the Board of Directors for their review. They in turn make decisions that are in the best interest of each member of this cooperative.

The board has and always will stay in touch with the decisions that are being made at the cooperative. Many years ago, a system was put into place that each director receives a package of information prior to each board meeting. This has been done using iPads, and a program called CalltoOrder. This allows each director to login to a secure portal to review all day-to-day operations concerning things like budgets, work orders, safety meetings, and everything else necessary to keep WCEC providing electricity to our members. As of the March meeting, we are currently holding our monthly meetings via telephone conferencing. Having this system in place has proved it can work.

Hopefully, once this event has passed, we can go back to our normal routines. In the meantime, the Board of Directors, Management, and all the employees will continue to work for the best of our members, keeping the core values of supplying Safe, Reliable and Affordable electricity to each of you.

Thank you for your patronage and patience during these trying times.



## MANAGER'S REPORT **GARY RAYBON**

### *WCEC – An Anchor in Troubled Waters*

There is a Chinese curse which says, “May he live in interesting times”.

Like it or not we are living in interesting times. Not only are they interesting but they are incredibly fluid and changing by the day. Due to publishing deadlines, it is nearly impossible to write a pertinent report in April that is to be read by the membership in early June.

As this report is being written in early April, our community and the entire world is being rocked to its core by an unprecedented pandemic, the results of which will change our society for generations to come. While we are still in the early days of this crisis, I can assure you that one thing will remain as it has since 1938 – Wharton County Electric Cooperative is here for the members. The sole purpose of our organization is relatively simple and is the core of our Mission Statement.

*“The Mission of Wharton County Electric Cooperative, Inc. is to provide economical and reliable electric energy service to our members and to provide products, services, and leadership that will have a positive influence on the economy of the area that we serve.”*

Through good times and bad WCEC has been there for the members, and likewise the members have been there for WCEC providing patronage, offering feedback, and electing Board Members that have always set aside personal preferences and done what is best for the organization as a whole. At WCEC everyone from the Board President to the youngest Apprentice understands that service is our business and every day we have an important duty to earn the loyalty of the members.

As we work through the coming weeks and months you can be assured that while things have changed and while the way we interact with the members may change, WCEC stands committed to continuing to be your trusted local source of electric energy.

I have every faith that, as we have always done, together we as a community will come out of this crisis stronger. May God bless you and each of your families. I look forward to seeing each of you at the WCEC Annual Meeting June 17, 2020.

# MINUTES OF 2019 MEETING OF MEMBERS

June 19, 2019

Wharton County Electric Cooperative, Inc. held its 81st annual membership meeting Wednesday, June 19, 2019 at the El Campo Civic Center in El Campo, Texas.

Registration began at 5:15 PM. Country Pride Barbeque of El Campo served chicken fried steak to members and guests. At 6:50 PM General Manager/CEO Gary Raybon began with a drawing for 10 door prizes. President Leroy Kaspar welcomed members and guests and asked everyone to stand for the invocation given by Pastor Richard Young of First United Methodist Church; Director Rick Graff led the Pledge of Allegiance to the US Flag and the Texas Flag; and Brenda Rodriguez led the crowd in singing the National Anthem.

At 7:00 PM President Kaspar called the 81st Annual Membership Meeting of Wharton County Electric Cooperative, Inc. to order.

Secretary AJ Kresta certified that he was the duly elected, qualified and acting Secretary of Wharton County Electric Cooperative, Inc. and that on June 1, 2019, he had mailed to each member of the cooperative a notice of annual meeting of members to be held June 19, 2019, as it appeared in the 81st Annual Meeting brochure and certified that it is a true and correct copy of said notice. Mrs. Glaze reported a registration of 395 members and declared a quorum in accordance with the bylaws of the cooperative.

President Kaspar returned to the podium and asked for action on the minutes of the June 20, 2018 annual meeting. He stated that a printed copy of these minutes appeared in the annual meeting brochure that was mailed to all members and asked for a motion to approve the minutes as mailed. Motion was made and seconded, and by the affirmative vote of the members present, the minutes of the June 20, 2018 membership meeting were approved without reading, as mailed.

Director Jim W. Harton introduced the WCEC Board of Directors as follows: Leroy Kaspar, President, District #2 and also representing WCEC as Director of South Texas Electric Cooperative, and Director of San Miguel Electric Cooperative; Peggy Glaze, Vice President, District #9; A J Kresta, Secretary/Treasurer, District #5; Paul L. Phillips, Jr, Assistant Secretary/Treasurer, District #1; Frankie Peter, District #3; Rick Graff, District #4; Gus Wessels, Jr., District #6; John Roach, District #7; and himself, Jim W. Harton, District #8. Director Gus Wessels, Jr. was absent.

Mr. Harton also introduced General Manager/CEO Gary L. Raybon. Raybon also serves as Director on the South Texas Electric Cooperative Board, and Director on the San Miguel Electric Cooperative Board. He then introduced Heath Radley of the law firm of Duckett, Bouligny, & Collins LLP, Attorney for the cooperative, and Brenda Rodriguez, Recording Secretary. The spouses of the directors and manager were asked to stand and be recognized. All former directors were also asked to stand and be recognized.

Vice President Glaze reviewed the nominating procedure and term limits for directors, introduced the nominees, and asked to them come forward:

- District #1: Michael E. Morton  
Paul L. Phillips, Jr., Incumbent
- District #4: Matt Lutringer  
Calvin Borak  
Rick Graff, Incumbent  
Bobby Popp
- District #7: Blake Lauritsen  
John Roach, Incumbent

Glaze then asked for nominations from the floor. There were none. A motion was made and seconded that nominations cease. It was the affirmative vote of the members present that nominations cease.

Vice President Glaze then asked the Ballot Committee to come forward to collect ballots. Committee members were Tom Kallina, David Popp, Bobby Peter, Carolyn Gordon, Donald Southall, Donna Wessels, Pat Marek, Mark Lezak, and Albert Rucka, each representing one of the nine directors' districts. Mrs. Glaze explained the voting ballot, and with the assistance of Patsy Metting, Manager of Accounting, the committee retired to count the ballots.

John Roach called the names of 12 lucky door prize winners, Frankie Peter drew names for 10 children's prizes, including two 20" bicycles; and 4 teen prizes. Paul Phillips then drew names for 7 more door prizes.

CEO Raybon and President Kaspar next presented service awards and certificates to the following employees:

- 5 Years : Dusty White – Journeyman Lineman
- 20 Years: Linda Bacak – Cashier  
Mario Manriquez – Electronics Technician
- 25 Years: Vance Jaks – Engineering Technician
- 30 Years: Patrick Cerny – Service Lineman  
Donald Priesmeyer – Meter Technician
- 35 Years: Gary L. Raybon – General Manager/CEO
- 40 Years: Diane Barger – Human Resources Administrator  
Justino Casarez – Foreman – retired May 15, 2019  
Janice Kulcak – Billing Specialist

Manager Raybon then recognized the WCEC retired employees that were in attendance, and all current cooperative employees.

Mrs. Glaze then announced the winner of the 2019 youth tour contest, El Campo High School Senior Abbie Farrar, daughter of Senae and Shane Farrar. Last year's winner, Elyssa Smith, attends UCLS and had a prior engagement this evening.

The next item of business were Officer's Reports. Secretary/Treasurer AJ Kresta gave the financial report stating that 2018 was another successful year for the cooperative and that WCEC ended the year with \$75.4 million in total assets, an increase of almost \$4.1 million over year end 2017. WCEC achieved operating margins of \$1,372,991 and total margins of \$2,547,089. The financial report and independent Auditor's Report were mailed in the June 2019 Texas Co-op Power magazine and copies were on the tables for members.

President Kaspar returned to the podium and gave his report. "We are all in this together" was the focus of his message. He talked about the responsibility of the cooperative to maintain the facilities of the coop in order to better serve you, the members, and keep outages to a minimum. He encouraged the membership to be observant of any leaning poles, downed wires, or any other situation that could be a safety hazard, and to call it in to the WCEC office. Kaspar stressed that everyone should put safety first – electric power lines and other facilities should be handled only by electric utility professionals. He thanked the employees for another safe and successful year; the board; and the membership for their support.

General Manager/CEO Raybon approached the podium for his message to the members. He talked about the warning from the Electric Reliability Council of Texas (ERCOT) that the state will be "running extremely tight on power generation this summer." As the summer demand for power rises, ERCOT may issue energy alerts ranging from conservation to last-resort rolling blackouts. If that occurs, WCEC must, by law, comply. However, South Texas Electric Cooperative has done a commendable job of investing in a diverse generation portfolio that includes coal, natural gas, wind, solar and hydro power. "Our goal is to provide you, the member/owner, with the most reliable and economical power while still maintaining high standards for environmental stewardship."

This concluded the officer's and manager's reports. President Kaspar asked for action on the reports. Upon motion duly made and seconded, it was the affirmative vote of members present to approve the reports.

Ballot Committee Chairman Albert Rucka approached the podium and gave the results of the vote. Vice President Peggy Glaze that after the ballots had been counted, the following were elected directors:

- District #1: Paul L. Phillips, Jr.
- District #4: Rick Graff
- District #7: John Roach

Kaspar asked if there was any unfinished business; there was none. He asked if there was any new business; there was none. President Kaspar reported that 395 members had registered, and total attendance was 757.

President Kaspar thanked everyone for coming and all who helped make the meeting a success: The members for coming and taking part in the meeting; The Nominating Committee: Edward Lee Schneider, James Schoellmann, Steven Goetsch, Robert B. Little, William Hacker and Troy Malek; The Ballot Committee; The employees for all their work and preparation; Pastor Richard Young for the invocation; Country Pride Barbeque for the meal; WCEC suppliers for their donation of door prizes; Texas Electric Cooperative, KULP Radio, KIOX Radio, and El Campo Leader-News for the media coverage; Lisa Bubela, Flowers, Etc. for greenery; El Campo Civic Center for the accommodations; El Campo Police Department – directing traffic.

There being no further business to come before the membership, and, upon motion duly made and seconded, the 81st annual membership meeting adjourned at 8:00PM.

Manager Raybon concluded the evening by drawing names for the final grand prizes. Winners were:

- \$100 free electricity: James M. Neilsen
- \$100 free electricity: Phyllis Dorotik
- \$100 free electricity: Elaine Phelps
- \$300 free electricity: Glen A. Korenek
- Custom cutting board: Danny Hendrix
- Electric tabletop grill: Sandra Knesek

# FINANCIAL REPORT

## BALANCE SHEET

### ASSETS AND OTHER DEBITS

Total Utility Plant in Service	\$64,524,255	\$62,171,941
Construction Work in Progress	994,494	441,268
<b>Total Utility Plant</b>	<b>65,518,750</b>	<b>62,613,209</b>
Accumulated Provision for Depreciation	(10,349,518)	(9,735,941)
<b>Net Utility Plant</b>	<b>\$55,169,232</b>	<b>\$52,877,269</b>
Investment in Assoc. Org. - Patronage Capital	\$19,541,041	\$18,311,029
Investment in Assoc. Org. - Other Non-Gen. Funds	522,579	525,671
Other Investments	2,460	2,460
<b>Total Other Property &amp; Investments</b>	<b>\$20,066,081</b>	<b>\$18,839,160</b>
Cash - General Funds	\$1,090,768	\$718,272
Temporary Investments	0	0
Accounts Receivable - Sales of Energy (net)	1,636,026	1,706,117
Accounts Receivable - Other (net)	57,662	26,962
Materials and Supplies	38,599	38,610
Prepayments	209,258	210,797
Other Current and Accrued Assets	0	0
<b>Total Current and Accrued Assets</b>	<b>\$3,032,314</b>	<b>\$2,695,757</b>
Other Deferred Debits	\$809,405	\$979,318
<b>Total Assets and Equities</b>	<b>\$79,077,031</b>	<b>\$75,391,504</b>

### MARGINS AND EQUITIES

Memberships	\$20,610	\$20,600
Patronage Capital	40,794,330	38,247,241
Operating Margins - Prior Years	0	0
Operating Margins - Current Year	2,126,939	2,512,891
Nonoperating Margins	123,265	34,198
Other Margins and Equities	60,370	54,377
<b>Total Margins and Equities</b>	<b>\$43,125,514</b>	<b>\$40,869,307</b>

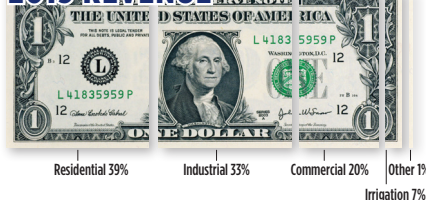
### LIABILITIES AND OTHER CREDITS

Long-Term Debt	\$33,586,942	\$32,059,876
Accumulated Operating Provisions	43,905	76,405
Accounts Payable	1,381,135	1,464,874
Other Current and Accrued Liabilities	487,406	457,783
<b>Total Current and Accrued Liabilities</b>	<b>\$1,868,541</b>	<b>\$1,922,657</b>
Other Deferred Credits	452,130	463,259
<b>Total Liabilities and Other Credits</b>	<b>\$79,077,031</b>	<b>\$75,391,504</b>
<b>Equity as a Percent of Assets</b>	<b>54.536%</b>	<b>54.209%</b>
<b>Equity as a Percent of Capitalization</b>	<b>56.217%</b>	<b>56.040%</b>

## SUMMARY OF OPERATING STATEMENT

Revenue	\$21,534,251	\$22,392,335
Less Cost of Power	14,283,246	14,860,298
Gross Margin	7,251,005	7,532,037
Distribution Expense - Operations	631,326	557,713
Distribution Expense - Maintenance	995,986	917,169
Consumer Accounting Expense	427,041	426,201
Customer Service and Information Expense	82,025	92,598
Sales Expense	85,424	80,328
Administration and General Expense	853,733	844,813
<b>Total Operations and Maintenance Expense</b>	<b>\$17,358,781</b>	<b>\$17,779,120</b>
<b>Depreciation, Tax and Interest Expense</b>		
Depreciation and Amortization Expense	\$1,812,237	\$1,719,382
Interest Expense - Long-term Debt	1,598,540	1,516,589
Interest Expense - Other	8,708	4,254
<b>Total Depreciation and Interest Expense</b>	<b>\$3,419,484</b>	<b>\$3,240,225</b>
<b>Cost of Electric Service</b>	<b>\$20,778,265</b>	<b>\$21,019,344</b>
<b>Operating Margins</b>	<b>\$755,986</b>	<b>\$1,372,991</b>
Nonoperating Margins - Interest	33,428	\$30,150
Nonoperating Margins - Other	89,837	4,048
Generation and Transmission Capital Credits	1,116,746	873,057
Other Capital Credits and Patronage Dividends	254,207	266,843
<b>Patronage Capital or Margins</b>	<b>\$2,250,204</b>	<b>\$2,547,089</b>

## 2019 REVENUE



## 2019 EXPENSES



**A.J. Kresta**  
Secretary/Treasurer  
Wharton County  
Electric Cooperative, Inc.

February 18, 2020

## INDEPENDENT AUDITOR'S REPORT

Wharton County Electric Cooperative, Inc.

El Campo, Texas

We have audited the accompanying financial statements of Wharton County Electric Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of revenue and patronage capital, and cash flows for the years then ended, and the related notes to the financial statements.

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

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

*Bumgardner, Morrison & Company, LLP*

**Bumgardner, Morrison & Company, LLP**

Certified Public Accountants

Victoria, Texas

# EMPLOYEE YEARS OF SERVICE MILESTONES



**50 YEARS**

**Wesley Lange**  
Electric System Manager



**15 YEARS**

**Tim Bohuslar**  
Line Crew Foreman



**15 YEARS**

**Miriam Piloto**  
Consumer Service Rep.



**15 YEARS**

**Willie Stavena**  
Part-time Warehouseman



**5 YEARS**

**Keaton Hubbell**  
Journeyman Lineman

## YOUR DEDICATED WCEC HOME TEAM

Wesley Lange .....	50	Keith Beal .....	23	Ricky Garza .....	4
Clarence Kunz .....	48	Juan Rubio .....	22	Daniel Gutierrez .....	4
Patsy Metting .....	44	Mario Manriquez .....	21	Brayden Payne .....	4
Richard L. Jalowy .....	43	Linda Bacak .....	21	Andrew Rothbauer .....	4
Brenda Rodriguez .....	42	Tim Bohuslar .....	15	Troy Korenek .....	3
Janice Kulcak .....	41	Miriam Piloto .....	15	Shelly Schulz .....	3
Diane Barger .....	41	Willie Stavena (part-time) .....	15	Gene Puryear .....	3
Luz-Maria Arredondo .....	39	Lee Wayne Roddy .....	13	Lance Kolafa .....	3
Gary L. Raybon .....	36	Chris Cavness .....	12	Carol Diaz .....	2
Richard Arnett .....	33	Jody Domel .....	9	Spenser Sebring .....	1
Kenny Trochta .....	32	Selena De La Peña .....	8	Jayson McKeon .....	1
Patrick Cerny .....	31	Nathan Danielson .....	7	Russell Shelton .....	5 mths.
Donald Priesmeyer .....	31	Glenn "Dusty" White .....	6		
Vance Jaks .....	26	Keaton Hubbell .....	5		

## OPERATION ROUND UP 2019 CHARITABLE FUND DISTRIBUTION

100 Club of Wharton County  
All the Little Things Country  
Blessing Cup Storehouse  
Boys & Girls Club of El Campo  
Danish Heritage Preservation Society  
El Campo Art Association  
El Campo Community Events  
El Campo Medical Foundation

El Campo Volunteer Fire Department  
Everyday Heroes, Inc  
Helping Hands Ministry  
Hospice Support El Campo  
Just Do It Now  
Manna Meals  
Matagorda County Women's Crisis Center  
Matagorda CASA

Northside Education Center  
Patriots & Heroes, Inc.  
Shall Not Hunger  
Texana Center  
Wharton County Cares  
Wharton County SPOT  
Wharton County Youth Fair  
Wharton County Recovery Team

## 2020 GOVERNMENT-IN-ACTION YOUTH TOUR WINNERS



### ◀ ELIZABETH JEFFERY

Elizabeth graduated from Boling High School and is the daughter of David and Jennifer Jeffery of Garwood (District 1).

### ISABEL LILIE ▶

Isabel graduated from Louise High School and is the daughter of Mark and Melissa Lilie of Louise (District 4).



**UNFORTUNATELY, THE 2020 GOVERNMENT-IN-ACTION YOUTH TOUR WAS CANCELED DUE TO COVID-19. BOTH WINNERS WILL RECEIVE SCHOLARSHIPS.**

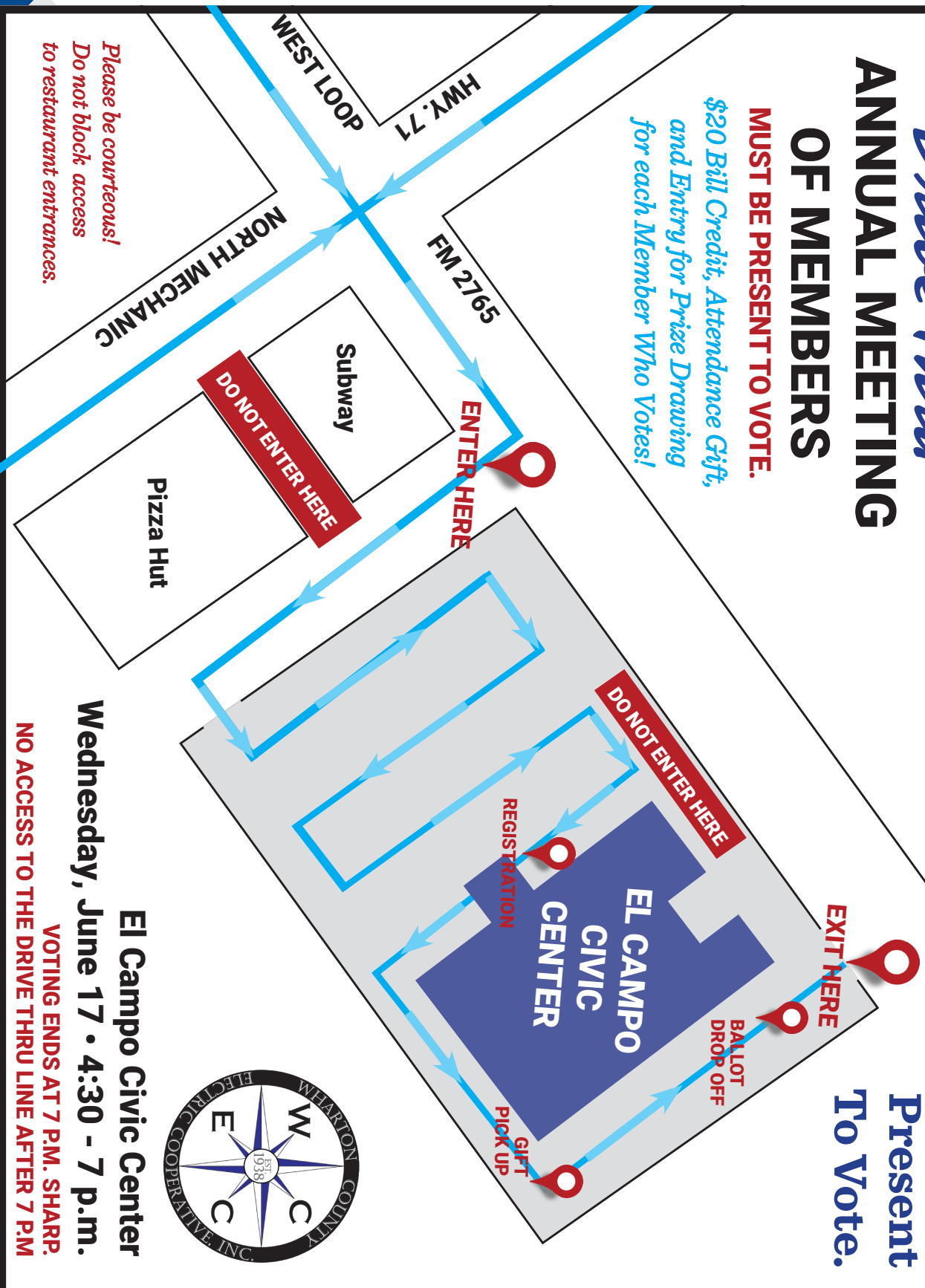


# Drive Thru ANNUAL MEETING OF MEMBERS

**MUST BE PRESENT TO VOTE.**

*\$20 Bill Credit, Attendance Gift,  
and Entry for Prize Drawing  
for each Member Who Votes!*

**Must Be  
Present  
To Vote.**



*Please be courteous!  
Do not block access  
to restaurant entrances.*

**El Campo Civic Center**  
**Wednesday, June 17 • 4:30 - 7 p.m.**

**VOTING ENDS AT 7 P.M. SHARP.**  
**NO ACCESS TO THE DRIVE THRU LINE AFTER 7 P.M.**

