



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been scheduled for April 27, 2026, at 7:00 p.m.

Proposed Agenda:

1. Call to Order
2. Reading and Approval of Minutes
3. Presentation of Check Register
4. Presidents Report
5. Attorney's Report
6. Sunflower EPC Report
7. KEC Report
8. General Managers Report
9. Old Business
10. New Business
 - a. BSGM Auditors Report – 2025
 - b. 2025 Capital Credit Allocation
 - c. Sunflower Delegate and Alternate
11. Safety Program Report
12. Executive Session (is not requested).
13. Adjourn

Upcoming Events:

KEC Board Meeting	Salina	May 6-7
LSEC Board of Trustees	Dighton	May 18
Sunflower Annual Meeting Meeting	Dodge City	May 20
Office Closed – Memorial Day		May 25

**MINUTES OF THE REGULAR MARCH 2026
MEETING OF THE BOARD OF TRUSTEES
OF THE LANE-SCOTT ELECTRIC COOPERATIVE, INC.**

CALL TO ORDER

A regular meeting of the Board of Trustees of the Lane-Scott Electric Cooperative, Inc., was held on Monday, March 23, 2026, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 6:45 p.m. In addition to President Richard Jennison, the other trustees in attendance were: Gary Shapland, Gerome Copeland, Randall Evans, Randy Evans, Susan Nuss, Shelly Turner, James Jordan and Craig Ramsey. Also present Richard McLeon IV and Joseph D. Gasper, Attorney.

MINUTES OF PRIOR MEETING

President Jennison called for action on the minutes of the prior meeting held on February 23, 2026. *Hearing no corrections to the printed minutes, the minutes were approved as printed.*

CASH DISBURSEMENTS

President Jennison called for questions regarding the check list for the month.

There were no questions on the checks.

PRESIDENT'S REPORT

President Jennison called for discussion on the meeting with Tami Lehman in regards to the General Manager search.

A motion to approve and sign the agreement with Ken Holmes Executive Search LLC to conduct the General Manager search was made, duly seconded and carried.

ATTORNEY'S REPORT

Attorney Gasper had no current items to report.

REPORT OF SUNFLOWER DELEGATE

A copy of the Sunflower report was included in the board packet and emailed to the trustees.

President Jennison had no additions to the written report.

KEC REPORT

Craig Ramsey, KEC representative reported that the railroad crossing bill was amended to include a cooperative exemption with an optional opt-in provision. It is not expected that this bill will pass this year.

KEC has modified their safety standards and now have only one standard for RESAP.

MANAGER'S REPORT

Manager McLeon commented on the following matters:

- Operating Revenues remain strong at \$3,239,794 YTD which is 5.2% above 2025 YTD levels. February Operating Revenue was \$163,331 or 10.9% above the five-year average. The YTD Distribution revenue is \$1,494,941 which is \$100,421 above last year. Operating Margins (line 21) are \$156,253 which is \$13,663 below last year.
- Reliability remains high. LSEC had 4 hours of planned outages for maintenance and 5 hours of “All Other” outages affecting 168 meters. Planned outages are typically necessary for lineman safety or substation work.
- No major safety incidents were reported.
- The irrigation load is 91% higher than last year due to the dry weather.
- Revenue is lower than last year, which is expected since there is no inflation rider in the rate.
- The revenue by class table shows the wholesale power cost. Sunflower is projecting that the cost of purchased power will be up over 7 cents in the near future.
- The sales and revenue graphs were reviewed.
- The controllable outages have decreased since 2022.
- The General Manager expense report had two expenses. One for the Ness City Hall Visit/Rotary and one for the Sunflower board meeting. There were no *per diem* requests.
- Operating Margin is \$192,215 with \$156,253 YTD.
- Total Margin is \$206,866 with \$196,782 YTD.
- The Cash Balance is \$6,546,045.

- Equity as a percentage of Assets is 43.6% and as a percentage of Capitalization is 46.08%.
- Oneok – Scott Park, 6MW and 8 miles of 115kV transmission is expected to be energized this week. The Substation and Transmission line are near completion. Distribution to the member is under construction. This project is about 95% complete.
- There is less confidence about the Tallgrass 15 MW project happening. LSEC is using Sunflower as the general contractor on the project and they are negotiating the contract. LSEC follows RUS construction and engineering standards for all of its construction.
- The Shallow Water project is in the conceptual stage and a general contractor is being explored.
- Tallgrass 2 is in the material negotiations stage. Sunflower will be used as the general contractor for this project.
- The Long-Range Plan conducted by Finley Engineering is about 90% completed and includes a Sectionalizing Study. This project is looking at the Substations on the western side of the system (Manning, Scott Park, Twin Springs, Tallgrass, and Shallow Water).
- Quotes for a new radio tower in the McCracken area are being requested.
- The 2025 employee and trustee email phishing testing reports showed risk increase from users mishandling of emails. The Board discussed training and the recommendations from Carrie.
- 69 members were added to the auto pay program from the recent campaign.
- Karlee Whipple and Maria Limones were selected for the youth tour and Keri Crisler and Alliah Garza were selected for the leadership camp.
- 40 applications have been received for the six scholarships.
- SmartHub use continues to increase.
- Sunflower is working on an advertising campaign. Manager McLeon will not commit LSEC to the advertising until after he is able to review the advertising. Touchstone generally focuses on helping the members. LSEC currently devotes 40% of its advertising to each safety and efficiency and the remaining 20% is for the communications discretion.
- A question was raised regarding the maintenance agreements and insurance on substations. Manager McLeon answered that LSEC self-insures on its facilities.

RECEIPT OF MANAGER’S REPORT

The board received the Manager’s report as indicated herein, and there were no follow-up questions.

SAFETY REPORT

A safety report was included in the board packet.

OLD BUSINESS

- There was no old business before the board.

NEW BUSINESS

1. Annual Meeting Caterer

- *A motion to approve John Ross as the caterer for the 2026 annual meeting meal, at a cost of \$20.50 per plate plus the additional Fatboy Casserole dessert was made, duly seconded and carried.*

2. Annual Meeting Gift

- *A motion to approve the 85-year commemorative mug as the 2026 annual meeting gift was made, duly seconded and carried.*

3. 2026 Nominating Committee

- The board discussed the 2026 nominating committee and Gerome Copeland discussed that he may have a conflict as his relation is a proposed member of the committee. The board discussed the matter and did not feel it was a conflict and a voice vote would be held on the matter.
- *A motion to approve Jay Schmalzried, Lex Bush, Ben Cramer, Dan Wehkamp, Doug Vieux, Chad Griffith, John Beaton, Lane Copeland and Kenny Schlegel to serve as the 2026 Nominating Committee for Lane-Scott was made, duly seconded and carried.*

4. Tariff Amendment

- The Wildlife Mitigation plan contains language that allows LSEC to disconnect power for an emergency public safety power shutoff. This is a disconnect without notice and would potentially violate the tariff and the proposed tariff amendment would allow for this disconnection.
- *A motion to approve the tariff amendment allowing for Public Safety Power Shutoff, as presented, was made, duly seconded and carried.*

5. 2026 Strategic Plan

- Manager McLeon presented the 2026-2029 strategic plan to the board for discussion.

- *A motion to adopt proposed 2026-2029 Lane-Scott Electric Strategic Plan as presented, was made, duly seconded and carried.*

6. Ness City Hospital Fundraiser

- The Ness City Hospital is holding a fundraiser to hopefully raise \$20,000 for improvements to the hospital. LSEC has been contacted to donate to the event. Staff has recommended that LSEC contribute at the \$2,500 level which is a Gold Level sponsor and would include eight tickets and a premier VIP reserved table. The board discussed the request.
- *A motion to approve that Lane-Scott participate in the Ness City Hospital fundraiser at the Gold Level, with a donation of \$2,500, was made, duly seconded and carried.*

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 8:04 p.m., on Monday, March 23, 2026.

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Accounts Payable Check Register

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03/11/2026 To 04/09/2026

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
3901 03/11/2026	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Bill	1,158.77
3906 03/11/2026	WIRE	530	SNAP-ON CREDIT LLC	Monthly Software Subscription	52.08
3898 03/12/2026	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Bill	1,027.54
3902 03/12/2026	WIRE	468	U.S. BANK	Monthly CC Fuel Bill	123.85
3890 03/13/2026	WIRE	1157	NRECA 401(K) PENSION PLAN	NRECA 401(k) PENSION PLAN	14,216.08
3891 03/13/2026	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RETIREMENT & SECURITY	30,469.61
3892 03/13/2026	WIRE	614	MEDICARE	FICA MEDICARE	2,904.88
3893 03/13/2026	WIRE	613	FICA-SOCIAL SECURITY	FICA SOCIAL SECURITY	12,420.82
3894 03/13/2026	WIRE	611	FEDERAL UNEMPLOYMENT	FEDERAL UNEMPLOYMENT TAX	2.24
3895 03/13/2026	WIRE	610	FEDERAL PAYROLL TAX	FEDERAL PAYROLL TAX	11,890.46
3896 03/13/2026	WIRE	609	STATE TAX	STATE PAYROLL TAX	4,689.45
3897 03/13/2026	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA GROUP INSURANCE	1,424.84
53946 03/13/2026	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	65,000.00
53947 03/17/2026	CHK	9	CHAD RUPP	Leadership Academy	102.00
53948 03/17/2026	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Bill	339.49
53949 03/17/2026	CHK	107	CINTAS CORPORATION #449	Monthly - Shop towels, mats, etc	536.85
53950 03/17/2026	CHK	150	CHRIS TERHUNE	KEC Safety Summitt	102.00
53951 03/17/2026	CHK	238	ILLINOIS MUTUAL	LI Chad Rupp	54.24
53952 03/17/2026	CHK	302	LANE COUNTY ECONOMIC DEVELOPM	Chamber/ Eco Devo Membership	100.00
53953 03/17/2026	CHK	394	DELLON SHELTON	KEC Safety Summitt	102.00
53954 03/17/2026	CHK	427	DIGHTON HERALD LLC	Monthly Bill	80.00
53955 03/17/2026	CHK	619	UNITED TELEPHONE ASSOCIATION, IN	Boone Collector	65.00
53956 03/17/2026	CHK	628	KEC MANAGERS ASSOCIATION ACCOU	2026 KSSG Membership Dues - Chris & Dell	100.00
53957 03/17/2026	CHK	644	RUSH COUNTY NEWS	Scholarships/Grants Ads	328.00
53958 03/17/2026	CHK	1234	JF BEAVER	Clothing Allowance - Dal Hawk. Embroider	40.88
53959 03/17/2026	CHK	1293	DAL HAWKINSON	Ubers for NRECA TechAdvantage	53.27

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
3905 03/18/2026	WIRE	1229	NORTHEND DISPOSAL	Monthly Trash Bill	561.42
3915 03/25/2026	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	23,757.13
53992 03/26/2026	CHK	1	HR GROUP	2026 hr group membership dues	100.00
53993 03/26/2026	CHK	1	NESS CITY ELEMENTARY SCHOOL	Carnival Donation	100.00
53994 03/26/2026	CHK	1	NESS COUNTY HOSPITAL - DISTRICT #2	Sponsorship Donation - Gold Sponser	2,500.00
53995 03/26/2026	CHK	20	BASIN ELECTRIC POWER COOP	Monthly monitoring fees	2,482.91
53996 03/26/2026	CHK	23	FEDERATED RURAL ELECTRIC	Federated work comp audit	1,277.00
53997 03/26/2026	CHK	38	MICHAEL POLLOCK	Traning - Hotel Expense	728.11
53998 03/26/2026	CHK	55	NESS COUNTY NEWS	Advertising	156.75
53999 03/26/2026	CHK	63	RICHARD JENNISON	March Board Meeting	368.85
54000 03/26/2026	CHK	79	POSTMASTER	Newsletter Postage	139.28
54001 03/26/2026	CHK	105	CITY OF NESS CITY	Monthly Bill	5,034.88
54002 03/26/2026	CHK	126	CARRIE BORELL	NRECA Tech Advantage - Hotel Stay	1,215.87
54003 03/26/2026	CHK	135	CITY OF BAZINE	Franchise Fee	1,566.70
54004 03/26/2026	CHK	160	SHULL OIL COMPANY	Monthly Fuel Bill	6,443.82
54005 03/26/2026	CHK	218	SPENCER PEST CONTROL	Pest Control	54.25
54006 03/26/2026	CHK	220	LANDIS+GYR TECHNOLOGY, INC	Monthly Services	1,942.50
54007 03/26/2026	CHK	406	RICHARD MCLEON	Ness city hall, rotary, sunflower board	210.25
54008 03/26/2026	CHK	450	RANDALL G EVANS	March Board Meeting	350.73
54009 03/26/2026	CHK	511	AXIO GLOBAL, INC	Yearly Subscription	2,500.00
54010 03/26/2026	CHK	520	CENTURY BUSINESS TECHNOLOGIES, I	Kyocera Printer	83.55
54011 03/26/2026	CHK	537	CONSTELLATION NEWENERGY-GAS DI	Monthly Utilities	907.22
54012 03/26/2026	CHK	568	SUSAN NUSS	March Board Meeting	432.65
54013 03/26/2026	CHK	570	JAMES W JORDAN	March Board Meeting	398.57
54014 03/26/2026	CHK	588	GEROME L COPELAND	March Board Meeting	402.20
54015 03/26/2026	CHK	623	SHELLY TURNER	March Board Meeting	373.20

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
54016 03/26/2026	CHK	624	RANDY J EVANS	March Board Meeting	389.15
54017 03/26/2026	CHK	625	GARY SHAPLAND	March Board Meeting	350.73
54018 03/26/2026	CHK	643	ST. THERESA CHURCH	Cathy Domsch Seminar - Hall Rent	250.00
54019 03/26/2026	CHK	646	NESS CITY ROTARY CLUB	Jan/Feb Meals & Dues	32.00
54020 03/26/2026	CHK	903	NISC	February 2026 Print Services	14,465.72
54021 03/26/2026	CHK	1230	NORTHWESTERN PRINTERS, INC.	OCR Cards	37.85
54022 03/26/2026	CHK	1285	TIFCO INDUSTRIES	Washers, Screws, & Drill bits	291.49
54023 03/26/2026	CHK	1300	CRAIG RAMSEY	March Board Meeting/KEC Board Meeting	7,030.80
3917 03/27/2026	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Water Delivery	135.03
3922 03/27/2026	WIRE	101	ATMOS ENERGY	Monthly Bill	203.41
3916 03/30/2026	WIRE	183	HIBU INC	Monthly Yellowbook Bill	21.00
3918 03/30/2026	WIRE	1187	MIDWEST ENERGY	Monthly Bill	195.88
3907 03/31/2026	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA GROUP INSURANCE	1,355.24
3908 03/31/2026	WIRE	609	STATE TAX	STATE PAYROLL TAX	5,124.81
3909 03/31/2026	WIRE	610	FEDERAL PAYROLL TAX	FEDERAL PAYROLL TAX	13,538.87
3910 03/31/2026	WIRE	611	FEDERAL UNEMPLOYMENT	FEDERAL UNEMPLOYMENT TAX	2.82
3911 03/31/2026	WIRE	613	FICA-SOCIAL SECURITY	FICA SOCIAL SECURITY	13,498.58
3912 03/31/2026	WIRE	614	MEDICARE	FICA MEDICARE	3,156.86
3913 03/31/2026	WIRE	1157	NRECA 401(K) PENSION PLAN	NRECA 401(k) PENSION PLAN	15,053.12
3914 03/31/2026	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RETIREMENT & SECURITY	29,458.91
3919 04/01/2026	WIRE	586	NETWORK COMPUTING SOLUTIONS	Monthly Billing for April	5,362.04
3920 04/01/2026	WIRE	586	NETWORK COMPUTING SOLUTIONS	Monthly Billing for April	678.13
54024 04/01/2026	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	70,000.00
54025 04/01/2026	CHK	73	STANION WHOLESALE ELEC CO INC	LINE MATERIAL	25,347.82
54026 04/01/2026	CHK	107	CINTAS CORPORATION #449	Monthly Bill - Mats	99.02
54027 04/01/2026	CHK	122	MYRON SEIB	Ness city sub excavate/tr150 parts/beari	373.27

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
54028 04/01/2026	CHK	366	DIANA KUHLMAN	HR Summitt	238.00
54029 04/01/2026	CHK	380	GRAINGER	Motor Run Capacitor	95.07
54030 04/01/2026	CHK	620	SPARTAN PUMP & SUPPLY LLC	Scott Park - West	210.92
54031 04/01/2026	CHK	629	POWER EQUIP & TOOL RENTALS LLC	Kubota Renta - Excavator - Scott park w	368.25
54032 04/01/2026	CHK	641	UNDERGROUND VAULTS & STORAGE I	Monthly Shred Bill	55.00
54033 04/01/2026	CHK	1200	KASEY JENKINSON	Clothing Allowance	247.38
54034 04/01/2026	CHK	1225	CINTAS CORPORATION	First Aid Restock	170.43
54035 04/01/2026	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Rubber Glove Testing	117.00
3921 04/02/2026	WIRE	44	NEX-TECH WIRELESS, LLC	Monthly Phone Bill	1,117.40
53960 04/05/2026	CHK	1	HR GROUP	2026 hr group membership dues	100.00VOID
53961 04/05/2026	CHK	1	NESS CITY ELEMENTARY SCHOOL	Carnival Donation	100.00VOID
53962 04/05/2026	CHK	1	NESS COUNTY HOSPITAL - DISTRICT #2	Sponsorship Donation - Gold Sponser	2,500.00VOID
53963 04/05/2026	CHK	20	BASIN ELECTRIC POWER COOP	Monthly monitoring fees	2,482.91VOID
53964 04/05/2026	CHK	23	FEDERATED RURAL ELECTRIC	Federated work comp audit	1,277.00VOID
53965 04/05/2026	CHK	38	MICHAEL POLLOCK	Traning - Hotel Expense	728.11VOID
53966 04/05/2026	CHK	55	NESS COUNTY NEWS	Advertising	156.75VOID
53967 04/05/2026	CHK	63	RICHARD JENNISON	March Board Meeting	368.85VOID
53968 04/05/2026	CHK	79	POSTMASTER	Newsletter Postage	139.28VOID
53969 04/05/2026	CHK	105	CITY OF NESS CITY	Monthly Bill	5,034.88VOID
53970 04/05/2026	CHK	126	CARRIE BORELL	NRECA Tech Advantage - Hotel Stay	1,215.87VOID
53971 04/05/2026	CHK	135	CITY OF BAZINE	Franchise Fee	1,566.70VOID
53972 04/05/2026	CHK	160	SHULL OIL COMPANY	Monthly Fuel Bill	6,443.82VOID
53973 04/05/2026	CHK	218	SPENCER PEST CONTROL	Pest Control	54.25VOID
53974 04/05/2026	CHK	220	LANDIS+GYR TECHNOLOGY, INC	Monthly Services	1,942.50VOID
53975 04/05/2026	CHK	406	RICHARD MCLEON	Ness city hall, rotary, sunflower board	210.25VOID
53976 04/05/2026	CHK	450	RANDALL G EVANS	March Board Meeting	350.73VOID

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
53977 04/05/2026	CHK	511	AXIO GLOBAL, INC	Yearly Subscription	2,500.00VOID
53978 04/05/2026	CHK	520	CENTURY BUSINESS TECHNOLOGIES, I	Kyocera Printer	83.55VOID
53979 04/05/2026	CHK	537	CONSTELLATION NEWENERGY-GAS DI	Monthly Utilities	907.22VOID
53980 04/05/2026	CHK	568	SUSAN NUSS	March Board Meeting	432.65VOID
53981 04/05/2026	CHK	570	JAMES W JORDAN	March Board Meeting	398.57VOID
53982 04/05/2026	CHK	588	GEROME L COPELAND	March Board Meeting	402.20VOID
53983 04/05/2026	CHK	623	SHELLY TURNER	March Board Meeting	373.20VOID
53984 04/05/2026	CHK	624	RANDY J EVANS	March Board Meeting	389.15VOID
53985 04/05/2026	CHK	625	GARY SHAPLAND	March Board Meeting	350.73VOID
53986 04/05/2026	CHK	643	ST. THERESA CHURCH	Cathy Domsch Seminar - Hall Rent	250.00VOID
53987 04/05/2026	CHK	646	NESS CITY ROTARY CLUB	Jan/Feb Meals & Dues	32.00VOID
53988 04/05/2026	CHK	903	NISC	February 2026 Print Services	14,465.72VOID
53989 04/05/2026	CHK	1230	NORTHWESTERN PRINTERS, INC.	OCR Cards	37.85VOID
53990 04/05/2026	CHK	1285	TIFCO INDUSTRIES	Washers, Screws, & Drill bits	291.49VOID
53991 04/05/2026	CHK	1300	CRAIG RAMSEY	March Board Meeting/KEC Board Meeting	7,030.80VOID
3923 04/07/2026	WIRE	468	U.S. BANK	Monthly Credit Card Bill	19,788.57
54036 04/09/2026	CHK	1	LANE COUNTY REGISTER OF DEEDS	Easement Filing	1,468.00
54037 04/09/2026	CHK	40	KANSAS ELECTRIC COOPERATIVES	KCL Subscriptions/centerspread	2,679.24
54038 04/09/2026	CHK	55	NESS COUNTY NEWS	Advertising	190.40
54039 04/09/2026	CHK	105	CITY OF NESS CITY	March pay station/postage	1,020.24
54040 04/09/2026	CHK	107	CINTAS CORPORATION #449	Shop Towels/Mats	453.78
54041 04/09/2026	CHK	145	BUMPER TO BUMPER OF NESS CITY	Monthly Bill	50.93
54042 04/09/2026	CHK	234	ELECTRICOMM, INC.	Ransom Sub	191.28
54043 04/09/2026	CHK	238	ILLINOIS MUTUAL	Insurance Premium	54.24
54044 04/09/2026	CHK	306	BORDER STATES INDUSTRIES INC	LINE MATERIAL	10,244.99
54045 04/09/2026	CHK	311	ELDRIDGE FENCING INC	Parts	70.91

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03/11/2026 To 04/09/2026

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
54046 04/09/2026	CHK	313	WALKER PLUMBING INC	Parts	1,296.50
54047 04/09/2026	CHK	366	DIANA KUHLMAN	Birthday Supplies/Cathy Domsch Supplies	121.34
54048 04/09/2026	CHK	373	KANSASLAND TIRE CO. INC OF HAYS	New Tires on Truck # 143	1,028.96
54049 04/09/2026	CHK	380	GRAINGER	Safety Glasses, Ear Plugs	530.04
54050 04/09/2026	CHK	387	WESTERN FUEL & SUPPLY	Monthly Fuel Bill	494.69
54051 04/09/2026	CHK	554	KELLER ELECTRIC LLC	Cicle C/Grisell Memorial Hospital Work	5,778.00
54052 04/09/2026	CHK	562	RENSENHOUSE	RETAIL	8,246.29
54053 04/09/2026	CHK	575	AMERINE UTILITIES CONSTRUCTION I	Bore & Pull	10,861.68
54054 04/09/2026	CHK	578	L&R LAWN CARE & SUPPLY	Monthly Parts Bill	19.83
54055 04/09/2026	CHK	599	MITCH'S TRASH SERVICE	March Trash Bill	75.00
54056 04/09/2026	CHK	608	J & J FUEL SERVICE, LLC	Monthly Fuel Bill	1,270.37
54057 04/09/2026	CHK	634	FINLEY ENGINEERING COMPANY, INC.	SCott park manning sectionalizing	2,160.90
54058 04/09/2026	CHK	773	BRETZ, INC.	Monthly Bill	125.00
54059 04/09/2026	CHK	790	SUNBELT SOLOMON	AUTO-TRANSFORMER	10,692.68
54060 04/09/2026	CHK	803	ALTEC INDUSTRIES, INC	Rope Assembly / Hydraulic valve	347.86
54061 04/09/2026	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fee	26.60
54062 04/09/2026	CHK	1160	S&T TELEPHONE COOP ASSN.	Monthly Bill	257.43
54063 04/09/2026	CHK	1248	COMPLIANCE ONE	Monthly Drug & Alcohol Testing	388.70
54064 04/09/2026	CHK	1251	TECHLINE, LTD	LINE MATERIAL	10,871.12

Total Payments for Bank Account - 2 :	(117)	501,349.76
Total Voids for Bank Account - 2 :	(32)	52,617.03
Total for Bank Account - 2 :	(149)	553,966.79

Grand Total for Payments :	(117)	501,349.76
Grand Total for Voids :	(32)	52,617.03
Grand Total :	(149)	553,966.79



Board Meeting Summary

March 18, 2026

PRESIDENT'S REPORT

Generation

Renewable Energy Credits (REC) Strategy

A renewable energy certificate (REC) is a market-based instrument that represents the property rights to the environmental, social, and other non-power attributes of renewable electricity generation. A REC is issued when one megawatt-hour (MWh) of electricity is generated and delivered to the electrical grid from a renewable energy resource. As Sunflower's renewable portfolio continues to grow with solar, wind, and hydro resources, the organization has seen increasing interest from outside parties seeking to purchase these credits. With limited guidance in current policy and no longer being subject to Kansas renewable standards, staff sought direction on how best to balance environmental positioning with financial value for members.

After evaluating three options, the Board selected a revenue-focused strategy. Under this approach, Sunflower will retain only the RECs needed to support existing member programs, while selling any excess or banked RECs to generate economic value for members. Sales will be limited to RECs already generated, with no forward commitments. Moving forward, staff will work with a board committee to update the board policy to reflect this strategy and ensure clear, compliant communication around REC use and sales.

Financial Services

February Financials

Overall, Member loads were down 4.15% from budget for the month and down 3.2% from budget year to date. Large industrial loads were down 1.01% from budget for the month and down 3.21% from budget year to date. Operation and maintenance expenses were down 26.13% from budget for the month and down 11.94% from budget year to date. Year-to-date Member kWh sales are 3% under budget estimates and down 1% over the prior year.

Long Range Plan 2026-2035

The 2026–2035 Long Range Plan outlines a ten-year financial forecast that reflects rising costs driven primarily by increased transmission investment and major generation projects, including the addition of previously unaccounted-for SPP Integrated Transmission Plan (ITP) projects and planned generation replacements.

This month, staff shared minor updates, including revisions to the Holcomb to Sidney project allocation, which is now 100% assigned to the SPP region, resulting in an estimated 6-mill reduction in Member rates for 2032–2035, and a shift in 2025 ITP project assumptions from in-service by 2031 to 2035. Overall, the updated forecast for 2034 shows Member rates \$4.09 above the prior year forecast, driven primarily by transmission cost increases from large SPP projects, partially offset by the Holcomb to Sidney allocation update and adjustments to Clifton replacement costs.

Board Action: The Sunflower Board voted and approved the 2026-2035 Long Range Plan.

Sunflower Electric Power Corp. - March 2026, Member Billing Summary								
WHM - MEMBER REVENUE	Southern							Total
	Lane-Scott	Pioneer	Pioneer	Prairie Land	Victory	Western	Wheatland	
Demand Coincident Peak, kW	20,922	121,073	107,872	81,340	128,347	53,118	120,980	633,652
Demand NCP, kW	24,413	116,308	116,446	92,187	154,350	54,365	125,970	684,039
Wholesale Energy Usage, kWh	13,626,903	85,231,683	61,730,475	51,506,210	83,264,345	33,811,347	64,681,336	393,852,299
RTP Marginal Usage, kWh					(17,047)			(17,047)
Coincident Peak Load Ratio Share, %	3.30%	19.10%	17.00%	12.80%	20.30%	8.40%	19.10%	100.00%
Coincident Load Factor, %	96.90%	104.80%	85.20%	94.20%	96.50%	94.70%	79.60%	92.50%
Metering Points	10	27	25	28	24	26	34	174
CP Demand Rate, \$/kW	8.14	8.25	8.14	8.14	8.14	8.14	8.14	8.16
NCP Demand Rate, \$/kW	3.54	3.54	3.54	3.54	3.54	3.54	3.54	3.54
CP Demand Charge, \$	170,305.08	999,378.82	878,078.08	662,107.60	1,044,744.58	432,380.52	984,777.20	5,171,771.88
NCP Demand Charge, \$	86,422.02	411,730.32	412,218.84	326,341.98	546,399.00	192,452.10	445,933.80	2,421,498.06
Demand Charge, \$	256,727.10	1,411,109.14	1,290,296.92	988,449.58	1,591,143.58	624,832.62	1,430,711.00	7,593,269.94
Energy Rate, ¢/kWh	0.7437	0.7295	0.7437	0.7437	0.7437	0.7437	0.7437	0.7406
Energy Charge, \$	101,343.28	621,729.85	459,089.54	383,051.68	619,236.93	251,454.99	481,035.10	2,916,941.37
RTP Marginal Usage Charge, \$			-		(992.35)			(992.35)
HLF Rider Net Charge, \$	6,377.03	17,445.30	(60,995.75)	11,185.61	(5,422.22)	15,822.82	15,587.21	-
EDR Rider Net Charge, \$	2,863.74	7,834.16	12,972.85	(23,587.73)	(20,781.57)	7,105.56	13,592.98	-
ECA Rate (ECA-02), ¢/kWh	1.5590	1.5590	1.5590	1.5590	1.5590	1.5590	1.5590	1.5590
ECA Charge, \$	212,443.42	1,328,761.94	962,378.11	802,981.81	1,298,091.14	527,118.90	1,008,382.03	6,140,157.34
Meter Rate, \$/Meter	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
Meter Charge, \$	1,050.00	2,835.00	2,625.00	2,940.00	2,520.00	2,730.00	3,570.00	18,270.00
Schedule 1	2,976.30	16,574.27	14,886.44	12,559.57	20,534.02	7,352.31	17,573.26	92,456.17
Schedule 11 Regional	31,115.11	173,272.40	155,627.32	131,301.51	214,668.90	76,863.26	183,716.17	966,564.67
Schedule 11 Zonal	26,881.87	149,698.52	134,454.06	113,437.81	185,462.98	66,405.93	158,721.40	835,062.57
Schedule 12	1,555.21	8,660.58	7,778.64	6,562.77	10,729.68	3,841.81	9,182.59	48,311.28
Schedule 1a	4,640.65	25,842.62	23,210.96	19,582.90	32,016.68	11,463.73	27,400.25	144,157.79
Schedule 9 SEPC	101,632.22	565,964.83	508,330.14	428,874.03	701,179.42	251,060.74	600,077.58	3,157,118.96
Msc. Transmission	(1,337.64)	(7,807.39)	(6,690.33)	(5,644.57)	(9,228.53)	(3,304.27)	(7,897.85)	(41,910.58)
Transmission Charge, \$	167,463.72	932,205.83	837,597.23	706,674.02	1,155,363.15	413,683.51	988,773.40	5,201,760.86
Billing Adjustments, \$ (LRR Rider, PGS)		(54,287.31)	(403.47)	(5.47)	(42,733.72)		-	(97,429.97)
ECIR Credit, \$			(9,955.73)					(9,955.73)
Community Solar Adjustments, \$		(33.27)	(4.66)	(6.43)	(3.94)		(122.91)	(171.21)
Net Charges, \$ *	748,268.29	4,267,600.64	3,493,604.70	2,871,683.07	4,596,421.00	1,842,748.40	3,941,528.81	21,761,850.25
3-2-1 Credits, \$		(9,179.58)	(145.02)	(11,781.71)	(1,866.67)			(22,972.98)
Total Charges, \$	748,268.29	4,258,421.06	3,493,459.68	2,859,901.36	4,594,554.33	1,842,748.40	3,941,528.81	21,738,877.27
Average all-in ¢/kWh	5.491	4.996	5.659	5.553	5.519	5.450	6.094	5.520
Non-Member energy charges:			Basis for Changes from Previous Month					
Non-Member energy charges:								
	\$	\$/kWh						
10 West Cities	710,725.51	0.0549	↑	1. Holcomb Capacity Factor was 0.0% for the month. On Outage				
4 East Cities	92,581.96	0.0673	↑	2. Smoky Hills #1 WF Capacity Factor was 51.4% for the month.				
KEPCo	141,942.84		→	3. Shooting Star capacity factor was 18.6% for the month.				
KMEA - EMP2 (Local Access)	81,203.52		↑	4. Smoky Hills #2 WFCapacity Factor was 53.5% for the month				
KMEA - City of Meade - (Local Access)	16,301.29		↓	5. Johson Corner Solar Capacity Factor was 21.9% for the month				
AP & NH other contracted services	357,739.86		→	6. Boot Hill Solar Capacity Factor was 28.3% for the month still testing				
KPP - OATT, L.A.C. & MA Charges	19,654.27		↓	7. Sunflower Solar @ Russell Capacity Factor was 15.0% for month				
Note:			↑ = Increase	↓ = Decrease	→ = Little Effect			

* Victory and So. Pioneer numbers do not include the full requirement cities.

8. General Manager / C.E.O. Report

Rates, Reliability, and Safety Dashboard

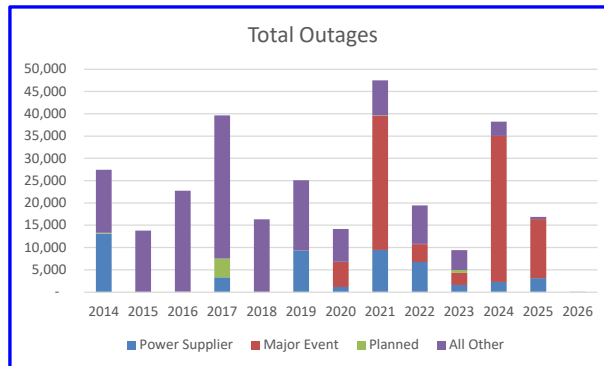
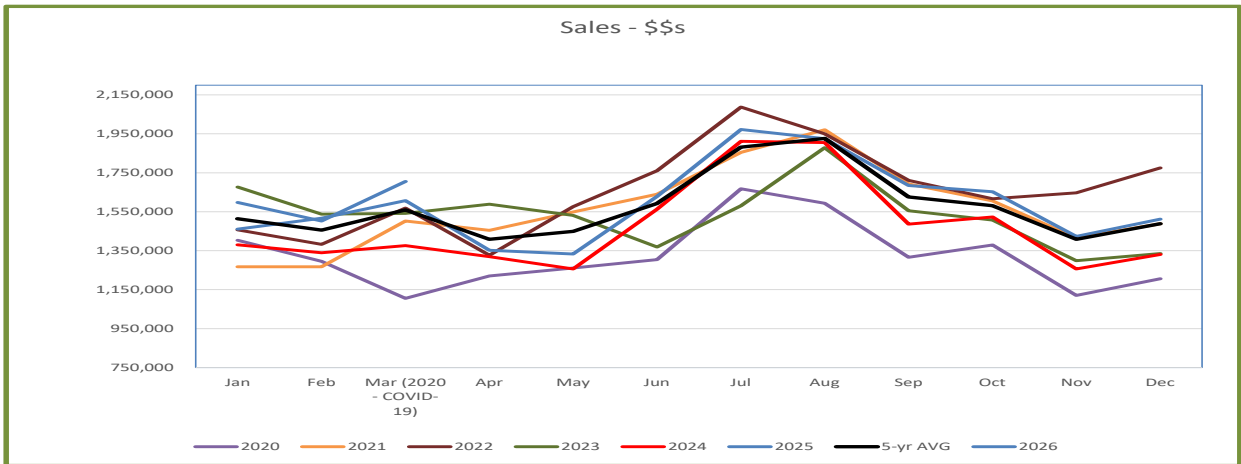
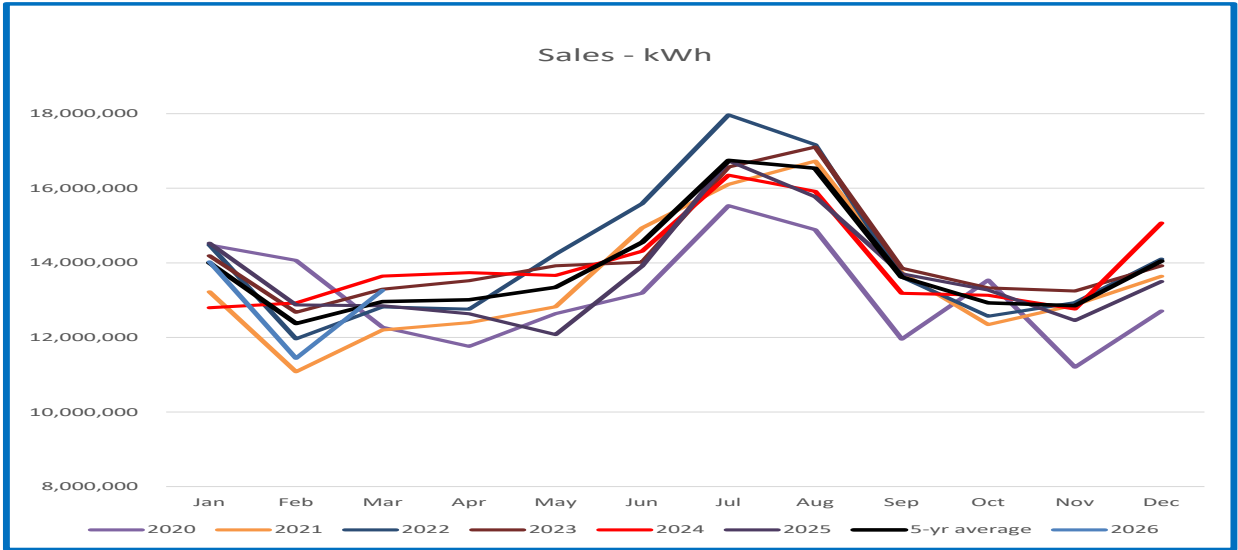
Executive Summary: We continue in solid condition through the first quarter of 2026.

1. Total Operating Revenues (OR, Line 1) are up 2.49% at \$5,155,731 YTD. This includes kWh sales, fees, \$334,914 in Irrigation HP, and Wholesale power costs (which are up 8.17% YTD). The bottom line is that while OR look great, Operating Margins are down \$85,675 (10.63%) YTD.
2. Reliability remains high. We had 8 hours of “All Other” outages affecting 474 meters. The first quarter averages 95.8 minutes of outage time per member accounting for 37.2% of our annual outage hours. This year, the first quarter has produced 0.21 minutes of outage time per member.
3. Safety. No major incidents reported.

Revenue class	YTD from last year		YTD from 5-year avg.		YTD \$/kWh
	kWh	revenue%	kWh	revenue	
Residential	(732,966)	(31,900)	-431,817	191	0.1455
Residential Seasonal	(46,106)	(1,687)	-24,068	6,061	0.2452
Irrigation	275,013	31,051	319,422	36,132	0.1000
C&I 1000kVa or less	(554,310)	23,290	-833,205	15,967	0.1282
C&I over 1000kVa	(94,103)	211,684	534,906	225,702	0.1126
Public & Street Lighting	-	681	-4,725	1,672	0.1848
Sales to Public Authorities	(21,642)	(1,614)	-21,047	(629)	0.1725
City of Dighton	(343,800)	(10,713)	-362,500	(9,757)	0.0777
TOTALS	(1,517,914)	220,792	-823,034	275,338	0.1241
<i>percentages</i>	<i>-3.77%</i>	<i>4.82%</i>	<i>-2.08%</i>	<i>6.08%</i>	

Revenue class	Revenue YTD (\$s)				
	LSEC	SEPC	Total	%	
	0.0630	0.0611		LSEC	Total
Residential	447,994	317,477	765,471	18.33%	15.93%
Residential Seasonal	108,339	35,569	143,908	4.43%	2.99%
Irrigation	32,818	45,390	78,208	1.34%	1.63%
C&I 1000kVa or less	772,570	686,755	1,459,325	31.60%	30.37%
C&I over 1000kVa	1,029,148	1,175,168	2,204,316	42.10%	45.87%
Public & Street Lighting	11,925	5,794	17,719	0.49%	0.37%
Sales to Public Authorities	10,473	5,588	16,061	0.43%	0.33%
	2,413,267	2,271,741	4,685,008		
SEPC Dighton WPC		0.0571			
City of Dighton - 2.5%	31,262	88,786	120,048	1.28%	2.50%
TOTALS	2,444,530	2,360,526	4,805,056		
<i>percentages</i>	<i>50.9%</i>	<i>49.1%</i>			

Rate of Return on Rate Base						
2020	2021	2022	2023	2024	2025	Average
1.55%	-0.88%	2.49%	0.07%	1.80%	3.40%	1.41%



metric	2021	2022	2023	2024	2025	2026	measures
SAIDI	8.19	3.36	1.64	6.67	2.95	0.0034231	Interruption DURATION / average for every member (hrs)
SAIFI	2.56	1.33	1.02	1.10	1.09	0.13	Interruption FREQUENCY / Average # of Interruptions per customer
CAIDI	3.20	2.53	5.60	6.07	2.71	0.03	Customer Avg Interruption Duration Index - IF you are out, how long (hrs).
ASAI	99.91%	99.96%	99.94%	99.92%	99.97%	99.99%	Average Service Availability Index

- Credit Card records. (February and March 2026 are available for the Boards review.)
- General Manager Expense Report. Total = \$814.97
 1. April 14-17 , Ness City Rotary, Sunflower Board (Hays), and KEC meetings with KEC Managers, KEC Communications Manager, and KEC Legislative Director (Topeka) – \$768.57
 2. April 21, Ness City Hall visit and Ness City Rotary – \$46.40.
- General Manager Per Diem Requests. None.

Departments / Sections. (Notable items are below. Full reports for all sections are posted in Call to Order).

- All Staff are developing their 2026 Projects as well as maintaining current technical and supervisory training programs.

1) Accounting and Finance.

- Operating Margin = \$563,816 with \$716,614 YTD (Irrigation HP charges = \$334,914.
- Total Margin = \$643,557 with \$837,043 YTD.
- Cash Balance – \$6,536,787.
- Rolling 12-month Metrics remain very good:
 - TIER – 2.57 (1.25 min.), OPTIER – 2.22 (1.1 min.), DSC – 1.96 (1.25 min.), ODSC – 1.81 (1.1 min.), MDSC – 1.90 (1.35 min.)
 - Equity as a % of Assets – 43.57% and as a % of Capitalization – 46.32%
 - Current Ratio – 2.62%

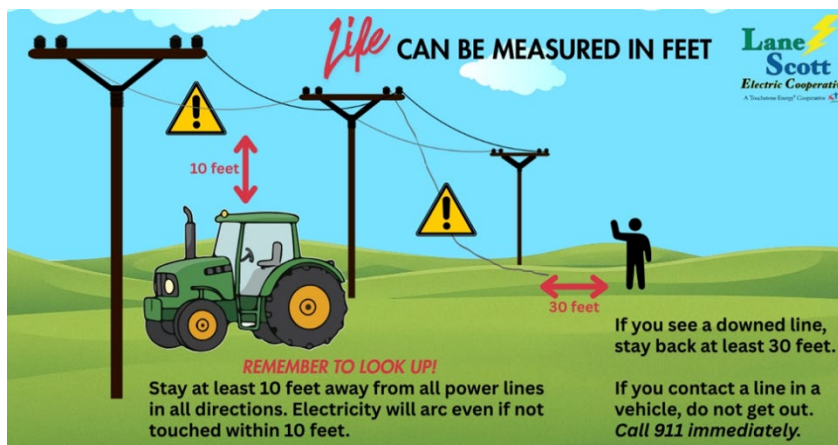
2) Operations Report (Dal).

- Projects
 - Construction
 - Oneok – Scott Park, 6MW and 8 miles 115kV transmission (2026 energize). Substation and Transmission line are near completion. Distribution to the member is under construction. This project is about 98% complete.
 - Shallow water – 2 to 8MW, 2-3 miles 115kV transmission (2027-2028 energize). The low side of the project is needed to serve LSEC. This is in concept stage.
 - Tallgrass 2 – 30MW, 1-mile 115kV transmission. Materials negotiations have begun. We intend to use Sunflower as our construction general contractor.
 - Planning
 - Sectionalizing Study (Finley Engineering). This project is about 90% completed.
 - Long Range Plan (Finley Engineering). This project is about 20% completed and looking at the Substations, Communications towers, and reliability construction. Because of the delay in the LRP, we are working on a 2026 Construction Work Plan to prioritize and plan various projects.

- Grant Application. NRECA has announced that DOE has released funding for the second round of infrastructure grants. We are applying for about \$1.2MM in grants to harden the LSEC system and improve resiliency.
- Inspections.
 - UAM has begun our 2026 Pole Testing program.
 - Contacted Hayden Towers about tower pricing for the upcoming work plan.
 - Met with Solida Tree Service about the 2026 trimming time frame

4) Communications (Ann Marie).

- Continuing Education Scholarships. Sixty-six applications were received. The Committee is working through them to make the awards.
- CoBank Sharing Success Grants: The application period begins in January with an April 3 deadline. We will be awarding four \$1000 grants. We have received 18 applications so far.
- We are planning our 2026 Member Satisfaction Survey. It will launch April 29 and close May 25.
- April-May Safety message:



Respectfully submitted,

Richard McLeon, M.B.A., M.Sc.
General Manager / CEO

GM / CEO Expense Sheet Summary

date	item	LSEC Credit Card	GM expense	total expense
4/14-16	Ness City Rotary, Sunflower Board, and KEC Managers w/ Communications, and Legislative Director.	186.45	582.12	768.57
4/21	Ness City Rotary and City Hall	-	46.40	46.40
totals		186.45	628.52	814.97

The Lane-Scott Electric Cooperative, Inc. Expense Report

Employee Richard McLeon
 Purpose of Trip NC City Rotary, SEPC Board and MDM

Section 1

DATE		Sun ___ / ___	Mon ___ / ___	Tues 14-Mar Ness City	Wed 15-Mar Hays	Thurs 16-Mar Topeka	Fri ___ / ___	Sat ___ / ___	TOTAL
Mile./Personal Veh.				64	226	406			696
Mileage Rate		0.725	0.725	0.725	0.725	0.725	0.725	0.725	
Total Mileage Exp.		\$0.00	\$0.00	\$46.40	\$163.85	\$294.35	\$0.00	\$0.00	\$504.60
									0
									0
Gas/Oil	Co.								0.00
	Emp.								0.00
Car Rental	Co.								0.00
	Emp.								0.00
Taxi/Limo	Co.								0.00
	Emp.								0.00
Tolls/Parking	Co.								0.00
	Emp.								0.00
Airfare	Co.								0.00
	Emp.								0.00
Lodging	Co.					186.45			186.45
	Emp.								0.00
Breakfast	Co.								0.00
	Emp.								0.00
Lunch	Co.								0.00
	Emp.				32.37				32.37
Dinner	Co.								0.00
	Emp.				45.15				45.15
Phone	Co.								0.00
	Emp.								0.00
Misc.	Co.								0.00
	Emp.								0.00
TOTAL EXPENSES		\$0.00	\$0.00	\$46.40	\$241.37	\$480.80	\$0.00	\$0.00	\$768.57

Section 2

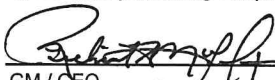
Reimbursement	Total Expense from Section 1	\$768.57
Summary	Less: Company Credit Card	186.45
	Less: Other	0.00
	Net due to Employee	\$582.12

Section 3

Expense Allocation	Acct. #	Amount
Total		

All expenses on this report were actually incurred by me while performing company business.

Presented to LSEC Board of Trustees: 4/27/2026



 GM / CEO

 Board President

Meal - 4/15	Total Meal	56.53	
	Tip	15.00	
		71.53	
	less: Patty meal	20.85	36.9%
	tip portion	5.53	
	employee portion:	45.15	



Homewood Suites by Hilton - Topeka, KS
1519 SW Arrowhead Rd, Topeka 66604
KS US
7858617840
TOPAR_Homewood@Hilton.com

Date Range: 2026-04-15 - 2026-04-16
Tax#/ID# :

Guest Folio

Confirmation Number - 86024658

Primary Guest

Guest Name: MCLEON, RICHARD A.
 Address: PO Box 670, 145 W. Pearl St.
 City, State, Zip Code: Dighton KS 67839
 Country: US

ADDN GUESTS

Patty McLeon

Hilton Honors

SILVER
 764593087

Stay Details

Check In Date: Apr 15, 2026
 Check Out Date: Apr 16, 2026
 Room: NKJ - 215
 Source: OTHER
 Guests: 2/0

Company Details

Name
 Tax#/ID#
 PO Number
 Account Name

Other Details

Tax Invoice
 Tax/Fee: NO
 Exemption
 Tax/Fee
 Exempt Date
Travel Agent
 IATA
 Name

Date	Type	Description	Amount
Apr 15, 2026	Charge	GUEST ROOM	\$159.25
Apr 15, 2026	Tax	RM - SALES TAX	\$14.89
Apr 15, 2026	Tax	RM - OCCUPANCY TAX	\$11.15
Apr 15, 2026	Tax	RM - TOURISM DISTRICT FEE	\$1.00
Apr 15, 2026	Tax	TDF RM - SALES TAX	\$0.09
Apr 15, 2026	Tax	TDF RM-OCCUPANCY TAX	\$0.07
Apr 16, 2026	Payments	VISA-5708	(\$186.45)

Summary	
Type	Amount
GUEST ROOM	\$159.25
RM - SALES TAX	\$14.89
RM - OCCUPANCY TAX	\$11.15
RM - TOURISM DISTRICT FEE	\$1.00
TDF RM - SALES TAX	\$0.09
TDF RM-OCCUPANCY TAX	\$0.07
CREDIT CARD	(\$186.45)
Folio Balance	\$0.00



MIYU SUSHI
 1320 SW Ashworth Pl
 Topeka, KS 66604
 7857833880

04/15/2026 18:26

Sale

Trans #: 37 Batch #: 332

CREDIT CARD
 VISA CHIP READ
 Entry Type: CONTACT
 *****4793 **/**

BASE AMT: USD \$56.53

TIP AMT: \$ 15.00

TOTAL AMT: USD \$ 71.53

Less - (4.00) 20.85 = 36.85%
 11.53 5.53 N (26.2)

Resp: APPROVAL 815122
 Code: 815122
 Ref #: 610523002830
 TransID: 346105041770315

App Name: VISA CREDIT
 AID: A0000000031010
 TUR: 8080008000
 TSI: 6000
 AIC: 007E
 IC: 5DB27F28DD59F065
 IAD: 06011203A00000

(15.15)

CUSTOMER COPY

JCs BBQ & Grill
 812 E Chestnut
 Junction City, KS 66441

Server: Darrian D
 Check #21004 Table 18
 Guest Count: 2
 Ordered: 4/15/26 2:36 PM

Input Type C (EMV Chip Read)
 VISA CREDIT xxxxxxxx4793
 Time 2:58 PM
 Transaction Type Sale
 Authorization **Pending**
 Payment ID ysjyYk9Yx9h
 Application ID A0000000031010
 Application Label VISA CREDIT
 Device ID
 Card Reader BBPOS

Amount \$32.37

+ Additional Tip: _____

= Total: _____

X _____

RICHARD A MCLEON
 RICHARD A MCLEON

Join our loyalty program and earn 12 points for this order! Earn 1 point for every \$1 spent and receive a \$5 discount for every 100 points. Points are redeemable at Powercat Sports Grill or

The Lane-Scott Electric Cooperative, Inc. Expense Report

GM / CEO: Richard McLeon
 Purpose of Trip: Ness City Rotary Meeting and City Hall

Section 1

DATE		Sun __ / __	Mon __ / __	Tues 20-Jan	Wed __ / __	Thurs __ / __	Fri __ / __	Sat __ / __	TOTAL
Mile./Personal Veh.				64					
Mileage Rate		0.725	0.725	0.725	0.725	0.725	0.725	0.725	
Total Mileage Exp.		\$0.00	\$0.00	\$46.40	\$0.00	\$0.00	\$0.00	\$0.00	\$46.40
									0
									0
Gas/Oil	Co.								0.00
	Emp.								0.00
Car Rental	Co.								0.00
	Emp.								0.00
Taxi/Limo	Co.								0.00
	Emp.								0.00
Tolls/Parking	Co.								0.00
	Emp.								0.00
Airfare	Co.								0.00
	Emp.								0.00
Lodging	Co.								0.00
	Emp.								0.00
Breakfast	Co.								0.00
	Emp.								0.00
Lunch	Co.								0.00
	Emp.								0.00
Dinner	Co.								0.00
	Emp.								0.00
Phone	Co.								0.00
	Emp.								0.00
Misc.	Co.								0.00
	Emp.								0.00
									0.00
TOTAL EXPENSES		\$0.00	\$0.00	\$46.40	\$0.00	\$0.00	\$0.00	\$0.00	\$46.40

Section 2

Reimbursement	Total Expense from Section 1	\$ 46.40
Summary	Less: Company Credit Card	0.00
	Less: Other	0.00
	Less: Other	0.00
	Net due to Employee	\$ 46.40

Section 3

Expense Allocation	
Acct. #	Amount
Total	

All expenses on this report were actually incurred by me while performing company business.

Presented to LSEC Board of Trustees: 4/27/2026

GM / CEO

Board President

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION
KS0042

PERIOD ENDED March 2026

BORROWER NAME
The Lane-Scott Electric Cooperative, Inc.

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	5,215,608	5,155,731	5,751,984	1,915,938
2. Power Production Expense				
3. Cost of Purchased Power	2,333,495	2,524,048	3,240,105	779,194
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	214,572	272,189	335,506	99,176
7. Distribution Expense - Maintenance	262,444	291,234	342,619	84,413
8. Customer Accounts Expense	74,447	66,983	76,740	17,388
9. Customer Service and Informational Expense	17,977	17,339	24,840	6,292
10. Sales Expense	20,657	40,794	31,011	14,334
11. Administrative and General Expense	510,494	401,829	546,439	84,580
12. Total Operation & Maintenance Expense (2 thru 11)	3,434,086	3,614,416	4,597,260	1,085,377
13. Depreciation and Amortization Expense	515,434	522,869	596,245	174,559
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	279,733	268,249	271,663	88,995
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	1,880	1,588	1,385	535
19. Other Deductions	2,039	31,995	5,286	2,656
20. Total Cost of Electric Service (12 thru 19)	4,233,172	4,439,117	5,471,839	1,352,122
21. Patronage Capital & Operating Margins (1 minus 20)	982,436	716,614	280,145	563,816
22. Non Operating Margins - Interest	65,223	41,086	64,517	12,487
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	(20,444)	60,515	23,988	48,426
26. Generation and Transmission Capital Credits	232,170			
27. Other Capital Credits and Patronage Dividends	25,696	18,828	10,000	18,828
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	1,285,081	837,043	378,650	643,557

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION

KS0042

PERIOD ENDED

March 2026

INSTRUCTIONS - See help in the online application.

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	9	11	5. Miles Transmission		
2. Services Retired	0	18	6. Miles Distribution – Overhead	2,030.02	2,031.40
3. Total Services in Place	6,071	6,090	7. Miles Distribution - Underground	9.17	9.61
4. Idle Services (Exclude Seasonals)	355	408	8. Total Miles Energized (5 + 6 + 7)	2,039.19	2,041.01

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	66,035,579	30. Memberships	0
2. Construction Work in Progress	1,667,874	31. Patronage Capital	23,743,713
3. Total Utility Plant (1 + 2)	67,703,453	32. Operating Margins - Prior Years	1,452,224
4. Accum. Provision for Depreciation and Amort.	25,365,596	33. Operating Margins - Current Year	716,614
5. Net Utility Plant (3 - 4)	42,337,857	34. Non-Operating Margins	3,842,934
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	284,254
7. Investments in Subsidiary Companies	255,487	36. Total Margins & Equities (30 thru 35)	30,039,739
8. Invest. in Assoc. Org. - Patronage Capital	12,960,373	37. Long-Term Debt - RUS (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	445,461	38. Long-Term Debt - FFB - RUS Guaranteed	28,169,227
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	221,958	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	3,800,815
12. Other Investments	5,501	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	0	42. Payments – Unapplied	0
14. Total Other Property & Investments (6 thru 13)	13,888,780	43. Total Long-Term Debt (37 thru 41 - 42)	31,970,042
15. Cash - General Funds	421,461	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	100	45. Accumulated Operating Provisions and Asset Retirement Obligations	0
17. Special Deposits	25	46. Total Other Noncurrent Liabilities (44 + 45)	0
18. Temporary Investments	5,893,243	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	959,164
20. Accounts Receivable - Sales of Energy (Net)	1,990,540	49. Consumers Deposits	177,853
21. Accounts Receivable - Other (Net)	112,984	50. Current Maturities Long-Term Debt	1,669,683
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	699,700	52. Current Maturities Capital Leases	0
24. Prepayments	135,860	53. Other Current and Accrued Liabilities	830,117
25. Other Current and Accrued Assets	40,513	54. Total Current & Accrued Liabilities (47 thru 53)	3,636,817
26. Total Current and Accrued Assets (15 thru 25)	9,294,426	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	19,264
28. Other Deferred Debits	144,799	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	65,665,862
29. Total Assets and Other Debits (5+14+26 thru 28)	65,665,862		

Formulas - 12-month rolling average

Mar-26

RUS = 7 CFR § 1710.114

Equity - % of Assets

	43.57%
Margin + Equities - C36	28,401,397
Total Assets - C29	65,190,842

Distribution Equity

	29.86%
Margin + Equities - C36	28,401,397
Total Assets - C29	65,190,842
Patronage Capital - C8	12,742,980

Equity - % of Capitalization

	46.32%
Current Equity - C36	28,401,397
Current LT Debt - C43	32,913,307

Current Ratio

	2.62
TI, C & A Assets - C26	9,306,401
TI, C & A Liabilities - C54	3,553,159

General Funds Level

	10.58%
Non Utility Property - C6	-
Invest in Assoc, Other GF - C9	445,461
Other Invest. - C12	5,501
Special Funds - C13	-
Cash Gen. Funds - C15	186,944
Temporary Investments - C18	6,409,752
Prepayments Unapplied - C42	-
Total Utility Plant - C3	66,628,970

Cash to Debt

	20.72%
Cash Gen. Funds - C15	186,944
Temporary Investments - C18	6,409,752
CFC CTC's - Stat Report	221,958
Current LT Debt - C43	32,913,307

Financial Reporting Ratios

TIER

RUS = 1.25

2.57

Net Income - A29	144,787
Interest on LT Debt- A16	92,013

DSC

RUS = 1.25

1.96

Depreciation - A13	173,025
Interest on LT Debt- A16	92,013
Pat. Cap. or Margins - A29	144,787
Prin. & Int. Pymts - N, d Total	208,817

MDSC

CFC - 1.35

1.90

Depreciation - A13	173,025
Interest on LT Debt- A16	92,013
Operating Income - A21	112,006
Non-Op Margins - Int - A22*	18,535
Patronage Capital - C8	12,742,980
Pat Cap Cash Calc	1,943
Prin. & Int. Pymts - N, d Total	208,817

Operating TIER

RUS - 1.1

2.22

Operating Income - A21	112,006
Interest on LT Debt- A16	92,013

Operating DSC

RUS = 1.1

1.81

Operating Income - A21	112,006
Depreciation - A13	173,025
Interest on LT Debt- A16	92,013
Patron. Refund from G&T, other - A26+A27	1,943
Prin. & Int. Pymts - N, d Total	208,817
Interest on LT Debt- A16	92,013
LT Debt - other - C40	3,993,782
sum A16+C40	4,085,795

Operations Report March 2026

● Maintenance

Refused transformers and side taps.
Worked locate tickets system wide.
Repaired lights system wide.
Pulled guy wires and re-sagged lines along Hwy 4 & 96 for clearance improvements.
Changed out bad meters.
Changed out a bad OCR on the Brookover circuit.
Repaired a broken jumper on the H&B Petroleum, Wunder lease and at Danny Baker's.
Changed out a bad arrester on the York, 3-phase.
Changed out a bad breaker on Jay Cook's water well.
Replaced meter loops for Jon Nuttle, Travis Bennet, and Magnum Ag.
Repaired secondary at King Farms.
Removed a trampoline from the line in Ness City.
Repaired a meter loop at Brian Leighty's.
Retired a 3-phase connect for Whitetail Crude.
Changed out a bad transformer at Doug Vieux's
Met with Cooper Power Systems for training on the Healy source transfer switches.
Fixed a phase floater on the Love Nest tap.
Monthly in-house safety meeting (reviewed active shooter plan).
Monthly substation inspections and yearly spraying.
Fixed a bad connection at the Magellan station.
Repaired a regulator and changed out the nitrogen bottle in the Ness City 115 substation.
Reconnected a service for Shannon Moore.
Repaired loose coax on the Dighton tower.
Disconnected a service for an electrician to work on members side of the meter.
Changed out two cutouts in Ness City.
Changed out an anchor and retired two spans of single-phase line at Bob Eitel's

● Pole Change Outs

Changed out a light pole in Ness City.
Changed out a single-phase, dead-end pole on the Mellies tap.
Changed out a 3-phase transformer pole on the FIML circuit.
Changed out a bad lift pole in Grigston.
Changed out 6, single phase poles by Nancy Pratt's.
Changed out 3, single-phase poles along the Mennonite Rd in Finney County.

● New Construction

Built a ½ mile of new V-phase line and a connect for K-D Farm's irrigation.
Built a new 3-phase connect for Travis Bennet.
Built 3, new irrigation connects for Doll Land and Cattle.
Bored in underground at the McCarty Dairy and west of Healy for the auto switches.
Set 4, 3-phase poles and upgraded wire on the Scott Park 3-phase.
Energized and checked phasing in the new Scott Park substation.

- **Engineering**

Worked on mapping updates.

Made a few projects as-built on the map.

Met with a few members about wanting new connects.

Sent UAM new poles testing maps.

Contacted Hayden Towers about pricing on towers for the upcoming work plan.

Met with Solida Tree Service about the 2026 trimming time frame.

Worked on meters and collectors in Command Center.

Staked in a clearance job in Alexander.

Tad attended his phase 2 of staking school.

Met with Craig Ellis about moving a pole for center pivot clearance.

Built asset sheets for the new Scott Park substation.

Shot GPS points for the new underground bores to upload to the map.

Worked on OCR and Regulator records for the new substation.

Built line clearance maps for a house move from 12 miles south of Dighton to the city limits.

Met with Landis & Gyr about meter disconnect problems.

Substation NCP and CP from Sunflower Determinants

NCP KW			2026												NCP % capacity (kW/kVa)	
Substation	Recorder ID	Substation capacity (kVa)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Beeler	SF02 BEELER	28000	7,177	7,844	7,481											28.0%
Dighton 14400	SF02 DIGH14400	28000	5,229	5,133	7,901											28.2%
Dighton 7200	SF02 DIGH7200	22400	2,620	2,290	2,521											11.7%
Manning	SF02 MANNING	25000	5,561	4,706	5,128											22.2%
Manning B	SF02 MANNINGB	7500	-	-	-											0.0%
Scott Park	SF02 ONEOKSC				5											
LS Seaboard	SF02 SEABOARD	billing	340	336	548											
Twin Springs 14000	SF02 TSPRGS14	11300	337	256	238											3.0%
Twin Springs 7200	SF02 TSPRGS72	11300	166	133	281											2.5%
Dighton WAPA	SFWP DIGHTON	billing	154	137	135											
Dighton - West	SF02 DIGHTCTYW	1500	469	400	417											31.3%
Dighton - North	SF02 DIGHTCTYN	1500	446	423	397											29.7%
Dighton - South	SF02 DIGHTCTYS	1500	622	429	507											41.5%
City of Dighton	SFS2 DIGHCTY	billing	1,332	1,110	1,151											
Alexander 115 Sub	MK02 ALEXAN	20000	1,601	1,265	-											8.0%
Ness City 115 Sub	MK02 NESS115	20000	3,384	3,544	3,748											18.7%
LSEC Billing NCP	time		12:00	14:00	11:00											
	date		1/17	2/20	3/26											
Non-Coincidental Peak last year:		178000	29,438	28,006	30,458	0	0	0	0	0	0	0	0	0	0	17.1%
			29,012	29,081	27,803	27,278	27,611	38,230	46,111	38,369	39,878	31,952	24,004	25,216		

CP KW			2026												CP % capacity (kW/kVa)	
Substation	Recorder ID	Substation capacity (kVa)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Beeler	SF02 BEELER	28000	5,216	5,994	6,508											23.2%
Dighton 14400	SF02 DIGH14400	28000	4,660	3,962	4,707											16.8%
Dighton 7200	SF02 DIGH7200	22400	2,284	2,071	2,345											10.5%
Manning	SF02 MANNING	25000	4,561	4,121	4,268											18.2%
Manning B	SF02 MANNINGB	7500	-	-	-											0.0%
Scott Park	SF02 ONEOKSC				1											
LS Seaboard	SF02 SEABOARD	billing	285	261	189											
Twin Springs 14000	SF02 TSPRGS14	11300	310	223	226											2.7%
Twin Springs 7200	SF02 TSPRGS72	11300	149	97	215											1.9%
Alexander 115 Sub	MK02 ALEXAN	20000	1,480	1,208	-											7.4%
Ness City 115 Sub	MK02 NESS115	20000	2,913	2,153	3,748											18.7%
Sunflower System CP	time		13:00	8:00	18:00											
	date		1/23	2/5	3/25											
Sum of CP last year:		173500	21,858	20,090	22,207	0	0	0	0	0	0	0	0	0	0	12.8%
			23,406	22,125	20,003	21,921	21,864	28,397	29,851	28,514	26,330	24,440	20,661	20,748		

City of Dighton NCP			2026												NCP % capacity (kW/kVa)	
Substation	Recorder ID	Substation capacity (kVa)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Dighton WAPA	SFWP DIGHTON	billing	154	137	135	-	-	-	-	-	-	-	152	-	-	
Dighton - West	SF02 DIGHTCTYW	1500	469	400	417	-	-	-	-	-	-	-	-	-	-	31.3%
Dighton - North	SF02 DIGHTCTYN	1500	446	423	397	-	-	-	-	-	-	-	-	-	-	29.7%
Dighton - South	SF02 DIGHTCTYS	1500	622	429	507	-	-	-	-	-	-	-	-	-	-	41.5%
City of Dighton	SFS2 DIGHCTY	billing	1,332	1,110	1,151	-	-	-	-	-	-	-	-	-	-	
Non-Coincidental Peak last year:		4500	1,537	1,252	1,321	0	0	0	0	0	0	0	0	0	0	34.2%
			2,400	1,962	406	359	473	645	774	792	635	523	306	388		

Sunflower Billing Summary		capacity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
City of Dighton @ 2% Subtract from WHM	CPKW		1,486	983	1,285											
Demand 1	CPKW		178000	20,372	19,107	20,922	0	0	0	0	0	0	0	0	11.8%	
Demand 2 NCP			178000	21,801	21,785	24,413									13.7%	
Energy purchased			13,693,641	12,234,954	13,626,904											

CYBERSECURITY & INFORMATION TECHNOLOGY

EXECUTIVE SUMMARY

KEC Kansas Managers Association IT & Cybersecurity Group Committee

The IT department has served 7 years on the committee. We meet approximately once a month. As a member we try to provide training opportunities to build new skills and stay current with emerging technology and cybersecurity. Provide peer networking and collaboration to connect IT colleagues across Kansas. Share cooperative projects and discuss other valuable industry topics. We also hold an annual IT Summit meeting that provides professional experts to speak and/or train on cybersecurity or technology topics. A few of the professional experts that participate regularly in our annual IT Summit are:

- Kansas FBI
- Homeland Department of Security
- United States Department of Energy
- NRECA Cybersecurity
- NISC Cybersecurity

Cybersecurity

- Data Retention Policy Review
- Data Management project guidelines
- Disaster Recovery Plan

Information Technology

- Strategic Planning Objectives planning
- KEC IT & Cybersecurity Committee final meeting planning and preparations.
- NRECA TechAdvantage Conference
- Cathy Domsch Time and Project Management Training Program
- Networking programming.
- Miscellaneous User Technical Assistance

Communications & Member Service Board Report – April 2026

1. Annual Meeting

- OSG Election Management Contacted.
- Working on 85-year logo

2. Member Satisfaction Survey:

- “Inside Information” will be conducting our survey again. They did it for us in 2020 and 2023.
- The 2026 survey will launch April 29, closing May 25, tentatively.
- Report will be provided in June.
- Notice that the survey is taking place will be given to members in May.

3. Member notice of pole testing south of Hwy 96 between Hwys 83 & 23.


4. Continuing Education Scholarships:

- 66 applications received, narrowed down to 34 with a core qualification. A task force has been put together to evaluate and rank the applications.

5. CoBank Sharing Success Grants:

- Received 18 applications. A task force has also been put together for this.

6. Working on a campaign to improve member participation in receiving text messages. Members have to opt-in in SmartHub to receive texts.




STAY CONNECTED
Receive Important Text Messages

- Power Outages
- Power Restoration
- Late Payment Notices
- Bill Available
- Payment Reminders
- And More

To receive text messages, you must **first create a SmartHub account**, Lane-Scott Electric's member website or mobile app.


Find out more about SmartHub:
<https://www.lanescott.coop/smarthub>



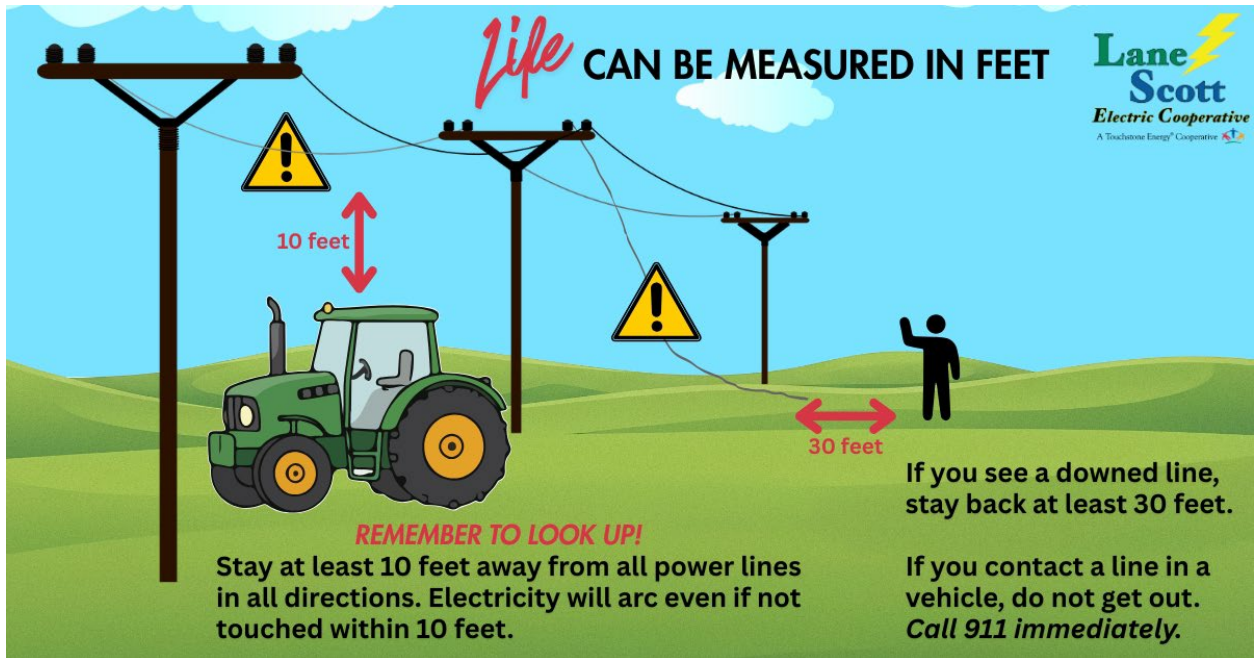
Once a SmartHub account has been created, members **MUST sign up** for each type of text message you want to receive and to what mobile phone number.

Step-by-step instructions on how to receive texts can be found at
<https://www.lanescott.coop/signing-smarthub-notifications>

We are here to help you navigate through this process. If you need assistance, call our office during normal business hours at 620-397-5327.



7. April – May Safety Messages: Overhead Line Clearance & Life Can Be Measured in Feet.



8. Helping with Farm Bureau Ag Safety Day – April 29

April Board Meeting – Human Resources Report-March

1. Finished Ad Valorem Report
2. Updated Wage and Benefit worksheets and sent to Mike Firzzell.
3. Met with Richard to discuss Strategic Plan and Goals for 2026.
4. Created new job descriptions and reviewed and updated current job descriptions.
5. Completed National Compensation Survey.
6. Started the Record Retention project by getting a list of folders to be set up in Doc Vault.
7. Started creating an employee evaluation worksheet that can be emailed to employees to replace Primologic.
8. Arranged meal for employee appreciation luncheon and ordered caps for the guys.

Other Job Duties:

1. Completed the end of month Labor Distribution Report
2. Completed & Submitted Sales and Use Tax
3. Completed and submitted the Compliance One and No Time Lost reports.
4. Normal monthly duties, employee assistance, customer service, payroll, FLSA reports, payroll taxes, 401(k) distributions, Health Insurance, Group Insurance, and RS distributions.
5. Scheduled training and reservations for employees and directors.
6. Sent out electronic evaluations to employees with an anniversary hire date in April and their supervisors.

March Warehouse Report

Total Inventory Dollars on Hand for March:

Line Material--\$475,109

Inventory Turns—1.10

Resale Material--\$214,391

Inventory Turns—0.632

Generac Update:

There were a few service calls for generators not running in March that were completed. An additional two generators were sold as well; once they arrive, installation will be scheduled. We will now have two of the new model generators sold and installed. The main difference with the new models is they have several more sensors and more electronic controls.

Electrician Update:

Michael was able to complete a couple of bigger jobs in March. One of them being the Circle C grain bin job. A shed for the Ransom hospital was the other one that is around 95% complete. He is waiting for them to finish some framing on the inside, then will go back to run the last wires. Business has not slowed down and there are no signs of it doing so for the next couple of months.

Line Material:

The back-ordered material for the Scott Park Sub job arrived in March. With all material now in, the linemen can finish the last steps to complete this job. Other things are remaining steady. We haven't seen a lot of issues on the supply side and I'm hoping this doesn't change as we enter the Spring storm season.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

DIGHTON, KANSAS

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

DIGHTON, KANSAS

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**LANE-SCOTT ELECTRIC COOPERATIVE, INC.
DIGHTON, KANSAS**

**FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

Board of Directors
Lane-Scott Electric Cooperative, Inc.
Dighton, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lane-Scott Electric Cooperative, Inc. which comprise the balance sheets as of December 31, 2025 and 2024, the related statements of income and patronage capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lane-Scott Electric Cooperative, Inc. as of December 31, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lane-Scott Electric Cooperative, Inc. (the Cooperative) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Cooperative's financial statements as a whole. The schedules of electric plant, accumulated provision for depreciation, other property and investments, patronage capital, FFB, CFC and CoBank mortgage notes, and administrative and general expenses are presented for purposes of additional analysis and are not a required part of the 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 financial statements.

The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2026 on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Lane-Scott Electric Cooperative, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss L.L.P.

Certified Public Accountants

Lubbock, Texas

April 20, 2026

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Exhibit A

BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

ASSETS

	December 31,	
	<u>2025</u>	<u>2024</u>
UTILITY PLANT AT COST		
Electric Plant in Service	\$ 68,647,546	\$ 67,221,084
Construction Work in Progress	1,094,213	834,251
Electric Plant Acquisition Adjustment - Net of Accumulated Amortization	(1,142,169)	(1,241,927)
	<u>\$ 68,599,590</u>	<u>\$ 66,813,408</u>
Less: Accumulated Provision for Depreciation	26,754,245	24,836,219
	<u>\$ 41,845,345</u>	<u>\$ 41,977,189</u>
OTHER PROPERTY AND INVESTMENTS - AT COST OR STATED VALUE		
Investments in Associated Organizations	\$ 14,113,766	\$ 13,799,086
Other Investments	5,501	5,501
	<u>\$ 14,119,267</u>	<u>\$ 13,804,587</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,481,661	\$ 855,071
Short-Term Investments	3,641,726	5,308,184
Accounts Receivable - Energy (Less allowance for credit losses of \$22,696 and \$54,269 for 2025 and 2024, respectively)	1,642,421	1,394,999
Property Tax Adjustment - Undercollected	27,102	32,190
Materials and Supplies at Average Cost	822,443	725,822
Other Current and Accrued Assets	197,863	184,118
Total Current Assets	<u>\$ 8,813,216</u>	<u>\$ 8,500,384</u>
DEFERRED CHARGES	<u>\$ 128,198</u>	<u>\$ 159,936</u>
TOTAL ASSETS	<u>\$ 64,906,026</u>	<u>\$ 64,442,096</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Patronage Capital	\$ 25,973,440	\$ 24,231,710
Other Equities	2,990,393	2,772,630
Total Equities	<u>\$ 28,963,833</u>	<u>\$ 27,004,340</u>
LONG-TERM DEBT		
FFB Mortgage Notes Less Current Maturities	\$ 28,915,996	\$ 30,090,966
CFC Mortgage Notes Less Current Maturities	3,475,821	3,907,142
Total Long-Term Debt	<u>\$ 32,391,817</u>	<u>\$ 33,998,108</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 1,606,000	\$ 1,407,000
Accounts Payable - Purchased Power	800,936	742,741
Accounts Payable - Other	308,533	144,753
Power Cost Adjustment - Overcollected	42,612	211,328
Consumer Deposits	174,738	162,800
Accrued Taxes	364,544	362,405
Accrued Interest	16,445	17,730
Accrued Employee Compensated Absences	217,306	219,953
Total Current Liabilities	<u>\$ 3,531,114</u>	<u>\$ 3,268,710</u>
DEFERRED CREDITS	<u>\$ 19,262</u>	<u>\$ 170,938</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 64,906,026</u>	<u>\$ 64,442,096</u>

See accompanying notes to financial statements.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Exhibit B

STATEMENTS OF INCOME AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	December 31,				Increase (Decrease)
	2025		2024		
	Amount	%	Amount	%	
OPERATING REVENUES					
Residential	\$ 3,297,879	16.8	\$ 3,076,327	16.6	\$ 221,552
Irrigation	975,459	5.0	1,077,398	5.8	(101,939)
Small and Large Commercial	13,936,856	70.9	12,463,932	67.3	1,472,924
Building & Lighting	132,952	0.7	125,669	0.7	7,283
Sales for Resale	1,093,954	5.6	1,186,079	6.4	(92,125)
Power Cost Recovery	168,716	0.9	582,096	3.1	(413,380)
Property Tax Adjustment	(5,088)	(0.0)	(37,473)	(0.2)	32,385
Other Sales to Public Authorities	47,516	0.2	54,545	0.3	(7,029)
Total Operating Revenues	<u>\$ 19,648,244</u>	<u>100.0</u>	<u>\$ 18,528,573</u>	<u>100.0</u>	<u>\$ 1,119,671</u>
OPERATING EXPENSES					
Purchased Power	\$ 10,091,873	51.4	\$ 9,954,804	53.7	\$ 137,069
Distribution - Operation	1,180,783	6.0	1,176,649	6.4	4,134
Distribution - Maintenance	1,177,424	6.0	1,204,706	6.5	(27,282)
Customer Accounts	249,505	1.3	275,935	1.5	(26,430)
Customer Service and Information	83,410	0.4	81,314	0.4	2,096
Selling Expenses	106,809	0.5	92,526	0.5	14,283
Administrative and General	2,109,180	10.7	1,932,023	10.4	177,157
Depreciation	2,168,617	11.0	2,133,365	11.5	35,252
Amortization of Purchase Premium	(99,758)	(0.5)	(99,758)	(0.5)	0
Other Interest	7,518	0.0	6,142	0.0	1,376
Other Deductions	16,521	0.1	18,118	0.1	(1,597)
Total Operating Expenses	<u>\$ 17,091,882</u>	<u>87.0</u>	<u>\$ 16,775,824</u>	<u>90.5</u>	<u>\$ 316,058</u>
OPERATING MARGINS - Before Fixed Charges	<u>\$ 2,556,362</u>	<u>13.0</u>	<u>\$ 1,752,749</u>	<u>9.5</u>	<u>\$ 803,613</u>
FIXED CHARGES					
Interest on Long-Term Debt	\$ 1,115,638	5.7	\$ 1,157,703	6.2	\$ (42,065)
OPERATING MARGINS (LOSS) - After Fixed Charges	<u>\$ 1,440,724</u>	<u>7.3</u>	<u>\$ 595,046</u>	<u>3.2</u>	<u>\$ 845,678</u>
G&T Capital Credits	754,645	3.8	547,152	3.0	207,493
Other Capital Credits	40,834	0.2	25,898	0.1	14,936
NET OPERATING MARGINS	<u>\$ 2,236,203</u>	<u>11.4</u>	<u>\$ 1,168,096</u>	<u>6.3</u>	<u>\$ 1,068,107</u>
NON-OPERATING MARGINS					
Interest Income	\$ 247,151	1.3	\$ 365,970	2.0	\$ (118,819)
Non-Operating Income - Other	20,919	0.1	48,147	0.3	(27,228)
Gain on Disposition of Property	45,392	0.2	21,573	0.0	23,819
	<u>\$ 313,462</u>	<u>1.6</u>	<u>\$ 435,690</u>	<u>2.3</u>	<u>\$ (122,228)</u>
NET MARGINS	<u>\$ 2,549,665</u>	<u>13.0</u>	<u>\$ 1,603,786</u>	<u>8.6</u>	<u>\$ 945,879</u>
PATRONAGE CAPITAL - BEGINNING OF YEAR	24,231,710		23,654,624		
Transfer to Other Equity - Non-operating Margins	(313,462)		(435,690)		
Patronage Capital Retirements	(494,473)		(591,010)		
PATRONAGE CAPITAL - END OF YEAR	<u>\$ 25,973,440</u>		<u>\$ 24,231,710</u>		

See accompanying notes to financial statements.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Exhibit C

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	December 31,	
	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ 2,549,665	\$ 1,603,786
Adjustments to Reconcile Net Margins to Net Cash From Operating Activities		
Depreciation	2,381,895	2,312,268
Electric Plant Acquisition Amortization	(99,758)	(99,758)
Capital Credits	(795,479)	(573,050)
Deferred Charges	31,738	685,205
Deferred Credits	(151,676)	(185,382)
Power Cost Adjustment	(168,716)	(582,096)
Property Tax Adjustment	5,088	37,473
Accounts Receivable	(355,425)	(170,167)
Inventories and Other Current Assets	(110,366)	18,499
Payables and Other Current Liabilities	232,120	(357,645)
Net Cash From Operating Activities	<u>\$ 3,519,086</u>	<u>\$ 2,689,133</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Utility Plant	\$ (1,935,689)	\$ (1,895,538)
Plant Removal Costs Less Salvage and Other Credits	(214,604)	(148,508)
Investments in Associated Organization	480,799	480,815
Other Investments	1,666,458	1,011,142
Net Cash From Investing Activities	<u>\$ (3,036)</u>	<u>\$ (552,089)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
RUS Advance Payment Activity - Net	\$	\$ 566,581
Payments on Long-Term Debt - CFC	(414,321)	(398,354)
Payments on Long-Term Debt - FFB	(992,970)	(1,222,116)
Payments on Long-Term Debt - CoBank		(312,904)
Other Equities	(150,700)	30,810
Retirement of Patronage Capital	(331,469)	(380,214)
Net Cash From Financing Activities	<u>\$ (1,889,460)</u>	<u>\$ (1,716,197)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	\$ 1,626,590	\$ 420,847
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>855,071</u>	<u>434,224</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,481,661</u>	<u>\$ 855,071</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest on Long-Term Debt	\$ 1,117,008	\$ 1,414,869
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION		
Gains on Discounted Capital Credit Retirements	<u>\$ 55,000</u>	<u>\$ 24,255</u>

See accompanying notes to financial statements.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Lane-Scott Electric Cooperative, Inc. (the Cooperative) is a non-profit company organized to provide electric service at the retail level to primarily residential and commercial accounts in a designated service area. Power delivered at retail is purchased wholesale from Sunflower Electric Power Corporation (SEPC) of which the Cooperative is a member. Net operating margins are allocated to members of the Cooperative and are reflected as patronage capital equity in the balance sheets.

System of Accounts

The accounting records of the Cooperative are maintained in accordance with the Rural Utilities Service (RUS) Uniform System of Accounts (USOA) as prescribed for RUS electric borrowers.

Electric Plant, Other Plant, Maintenance, and Depreciation

All 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 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Cooperative considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents.

At December 31, 2025 and 2024, cash and cash equivalents consisted of:

	December 31,	
	2025	2024
Money Market Temporary Investments	\$ 1,727,699	\$ 453,751
Cash and Working Funds	157,507	341,186
Short-Term Investments	596,455	60,134
Total Cash and Cash Equivalents	\$ 2,481,661	\$ 855,071

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

Accounts Receivable

In the normal course of business, the Cooperative recognizes accounts receivable for energy delivered and billed. The Cooperative considers a service delinquent if a payment is not received by the specified due date.

Allowance for Credit Losses

The allowance for credit losses represents an estimate of the expected credit losses inherent in trade receivables as of the balance sheet date. Additions to the allowance for credit losses, if any, are made by recording charges to expenses in the income statement. Recoveries consist of consumer payments and application of general retirements for members with outstanding balances. The delinquent accounts deemed uncollectible are written off upon approval of the Board of Directors. Changes in the allowance for credit losses during the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Balance, Beginning of Year	\$ 54,269	\$ 56,579
Recoveries	<u>(31,573)</u>	<u>(2,310)</u>
Balance, End of Year	<u>\$ 22,696</u>	<u>\$ 54,269</u>

Inventories

Materials and supplies inventories are valued at average unit cost.

Electric Revenues from Contracts with Customers

Substantially all operating revenues and customer accounts receivables are derived from contracts with customers. Performance obligations related to the sale of energy are satisfied as energy is delivered to customers. The Cooperative recognizes revenue that corresponds to the price of the energy delivered to the customer. The measurement of energy sales to customers are generally based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading are estimated, and the corresponding unbilled revenue is recognized. During 2020, the Cooperative updated its meter reading to read the customers' meters on the last day of the month and includes all billing through December 31 in its customer accounts receivable. Therefore, there is no accrued unbilled revenue for delivered power usage which has not been billed to customers.

The Cooperative's tariffs for electric service include adjustment clauses under which billings to customers are adjusted to reflect changes in the cost of purchased power and property taxes. In order to match power cost and related revenues, these amounts are to be billed or credited to consumers in subsequent periods are recognized on the balance sheets as Power Cost Adjustment – Overcollected and Property Tax Adjustment – Undercollected and as an increase (decrease) of classified operating revenues on the statements of income and patronage capital. The Cooperative had overcollected power cost of \$42,612 and \$211,328 at December 31, 2025 and 2024, respectively. Also, the Cooperative had undercollected property taxes of \$27,102 and \$32,190 at December 31, 2025 and 2024, respectively.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

The Cooperative does not recognize a separate financing component of its collections from customers as contract terms are short-term in nature. The Cooperative presents its revenues net of any excise or sales taxes.

Federal Income Taxes

The Cooperative is exempt from federal income taxes under Section 501(c)(12) of the Internal Revenue Code. More than 85% of the gross income is collected from members.

The Cooperative follows the "uncertain tax positions" provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Cooperative is its filing status as a tax exempt entity. The Cooperative determined that it is more likely than not that its tax positions will be sustained upon examination by the Internal Revenue Service (IRS) and that all tax benefits are likely to be realized upon settlement with taxing authorities. The Cooperative files income tax returns in the U.S. federal jurisdiction and Kansas. The Cooperative is no longer subject to examinations by federal and state taxing authorities for years before 2022.

There were no penalties or interest recognized during years ended December 31, 2025 and 2024.

Group Concentration of Credit Risk

The Cooperative's headquarters facility is located in Dighton, Kansas. The service area includes members located in all or parts of an eight county area in Southcentral Kansas. The Cooperative records a receivable for electric revenues as billed on a monthly basis. The Cooperative may require a deposit from new members upon connection which is applied to unpaid bills and fees in the event of default. The deposit accrues interest annually and is returned to residential accounts along with accrued interest after one year of prompt payments. As of December 31, 2025 and 2024, deposits on hand totaled \$174,738 and \$162,800, respectively.

The Cooperative maintains its cash balances in institutions insured by the Federal Deposit Insurance Corporation (FDIC). The cash balances exceeded applicable insurance coverage at times during the year.

Patronage Capital Certificates

Margins are allocated to members annually, based on billings and usage of electricity. Distributions to members are made at the discretion of the Board of Directors in accordance with the bylaws, subject to the restrictions contained in long-term debt obligations.

Patronage capital from associated companies is recorded at the stated amount of the certificates. At the end of each year, the Cooperative receives a final allocation amount from Sunflower Electric Power Corporation. The Cooperative records the allocations as G & T capital credit income. The G & T patronage income recognized for the years ending December 31, 2025 and 2024 was \$754,645 and \$547,152, respectively.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year’s financial statements to conform to the current year’s financial statement presentation. The reclassifications have no effect on net margins of the prior year.

2. Assets Pledged

All assets are pledged as security for the long-term debt due to and under management of Federal Financing Bank (FFB) and National Rural Utilities Cooperative Finance Corporation (CFC).

3. Plant

The major classes of plant consisted of the following:

	December 31,	
	2025	2024
Intangible Plant	\$ 494	\$ 494
Distribution Plant	62,060,347	60,844,877
General Plant	6,586,705	6,375,713
Total Plant in Service	\$ 68,647,546	\$ 67,221,084
Construction Work in Progress	1,094,213	834,251
Electric Plant Acquisition Adjustment	(2,937,808)	(2,937,808)
Acquisition Adjustment Amortization	1,795,639	1,695,881
Total Plant	<u>\$ 68,599,590</u>	<u>\$ 66,813,408</u>

Provision for depreciation of plant is computed using straight-line rates as follows:

Transmission Plant	3.08%
Distribution Plant	3.08% - 8.33%
General Plant	
Structures and Improvements	3.34%
Office Furniture and Fixtures	6.00%
Transportation Equipment	25.00%
Tools, Shop, and Garage Equipment	6.00%
Power-Operated Equipment	10.00%
Communications Equipment	5.00%
Miscellaneous Equipment	6.00% - 20.00%
Laboratory Equipment	6.00%

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

Depreciation for the years ended December 31, 2025 and 2024 was \$2,381,895 and \$2,312,268, of which \$2,168,617 and \$2,133,365 was charged to depreciation expense and \$213,278 and \$178,903 was allocated to other accounts. The Cooperative, along with five other Kansas electric cooperatives, formed MKEC during the year ended December 31, 2005 to acquire the assets and customers of Aquila, Inc. – Kansas operations. In April of 2007, the Cooperative took responsibility for the billing and collection associated with the customers within its share of the new territories. On December 31, 2007, the Cooperative also took ownership of the electric plant assets involved in the transaction. The acquired assets, associated accumulated depreciation, and discount for amounts paid below the net book value of the assets were recorded on the books of the Cooperative. The discount was classified as an electric plant acquisition adjustment and is being amortized over a 30-year period supported by an engineering study conducted by an independent engineering consultant.

During the years ended December 31, 2025 and 2024, the Cooperative recognized amortization income of \$99,758 and \$99,758, respectively, associated with the electric plant acquisition adjustment.

The acquired transmission and distribution plant assets are depreciated based on the Aquila, Inc. original depreciation rates that were approved by the Kansas Corporation Commission.

4. Investments in Associated Organizations

Investments in associated organizations consisted of the following:

	December 31,	
	<u>2025</u>	<u>2024</u>
CFC		
Capital Term Certificates	\$ 221,958	\$ 221,958
Patronage Capital	245,952	242,639
Sunflower Electric Power Corporation		
Patronage Capital	12,458,666	12,128,124
Mid-Kansas Electric Company, Inc.		
Patronage Capital	300,031	326,777
Capital Contribution	57,847	57,847
Contributed Capital	365,193	365,193
Kansas Electric Cooperatives		
Patronage Capital	29,992	36,284
Federated Rural Insurance		
Patronage Capital	195,714	185,625
NISC		
Patronage Capital	74,873	74,237
S&T Telephone		
Patronage Capital	103,289	103,289
Other	60,251	57,113
	<u>\$ 14,113,766</u>	<u>\$ 13,799,086</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

5. Materials and Supplies

Materials and supplies consisted of the following:

	December 31,	
	2025	2024
Electric Inventory	\$ 592,270	\$ 562,667
Resale Inventory	230,173	163,155
	<u>\$ 822,443</u>	<u>\$ 725,822</u>

6. Deferred Charges

Deferred charges consisted of the following:

	December 31,	
	2025	2024
MKEC Pre-Acquisition Costs	\$ 104,200	\$ 113,463
Cost of Service Study Deferral	4,647	32,528
Other	19,351	13,945
	<u>\$ 128,198</u>	<u>\$ 159,936</u>

The pre-acquisition costs are related to the investment in MKEC. The original cost was \$277,870 and is to be amortized over 30 years. Amortization expense was \$9,263 for the years ended December 31, 2025 and 2024.

7. Return of Capital

Under the provisions of the mortgage agreements, until the equities and margins equal or exceed 30.00% of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to 25% of the patronage capital or margins received by the Cooperative in the prior calendar year. The equity and margins of the Cooperative represent 44.62% of the total assets at the balance sheet date. The Cooperative retired \$494,473 and \$591,010 during the years ended December 31, 2025 and 2024, respectively.

8. Patronage Capital

	December 31,	
	2025	2024
Assigned	\$ 28,844,859	\$ 27,842,226
Retired	(5,100,702)	(4,606,232)
Assignable	2,229,283	995,716
	<u>\$ 25,973,440</u>	<u>\$ 24,231,710</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

9. Other Equities

	December 31,	
	2025	2024
Other Equities	\$ 105	\$ 105
Non Operating Margins	2,700,454	2,386,992
Retired Capital Credits - Gain	289,834	385,533
	<u>\$ 2,990,393</u>	<u>\$ 2,772,630</u>

10. FFB Mortgage Notes

The following is a summary of long-term debt due to FFB and maturing at various times through 2047:

	December 31,	
	2025	2024
Fixed Rate Notes - 1.01% - 4.52%	\$ 30,090,996	\$ 31,083,966
Less: Current Maturities	1,175,000	993,000
	<u>\$ 28,915,996</u>	<u>\$ 30,090,966</u>

Principal and interest installments on the above notes are due quarterly. Annual maturities of long-term debt due FFB for the next five years are as follows:

2026	\$ 1,175,000
2027	1,243,000
2028	1,264,000
2029	1,281,000
2030	1,296,000

11. CFC Mortgage Notes

The following is a summary of long-term debt due to CFC and maturing at various times through 2034:

	December 31,	
	2025	2024
Fixed Rate Notes - 4.15% - 4.30%	\$ 3,906,821	\$ 4,321,142
Less: Current Maturities	431,000	414,000
	<u>\$ 3,475,821</u>	<u>\$ 3,907,142</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

Principal and interest installments on the above notes are due quarterly. Annual maturities of long-term debt due CFC for the next five years are as follows:

2026	\$	431,000
2027		448,000
2028		466,000
2029		485,000
2030		472,000

12. Short-Term Borrowing

The Cooperative has a \$4,000,000 line of credit for short-term financing with CFC at a variable interest rate. The Cooperative had \$0 outstanding on this line of credit as of December 31, 2025 and 2024.

The Cooperative has a \$1,000,000 line of credit for short-term financing with CoBank at a variable interest rate. The Cooperative had \$0 outstanding on this line of credit as of December 31, 2025 and 2024.

13. Deferred Credits

	December 31,	
	2025	2024
Deferred Install Cost on Meters	\$ 19,262	\$ 170,938

14. Litigation, Commitments and Contingencies

There is no litigation currently pending against the Cooperative which would have a material effect on the financial position of the Cooperative.

Under its wholesale power agreement, the Cooperative is committed to purchase its electric power and energy requirements from SEPC until March 31, 2052.

15. Pension Benefits

Defined Benefit Plan

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

A unique characteristic of a multi-employer 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.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

The Cooperative's contributions to the RS Plan in 2025 and 2024 represented less than five percent of the total contributions made to the RS Plan by all participating employers. Pension expense for the years ended December 31, 2025 and 2024 was \$676,471 and \$673,866, respectively. There have been no significant changes that affect the comparability of 2025 and 2024 contributions.

For 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% funded on January 1, 2025 and January 1, 2024 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.

Defined Contribution Plan

The Cooperative also provides a NRECA sponsored 401(k) savings deferred contribution plan for all employees. The Cooperative's contribution for the years ended December 31, 2025 and 2024 was \$95,585 and \$88,626, respectively.

16. Related Parties

The Cooperative is a member of SEPC which provides electric power and energy to its members. The Cooperative obtains all of its wholesale purchased power from SEPC which amounted to \$10,091,873 and \$9,954,804 for the years ended December 31, 2025 and 2024, respectively. Amounts included in accounts payable purchased power as of December 31, 2025 and 2024 were \$800,936 and \$742,741 due to SEPC.

17. Subsequent Events

The Cooperative has evaluated subsequent events through April 20, 2026, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 1

ELECTRIC PLANT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Balance 1/1/2025	Transfers & Additions	Retirements	Balance 12/31/2025
CLASSIFIED ELECTRIC PLANT IN SERVICE				
Intangible Plant				
Organization	\$ 494	\$	\$	\$ 494
Distribution Plant				
Land and Land Rights	\$ 75,821	\$	\$	\$ 75,821
Substation Equipment	11,589,988			11,589,988
Poles, Towers, and Fixtures	17,067,186	717,128	90,154	17,694,160
Overhead Conductors and Devices	19,680,561	160,446	47,603	19,793,404
Underground Conduit	14,916			14,916
Underground Conductors and Devices	692,284	20,148		712,432
Line Transformers	7,092,846	116,000	756	7,208,090
Services	1,058,537	70,202	30,410	1,098,329
Meters	3,399,913	300,469		3,700,382
Installations on Consumer Premises	24,543			24,543
Street Lighting	148,282			148,282
Total	<u>\$ 60,844,877</u>	<u>\$ 1,384,393</u>	<u>\$ 168,923</u>	<u>\$ 62,060,347</u>
General Plant				
Land and Land Rights	\$ 36,728	\$	\$	\$ 36,728
Structures and Improvements	2,782,714			2,782,714
Office Furniture and Equipment	470,880			470,880
Transportation Equipment	1,240,318	251,469	75,064	1,416,723
Tools, Shop, and Garage Equipment	85,139	3,813	3,881	85,071
Laboratory Equipment	55,493			55,493
Power Operated Equipment	1,322,072			1,322,072
Communications Equipment	176,540	36,052		212,592
Miscellaneous Equipment	205,829		1,397	204,432
Total	<u>\$ 6,375,713</u>	<u>\$ 291,334</u>	<u>\$ 80,342</u>	<u>\$ 6,586,705</u>
Total Classified Electric Plant in Service	\$ 67,221,084	\$ 1,675,727	\$ 249,265	\$ 68,647,546
Construction Work in Progress for All Plant	834,251	259,962		1,094,213
Total Utility Plant	<u>\$ 68,055,335</u>	<u>\$ 1,935,689</u>	<u>\$ 249,265</u>	<u>\$ 69,741,759</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 2

ACCUMULATED PROVISION FOR DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2025

	Balance 1/1/2025	Depreciation Accruals	Retirements and Transfers	Balance 12/31/2025
Distribution Plant	\$ 21,057,535	\$ 2,018,688	\$ 347,707	\$ 22,728,516
General Plant				
Structures and Improvements	\$ 1,404,837	\$ 91,274	\$	\$ 1,496,111
Office Furniture & Equipment	398,494	24,882		423,376
Transportation Equipment	812,890	133,654	75,064	871,480
Shop Equipment	68,312	2,506	3,881	66,937
Lab Equipment	29,717	2,892		32,609
Communications Equipment	60,683	11,262		71,945
Power Operated Equipment	908,217	79,623		987,840
Miscellaneous Equipment	153,189	17,114	1,397	168,906
Total General Plant	\$ 3,836,339	\$ 363,207	\$ 80,342	\$ 4,119,204
Total Classified Electric Plant in Service	\$ 24,893,874	\$ 2,381,895	\$ 428,049	\$ 26,847,720
Retirement Work in Progress	(57,655)		35,820	(93,475)
	\$ 24,836,219	\$ 2,381,895	\$ 463,869	\$ 26,754,245
		(1)	(2)	
(1) Charged to Depreciation Expense		\$ 2,168,617		
Charged to Clearing Accounts		213,278		
		\$ 2,381,895		
(2) Cost of Units Retired			\$ 249,265	
Add: Cost of Removal			216,129	
Less: Salvage Value and Other Credits			1,525	
Loss Due to Retirement			\$ 463,869	

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 3

**OTHER PROPERTY AND INVESTMENTS
DECEMBER 31, 2025 AND 2024**

	December 31,	
	<u>2025</u>	<u>2024</u>
INVESTMENTS IN ASSOCIATED ORGANIZATIONS		
Patronage Capital/Memberships		
Sunflower Electric Power Corporation	\$ 12,458,666	\$ 12,128,124
Mid-Kansas Electric Company, Inc.	300,031	326,777
Kansas Electric Cooperatives	29,992	36,284
National Rural Utilities Cooperative Finance Corporation	245,952	242,639
National Information Solutions Cooperative	74,873	74,237
S&T Telephone	103,289	103,289
Federated Rural Electric Insurance	195,714	185,625
Memberships/Other	60,251	57,113
Capital Term Certificates		
National Rural Utilities Cooperative Finance Corporation	221,958	221,958
Other Contributions		
Mid-Kansas Electric Company, Inc. - Contributed Capital	<u>423,040</u>	<u>423,040</u>
Total Investments in Associated Organizations	<u>\$ 14,113,766</u>	<u>\$ 13,799,086</u>
OTHER INVESTMENTS	<u>\$ 5,501</u>	<u>\$ 5,501</u>
	<u>\$ 14,119,267</u>	<u>\$ 13,804,587</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 4

PATRONAGE CAPITAL
DECEMBER 31, 2025

<u>Calendar Year</u>	<u>Capital Credits Assigned</u>	<u>Capital Credits Assignable</u>	<u>Capital Credits Retired</u>	<u>Capital Credits Unretired</u>
1961 - 1999	\$ 4,157,682	\$	\$ 4,157,682	\$
2001	586,236		300,358	285,878
2002	894,126		115,738	778,388
2003				
2004	445,083		49,134	395,949
2005	654,424		69,279	585,145
2006	249,740		25,507	224,233
2007	957,265		88,619	868,646
2008	760,877		58,018	702,859
2009	812,994		66,911	746,083
2010				
2011	1,254,442		56,265	1,198,177
2012	1,397,098		396	1,396,702
2013	1,985,150		520	1,984,630
2014	2,044,950		50	2,044,900
2015	794,168		14	794,154
2016	1,498,558		21,067	1,477,491
2017	1,849,728		15,652	1,834,076
2018	1,503,392		30,097	1,473,295
2019	1,748,693		26,524	1,722,169
2020	392,903		392	392,511
2021	2,054,840		10,549	2,044,291
2022	1,298,256		6,851	1,291,405
2023	501,621			501,621
2024	1,002,633		1,079	1,001,554
2025		2,236,203		2,236,203
Overassigned		(6,920)		(6,920)
	<u>\$ 28,844,859</u>	<u>\$ 2,229,283</u>	<u>\$ 5,100,702</u>	<u>\$ 25,973,440</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 5

FFB AND CFC MORTGAGE NOTES
DECEMBER 31, 2025

Note Number	Advance Date	Date of Maturity	Interest Rate	Principal Amount	Unadvanced	Principal Repayments	Net Obligation
FFB Mortgage Notes							
FFB-1-1	2/23/2010	12/31/2043	4.52%	\$ 3,151,710	\$	\$ 210,302	\$ 2,941,408
FFB-1-2	9/7/2010	1/3/2045	3.49%	685,930		51,156	634,774
FFB-1-3	1/21/2011	1/3/2045	4.24%	863,784		91,460	772,324
FFB-1-4	9/7/2011	1/3/2045	2.84%	2,455,595		260,005	2,195,590
FFB-1-5	3/13/2012	1/3/2045	2.78%	508,660		53,858	454,802
FFB-2-1	12/19/2013	12/31/2047	3.58%	5,264,721		257,514	5,007,207
FFB-2-2	12/19/2013	12/31/2047	3.58%	2,833,610		138,600	2,695,010
FFB-2-3	9/3/2014	12/31/2047	2.90%	2,152,974		105,308	2,047,666
FFB-2-4	9/3/2015	12/31/2047	2.69%	827,615		56,275	771,340
FFB-2-5	2/8/2016	12/31/2047	2.34%	1,083,800		76,830	1,006,970
FFB-2-6	9/22/2016	12/31/2047	2.09%	829,376		60,598	768,778
FFB-2-7	3/2/2018	12/31/2047	2.96%	625,752		41,165	584,587
FFB-2-8	4/25/2018	12/31/2047	3.08%	2,622,472		170,056	2,452,416
FFB-2-9	4/9/2019	12/31/2047	2.73%	895,534		60,554	834,980
FFB-2-10	7/31/2019	12/31/2047	2.34%	2,238,896		158,808	2,080,088
FFB-2-11	11/22/2019	12/31/2047	2.04%	1,176,750		86,470	1,090,280
FFB-2-12	5/12/2020	12/31/2047	1.09%	3,604,302		295,953	3,308,349
FFB-2-13	7/16/2020	12/31/2047	1.01%	484,602		40,175	444,427
Total FFB				\$ 32,306,083	\$ 0	\$ 2,215,087	\$ 30,090,996
CFC Mortgage Notes							
9004-015	6/15/2012	11/30/2026	4.15%	\$ 430,682	\$	\$	\$ 430,682
9004-016	6/15/2012	11/30/2027	4.20%	448,025			448,025
9004-017	6/15/2012	11/30/2028	4.20%	465,886			465,886
9004-018	6/15/2012	11/30/2029	4.20%	485,073			485,073
9004-019	6/15/2012	11/30/2030	4.25%	471,789			471,789
9004-020	6/15/2012	11/30/2031	4.25%	472,394			472,394
9004-021	6/15/2012	11/30/2032	4.30%	491,740			491,740
9004-022	6/15/2012	11/30/2033	4.30%	484,496			484,496
9004-023	6/15/2012	11/30/2034	4.30%	156,736			156,736
Total CFC				\$ 3,906,821	\$ 0	\$ 0	\$ 3,906,821

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 6

**ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	December 31,		Increase (Decrease)
	<u>2025</u>	<u>2024</u>	
Administrative and General Salaries	\$ 687,101	\$ 752,502	\$ (65,401)
Office Supplies and Expense	81,063	82,126	(1,063)
Outside Services Employed	282,081	120,410	161,671
Employee Education and Training	447,020	390,531	56,489
Directors' Fees and Expenses	84,139	87,633	(3,494)
Annual Meeting Expense	174,648	175,292	(644)
Capital Credits Expense	17,432	20,203	(2,771)
Dues to Associated Organizations	95,879	75,940	19,939
Miscellaneous General Expense	37,490	60,382	(22,892)
Regulatory Commission Expense	820	2,135	(1,315)
Maintenance of General Plant	<u>201,507</u>	<u>164,869</u>	<u>36,638</u>
	<u>\$ 2,109,180</u>	<u>\$ 1,932,023</u>	<u>\$ 177,157</u>

Client: **43976 - Lane-Scott Electric Cooperative, Inc.**
Engagement: **43976 - 2025 Lane-Scott Electric Cooperative, Inc.**
Period Ending: **12/31/2025**
Trial Balance: **017 - Annual Trial balance - 2 Year**
Workpaper: **017 - Adjusting Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entry JE # 1				
To correct PTR				
173.100.0	ACCRUED PROPERTY TAX ADJ RECEIVABLE		37,442.83	
448.000.0	PROPERTY TAX ADJUSTMENT		5,087.99	
448.000.0	PROPERTY TAX ADJUSTMENT		32,354.84	
173.100.0	ACCRUED PROPERTY TAX ADJ RECEIVABLE			5,087.99
173.100.0	ACCRUED PROPERTY TAX ADJ RECEIVABLE			32,354.84
440.100.0	RESIDENTIAL SALES			6,352.90
441.000.0	IRRIGATION SALES			1,879.08
442.000.0	LARGE INDUSTRIAL SALES			15,748.99
442.100.0	GENERAL SERVICE-SMALL SALES			11,098.40
444.000.0	PUBLIC STREET & HIGHWAY LIGHTING			256.11
447.100.0	NON-DOMESTIC			2,107.35
Total			<u>74,885.66</u>	<u>74,885.66</u>
Adjusting Journal Entry JE # 2				
To record additional payables as of 12/31				
107.200.0	CONSTRUCTION WORK IN PROGRESS		17,747.04	
586.000.0	METER EXPENSE		868.00	
588.000.0	MISC. DISTRIBUTION EXPENSE		1,911.34	
588.200.0	GIS EXPENSE		1,117.51	
903.000.0	CONSUMER RECORDS EXPENSE		11,853.04	
921.000.0	OFFICE SUPPLIES & EXPENSE		477.83	
930.100.0	GENERAL ADVERTISING EXPENSES		45.57	
930.310.0	MISC GENERAL EXP-CAP CREDITS		1,433.50	
232.000.0	ACCOUNTS PAYABLE			35,453.83
Total			<u>35,453.83</u>	<u>35,453.83</u>
Adjusting Journal Entry JE # 3				
To true up Sunflower allocation to actual.				
423.000.0	G & T CAPITAL CREDITS		232,169.94	
123.100.0	PATRONAGE CAPITAL-ASSOC ORGAN			232,169.94
Total			<u>232,169.94</u>	<u>232,169.94</u>
Adjusting Journal Entry JE # 4				
To true up ECA as of 12/31/2025				
448.100.0	PCA REVENUE OVER / (UNDER)		51,280.51	
242.990.0	ACCRUED ECA OVER COLLECTED			51,280.51
Total			<u>51,280.51</u>	<u>51,280.51</u>
Adjusting Journal Entry JE # 5				
To move over-assigned margins to other equities.				
201.100.0	PATRONAGE CAPITAL CREDITS-LSEC		6,475.34	
219.200.0	NONOPERATING MARGINS - LSEC			6,475.34
Total			<u>6,475.34</u>	<u>6,475.34</u>

COMPLIANCE AND INTERNAL CONTROL

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Lane-Scott Electric Cooperative, Inc.
Dighton, Kansas

We have audited, in accordance with the 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, the financial statements of Lane-Scott Electric Cooperative, Inc. (the Cooperative), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated April 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lane-Scott Electric Cooperative, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

April 20, 2026

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

April 20, 2026

Board of Directors
Lane-Scott Electric Cooperative, Inc.
Dighton, Kansas

We have audited the financial statements of Lane-Scott Electric Cooperative, Inc. (the Cooperative) for the year ended December 31, 2025, and have issued our report thereon dated April 20, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated July 16, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Cooperative are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year. We noted no transactions entered into by the Cooperative during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of useful lives used to calculate depreciation. Management's estimate of the depreciation life used is based on industry accepted guidelines and the lives selected are within those guidelines.
- Management's estimate of the allowance for credit losses. Management's estimate for the allowance for credit losses is based on historical sales, historical loss levels, and an analysis of the collectability of individual accounts.

We evaluated the key factors and assumptions used to develop the accumulated depreciation and depreciation expense, and allowance for credit losses estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Attached to this letter are the misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 20, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Cooperative's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Cooperative's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Directors
Lane-Scott Electric Cooperative, Inc.
April 20, 2026
Page 3

Other Matters

With respect to the accompanying information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the accompanying information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Lane-Scott Electric Cooperative, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

10. b. 2025 Capital Credit Allocation

The Allocation of Capital Credits is addressed in the LSEC Bylaws, Article VII, Section 2. **Patronage Capital in Connection with Furnishing Cooperative Services** and in Board Policy 113 **Capital Credits**.

Board Policy 113 addresses Allocations as follows:

OBJECTIVE: *The objective of this Capital Credits Policy (“Policy”) is to state the general policy of Lane-Scott Electric Cooperative, Inc., (“Cooperative”) for allocating and retiring capital credits.*

POLICY: *The Cooperative shall allocate and retire capital credits in a manner that:*

- 1) is consistent with state and federal law;*
- 2) is consistent with operating on a cooperative basis under federal tax law;*
- 3) is fair and reasonable to the Cooperative’s patrons and former patrons;*
- 4) provides the Cooperative with sufficient equity and capital to operate effectively and efficiently; and*
- 5) protects the Cooperative’s financial condition. Subject to law, the Cooperative’s articles of incorporation, and the Cooperative’s bylaws, the allocation and retirement of capital credits are at the sole discretion of the Cooperative’s Board of Trustees (“Board”).*

EXPECTATIONS:

- A. Board Approval.** *The Cooperative shall allocate and retire capital credits according to the manner, method, timing, and amount approved by the Board.*
- B. Operating Margin Allocations.** *As required by the Cooperative’s bylaws, for electric energy sales provided by the Cooperative on a cooperative basis during a fiscal year, the Cooperative shall allocate on a patronage basis to each patron during the fiscal year, the Cooperative’s operating margins from providing the electric energy sales during the fiscal year. Capital credits allocated and credited to the Cooperative by its affiliated G&T cooperative in connection with the furnishing of electric energy to the Cooperative will be separately allocated on a patronage basis.*
- C. Operating Margin Loss Allocations.** *For electric energy sales provided by the Cooperative on a cooperative basis, the Cooperative shall offset operating losses with the Cooperative’s operating earnings from providing the electric energy sales during the next succeeding future fiscal year(s).*
- D. Non-Operating Allocations.** *As approved by the Board, the Cooperative may use, retain, or equitably allocate the Cooperative’s Non-Operating earnings.*
- E. Non-Operating Loss Allocations.** *The Cooperative shall offset non-operating losses with the Cooperative’s non-operating earnings during any fiscal year.*

The Bylaws and Policy draw a distinction between Operating Margins and Non-Operating Margins. Operating Margins are allocated while Non-Operating Margins allocations are at the discretion of the Board.

The 2025 BSGM Audit report identifies 2025 items as follows:

Line 21. Operating Margins – After Fixed Charges	\$ 1,439,846
Line 22. Non-Operating Margins – Interest Income	\$ 247,151
Line 25. Non-Operating Margins – Other	\$ 67,188
Line 26. Generation and Transmission Capital Credits	\$ 754,645
Line 27. Other Capital Credits and Patronage Dividends	\$ 40,834
Line 28. Extraordinary Items	\$ 0

According to Policy:

	Operating Margins Allocated	G&T Capital Credits (allocated separately)	Non-Operating Margins (option to allocate)
Line 21 - 2025	1,439,486		
Line 22			247,151
Line 25			67,188
Line 26		754,645	
Line 27	40,834		
Line 28			0
Totals	1,480,320	754,645	314,339

The Board has the option to allocate or retain Non-Operating Margins. We request that the Board retain the \$314,339 of Non-Operating margins to build to equity.

The staff requests that the Board approve:

1. Allocate \$1,480,320 for 2025 Patronage Capital, and
2. Allocate \$754,645 in 2025 Generation and Transmission Capital Credits, and
3. That the Cooperative retain Non-Operating Margins of \$314,339 as permanent, non-allocated capital.

10. c. Sunflower Electric Power Corporation Annual Meeting

Sunflower EPC requests that the Lane-Scott Board of Trustee appoint a Voting Delegate and Alternate to the Sunflower Electric Power Corporation (SEPC) Annual Meeting and to the Sunflower Electric Holdings, Inc. (SEH) Annual Meeting both to be held May 20, 2026, in Dodge City, KS.

1. Sunflower Electric Power Corporation. Richard Jennison was appointed Annual Meeting Delegate to the 2025 SEPC Annual Meeting by the LSEC Board. Richard McLeon was appointed Alternate Delegate.
2. Sunflower Electric Holdings, Inc. Richard Jennison was appointed Annual Meeting Delegate to the 2025 SEH Annual Meeting by the LSEC Board. Richard McLeon was appointed Alternate Delegate.

From: [Hubbard, Melissa](#)
To: [Richard McLeon](#); [Lindsay Campbell](#); [Kirk Girard](#); [Shane Laws](#); [Nolan Numrich](#); [Bruce Mueller](#)
Cc: [Brent Mitchell](#); [Michelle Brungardt](#); [TJ Ackerman](#); [Culp, Jill](#)
Subject: 2026 Annual Meeting - Certificate of Delegate and Alternate Delegate
Date: Friday, March 20, 2026 2:39:31 PM
Attachments: [image001.png](#)
[260520 Lane Scott Delegate Alternate Certificates.pdf](#)
[260520 Pioneer Delegate Alternate Certificates.pdf](#)
[260520 Prairie Land Delegate Alternate Certificates.pdf](#)
[260520 Victory Delegate Alternate Certificates.pdf](#)
[260520 Western Delegate Alternate Certificates.pdf](#)
[260520 Wheatland Delegate Alternate Certificates.pdf](#)

Memorandum

To: Sunflower Electric Power Corporation Member Managers
Sunflower Electric Holdings, Inc. Member Managers

From: Brent A. Mitchell, Secretary

Date: March 20, 2026

Subject: **2026 Annual Meetings**

Attached are forms to be completed by each Member designating its delegate and alternate for Sunflower Electric Power Corporation, Sunflower Electric Holdings, Inc., annual meeting and other Member meetings during the year. The annual meetings are scheduled for **Wednesday, May 20, 2026, hosted by The Victory Electric Cooperative Assoc., Inc., held at 4200 W. Comanche, Dodge City, Kansas.** We ask that the Secretary, General Manager, or CEO, as the case may be, of each Member certify to their delegate and alternate choices not less than 15 days prior to the Annual Meeting. Please complete and return your cooperative's form **no later than May 1, 2026** by mail or email.

Your annual meeting delegate and alternate delegate for each company does not need to be the same as your director(s) and alternate director(s) who are designated for the monthly Board of Directors meetings.

The annual meeting notices will be sent to all the Members, delegates, and alternate delegates on or before May 4, 2026. The time of the meeting as well as other pertinent information will be set forth therein.

If you have any questions, please call me at (316) 265-9311.

Hard copies will follow this email.



Melissa Hubbard
Executive Assistant

Sunflower Electric Power Corporation
PO Box 1020, 301 W. 13th St, Hays, KS 67601
Office: 785.623.6673 | Mobile: 620.786.5083

CERTIFICATION OF DELEGATE AND ALTERNATE DELEGATE

ANNUAL MEETING OF MEMBERS
OF
SUNFLOWER ELECTRIC POWER CORPORATION

Wednesday, May 20, 2026

MEMBER SYSTEM NAME: Lane-Scott Electric Cooperative, Inc.

Name of **DELEGATE**: _____

ADDRESS: _____

EMAIL: _____

Name of **ALTERNATE**: _____

ADDRESS: _____

EMAIL: _____

This certifies that the above named persons have been duly authorized to represent this Member System as Delegate and Alternate Delegate for the Annual Meeting of Members of Sunflower Electric Power Corporation, to be held Wednesday, May 20, 2026 and such other meetings of Members called by the Corporation.

Date

Title:

PLEASE RETURN THIS CERTIFICATION TO:

Brent A. Mitchell
Sunflower Electric Power Corporation
PO Box 1020
Hays, KS 67601-1020
mhubbard@sunflower.net

CERTIFICATION OF DELEGATE AND ALTERNATE DELEGATE

ANNUAL MEETING OF MEMBERS
OF
SUNFLOWER ELECTRIC HOLDINGS, INC.

Wednesday, May 20, 2026

MEMBER SYSTEM NAME: Lane-Scott Electric Cooperative, Inc.

Name of **DELEGATE**: _____

ADDRESS: _____

EMAIL: _____

Name of **ALTERNATE**: _____

ADDRESS: _____

EMAIL: _____

This certifies that the above named persons have been duly authorized to represent this Member System as Delegate and Alternate Delegate for the Annual Meeting of Members of Sunflower Electric Holdings, Inc., to be held Wednesday, May 20, 2026 and such other meetings of Members called by the Corporation.

Date

Secretary:

PLEASE RETURN THIS CERTIFICATION TO:

Brent A. Mitchell
Board Counsel
Sunflower Electric Holdings, Inc.
PO Box 1020
Hays, KS 67601-1020
mhubbard@sunflower.net

SAFETY PROGRAM

- **Safety Monthly Summary:** Working with Carrie on Emergency Response Plan, working on items to be fixed from Safety Council Yearly Walk Thru. Goals have been set by board for strategic plan.
- Safety council assisted with Cathy Domsch Time and Project Management Training Program:
Finished training and review with Cathy and Staff. Great results came out of this team building exercise. Overall, the entire team came together on this project and will work more efficiently on our next projects and goals.

SAFETY PROJECTS **COMPLETED** AS OF March 2026

- Rubber gloves changed out.
- In House Safety Meeting, we discussed the KEC Safety Summary, reviewed and made changes to the Active Shooter Plan.

Ann Jennings's submitted report:

- Stay Away from Downed Lines: Magazine, social media, E-Newsletter, Website banners.
- Call Before You Dig Magazine, Social Media, E- Newsletter
- Work Zone Awareness Week
- National Distracted Driving Awareness
- Can I Use a Generator in the Rain & Other Common Generator Questions
- Controlled Burns- Utility pole awareness

Diana Kuhlman submitted reports:

- Attended Monthly Safety Meeting.
- Coordinate Monthly Drug Testing.
- Submitted No- Time Loss Report to Federated and KEC.
- Active shooter debrief with Cathy Domsch Work Management Training.
- Submitted Annual No Lost Time Documentation to Federated Rural Electric.

SAFETY PROJECTS **IN PROGRESS** AS OF March 2026

1. Completed SafetyAmp Inspection digital form: Working on developing right of way permits, and overlength permits.
2. FCC radios: Looking into location for a tower south of McCracken to help with dead zones and redundancy on east side of LSEC system.
3. Safety Council Yearly Walk through items being repaired. 80% completed.
4. RESAP Onsite Observation.
 - Sub Station Circuits are being identified.
 - URD cables being identified and labeled. In Progress.
 - Pad mount and switch cabinet signage in progress of being updated.
 - Fixing items that were noted during KEC RESAP observation. 97% Completed.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.
SAFETY MEETING
March 17th, 2026

Chris Terhune called the meeting to order at 9:05 a.m.

Minutes were read: Minutes were reviewed. Dellon Shelton made a motion to approve February 19th, 2026, minutes. Dal Hawkinson seconded the motion.

Present: Kasey Jenkinson, Ben Mann, Dal Hawkinson, Chris Terhune, Myron Seib, Kevin Bradstreet, Dellon Shelton, Blake McVicker, Taylor Cable, Bailey Wells, Nate Burns, Scott Briand, Micheal Pollock, Carrie Borell, Ann Jennings, Diana Kuhlman, Jocelyn Shull, Cindy Fuentes-Ummel, and Lillie Koehn.

Absent: Richard McLeon, Chad Rupp, and Tad Eubanks

Guest: Billie Barnett, and David Smith.

Truck report of inspections:

105	Bailey Wells	OK
110	Dellon Shelton	OK
112	Taylor Cable	OK
123	Micheal pollock	OK
132	Bailey Wells	OK
136	Taylor Cable	OK
143	Micheal Pollock	OK
145	Dal Hawkinson	OK
150	Kevin Bradstreet	OK
191	Micheal Pollock	OK
200	Ben Mann	OK
201	Blake McVicker	OK
305	Dellon Shelton	OK
2401	Myron Seib	OK
2402	Chris Terhune	OK
2501	Nate Burns	OK
2502	Chad Rupp	OK
2503	Bailey Wells	OK

Trailer and Equipment report for inspections:

502	Myron Seib	OK
507	Myron Seib	OK
515	Myron Seib	OK
504	Myron Seib	OK
505	Chris Terhune	OK
508	Chris Terhune	OK
509	Chris Terhune	OK
513	Chris Terhune	OK
516	Chris Terhune	OK
517	Chris Terhune	OK
518	Scott Briand	OK
519	Scott Briand	OK
700	Chris Terhune	OK
701	Chris Terhune	OK
702	Chris Terhune	OK
703	Chris Terhune	OK
512	Myron Seib	OK
514	Scott Briand	OK

Warehouse, building, and pole yard inspections:

Ness City Warehouse	Myron Seib	OK
Ness Pole Yard & Transformer Dock	Myron Seib	OK
Warehouse	Scott Briand	OK
Pole Yard & Transformer Dock	Scott Briand	OK
Office	Diana Kuhlman	OK

Personal Tools: All Passed

Gloves Monthly Test Results: All Passed.

Line Hoses Annual Test Results: N/A

Blankets Annual Test Results: N/A

Sleeves Quarterly Test Results: N/A

Substation and Regulator Report: Monthly Substation checks were completed.

PCB Report: None to Report

Line Clearance: City of McCracken

Accident and Near Misses: None to Report.

Good Catch Report: Cindy Fuentes-Ummel received suspicious e-mail. She reported and flagged it and reported it to Carrie. Carrie reported the email. It was flagged and quarantined.

Old Business: Nothing to report.

New Business:

- ♦ Dal Hawkinson: Scott Park Substation is energized and ready for load.
- ♦ Cindy Fuentes-Ummel: Cold weather rule will no longer be effective after March 15th, 2026. Disconnects will begin tomorrow. ACH sign up was sent out and 49 members have signed up for SmartHub.
- ♦ Carrie Borell: Thank you for reporting suspicious emails. Using personal e-mails for Lane-Scott business is not allowed. It could result in people having to relinquish their personal phone and computer if an attacker gets access to either one of these. Watch for suspicious links attached to emails as well. If you see anything suspicious report it immediately to Carrie.
- ♦ Ann Jennings: Annual Meeting Gift has been selected. It will be a campfire mug. Looking into logo ideas for celebrating LSE'S 85 years anniversary. Four youth were selected for youth tours. Member satisfaction surveys will be sent out in the spring. Two trustee terms will be up. Both trustees are running for reelection.
- ♦ Diana Kuhlman: Cathy Domsch training coming up on April 2nd. The Staff and team will cover the active shooter training. I-9 Audits are underway. Policy and procedures will be updated.
- ♦ Myron Seib: Midwest Energy and Ward Electric. Pulling wire for the 115 line over LSE'S double circuit this week. Bazine East Rural circuit is on one-shot. LSE's coverup is on our distribution line. City wide cleanups for Ness, Ransom, and Utica will start soon.
- ♦ Chris Terhune: Reviewed KEC Safety Summary, conducted tabletop exercise and reviewed Active Shooter Procedure with the help of Lane County Sherriff's Office and Lane County Emergency Management. April 29th LSE will be conducting a safety demonstration for K-6 Ag Day.

Meeting adjourned.

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Administrator