

2018 TAX RETURN

Client Copy

Client: KY30-990

Prepared for: Shelby Energy Cooperative
620 Old Finchville Road
Shelbyville, KY 40065
502-633-4420

Prepared by: Alan Zumstein
ALAN ZUMSTEIN
1032 CHETFORD DRIVE
LEXINGTON, KY 40509
(859) 264-7147

Date: April 10, 2019

Comments:

Route to: _____

2018 Exempt Org. Return
prepared for:

Shelby Energy Cooperative
620 Old Finchville Road
Shelbyville, KY 40065

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FEDERAL FORMS

Form 990	2018 Return of Organization Exempt from Income Tax
Schedule D	Schedule D
Schedule J	Schedule J
Schedule O	Supplemental Information
Form 990-T	2018 Exempt Organization Bus. Income Tax Return
Form 2220 (T)	Underpayment of Estimated Tax by Corporations
Form 8879-EO	IRS e-file Signature Authorization

FEE SUMMARY

Preparation Fee

Shelby Energy Cooperative

61-0337665

	2018	2017	Diff
REVENUE			
Program service revenue.....	46,730,062	43,637,904	3,092,158
Investment income.....	59,754	34,739	25,015
Other revenue.....	2,652,748	1,644,121	1,008,627
Total revenue.....	49,442,564	45,316,764	4,125,800
EXPENSES			
Benefits paid to or for members.....	3,121,805	960,341	2,161,464
Salaries, other compen., emp. benefits...	2,794,305	2,700,893	93,412
Other expenses.....	43,526,454	41,655,530	1,870,924
Total expenses.....	49,442,564	45,316,764	4,125,800
NET ASSETS OR FUND BALANCES			
Revenue less expenses.....	0	0	0
Total assets at end of year.....	113,345,020	110,047,493	3,297,527
Total liabilities at end of year.....	67,765,078	67,229,178	535,900
Net assets/fund balances at end of year.	45,579,942	42,818,315	2,761,627

Shelby Energy Cooperative

61-0337665

	2018	2017	Diff
REVENUE			
Other income.....	406,860	0	406,860
Total revenue.....	406,860	0	406,860
DEDUCTIONS			
Other deductions.....	1,079	0	1,079
Total deductions.....	1,079	0	1,079
UNRELATED BUSINESS TAXABLE INCOME			
Unrelated bus taxable inc (line 30).....	405,781	0	405,781
Unrelated bus taxable inc (line 32).....	405,781	0	405,781
Specific deduction.....	1,000	0	1,000
Unrelated business taxable income.....	404,781	0	404,781
TAX COMPUTATION			
Income tax.....	85,004	0	85,004
Total tax.....	85,004	0	85,004
PAYMENTS AND CREDITS			
Estimated tax payments.....	40,000	0	40,000
Total payments and credits.....	40,000	0	40,000
REFUND OR AMOUNT DUE			
Underpayment penalty.....	1,555	0	1,555
Tax due.....	46,559	0	46,559
Overpayment.....	0	0	0
TAX RATES			
Effective tax rate.....	21.0%	0.0%	21.0%

Shelby Energy Cooperative

61-0337665

Forms needed for this return

Federal: 990, Sch D, Sch J, Sch O, 990-T, 2220

Tax Rates

<u>Unrelated Business</u>	<u>Marginal</u>	<u>Effective</u>
Federal	0. %	21.0 %

Underpayment Penalty

Federal Unrelated Business 1,555.

Carryovers to 2019

None

Federal Estimates

Form 990-T

	<u>Estimate</u>	<u>Overpayment</u>	<u>Balance</u>
4/15/19	20,000.	0.	20,000.
6/17/19	20,000.	0.	20,000.
9/16/19	20,000.	0.	20,000.
12/16/19	20,000.	0.	20,000.
Total	<u>80,000.</u>	<u>0.</u>	<u>80,000.</u>

The organization's Federal tax return is NOT FINISHED until you complete the following instructions.

Prior to transmission of the return

Form 990

The organization should review their Federal Return along with any accompanying schedules and statements.

Paperless e-file

The organization should read, sign and date the Form 8879-EO, IRS e-file Signature Authorization.

Even Return

No payment is required.

After transmission of the return

Receive acknowledgement of your e-file transmission status.

Within several hours, connect with Lacerte and get your first acknowledgement (ACK) that Lacerte has received your transmission file.

Connect with Lacerte again after 24 and then 48 hours to receive your Federal ACKs.

Keep a signed copy of Form 8879-EO, IRS e-file Signature Authorization in your files for 3 years.

Do not mail:

Form 8879-EO IRS e-file Signature Authorization

Additional Instructions:

Form 990-T (Exempt Organization Business Income Tax Return) return cannot be filed electronically. You must file this return as a conventional paper return.

Shelby Energy Cooperative

61-0337665

Form 990, Part III, Line 4e
Program Services Totals

	Program Services Total	Form 990	Source
Total Expenses	49,442,564.	49,442,564.	Part IX, Line 25, Col. B
Grants	0.	0.	Part IX, Lines 1-3, Col. B
Revenue	48,469,856.	46,730,062.	Part VIII, Line 2, Col. A

Form 990, Part VIII, Line 11d
Other Revenue

Description	Bus. Code	Total Revenue	Related or Exempt Func tion Revenue	Unrelated Business Revenue	Revenue Excluded From Tax
Patronage assoc organs	221000	\$ 105,585.	\$ 105,585.		
Sale of general plant	221000	72,488.			\$ 72,488.
Management fees	221000	300.	300.		
Totals		<u>178,373.</u>	<u>105,885.</u>	<u>\$ 0.</u>	<u>72,488.</u>

Form 990, Part IX, Line 24e
Other Expenses

	(A) Total	(B) Program Services	(C) Management & General	(D) Fundraising
Accounting fees	-16,911.	-16,911.		
Comp of key employees	-164,183.	-164,183.		
Compensation of directors	-101,757.	-101,757.		
Consumer accounts	486,115.	486,115.		
Customer service and informati	326,829.	326,829.		
Insurance	-167,812.	-167,812.		
Legal fees	-90,840.	-90,840.		
Other deductions	20,339.	20,339.		
Other employee benefits	-279,637.	-279,637.		
Other salaries and wages	-1,864,146.	-1,864,146.		
Payroll taxes	-151,970.	-151,970.		
Pension plan contributions	-232,612.	-232,612.		
Postage and shipping	-15,084.	-15,084.		
Postage and Shipping	15,084.	15,084.		
Printing and publications	-83,064.	-83,064.		
Printing and Publications	83,064.	83,064.		
Propane costs allocated	1,079.	1,079.		
PSC tax	55,557.	55,557.		
Sales expense	699.	699.		
Total	<u>\$-2,179,250.</u>	<u>\$-2,179,250.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

Form **8879-EO**

IRS e-file Signature Authorization for an Exempt Organization

OMB No. 1545-1878

For calendar year 2018, or fiscal year beginning _____, 2018, and ending _____, 20____

2018

Department of the Treasury
Internal Revenue Service

▶ **Do not send to the IRS. Keep for your records.**
▶ **Go to www.irs.gov/Form8879EO for the latest information.**

Name of exempt organization

Employer identification number

Shelby Energy Cooperative

61-0337665

Name and title of officer

Jack Bragg, Jr President & CEO

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a**, **2a**, **3a**, **4a**, or **5a**, below, and the amount on that line for the return being filed with this form was blank, then leave line **1b**, **2b**, **3b**, **4b**, or **5b**, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than one line in Part I.

1 a Form 990 check here	▶ <input checked="" type="checkbox"/>	b Total revenue , if any (Form 990, Part VIII, column (A), line 12)	1 b <u>49,442,564.</u>
2 a Form 990-EZ check here	▶ <input type="checkbox"/>	b Total revenue , if any (Form 990-EZ, line 9)	2 b _____
3 a Form 1120-POL check here	▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3 b _____
4 a Form 990-PF check here	▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4 b _____
5 a Form 8868 check here	▶ <input type="checkbox"/>	b Balance Due (Form 8868, line 3c)	5 b _____

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2018 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize ALAN ZUMSTEIN to enter my PIN 15307 as my signature
ERO firm name Enter five numbers, but do not enter all zeros

on the organization's tax year 2018 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2018 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ _____ Date ▶ _____

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN 61142612345
Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2018 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ Alan Zumstein Date ▶ _____

ERO Must Retain This Form – See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So

BAA For Paperwork Reduction Act Notice, see instructions.

Form **8879-EO** (2018)

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

2018

Department of the Treasury
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Open to Public Inspection

A For the 2018 calendar year, or tax year beginning , **2018**, and ending ,

B Check if applicable:	C	D Employer identification number		
<input type="checkbox"/> Address change	Shelby Energy Cooperative 620 Old Finchville Road Shelbyville, KY 40065	61-0337665		
<input type="checkbox"/> Name change		E Telephone number	502-633-4420	
<input type="checkbox"/> Initial return		G Gross receipts \$	49,442,564.	
<input type="checkbox"/> Final return/terminated		H(a) Is this a group return for subordinates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<input type="checkbox"/> Amended return		H(b) Are all subordinates included? If "No," attach a list. (see instructions)	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<input type="checkbox"/> Application pending	F Name and address of principal officer:	Same As C Above		
I Tax-exempt status:		501(c)(3) <input checked="" type="checkbox"/> 501(c) (12) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ www.shelbyenergy.com		H(c) Group exemption number ▶		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 1937	M State of legal domicile: KY	

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>Provide electric service to member owners on a patronage basis. Provide electric service to over 16,400 consumers monthly.</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	6
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	6
	5	Total number of individuals employed in calendar year 2018 (Part V, line 2a)	5	48
	6	Total number of volunteers (estimate if necessary)	6	0
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	406,860.
b	Net unrelated business taxable income from Form 990-T, line 38.	7b	404,781.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	43,637,904.	46,730,062.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	34,739.	59,754.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,644,121.	2,652,748.
	12	Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	45,316,764.	49,442,564.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)		
	14	Benefits paid to or for members (Part IX, column (A), line 4)	960,341.	3,121,805.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	2,700,893.	2,794,305.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	41,655,530.	43,526,454.	
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	45,316,764.	49,442,564.	
19	Revenue less expenses. Subtract line 18 from line 12.		0.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	110,047,493.	113,345,020.
	22	Net assets or fund balances. Subtract line 21 from line 20.	67,229,178.	67,765,078.
			42,818,315.	45,579,942.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	Date	
	▶ <u>Jack Bragg, Jr</u>		President & CEO
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date
	<u>Alan Zumstein</u>	<u>Alan Zumstein</u>	
	Firm's name ▶ <u>ALAN ZUMSTEIN</u>		Check <input checked="" type="checkbox"/> if self-employed
	Firm's address ▶ <u>1032 CHETFORD DRIVE</u> <u>LEXINGTON, KY 40509</u>		PTIN <u>P00641130</u>
		Firm's EIN ▶ <u>35-1877201</u>	Phone no. <u>(859) 264-7147</u>

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:

Provide electric service to member owners on a patronage basis. Provide electric service to over 16,400 consumers monthly.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: _____) (Expenses \$ 49,442,564. including grants of \$ _____) (Revenue \$ 48,469,856.)

Provide electric service to member owners on a patronage basis. Provides electric service to over 16,400 consumers monthly.

4b (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4c (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4d Other program services (Describe in Schedule O.)

(Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4e Total program service expenses **▶** 49,442,564.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If 'Yes,' complete Schedule A.</i>		X
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If 'Yes,' complete Schedule C, Part I.</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If 'Yes,' complete Schedule C, Part II.</i>		
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If 'Yes,' complete Schedule C, Part III.</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If 'Yes,' complete Schedule D, Part I.</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If 'Yes,' complete Schedule D, Part II.</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If 'Yes,' complete Schedule D, Part III.</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If 'Yes,' complete Schedule D, Part IV.</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If 'Yes,' complete Schedule D, Part V.</i>		X
11 If the organization's answer to any of the following questions is 'Yes', then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If 'Yes,' complete Schedule D, Part VI.</i>	X	
b Did the organization report an amount for investments – other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If 'Yes,' complete Schedule D, Part VII.</i>		X
c Did the organization report an amount for investments – program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If 'Yes,' complete Schedule D, Part VIII.</i>	X	
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If 'Yes,' complete Schedule D, Part IX.</i>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If 'Yes,' complete Schedule D, Part X.</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If 'Yes,' complete Schedule D, Part X.</i>		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If 'Yes,' complete Schedule D, Parts XI and XII.</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If 'Yes,' and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI and XII is optional.</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If 'Yes,' complete Schedule E.</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If 'Yes,' complete Schedule F, Parts I and IV.</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If 'Yes,' complete Schedule F, Parts II and IV.</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If 'Yes,' complete Schedule F, Parts III and IV.</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If 'Yes,' complete Schedule G, Part I</i> (see instructions).		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If 'Yes,' complete Schedule G, Part II.</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If 'Yes,' complete Schedule G, Part III.</i>		X
20a Did the organization operate one or more hospital facilities? <i>If 'Yes,' complete Schedule H.</i>		X
b If 'Yes' to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If 'Yes,' complete Schedule I, Parts I and II.</i>		X

Part IV Checklist of Required Schedules (continued)

		Yes	No
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If 'Yes,' complete Schedule I, Parts I and III.</i>		X
23	Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If 'Yes,' complete Schedule J.</i>	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25a.</i>		X
24b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
24c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
24d	Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?		
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If 'Yes,' complete Schedule L, Part I.</i>		
25b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If 'Yes,' complete Schedule L, Part I.</i>		
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If 'Yes,' complete Schedule L, Part II.</i>		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If 'Yes,' complete Schedule L, Part III.</i>		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
28a	A current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV.</i>		X
28b	A family member of a current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV.</i>		X
28c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If 'Yes,' complete Schedule L, Part IV.</i>		X
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If 'Yes,' complete Schedule M.</i>		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If 'Yes,' complete Schedule M.</i>		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If 'Yes,' complete Schedule N, Part I.</i>		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If 'Yes,' complete Schedule N, Part II.</i>		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If 'Yes,' complete Schedule R, Part I.</i>		X
34	Was the organization related to any tax-exempt or taxable entity? <i>If 'Yes,' complete Schedule R, Part II, III, or IV, and Part V, line 1.</i>		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
35b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If 'Yes,' complete Schedule R, Part V, line 2.</i>		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If 'Yes,' complete Schedule R, Part V, line 2.</i>		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If 'Yes,' complete Schedule R, Part VI.</i>		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1 b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1 c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	

Part V **Statements Regarding Other IRS Filings and Tax Compliance** (continued)

		Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return. 2a 48		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? 2b	X	
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year? 3a	X	
b	If 'Yes,' has it filed a Form 990-T for this year? If 'No' to line 3b, provide an explanation in Schedule O. 3b	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? 4a		X
b	If 'Yes,' enter the name of the foreign country: ▶ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? 5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? 5b		X
c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T? 5c		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? 6a		X
b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? 6b		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? 7a		
b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided? 7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? 7c		
d	If 'Yes,' indicate the number of Forms 8282 filed during the year. 7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? 7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 7f		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? 7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? 7h		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year? 8		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966? 9a		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? 9b		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12. 10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. 10b		
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders. 11a 48,469,856.		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) 11b 565,848.		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? 12a		
b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year. 12b		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? 13a		
Note. See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans. 13b		
c	Enter the amount of reserves on hand 13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year? 14a		X
b	If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O. 14b		
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? 15		X
If 'Yes,' see instructions and file Form 4720, Schedule N.			
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? 16		X
If 'Yes,' complete Form 4720, Schedule O.			

Part VI Governance, Management, and Disclosure For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI.

Section A. Governing Body and Management

		Yes	No
1 a	Enter the number of voting members of the governing body at the end of the tax year. 1 a 6 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
1 b	Enter the number of voting members included in line 1a, above, who are independent. 1 b 6		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders? See Schedule O	X	
7 a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? See Schedule O	X	
7 b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? See Sch O	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8 a	The governing body?	X	
8 b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O.		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10 a	Did the organization have local chapters, branches, or affiliates?		X
10 b	If 'Yes,' did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11 a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
11 b	Describe in Schedule O the process, if any, used by the organization to review this Form 990. See Schedule O		
12 a	Did the organization have a written conflict of interest policy? If 'No,' go to line 13.	X	
12 b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12 c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this was done. See Schedule O	X	
13	Did the organization have a written whistleblower policy?	X	
14	Did the organization have a written document retention and destruction policy?	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15 a	The organization's CEO, Executive Director, or top management official. See Schedule O	X	
15 b	Other officers or key employees of the organization. See Schedule O	X	
	If 'Yes' to line 15a or 15b, describe the process in Schedule O (see instructions).		
16 a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16 b	If 'Yes,' did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ▶ None
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year. See Schedule O
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records ▶
Jared Routh, SVP, Fin/Coop Svc 620 Old Finchville Road Shelbyville KY 40065 502-633-4

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII.

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1 a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of 'key employee.'
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Pat Hargadon Director	2 0	X					17,016.	0.	0.	
(2) Ashley Chilton Chairman	2 0	X		X			16,507.	0.	0.	
(3) Roger Taylor Sec/Treas	2 0	X		X			16,616.	0.	0.	
(4) Diana Arnold Director	2 0	X					16,916.	0.	0.	
(5) Wayne Stratton Director	2 0	X					16,685.	0.	0.	
(6) Jeffery Joyce Director	2 0	X					18,016.	0.	0.	
(7) Jack Bragg, Jr. President & CEO	50 0				X		14,832.	0.	160.	
(8) Debra J. Martin Retiring CEO	50 0				X		149,351.	0.	27,182.	
(9) Jason Ginn Mgr, Operations	50 0					X	113,198.	0.	42,691.	
(10) Randy Stevens Sr VP Power Prod	50 0					X	121,693.	0.	22,387.	
(11) Jared Routh Sr VP Finance	50 0					X	109,535.	0.	18,961.	
(12)										
(13)										
(14)										

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee			
(15) -----									
(16) -----									
(17) -----									
(18) -----									
(19) -----									
(20) -----									
(21) -----									
(22) -----									
(23) -----									
(24) -----									
(25) -----									

1 b Sub-total	610,365.	0.	111,381.
c Total from continuation sheets to Part VII, Section A	0.	0.	0.
d Total (add lines 1b and 1c)	610,365.	0.	111,381.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶ **4**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If 'Yes,' complete Schedule J for such individual.</i>		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If 'Yes,' complete Schedule J for such individual.</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If 'Yes,' complete Schedule J for such person.</i>		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶ **0**

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1 a				
	b Membership dues	1 b				
	c Fundraising events	1 c				
	d Related organizations	1 d				
	e Government grants (contributions)	1 e				
	f All other contributions, gifts, grants, and similar amounts not included above	1 f				
	g Noncash contributions included in lines 1a-1f: \$					
	h Total. Add lines 1a-1f					
Program Service Revenue	Business Code					
	2 a <u>Electric service</u>	221000	46,730,062.	46,730,062.		
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g Total. Add lines 2a-2f		46,730,062.			
Other Revenue	3 Investment income (including dividends, interest and other similar amounts)		59,754.		59,754.	
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
	6 a Gross rents	(i) Real				
		(ii) Personal				
		b Less: rental expenses				
		c Rental income or (loss)				
	d Net rental income or (loss)					
	7 a Gross amount from sales of assets other than inventory	(i) Securities				
		(ii) Other				
		b Less: cost or other basis and sales expenses				
		c Gain or (loss)				
	d Net gain or (loss)					
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a				
	b Less: direct expenses	b				
c Net income or (loss) from fundraising events						
9 a Gross income from gaming activities. See Part IV, line 19	a					
b Less: direct expenses	b					
c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a					
b Less: cost of goods sold	b					
c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code				
11 a <u>G&T capital credits</u>	221000	1,633,909.	1,633,909.			
b <u>Joint use rents</u>	221000	433,606.		433,606.		
c <u>Subsidiary income</u>	221000	406,860.		406,860.		
d All other revenue	WKS	178,373.	105,885.	72,488.		
e Total. Add lines 11a-11d		2,652,748.				
12 Total revenue. See instructions		49,442,564.	48,469,856.	406,860.	565,848.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX.

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21.....				
2 Grants and other assistance to domestic individuals. See Part IV, line 22.....				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16.....				
4 Benefits paid to or for members.....	3,121,805.	3,121,805.		
5 Compensation of current officers, directors, trustees, and key employees.....	265,940.	265,940.	0.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).....	0.	0.	0.	0.
7 Other salaries and wages.....	1,864,146.	1,864,146.		
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).....	232,612.	232,612.		
9 Other employee benefits.....	279,637.	279,637.		
10 Payroll taxes.....	151,970.	151,970.		
11 Fees for services (non-employees):				
a Management.....				
b Legal.....	90,840.	90,840.		
c Accounting.....	16,911.	16,911.		
d Lobbying.....				
e Professional fundraising services. See Part IV, line 17.....				
f Investment management fees.....				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.).....				
12 Advertising and promotion.....				
13 Office expenses.....				
14 Information technology.....				
15 Royalties.....				
16 Occupancy.....				
17 Travel.....				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials.....				
19 Conferences, conventions, and meetings.....				
20 Interest.....	2,014,779.	2,014,779.		
21 Payments to affiliates.....				
22 Depreciation, depletion, and amortization.....	3,275,963.	3,275,963.		
23 Insurance.....	167,812.	167,812.		
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.).....				
a <u>Purchase power</u>	33,950,034.	33,950,034.		
b <u>Distribution - maintenance</u>	3,273,442.	3,273,442.		
c <u>Distribution - operations</u>	1,893,075.	1,893,075.		
d <u>Administrative and general</u>	1,022,848.	1,022,848.		
e All other expenses.....	-2,179,250.	-2,179,250.		
25 Total functional expenses. Add lines 1 through 24e.	49,442,564.	49,442,564.	0.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).....				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X.

		(A) Beginning of year		(B) End of year
Assets	1 Cash – non-interest-bearing	1,683,273.	1	1,855,266.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	4,905,862.	4	4,209,173.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	700,615.	8	585,551.
	9 Prepaid expenses and deferred charges	229,141.	9	158,174.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 96,355,085.		
	b Less: accumulated depreciation	10b 18,576,135.	75,830,645.	10c 77,778,950.
	11 Investments – publicly traded securities		11	
	12 Investments – other securities. See Part IV, line 11	1,845,736.	12	2,252,596.
	13 Investments – program-related. See Part IV, line 11	24,852,221.	13	26,505,310.
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)		110,047,493.	16	113,345,020.
Liabilities	17 Accounts payable and accrued expenses	3,780,350.	17	3,655,870.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	56,632,642.	23	60,012,912.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	6,816,186.	25	4,096,296.
	26 Total liabilities. Add lines 17 through 25		67,229,178.	26
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets		27	
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds	42,818,315.	32	45,579,942.
33 Total net assets or fund balances		42,818,315.	33	45,579,942.
34 Total liabilities and net assets/fund balances		110,047,493.	34	113,345,020.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI.

1	Total revenue (must equal Part VIII, column (A), line 12)	1	49,442,564.
2	Total expenses (must equal Part IX, column (A), line 25)	2	49,442,564.
3	Revenue less expenses. Subtract line 2 from line 1	3	0.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	42,818,315.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O) <i>See Schedule O</i>	9	2,761,627.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	45,579,942.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII.

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____		
If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:			
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis			
2b	Were the organization's financial statements audited by an independent accountant?	X	
If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:			
<input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis			
2c	If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	X	
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3b	If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.		

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered 'Yes' on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**
▶ **Attach to Form 990.**

▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization

Employer identification number

Shelby Energy Cooperative

61-0337665

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Part II Conservation Easements.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2 a
b Total acreage restricted by conservation easements	2 b
c Number of conservation easements on a certified historic structure included in (a)	2 c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register	2 d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 8.

1 a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included on Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered 'Yes' on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1 a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If 'Yes,' explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1 c
d Additions during the year	1 d
e Distributions during the year	1 e
f Ending balance	1 f

2 a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No

b If 'Yes,' explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII.

Part V Endowment Funds. Complete if the organization answered 'Yes' on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1 a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment _____ %
 - b Permanent endowment _____ %
 - c Temporarily restricted endowment _____ %
- The percentages on lines 2a, 2b, and 2c should equal 100%.

3 a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If 'Yes' on line 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1 a Land				
b Buildings				
c Leasehold improvements				
d Equipment		96,355,085.	18,576,135.	77,778,950.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				77,778,950.

Part VII Investments – Other Securities.

N/A

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) -----		
(B) -----		
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
(I) -----		
Total. (Column (b) must equal Form 990, Part X, column (B) line 12.)		

Part VIII Investments – Program Related.

N/A

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, column (B) line 13.)	26,505,310.	

Part IX Other Assets.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 15.)	

Part X Other Liabilities.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Accrued expenses	541,535.
(3) Accumulated postretirement benefits	1,481,249.
(4) Consumer advances for construction	483,362.
(5) Customer deposits	1,590,150.
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 25.)	4,096,296.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII.

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	49,442,564.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
	a Net unrealized gains (losses) on investments	2 a	
	b Donated services and use of facilities	2 b	
	c Recoveries of prior year grants	2 c	
	d Other (Describe in Part XIII.)	2 d	
	e Add lines 2 a through 2 d	2 e	
3	Subtract line 2 e from line 1	3	49,442,564.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
	a Investment expenses not included on Form 990, Part VIII, line 7b	4 a	
	b Other (Describe in Part XIII.)	4 b	
	c Add lines 4 a and 4 b	4 c	
5	Total revenue. Add lines 3 and 4 c . (This must equal Form 990, Part I, line 12.)	5	49,442,564.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	49,442,564.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
	a Donated services and use of facilities	2 a	
	b Prior year adjustments	2 b	
	c Other losses	2 c	
	d Other (Describe in Part XIII.)	2 d	
	e Add lines 2 a through 2 d	2 e	
3	Subtract line 2 e from line 1	3	49,442,564.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
	a Investment expenses not included on Form 990, Part VIII, line 7b	4 a	
	b Other (Describe in Part XIII.)	4 b	
	c Add lines 4 a and 4 b	4 c	
5	Total expenses. Add lines 3 and 4 c . (This must equal Form 990, Part I, line 18.)	5	49,442,564.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

- ▶ Complete if the organization answered 'Yes' on Form 990, Part IV, line 23.
- ▶ Attach to Form 990.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

**Open to Public
Inspection**

Name of the organization

Shelby Energy Cooperative

Employer identification number

61-0337665

Part I Questions Regarding Compensation

1 a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. Part III

- | | |
|--|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input checked="" type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If 'No,' complete Part III to explain.

	Yes	No
1 b	X	
2	X	
4 a		X
4 b		X
4 c		X
5 a		
5 b		
6 a		
6 b		
7		
8		
9		

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|---|---|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
 - b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
 - c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If 'Yes' to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
 - b** Any related organization?
- If 'Yes' on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
 - b** Any related organization?
- If 'Yes' on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If 'Yes,' describe in Part III.

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If 'Yes,' describe in Part III.

9 If 'Yes' on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2018

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns(B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
Debra J. Martin 1 Retiring CEO	(i)	149,351.	0.	0.	0.	27,182.	176,533.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Jason Ginn 2 Mgr, Operations	(i)	113,198.	0.	0.	0.	42,691.	155,889.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3	(i)							
	(ii)							
4	(i)							
	(ii)							
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Part 1, Line 1a - Relevant Information Regarding Compensation Benefits

As part of the Cooperative's Health and Wellness program, it will reimburse annual costs up to \$375, in a fitness facility.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

**Open to Public
Inspection**

Shelby Energy Cooperative

Employer identification number

61-0337665

Form 990, Part IX, Line 4 - Benefits paid to or for members

Represents patronage capital allocated to members in accordance with the bylaws of the Cooperative. This reporting results in a difference between book and income reported on the Form 990 by the same amount.

Form 990, Part VI, Line 6 - Explanation of Classes of Members or Shareholder

Must be a member to receive electric service. Each member has 1 vote. May have more than 1 service per membership.

Form 990, Part VI, Line 7a - How Members or Shareholders Elect Governing Body

Nominating committee meets every year and a member is selected by the Committee to run for director. Any member may run for director with a petition signed by 100 or more eligible members.

Form 990, Part VI, Line 7b - Decisions of Governing Body Approval by Members or Shareholders

Articles of Incorporation can only be changed by a 2/3 majority vote of the members. Bylaws may be altered, amended, or repealed at any special or regular board meeting with a majority vote of the board.

Form 990, Part VI, Line 11b - Form 990 Review Process

The Form 990 is provided to the Board of Directors for review approximately a week before the regular board meeting is held. Members of the Board have the opportunity to ask questions prior to the meeting. The Form 990 is then placed on the agenda for review with the full Board at the regular meeting prior to being submitted to the IRS.

Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts

Should any situation be reported or come to the attention of the Board, it would be addressed immediately. If the situation involves a key employee, it would be reported to and addressed by the President & CEO. Should the situation involve the President & CEO or a member of the Board, it would be reported to the Cooperative's

Name of the organization Shelby Energy Cooperative	Employer identification number 61-0337665
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Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts (continued)

legal counsel. The Board is provided the applicable board policy on an annual basis to review and sign a conflict of interest statement as does management, key employees, and lead staff members.

Form 990, Part VI, Line 15a - Compensation Review & Approval Process - CEO & Top Management

The Board receives compensation data from both local and national surveys of electric cooperatives. The Board uses this data, along with a performance review of the CEO, to set compensation.

Form 990, Part VI, Line 15b - Compensation Review & Approval Process - Officers & Key Employees

The SVP, Finance & Cooperative Services performs an annual wage and salary study with assistance and oversight of the applicable manager. An independent human resources consultant conducts a review of the wage information assembled for all employees.

Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available

Articles of Incorporation and Bylaws are made available to each new member on the Cooperative's website and available upon request. Annual financial information is provided to all members in the newsletter mailed to each member, at the annual membership meeting, on the Cooperative's website, and on the Kentucky Public Service Commission website.

**Form 990, Part XI, Line 9
Other Changes In Net Assets Or Fund Balances**

Accumulated comprehensive income	\$	-18,042.
Comprehensive income-postretirement ben.....		
Margins allocated to members.....		3,121,805.
Other equities.....		213,780.
Refunds of capital credits.....		-555,916.
	Total \$	<u>2,761,627.</u>

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

2018

For calendar year 2018 or other tax year beginning _____, 2018, and ending _____,

► Go to www.irs.gov/Form990T for instructions and the latest information.

► Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury
Internal Revenue Service

<p>A <input type="checkbox"/> Check box if address changed</p> <p>B Exempt under section</p> <p><input checked="" type="checkbox"/> 501(c)(12)</p> <p><input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e)</p> <p><input type="checkbox"/> 408A <input type="checkbox"/> 530(a)</p> <p><input type="checkbox"/> 529(a)</p>	Print or Type	<p><input type="checkbox"/> Check box if name changed and see instructions.)</p> <p>Shelby Energy Cooperative 620 Old Finchville Road Shelbyville, KY 40065</p>	<p>D Employer identification number (Employees' trust, see instructions.)</p> <p>61-0337665</p> <p>E Unrelated business activity code (See instructions.)</p>
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<p>C Book value of all assets at end of year</p> <p>113,345,020.</p>	<p>F Group exemption number (See instructions.) ►</p> <p>G Check organization type <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust</p>
---	--

H Enter the number of the organization's unrelated trades or businesses. **1** Describe the only (or first) unrelated trade or business here ► If only one, complete Parts I-V. If more than one, describe the first in the blank space at the end of the previous sentence, complete Parts I and II, complete a Schedule M for each additional trade or business, then complete Parts III-V.

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsi- dary controlled group? . . . Yes No
If 'Yes,' enter the name and identifying number of the parent corporation . . . ►

J The books are in care of ► Jared Routh, SVP, Fin/Coop Svc Telephone number ► 502-633-4420

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1 a Gross receipts or sales			
b Less returns and allowances c Balance ►	1 c		
2 Cost of goods sold (Schedule A, line 7)	2		
3 Gross profit. Subtract line 2 from line 1c	3		
4 a Capital gain net income (attach Schedule D)	4 a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4 b		
c Capital loss deduction for trusts	4 c		
5 Income (loss) from a partnership or an S corporation (attach statement)	5		
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from a controlled organization (Schedule F)	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10 Exploited exempt activity income (Schedule I)	10		
11 Advertising income (Schedule J)	11		
12 Other income (See instructions; attach schedule) See Statement 1	12		
	406,860.		406,860.
13 Total. Combine lines 3 through 12	13	0.	406,860.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)	21	22a	22b
14 Compensation of officers, directors, and trustees (Schedule K)	14		
15 Salaries and wages	15		
16 Repairs and maintenance	16		
17 Bad debts	17		
18 Interest (attach schedule) (see instructions)	18		
19 Taxes and licenses	19		
20 Charitable contributions (See instructions for limitation rules)	20		
21 Depreciation (attach Form 4562)	21		
22 Less depreciation claimed on Schedule A and elsewhere on return	22a		22b
23 Depletion	23		
24 Contributions to deferred compensation plans	24		
25 Employee benefit programs	25		
26 Excess exempt expenses (Schedule I)	26		
27 Excess readership costs (Schedule J)	27		
28 Other deductions (attach schedule) See Statement 2	28		1,079.
29 Total deductions. Add lines 14 through 28	29		1,079.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30		405,781.
31 Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions)	31		
32 Unrelated business taxable income. Subtract line 31 from line 30	32		405,781.

Part III Total Unrelated Business Taxable Income

33	Total of unrelated business taxable income computed from all unrelated trades or businesses (see instructions).....	33	405,781.
34	Amounts paid for disallowed fringes.....	34	
35	Deduction for net operating loss arising in tax years beginning before January 1, 2018 (see instructions).....	35	
36	Total of unrelated business taxable income before specific deduction. Subtract line 35 from the sum of lines 33 and 34.....	36	405,781.
37	Specific deduction (Generally \$1,000, but see line 37 instructions for exceptions).....	37	1,000.
38	Unrelated business taxable income. Subtract line 37 from line 36. If line 37 is greater than line 36, enter the smaller of zero or line 36.....	38	404,781.

Part IV Tax Computation

39	Organizations Taxable as Corporations. Multiply line 38 by 21% (0.21).....	39	85,004.
40	Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 38 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041).....	40	
41	Proxy tax. See instructions.....	41	
42	Alternative minimum tax (trusts only).....	42	
43	Tax on Noncompliant Facility Income. See instructions.....	43	
44	Total. Add lines 41, 42, and 43 to line 39 or 40, whichever applies.....	44	85,004.

Part V Tax and Payments

45 a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116).....	45 a	
b	Other credits (see instructions).....	45 b	
c	General business credit. Attach Form 3800 (see instructions).....	45 c	
d	Credit for prior year minimum tax (attach Form 8801 or 8827).....	45 d	
e	Total credits. Add lines 45a through 45d.....	45 e	0.
46	Subtract line 45e from line 44.....	46	85,004.
47	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule).....	47	
48	Total tax. Add lines 46 and 47 (see instructions).....	48	85,004.
49	2018 net 965 tax liability paid from Form 965-A or Form 965-B, Part II, column (k), line 2.....	49	
50 a	Payments: A 2017 overpayment credited to 2018.....	50 a	
b	2018 estimated tax payments.....	50 b	40,000.
c	Tax deposited with Form 8868.....	50 c	
d	Foreign organizations: Tax paid or withheld at source (see instructions).....	50 d	
e	Backup withholding (see instructions).....	50 e	
f	Credit for small employer health insurance premiums (attach Form 8941).....	50 f	
g	Other credits, adjustments, and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other Total.....	50 g	
51	Total payments. Add lines 50a through 50g.....	51	40,000.
52	Estimated tax penalty (see instructions). Check if Form 2220 is attached..... <input checked="" type="checkbox"/>	52	1,555.
53	Tax due. If line 51 is less than the total of lines 48, 49, and 52, enter amount owed.....	53	46,559.
54	Overpayment. If line 51 is larger than the total of lines 48, 49, and 52, enter amount overpaid.....	54	
55	Enter the amount of line 54 you want: Credited to 2019 estimated tax ▶ Refunded ▶	55	

Part VI Statements Regarding Certain Activities and Other Information (see instructions)

56	At any time during the 2018 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If 'Yes,' the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If 'Yes,' enter the name of the foreign country here ▶ -----	Yes	No
57	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' see instructions for other forms the organization may have to file.		X
58	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ 0.		

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: _____ Date: _____ Title: **President & CEO**

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only

Print/Type preparer's name: Alan Zumstein Preparer's signature: Alan Zumstein Date: _____ Check if self-employed PTIN: P00641130

Firm's name: ALAN ZUMSTEIN Firm's EIN: 35-1877201

Firm's address: 1032 CHETFORD DRIVE LEXINGTON, KY 40509 Phone no.: (859) 264-7147

Schedule A – Cost of Goods Sold. Enter method of inventory valuation ▶

1 Inventory at beginning of year.....	1		6 Inventory at end of year.....	6	
2 Purchases.....	2		7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2.....		
3 Cost of labor.....	3			7	
4 a Additional section 263A costs (attach schedule)	4 a		8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?.....	Yes	No
b Other costs (attach sch)	4 b				
5 Total. Add lines 1 through 4b.....	5				

Schedule C – Rent Income (From Real Property and Personal Property Leased With Real Property) (see instructions)

1 Description of property		
(1)		
(2)		
(3)		
(4)		
2 Rent received or accrued		
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total	Total	
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A)..... ▶		(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B)..... ▶

Schedule E – Unrelated Debt-Financed Income (see instructions)

1 Description of debt-financed property	2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property	
		(a) Straight line depreciation (attach sch)	(b) Other deductions (attach schedule)
(1)			
(2)			
(3)			
(4)			
4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Column 4 divided by column 5	7 Gross income reportable (column 2 x column 6)
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Totals ▶		Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
Total dividends-received deductions included in column 8..... ▶			

Schedule F – Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1 Name of controlled organization	2 Employer identification number	Exempt Controlled Organizations			
		3 Net unrelated income (loss) (see instructions)	4 Total of specified payments made	5 Part of column 4 that is included in the controlling organization's gross income	6 Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7 Taxable Income	8 Net unrelated income (loss) (see instructions)	9 Total of specified payments made	10 Part of column 9 that is included in the controlling organization's gross income	11 Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
Totals			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).

Schedule G – Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (column 3 plus column 4)
(1)				
(2)				
(3)				
(4)				
Totals		Enter here and on page 1, Part I, line 9, column (A).		Enter here and on page 1, Part I, line 9, column (B).

Schedule I – Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute columns 5 through 7.	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals		Enter here and on page 1, Part I, line 10, column (A).	Enter here and on page 1, Part I, line 10, column (B).			Enter here and on page 1, Part II, line 26.

Schedule J – Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (col. 6 minus col. 5, but not more than col. 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))						

Part II **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (col. 6 minus col. 5, but not more than col. 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I						
Totals, Part II (lines 1– 5)	Enter here and on page 1, Part I, line 11, column (A)	Enter here and on page 1, Part I, line 11, column (B).				Enter here and on page 1, Part II, line 27.

Schedule K – Compensation of Officers, Directors, and Trustees (see instructions)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
		0%	
		0%	
		0%	
		0%	
Total. Enter here and on page 1, Part II, line 14.			

Underpayment of Estimated Tax by Corporations

▶ Attach to the corporation's tax return.

▶ Go to www.irs.gov/Form2220 for instructions and the latest information.

2018

Name <u>Shelby Energy Cooperative</u>	Employer identification number <u>61-0337665</u>
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Note: Generally, the corporation is not required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38, on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

Part I Required Annual Payment

1 Total tax (see instructions)		1	85,004.
2a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	2a		
b Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	2b		
c Credit for federal tax paid on fuels (see instructions)	2c		
d Total. Add lines 2a through 2c		2d	
3 Subtract line 2d from line 1. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty.		3	85,004.
4 Enter the tax shown on the corporation's 2017 income tax return. See instructions. Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5. ..		4	
5 Required annual payment. Enter the smaller of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3		5	85,004.

Part II Reasons for Filing – Check the boxes below that apply. If any boxes are checked, the corporation **must** file Form 2220 even if it does not owe a penalty. See instructions.

- 6 The corporation is using the adjusted seasonal installment method.
- 7 The corporation is using the annualized income installment method.
- 8 The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

Part III Figuring the Underpayment

	(a)	(b)	(c)	(d)	
9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year.	9	4/15/18	6/15/18	9/15/18	12/15/18
10 Required installments. If the box on line 6 and/or line 7 above is checked, enter the amounts from Schedule A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% (0.25) of line 5 above in each column	10	21,251.	21,251.	21,251.	21,251.
11 Estimated tax paid or credited for each period. For column (a) only, enter the amount from line 11 on line 15. See instructions.	11		20,000.	10,000.	10,000.
Complete lines 12 through 18 of one column before going to the next column.					
12 Enter amount, if any, from line 18 of the preceding column	12				
13 Add lines 11 and 12	13		20,000.	10,000.	10,000.
14 Add amounts on lines 16 and 17 of the preceding column	14		21,251.	22,502.	33,753.
15 Subtract line 14 from line 13. If zero or less, enter -0-	15	0.	0.	0.	0.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16		1,251.	12,502.	
17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	17	21,251.	21,251.	21,251.	21,251.
18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	18				

Go to **Part IV** on page 2 to figure the penalty. Do not go to **Part IV** if there are no entries on line 17 – no penalty is owed.

Part IV Figuring the Penalty See Attached Schedule

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 4th month after the close of the tax year, whichever is earlier. (C corporations with tax years ending June 30 and S corporations: Use 3rd month instead of 4th month. Form 990-PF and Form 990-T filers: Use 5th month instead of 4th month.) See instructions.....	19 9/06/18	5/15/19	5/15/19	5/15/19
20 Number of days from due date of installment on line 9 to the date shown on line 19.....	20 144	334	242	151
21 Number of days on line 20 after 4/15/2018 and before 7/1/2018.....	21 76	15		
22 Underpayment on line 17 x $\frac{\text{Number of days on line 21}}{365}$ x 5% (0.05)	22 115.76	43.67		
23 Number of days on line 20 after 6/30/2018 and before 10/1/2018.....	23 68	92	15	
24 Underpayment on line 17 x $\frac{\text{Number of days on line 23}}{365}$ x 5% (0.05)	24 11.65	239.06	43.67	
25 Number of days on line 20 after 9/30/2018 and before 1/1/2019.....	25	92	92	16
26 Underpayment on line 17 x $\frac{\text{Number of days on line 25}}{365}$ x 5% (0.05)	26	120.57	267.82	46.58
27 Number of days on line 20 after 12/31/2018 and before 4/1/2019.....	27	90	90	90
28 Underpayment on line 17 x $\frac{\text{Number of days on line 27}}{365}$ x 6% (0.06)	28	37.02	314.40	314.40
29 Number of days on line 20 after 3/31/2019 and before 7/1/2019.....	29	45	45	45
30 Underpayment on line 17 x $\frac{\text{Number of days on line 29}}{365}$ x 0% ...	30			
31 Number of days on line 20 after 6/30/2019 and before 10/1/2019.....	31			
32 Underpayment on line 17 x $\frac{\text{Number of days on line 31}}{365}$ x % ...	32			
33 Number of days on line 20 after 9/30/2019 and before 1/1/2020.....	33			
34 Underpayment on line 17 x $\frac{\text{Number of days on line 33}}{365}$ x % ...	34			
35 Number of days on line 20 after 12/31/2019 and before 3/16/2020.....	35			
36 Underpayment on line 17 x $\frac{\text{Number of days on line 35}}{366}$ x % ...	36			
37 Add lines 22, 24, 26, 28, 30, 32, 34, and 36.....	37 127.41	440.32	625.89	360.98
38 Penalty. Add columns (a) through (d) of line 37. Enter the total here and on Form 1120, line 34; or the comparable line for other income tax returns.....	38			1,555.

*Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at www.irs.gov. You can also call 1-800-829-4933 to get interest rate information.

Shelby Energy Cooperative

61-0337665

Installment Period	Underpayment			Penalty			
	Amount	From	To	Days Late	Interest Rate Periods	Rate	Penalty *
1	10,000.	4/15/18	5/07/18	22	4/15/18 - 6/30/18	5.00%	30.14
	10,000.	4/15/18	6/07/18	53	4/15/18 - 6/30/18	5.00%	72.60
	1,251.	4/15/18	9/06/18	76	4/15/18 - 6/30/18	5.00%	13.02
				68	7/01/18 - 9/30/18	5.00%	11.65
Totals	21,251.						127.41
2	8,749.	6/15/18	9/06/18	15	4/15/18 - 6/30/18	5.00%	17.98
				68	7/01/18 - 9/30/18	5.00%	81.50
	10,000.	6/15/18	12/04/18	15	4/15/18 - 6/30/18	5.00%	20.55
				92	7/01/18 - 9/30/18	5.00%	126.03
				65	10/01/18 - 12/31/18	5.00%	89.04
	2,502.	6/15/18	5/15/19	15	4/15/18 - 6/30/18	5.00%	5.14
				92	7/01/18 - 9/30/18	5.00%	31.53
				92	10/01/18 - 12/31/18	5.00%	31.53
			90	1/01/19 - 3/31/19	6.00%	37.02	
			45	4/01/19 - 6/30/19	0.0%		
Totals	21,251.						440.32
3	21,251.	9/15/18	5/15/19	15	7/01/18 - 9/30/18	5.00%	43.67
				92	10/01/18 - 12/31/18	5.00%	267.82
				90	1/01/19 - 3/31/19	6.00%	314.40
				45	4/01/19 - 6/30/19	0.0%	
Totals	21,251.						625.89
4	21,251.	12/15/18	5/15/19	16	10/01/18 - 12/31/18	5.00%	46.58
				90	1/01/19 - 3/31/19	6.00%	314.40
				45	4/01/19 - 6/30/19	0.0%	
Totals	21,251.						360.98

Total Underpayment Penalty 1,555.

* Underpayment x $\frac{\text{Days Late}}{365 \text{ or } 366}$ x Rate

Statement 1
Form 990-T, Part I, Line 12
Other Income

Subsidiary income.....	\$	406,860.
Total	\$	<u>406,860.</u>

Statement 2
Form 990-T, Part II, Line 28
Other Deductions

Costs allocated.....	\$	1,079.
Total	\$	<u>1,079.</u>