THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
MONROE, GEORGIA

CONSOLIDATED FINANCIAL STATEMENTS AS OF
JUNE 30, 2015 AND 2014 AND
INDEPENDENT AUDITOR'S REPORT

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES

CONTENTS

MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC
CERTIFIED PUBLIC ACCOUNTANTS
389 Mulberry Street • Post Office Box One • Macon, GA 31202
Telephone (478) 746-6277 • Facsimile (478) 743-6858
mmmcpa.com

November 9, 2015

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Walton Electric Membership Corporation

We have audited the accompanying consolidated financial statements of **The Walton Electric Membership Corporation and Subsidiaries** (the Corporation), which comprise the consolidated balance sheets as of June 30, 2015 and 2014 and the related consolidated statements of operations, comprehensive income, changes in members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Walton Electric Membership Corporation and Subsidiaries as of June 30, 2015 and 2014 and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30

ASSETS

	2015	2014
Utility Plant		
Electric Plant in Service-At Cost	**$ 399,511,377**	$ 398,734,699
Construction Work in Progress	**2,020,966**	1,736,414
	401,532,343	400,471,113
Accumulated Provision for Depreciation	**(139,319,423)**	(141,008,360)
	262,212,920	259,462,753
Other Property and Investments		
Nonutility Property (Net of Depreciation, $313,168 in 2015 and 2014)	**2,138,044**	36,721
Investments in Associated Organizations	**93,535,272**	91,750,364
Other Investments	**1,369,292**	1,295,188
	97,042,608	93,082,273
Long-Term Note Receivable-Capital Lease	**-**	11,959,753
Current Assets		
Cash and Cash Equivalents	**17,924,358**	8,315,878
Interest Receivable	**68,554**	410,306
Accounts Receivable (Net of Accumulated Provision for Uncollectibles of $154,261 in 2015 and $28,034 in 2014)	**26,338,869**	27,086,799
Current Portion of Note Receivable-Capital Lease	**11,959,754**	11,356,731
Current Portion of Note Receivable-Other Investments	**136,926**	235,592
Materials and Supplies	**1,661,477**	1,711,268
Prepayments	**38,032,788**	35,588,966
	96,122,726	84,705,540
Other Assets	**12,702,068**	11,860,423
Total Assets	**$ 468,080,322**	$ 461,070,742

See accompanying notes which are an integral part of these financial statements.

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30

MEMBERS' EQUITY AND LIABILITIES

	2015	2014
Members' Equity		
Membership Fees	**$ 1,051,205**	$ 1,065,995
Patronage Capital	**190,245,593**	185,289,189
Donated Capital	**1,439,762**	1,059,115
Other Equities	**29,402,806**	26,903,975
Accumulated Other Comprehensive Income	**(31,508,279)**	(19,696,986)
	190,631,087	194,621,288
Long-Term Debt	**107,804,042**	131,192,113
Accumulated Provision for Postretirement Benefits		
Pension Plan	**22,159,976**	13,490,228
Healthcare Benefits	**40,264,397**	34,626,096
	62,424,373	48,116,324
Current Liabilities		
Current Maturities of Mortgage Notes	**29,480,000**	18,059,000
Line-of-Credit	**10,100,000**	12,175,000
Accounts Payable	**28,430,264**	29,750,990
Consumer Deposits	**9,951,302**	9,831,433
Current Portion of Healthcare Benefits	**946,000**	937,000
Accrued and Withheld Taxes	**3,598,488**	3,617,964
Accrued Interest	**936,612**	1,066,387
Other	**4,085,620**	3,715,418
	87,528,286	79,153,192
Deferred Credits	**19,692,534**	7,987,825
Total Members' Equity and Liabilities	**$468,080,322**	$461,070,742

See accompanying notes which are an integral part of these financial statements.

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30

	2015	2014
Operating Revenues and Patronage Capital	**$336,790,353**	$341,969,562
Cost of Revenues	**273,717,774**	270,623,942
Gross Margins	**63,072,579**	71,345,620
Operating Expenses		
Distribution Operations	**10,177,652**	10,715,701
Distribution Maintenance	**9,349,663**	9,212,936
Consumer Accounts	**7,134,396**	6,560,679
Consumer Service and Information	**6,200,275**	6,329,811
Sales	**63,211**	90,850
Administrative and General	**7,894,198**	9,021,529
Depreciation and Amortization	**12,960,763**	13,129,749
Other	**68,047**	75,317
	53,848,205	55,136,572
Operating Margins Before Interest Expense	**9,224,374**	16,209,048
Interest Expense	**5,271,731**	5,404,089
Operating Margins After Interest Expense	**3,952,643**	10,804,959
Nonoperating Margins	**3,948,394**	3,943,518
Generation and Transmission Cooperative Capital Credits	**4,745,215**	4,293,249
Other Capital Credits and Patronage Capital Allocations	**978,762**	1,025,142
Income Tax Expense	**78,910**	512,645
Net Margins	**$ 13,546,104**	$ 19,554,223

See accompanying notes which are an integral part of these financial statements.

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED JUNE 30

	2015	2014
Net Margins	**$13,546,104**	$19,554,223
Other Comprehensive Income		
Changes in Fair Value of Costs Related to Pension Plans	**(8,977,587)**	(3,475,243)
Changes in Fair Value of Costs Related to Healthcare Benefits	**(4,468,884)**	1,542,586
Amortization of Actuarial Loss	**1,151,491**	3,201,640
Amortization of Prior Service Cost	**(180,223)**	(180,223)
Amortization of Net Transition Obligation	**663,910**	663,910
	(11,811,293)	1,752,670
Total Comprehensive Income	**$ 1,734,811**	$21,306,893

See accompanying notes which are an integral part of these financial statements.

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Membership Fees	Patronage Capital	Donated Capital	Other Equities	Accumulated Other Comprehensive Income	Total Members' Equity
Balance, June 30, 2013	$1,077,355	$170,963,161	$ 785,415	$25,530,931	$(21,449,656)	$176,907,206
Net Margins		17,492,407		2,061,816		19,554,223
Patronage Capital Retirements		(3,855,151)	273,700			(3,581,451)
Membership Fees	(11,360)					(11,360)
Other		688,772		(688,772)		-
Postretirement Benefits					1,752,670	1,752,670
Balance, June 30, 2014	1,065,995	185,289,189	1,059,115	26,903,975	(19,696,986)	194,621,288
Net Margins		10,737,750		2,808,354		13,546,104
Patronage Capital Retirements		(6,090,869)	380,647			(5,710,222)
Membership Fees	(14,790)					(14,790)
Other		309,523		(309,523)		-
Postretirement Benefits					(11,811,293)	(11,811,293)
Balance, June 30, 2015	**$1,051,205**	**$190,245,593**	**$1,439,762**	**$29,402,806**	**$(31,508,279)**	**$190,631,087**

See accompanying notes which are an integral part of these financial statements.

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30

	2015	2014
Cash Flows from Operating Activities		
Net Margins	**$ 13,546,104**	$ 19,554,223
Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities		
Depreciation and Amortization	**13,540,221**	13,697,778
Patronage Capital from Associated Organizations	**(5,723,976)**	(5,318,390)
Healthcare Benefits Cost	**3,010,165**	3,627,410
Pension Plan Cost	**3,650,000**	3,600,000
Revenue Deferral	**11,000,000**	-
Funding of Healthcare Benefits	**(1,054,409)**	(797,157)
Funding of Pension Plan Costs	**(3,100,000)**	(2,100,000)
Change In		
Accounts Receivable (Net)	**2,445,518**	(1,686,419)
Other Current Assets	**(2,102,070)**	3,617,672
Other Assets	**(841,645)**	(4,698,486)
Accounts Payable	**(3,018,314)**	3,275,473
Consumer Deposits	**119,869**	321,416
Accrued and Withheld Taxes	**(19,476)**	(245,333)
Other Current and Accrued Liabilities	**240,427**	(16,680)
Deferred Credits	**704,709**	(116,203)
	32,397,123	32,715,304
Cash Flows from Investing Activities		
Extension and Replacement of Plant	**(16,290,388)**	(12,344,952)
Return of Equity from Associated Organizations	**939,068**	748,434
Member Capital Securities	**3,000,000**	-
ERC and Other Loans	**210,130**	238,606
Materials and Supplies	**49,791**	(287,035)
Nonutility Property	**(2,101,323)**	23,932
Other Investments	**(185,568)**	107,958
	(14,378,290)	(11,513,057)
Cash Flows from Financing Activities		
Advances from NRUCFC	**20,000,000**	-
Line-of-Credit	**(2,075,000)**	(3,025,000)
Membership Fees	**(14,790)**	(11,360)
Principal Payments on Long-Term Debt	**(31,967,071)**	(26,622,628)
Retirement of Patronage Capital	**(5,710,222)**	(3,855,151)
Donated Capital	-	273,700
Payments Received on Capital Lease	**11,356,730**	10,696,964
	(8,410,353)	(22,543,475)
Net Increase (Decrease) in Cash and Cash Equivalents	**9,608,480**	(1,341,228)
Cash and Cash Equivalents-Beginning	**8,315,878**	9,657,106
Cash and Cash Equivalents-Ending	**$ 17,924,358**	$ 8,315,878

See accompanying notes which are an integral part of these financial statements.

(1) Summary of Significant Accounting Policies

Accounting policies of The Walton Electric Membership Corporation (the Corporation) reflect practices appropriate to the electric utility industry and generally accepted accounting principles of the United States (U.S. GAAP). The records of the Corporation are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission. The following describes the more significant of those policies.

Consolidation

The consolidated financial statements include the accounts and results of operations of the Corporation and its wholly-owned and majority-owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

Nature of Operations

The Corporation is a member-owned, not-for-profit corporation whose purpose is to provide electric service to its members. The Corporation operates as a cooperative whereby all monies in excess of cost of providing electric service are capital, at the moment of receipt, and are credited to each member's capital account.

Doyle I, LLC, a wholly-owned subsidiary of The Walton Electric Membership Corporation, is a generation facility whose purpose is to provide Oglethorpe Power Corporation with all of the facility output, pursuant to a power purchase and sale agreement (See Note 4).

Walton Energy, Inc. d/b/a Walton EMC Natural Gas, a wholly-owned subsidiary of The Walton Electric Membership Corporation, is a natural gas affiliate whose purpose is to provide natural gas service to its customers.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Long-Lived Assets

The Corporation evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The determination of whether an impairment has occurred is based on either a specific regulatory disallowance or an estimate of undiscounted future cash flows attributable to the assets, as compared with the carrying value of the assets. If an impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a provision for loss if the carrying value is greater than the fair value. For the assets identified as held for sale, the carrying value is compared to the estimated fair value less the cost to sell in order to determine if an impairment provision is required.

(1) Summary of Significant Accounting Policies (Continued)

Long-Lived Assets (Continued)

Until the assets are disposed of, their estimated fair value is reevaluated when circumstances or events change. U.S. GAAP requires the present value of the ultimate cost for an asset's future retirement be recorded in the period in which the liability is incurred. The cost should be capitalized as part of the related long-lived asset and depreciated over the asset's useful life. The Corporation has no legal retirement obligations related to its distribution facilities; therefore, a liability for the removal of these assets will not be recorded. Management believes the actual cost of removal, even though not a legal obligation, will be recovered through rates over the lives of the distribution assets.

Utility Plant

Utility plant is capitalized at cost less related contributions in aid of construction. In general, utility plant is capitalized at the time it becomes part of an operating unit and has been energized. However, certain items of plant referred to as special equipment items (meters, transformers, oil circuit reclosers, etc.) are capitalized at the time of purchase along with related estimated cost of installation.

Depreciation and Maintenance

Depreciation of the capitalized cost is provided using composite straight-line rates. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its capitalized cost and its cost of removal less salvage are charged to the accumulated provision for depreciation.

Provision has been made for depreciation of distribution plant at a straight-line composite rate of 3.2 percent per annum.

Depreciation of general plant is provided on a straight-line basis over the estimated useful lives of the various assets. The rates range from 2.0 to 20.0 percent per annum.

The costs of maintenance, repairs and replacements of minor items of property are charged to maintenance expense accounts.

Accounts Receivable and Credit Policies

Accounts receivable are stated at the amount management expects to collect. An allowance is made for doubtful accounts based on experience and other circumstances which may affect the ability of consumers to meet their obligations. The Corporation writes off electric accounts 180 days after service is cut off. Gas accounts are written off 120 days after service is cut off. Accounts considered uncollectible are charged against the allowance. Receivables are reported on the consolidated balance sheets net of such accumulated allowance.

Materials and Supplies

Materials and supplies are generally used for construction and for operation and maintenance work, and are not for resale. Cost is determined by the moving average method of inventory valuation. Materials and supplies are charged to construction or operations at moving average cost when used.

Advertising

The Corporation expenses advertising cost as it is incurred.

(1) Summary of Significant Accounting Policies (Continued)

Equities and Margins

The Corporation is organized and operates under the cooperative form of organization. As such, patronage capital or margins are allocated to patrons on the basis of patronage. Under provisions of the long-term debt agreements, until the total equities and margins equal or exceed 20 percent of the total assets of the Corporation, the return to patrons of capital contributed by them is limited.

Regulated Operations

The Corporation, in its rate-making capacity, has the ability to account for certain revenue and expense deferrals in accordance with *Accounting Standards Codification 980*.

Operating Revenues and Patronage Capital

Electric revenues which include patronage capital are billed monthly to consumers on a cycle basis. Electric rates for the Corporation include provisions to permit the board of directors to adjust billings for fluctuations in fuel costs, purchased power costs and certain other factors. Electricity which had been used by the members of the Corporation but had not been billed to the members was not recorded. The components of this unbilled revenue can fluctuate based on factors including rate structure, weather, period of use, cost of purchased power and other factors. As a result, the overall estimate of unbilled revenues could be significantly affected, which could have a material impact on the Corporation's results of operations if recorded in the consolidated financial statements. This unbilled electric revenue totaled approximately $11,597,000 and $11,949,000 for the years ended June 30, 2015 and 2014, respectively.

Gas revenues related to the marketing of natural gas are also billed monthly on a cycle basis. Revenues consist of charges for natural gas, transportation, Atlanta Gas Light Company (AGLC) base charges and the Corporation's consumer service charge. AGLC is responsible for providing meter readings to the Corporation in order for them to correctly bill their customers. Natural gas revenues are recorded for estimated deliveries of natural gas, not yet billed to these customers, from the meter reading date to the end of the accounting period. Unbilled receivables of $957,323 and $1,509,520 are included in accounts receivable for the years ended June 30, 2015 and 2014, respectively.

Presentation of Sales Tax

A portion of the Corporation's sales are subject to sales taxes. The Corporation collects the sales taxes from the customers and remits the taxes to the appropriate taxing authority. The Corporation excludes the taxes collected and remitted from revenues and cost of sales.

Cost of Revenues

Cost of revenues for electricity and natural gas is expensed as consumed.

Cost of natural gas included charges to purchase, transport, store and meter gas. The Corporation's contractual relationship with a third-party gas asset manager requires earnings by the unrelated party's operations derived from the Corporation to be shared at a 70 to 30 percent ratio. Payments in the amount of $1,932,136 and $1,932,905 have been included as a component of cost of revenues for the years ended June 30, 2015 and 2014, respectively.

(1) Summary of Significant Accounting Policies (Continued)

Generation and Transmission Cooperative Capital Credits

Generation and transmission cooperative capital credits represent the annual capital furnished generation and transmission cooperatives through payment of power bills. The capital is recorded in the year provided, even though notification of the capital allocation is not received until later.

Cash Equivalents

Cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Comprehensive Income

The objective of comprehensive income is to report a measure of all changes in equity of the entity that result from transactions and events of the period other than transactions with members. Comprehensive income consists of net margins and costs not yet recognized as a component of income related to retirement plans.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers.* ASU 2014-09 is designed to create greater comparability for financial statement users across industries and jurisdictions through a more principles-based approach than companies in the United States are used to following. The standard would require companies to recognize revenue through a five-step process: (1) identify the contract with the customer, (2) identify the separate performance obligations in the contract, (3) determine the transaction type, (4) allocate the transaction price to the separate performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The standard is effective for nonpublic companies for reporting periods beginning after December 15, 2018 and interim and annual reporting periods thereafter. The standard will require the Corporation to accrue unbilled electric revenue with retrospective application and will require a change in accounting principle in the period adopted.

Income Taxes

The Corporation operates under the Internal Revenue Code Section 501(c)(12) as a tax-exempt cooperative. Accordingly, no provision for income taxes has been made for electric cooperative operations. Currently, the Corporation’s federal information returns for 2013, 2012 and 2011 are subject to examination by the Internal Revenue Service (IRS).

Walton Energy, Inc. operates under the Georgia Corporation Code as a for-profit corporation. The Corporation had taxable income of $748,993 and $1,283,664 for the years ended June 30, 2015 and 2014, respectively. A federal and state tax provision was computed at statutory rates and recorded in the statements of operations in the amounts of $78,910 and $512,645 for the years ended June 30, 2015 and 2014, respectively.

(1) Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Corporation accounts for investment tax credits using the flow-through method and reduces income tax expense in the year the related assets are placed in service. A credit in the amount of $572,361 has been recorded for the year ended June 30, 2015.

The Corporation has recorded a deferred tax liability in the amount of $289,000 as a component of deferred credits related to temporary differences in taxable income from accelerated depreciation elections for federal income tax. Accordingly, the charge was recorded in the consolidated statements of operations for the year ended June 30, 2015.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. These reclassifications had no effect on net income for the year ended June 30, 2014.

Subsequent Events

In preparing these consolidated financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through November 9, 2015, the date the consolidated financial statements were available to be issued.

(2) Utility Plant

Listed below are the major classes of the electric utility plant as of June 30:

	2015	2014
Distribution Plant	**$363,381,072**	$363,444,598
General Plant	**36,130,305**	35,290,101
Electric Plant in Service	**399,511,377**	398,734,699
Construction Work in Progress	**2,020,966**	1,736,414
	$401,532,343	$400,471,113

(3) Investments in Associated Organizations

	2015	2014
National Rural Utilities Cooperative Finance Corporation		
Membership Fee	**$ 1,000**	$ 1,000
Capital Term Certificates	**8,686,687**	8,983,215
Capital Credits	**6,427,710**	6,124,696
Member Capital Securities	**-**	3,000,000
Capital Stock	**100**	100
Oglethorpe Power Corporation		
Capital Credits	**59,755,766**	55,856,318
Georgia Transmission Corporation		
Contributed Capital	**3,743,638**	3,743,638
Capital Credits	**11,956,051**	11,110,749
Georgia System Operations Corporation		
Capital Credits	**17,587**	17,123
GRESCO Utility Supply, Inc.		
Capital Credits	**543,275**	545,282
Southeastern Data Cooperative, Inc.		
Capital Credits	**486,724**	473,237
Georgia Electric Membership Corporation		
Workers' Compensation Fund		
Capital Credits	**152,777**	198,498
Smarr EMC		
Contributed Capital	**423,079**	423,079
Capital Credits	**916,797**	916,797
Federated Rural Electric Insurance Exchange		
Capital Credits	**385,803**	318,983
National Rural Telecommunications Cooperative		
Membership Fee	**1,000**	1,000
Capital Credits	**13,369**	12,740
Green Power EMC		
Membership Fee	**25**	25
Capital Credits	**21,874**	21,874
Georgia Right-of-Way Company, Inc.		
Membership Fee	**1,000**	1,000
CoBank	**1,000**	1,000
Other	**10**	10
	$93,535,272	$91,750,364

(4) Note Receivable-Capital Lease

In 2000, Doyle I, LLC entered into a power purchase and sale agreement with Oglethorpe Power Corporation. Oglethorpe Power Corporation committed to purchase all of the output of the generation facility for a period covering 15 years. At the end of the 15-year term, Oglethorpe Power Corporation has the option to purchase Doyle I, LLC for $10,000,000, which is considered to be the bargain purchase price. Therefore, the power purchase and sale agreement is shown as a note receivable-capital lease on the consolidated financial statements.

(4) Note Receivable-Capital Lease (Continued)

Future minimum lease payments to be received as of June 30, 2015 are as follows:

Total Future Minimum Lease Payments	$ 12,074,464
Amount Representing Interest	(114,710)
Present Value of Minimum Lease Payments	11,959,754
Current Portion of Note Receivable-Capital Lease	(11,959,754)
Long-Term Note Receivable-Capital Lease	$ -

Future minimum lease payments to be received for the ensuing four years and thereafter are as follows:

Year	Amount
2016	$11,959,754

(5) Prepayments

	2015	2014
Prepaid Power Costs	**$24,460,972**	$22,427,318
Prepaid Natural Gas	**13,000,000**	13,000,000
Other	**571,816**	161,648
	$38,032,788	$35,588,966

During the years ended June 30, 2015 and 2014, the Corporation elected to participate in a prepayment of power bills program initiated by one of its wholesale power providers. Under the terms of the program, the Corporation prepaid its wholesale power costs and earned a prepayment discount on its power bills during the years ended June 30, 2015 and 2014.

Prepaid natural gas consist of prepayments for customers from the Corporation to Texican Industrial Energy Marketing of $13,000,000 for the years ended June 30, 2015 and 2014. Of these prepayments, $3,000,000 represents a noninterest-bearing deposit with the remaining balance accruing interest at a rate of 5.55 percent along with principal. The prepayments have a maturity date of May 31, 2016. Interest receivable on the prepayments totaled $1,521 and $3,041 as of June 30, 2015 and 2014, respectively.

(6) Patronage Capital

	2015	2014
Assignable	**$ (15,440,798)**	$ (4,565,030)
Assigned	**277,126,125**	255,203,084
	261,685,327	250,638,054
Cumulative Retirements	**(71,439,734)**	(65,348,865)
	$190,245,593	$185,289,189

(7) Debt

Long-term debt consists of mortgage notes payable to NRUCFC. The notes are secured by a mortgage agreement between the Corporation and NRUCFC. Substantially all the assets of the Corporation are pledged as security for long-term debt of the Corporation. The notes have maturity periods varying from August 1, 2015 to July 31, 2045 and are payable on an installment basis. The notes contain certain affirmative and negative covenants, including maintenance of certain financial ratios as defined in the agreement. At June 30, 2015 and 2014, the Corporation was in compliance with the covenants.

On December 29, 1999, a loan agreement was established between The Walton Electric Membership Corporation and Doyle I, LLC. The terms of this agreement state that a generating facility is to be designed, constructed, operated, maintained and owned by Doyle I, LLC. Doyle I, LLC is required to make quarterly principal and interest payments for a term of 15 years from the last day of construction. The interest payable shall bear a stated interest rate equal to the current rate payable under the Corporation's loans from NRUCFC.

Holder of Note	Interest Rate at June 30, 2015	2015	2014
NRUCFC	2.40% to 7.05%	**$127,942,220**	$128,125,351
NRUCFC (Related to Doyle I, LLC)	2.95% to 6.25%	**9,341,822**	21,125,762
		137,284,042	149,251,113
Maturities Due Within One Year		**(29,480,000)**	(18,059,000)
		$107,804,042	$131,192,113

The Corporation has a $24,000,000 line-of-credit at 2.03 percent with NRUCFC which had an outstanding balance of $ - and $6,350,000 for the years ended June 30, 2015 and 2014, respectively.

Walton Energy, Inc. has a $30,000,000 line-of-credit at 3.55 percent with the National Cooperative Service Corporation (NCSC) which had outstanding balances of $10,100,000 and $5,825,000 as of June 30, 2015 and 2014, respectively.

(7) Debt (Continued)

Approximate principal maturities of long-term debt for each of the next five years are as follows.

Year	Amount
2016	$ 29,480,000
2017	12,474,000
2018	9,669,000
2019	10,158,000
2020	9,694,000
Thereafter	65,809,042
	$137,284,042

Total interest cost was $5,912,765 and $6,661,151, of which $842,577 and $1,476,393, the amounts related to Doyle I, LLC, are reflected as a reduction in interest expense for 2015 and 2014, respectively. Interest income which is a component of nonoperating margins is reduced by a like amount.

Interest payments totaled $6,061,712 and $6,821,531 for 2015 and 2014, respectively.

(8) Postretirement Benefits

Defined Contribution Plan

The Corporation provides employee benefits to substantially all employees through a sponsored defined contribution Savings Plan (401-k). In this defined contribution plan, the Corporation's contributory portion of the costs totaled $950,093 and $930,306 for the years ended June 30, 2015 and 2014, respectively.

Pension benefits for substantially all employees of the Corporation are provided through participation in a retirement and security program, a defined benefit plan qualified under Section 401 and tax-exempt under 501(a) of the Internal Revenue Code.

(8) Postretirement Benefits (Continued)

Pension Plan (Defined Benefit)

The status of the Corporation's pension plan as of June 30 is detailed as follows:

	2015	2014
Accumulated Benefit Obligation, Beginning of Year	**$44,391,097**	$41,767,174
Service Cost	**2,365,093**	2,198,389
Interest Cost	**1,403,931**	1,447,156
Actuarial Loss	**8,977,587**	4,969,721
Benefits Paid	**(6,487,095)**	(5,991,343)
Accumulated Benefit Obligation, End of Year	**50,650,613**	44,391,097
Fair Value of Plan Assets, Beginning of Year	**30,900,869**	31,161,240
Actual Return on Plan Assets	**976,863**	3,630,972
Contributions	**3,100,000**	2,100,000
Benefits Paid	**(6,487,095)**	(5,991,343)
Fair Value of Plan Assets, End of Year	**28,490,637**	30,900,869
Funded Status	**$22,159,976**	$13,490,228

Amounts recognized as a reduction in equity consisted of the following:

Transition Obligation	**$ 5,371,032**	$ 6,034,942
Prior Service Cost	**(1,603,978)**	(1,784,201)
Actuarial Loss	**14,116,084**	5,512,649
Amount Recognized as a Component of Equity Not Yet Recognized as Periodic Benefit Cost	**$17,883,138**	$ 9,763,390

Changes in benefit obligations recognized in patronage capital are as follows:

Service Cost	**$ 2,365,093**	$ 2,198,389
Interest Cost	**1,403,931**	1,447,156
Amortization of Unrecognized Amounts	**857,839**	3,585,427
Actual Gain on Plan Assets	**(976,863)**	(3,630,972)
	$ 3,650,000	$ 3,600,000

(8) Postretirement Benefits (Continued)

Pension Plan (Defined Benefit) (Continued)

Changes in benefit obligations recognized in other comprehensive income are as follows:

	2015	2014
Actuarial Loss	**$ 8,977,587**	$ 4,969,721
Amortization of Actuarial Loss	**(374,152)**	(3,101,740)
Amortization of Prior Service Cost	**180,223**	180,223
Amortization of Net Transition Obligation	**(663,910)**	(663,910)
	$ 8,119,748	$ 1,384,294

The following table shows key assumptions used for the measurement of obligations for the plan.

	June 30		
Description	**2015**	2014	2013
Discount Rate			
APBO	**3.60%**	3.31%	3.62%
Net Periodic Expense	**3.31%**	3.62%	3.25%
Expected Long-Term Rate of Return on Plan Assets	**7.50%**	7.50%	7.50%
Rate of Compensation Increase	**3.00%**	3.00%	3.00%
Plan Asset Allocation			
Equity	**69.00%**	82.00%	64.00%
Fixed	**0.00**	0.00	5.00
Cash and Cash Equivalents	**29.00**	9.00	19.00
Other	**2.00**	9.00	12.00
Total Plan Asset Allocation	**100.00%**	100.00%	100.00%

The Corporation employs a total-return investment approach whereby a mix of equities and fixed income investments is used to maximize the long-term return of plan assets for a prudent level of risk. The current asset allocation adheres to the Corporation's overall investment strategy for plan assets. Plan assets are measured at fair value. The fair value measurement is considered a Level 1 measurement based on quoted market prices in active markets for identical assets for equity and cash and cash equivalent plan assets. Fixed and other plan assets are considered a Level 2 measurement.

The Corporation expects to contribute $3,600,000 to the pension plan for the year ending June 30, 2016.

The Corporation expects to amortize the following amounts from other comprehensive income during the next fiscal year:

Net Loss	$2,629,725
Prior Service Credit	(180,223)
Net Transition Obligation	663,910

(8) Postretirement Benefits (Continued)

Pension Plan (Defined Benefit) (Continued)

The following benefits are expected to be paid:

Year	Amount
2016	$ 3,533,000
2017	4,041,000
2018	4,523,000
2019	4,432,000
2020	5,464,000
2021-2025	26,127,000

Postretirement Healthcare Benefits

The status of the Corporation's postretirement healthcare plan as of June 30 is detailed as follows:

	2015	2014
Accumulated Benefit Obligation, Beginning of Year	**$35,563,096**	$35,869,807
Service Cost	**777,618**	552,372
Interest Cost	**1,455,208**	1,480,660
Participant Contributions	**118,563**	90,589
Actuarial (Gain) Loss	**4,468,884**	(1,542,586)
Benefits Paid	**(1,172,972)**	(887,746)
Accumulated Benefit Obligation, End of Year	**41,210,397**	35,563,096
Fair Value of Plan Assets, Beginning of Year	**-**	-
Employer Contributions	**1,054,409**	797,157
Participant Contributions	**118,563**	90,589
Benefits Paid	**(1,172,972)**	(887,746)
Fair Value of Plan Assets, End of Year	**-**	-
Funded Status	**$41,210,397**	$35,563,096

Amounts recognized in the consolidated balance sheets consisted of the following:

Noncurrent Liabilities	**$40,264,397**	$34,626,096
Current Liabilities	**946,000**	937,000
	$41,210,397	$35,563,096

Amounts recognized as a reduction in equity consisted of the following:

Actuarial Loss	**$ 13,625,140**	$ 9,933,595

(8) Postretirement Benefits (Continued)

Postretirement Healthcare Benefits (Continued)

Other changes in benefit obligations recognized in patronage capital are as follows:

	2015	2014
Service Cost	**$ 777,618**	$ 552,372
Interest Cost	**1,455,208**	1,480,660
Amortization of Actuarial Loss	**777,339**	1,594,378
Total Recognized in Net Periodic Cost and Patronage Capital	**$ 3,010,165**	$ 3,627,410

Other changes in benefit obligations recognized in other comprehensive income are as follows:

Actuarial (Gain) Loss	**$ 4,468,884**	$(1,542,586)
Amortization of Actuarial Loss	**(777,339)**	(1,594,378)
Total Recognized in Other Comprehensive Income	**$ 3,691,545**	$(3,136,964)

The following table shows key assumptions used for the measurement of obligations for the plan.

	June 30		
Description	**2015**	2014	2013
Discount Rate			
APBO	**4.47%**	4.26%	4.25%
Net Periodic Benefit Cost	**4.26%**	4.25%	4.25%
Medical Trend Rate			
Initial	**7.50%**	7.50%	8.00%
Ultimate	**5.50%**	5.50%	5.50%
Fiscal Year Reached	**2018**	2018	2018

The Corporation expects to contribute $946,000 to this postretirement healthcare plan for the fiscal year ending June 30, 2016.

The Corporation expects to amortize $986,523 of net loss from other comprehensive income during the next fiscal year.

The following benefits are expected to be paid:

Year	**Amount**
2016	$ 946,000
2017	1,008,000
2018	1,083,000
2019	1,163,000
2020	1,257,000
2021-2025	7,729,000

(9) Other Assets

Other assets are comprised of the following as of June 30:

	2015	2014
AGLC	**$ 1,922,255**	$ 1,845,536
Note Receivable	**10,000,000**	10,000,000
Various Clearing Accounts	**777,321**	4,514
Miscellaneous Deferred Debits	**2,492**	10,373
	$12,702,068	$11,860,423

AGLC charges for Walton Energy, Inc. are reported by the Corporation related to cost for pipeline, storage and supporting services to be incurred the month following actual billing. The Corporation accounts for the charges as a deferred item and expenses them in the appropriate month.

Walton Energy, Inc. has a credit agreement with an unrelated party for $10,000,000 for the years ended June 30, 2015 and 2014. The agreement bears an interest rate of 5 percent and matures on June 28, 2017. The Corporation will be paid accrued interest annually along with principal upon maturity. Interest receivable on the prepayments totaled $2,740 and $284,110 as of June 30, 2015 and 2014, respectively.

(10) Deferred Credits

Deferred credits are comprised of the following as of June 30:

	2015	2014
Unclaimed Property	**$ 4,428,728**	$4,013,019
Power Cost Revenue Deferral	**14,974,806**	3,974,806
Deferred Tax Liability	**289,000**	-
	$19,692,534	$7,987,825

The power cost revenue deferrals represent a revenue deferral plan to reduce the impact of the future power cost increases by various power suppliers on the Corporation's rate structure. The revenue deferral is in compliance with U.S. GAAP related to the effects of certain types of regulations and has been approved by the board of directors.

(11) Commitments

The Corporation has entered into various long-term contracts to meet the power supply demands of its consumers. The Corporation has a commitment to pay for its assignment of fixed costs through the term of these contracts, as well as any variable cost incurred above the allocated fixed cost amounts. The most significant of these contracts and related fixed costs for 2015 are as follows:

Corporation/Facility	Contract Expiration	Percentage of Fixed or Designated Costs	Fixed Costs
Oglethorpe Power Corporation			
Doyle Energy Facility	08-25-2015	21.6301%	$ 4,234,610
Smarr EMC	12-31-2015	9.2241	656,310
All Other OPC Resources	12-31-2050	8.6783	58,180,959

The Corporation has an amended and restated wholesale power contract dated August 1, 1996 with Oglethorpe Power Corporation (OPC) through December 31, 2050. The Corporation has a liability for a pro rata share of all resources covered under this agreement. OPC has substantially similar Wholesale Power Contracts with each of its 38 members. The Wholesale Power Contracts provide that each OPC member, including the Corporation, is jointly and severally responsible for all costs and expenses of all existing OPC generation and purchased resources.

Effective January 24, 2001, the Corporation entered into a power supply and energy call agreement. The agreement commenced on June 1, 2001 and will continue through December 31, 2015. Under the terms of the agreement, the Corporation is required to maintain a modified debt service coverage ratio equal to or greater than 1.35 and a debt to equity ratio less than 2.5:1. In the event these conditions are not met, the Corporation will be required to provide the supplier with acceptable credit support in an amount equal to $40 million. Once conditions are again met by the Corporation, the remaining amount of credit support will be returned. Also under the terms of the agreement, the supplier will supply 100 percent of regulation, spinning reserves, supplemental reserves and planning reserve capacity. The Corporation is in compliance as of June 30, 2015.

The Corporation is a member of a transmission cooperative known as Georgia Transmission Corporation (GTC) and as such, has a Member Transmission Service Agreement (MTSA) executed in 1996 and amended in 2005 and 2012. The MTSA revision of 2012 requires the Corporation to take transmission-related services through 2060 and allows for a reduction in service at prescribed periods. Transmission service under the MTSA was $13,905,050 in 2015 and is expected to remain relatively constant in the immediate future. Transmission service is recorded as a component of cost of power.

The Corporation has entered into various assignment and assumption agreements through Green Power EMC and their participating EMCs. These agreements are in support of the Corporation's receiving capacity and energy from the various renewable generation projects that the Corporation has chosen to participate in through Green Power EMC. In 2015, the Corporation made $1,504,569 in capacity and energy payments for these assets.

Under current law, the Corporation has the ability to recover these costs from its members; however, any change to existing laws could adversely affect the ability to recover these costs.

(11) Commitments (Continued)

In addition, Walton Energy, Inc. is subject to a natural gas supply management agreement, as amended, with an outside third party. The third party acts as the gas asset manager and is responsible for "management services" which include, but are not limited to, performing all administrative and operational tasks associated with providing the Corporation with transportation services, storage services, consulting services and nominating services.

Walton Energy, Inc. services both fixed- and variable-rate customers. The third party bills the Corporation monthly for the volume of gas used by each customer type. When fixed-rate customers lock their rate in with Walton Energy, Inc., the third party is required by the agreement to sell that volume at a negotiated fixed price to the Corporation. Therefore, the transaction is not considered a hedging activity, and no exposure to the Corporation exists as of the balance sheet date unless the third party fails to perform.

Walton Energy, Inc. has an obligation to deliver a volume of natural gas required by AGLC. If a natural gas marketer does not deliver the required amount of natural gas, penalties may apply in accordance with the AGLC Tariff. Since the amounts required by AGLC are based on estimates, an imbalance, either positive or negative, occurs with some natural gas marketers delivering more natural gas than their consumers actually consume and other natural gas marketers delivering less natural gas than their consumers actually consume. An imbalance in deliveries of natural gas results in some marketers owing other marketers for excess natural gas (short marketer) and some marketers being owed by other marketers for deficient deliveries of natural gas (long marketer). An imbalance from the short marketers is settled with the long marketers, pursuant to the AGLC Tariff.

On December 12, 2008, Georgia Public Service Commission (GPSC) approved an order which changed the methodology to determine the amount of natural gas each marketer is required to deliver, established an escrow fund to receive imbalance amounts from short marketers, required letters-of-credit to secure payment obligations and shortened the time period associated with the settlement process. GPSC conducts an audit to determine Walton Energy, Inc.'s letter-of-credit requirement. As a result of the audit, Walton Energy, Inc.'s letter-of-credit requirement totaled $56,556 and was obtained from NCSC for the year ended June 30, 2015. The letter-of-credit requirement is determined on a quarterly basis, and has been guaranteed by Walton EMC.

Walton Energy, Inc. is also required by AGLC's Tariff to provide liquidity support to secure payment of their obligations to AGLC. The liquidity support required is adjusted semiannually based upon a calculation defined in the AGLC Tariff. The liquidity support requirement can be satisfied by cash deposits, a letter-of-credit or a combination of each. Walton Energy, Inc. has elected to secure a letter-of-credit in the amount of $4,906,100 from NCSC to meet requirements for the year ended June 30, 2015.

The Corporation is also involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without a material adverse effect on the Corporation's future financial position or results from operations.

(12) Concentration of Credit Risk

The Corporation maintains interest-bearing cash balances in multiple financial institutions; those cash balances throughout the year periodically exceed the federally insured deposits limits. The Corporation believes that its cash is not exposed to any significant risk and the Corporation has not experienced any loss in accounts which exceed federally insured limits. At June 30, 2015, bank balances exceeded federally insured deposit limits by $5,362,258.

The Corporation serves customers in the state of Georgia. The geographic concentration of the Corporation's customers results in a concentration of credit risk with respect to the collection of accounts receivable. Credit evaluations are performed on most potential customers before accepting them for service. Depending upon the results of the credit evaluation, a deposit may be required. If a customer does not pay its bill based on the terms of its service agreement, the Corporation may require a consumer deposit as a condition for continued service.

(13) Fair Value of Financial Instruments

The Corporation has no financial or nonfinancial assets recorded using recurring and nonrecurring fair value measurements.

The following table is a summary for each class of assets and liabilities not measured at fair value in the balance sheets but for which a fair value disclosure is required by U.S. GAAP:

	June 30, 2015		June 30, 2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
FINANCIAL ASSETS				
Investments in Associated Organizations	**$ 93,535,272**	**N/A**	$ 91,750,364	N/A
Other Investments	**1,369,292**	**1,369,292**	1,295,188	1,295,188
Cash and Cash Equivalents	**17,924,358**	**17,924,358**	8,315,878	8,315,878
Capital Lease	**11,959,754**	**11,959,754**	23,316,484	23,316,484
FINANCIAL LIABILITIES				
Long-Term Debt	**$ 137,284,047**	**$ 128,011,401**	$ 149,251,113	$ 139,978,467
Line-of-Credit	**10,100,000**	**10,100,000**	12,175,000	12,175,000
Consumer Deposits	**9,951,302**	**9,951,302**	9,831,433	9,831,433

(13) Fair Value of Financial Instruments (Continued)

Investments in other cooperative organizations, which are included in investments in associated organizations, represent capital investments made primarily to obtain an economical source of financing, product or service. Since there is not a readily determinable market value for the Corporation's investments in associated organizations, they are carried at cost, adjusted for patronage income allocated and patronage capital paid.

Other investments fair value is based on quoted market price of similar offered instruments.

Cash and cash equivalents carrying amount reported in the balance sheets approximates fair value because of the short maturity of those instruments.

The fair value of the Corporation's long-term debt is based on discounted cash flows and current interest rates.

Consumer deposits fair value is based on current rates and policies offered by the Corporation to its members for deposits required for service.

(14) Litigation

Class-action lawsuits have been filed against the Corporation and other cooperatives. The lawsuits challenge patronage capital distribution practices. The Corporation has filed answers to the complaints and filed motions to dismiss. Management intends to contest the cases vigorously. It is not possible to estimate the likelihood of an unfavorable outcome in the cases; however, a decision in favor of the plaintiffs could significantly impact the financial position of the Corporation.

The Corporation is involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without a material adverse effect on the Corporation's future financial position or results from operations.

MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC
CERTIFIED PUBLIC ACCOUNTANTS
389 Mulberry Street • Post Office Box One • Macon, GA 31202
Telephone (478) 746-6277 • Facsimile (478) 743-6858
mmmcpa.com

November 9, 2015

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

The Board of Directors
The Walton Electric Membership Corporation

We have audited the consolidated financial statements of **The Walton Electric Membership Corporation and Subsidiaries** as of and for the years ended June 30, 2015 and 2014 and our report thereon dated November 9, 2015, which expressed an unmodified opinion on the consolidated financial statements, appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The accompanying information on pages 27 through 38 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
JUNE 30, 2015

	The Walton Electric Membership Corporation	Doyle I, LLC	Walton Energy, Inc.	Total	Eliminating Entries Debit	Eliminating Entries Credit	The Walton EMC and Subsidiaries
ASSETS							
Utility Plant							
Electric Plant in Service-At Cost	$ 399,076,604	$ 434,773		$ 399,511,377			$ 399,511,377
Construction Work in Progress	2,020,966			2,020,966			2,020,966
	401,097,570	434,773		401,532,343			401,532,343
Accumulated Provision for Depreciation	(139,012,625)	(306,798)		(139,319,423)			(139,319,423)
	262,084,945	127,975	-	262,212,920	$ -	$ -	262,212,920
Other Property and Investments							
Nonutility Property (Net)			$ 2,138,044	2,138,044			2,138,044
Investments in Associated Organizations	93,528,404	6,868		93,535,272			93,535,272
Investment in Subsidiary	23,869,302			23,869,302		23,869,302	-
Other Investments	1,369,292			1,369,292			1,369,292
	118,766,998	6,868	2,138,044	120,911,910	-	23,869,302	97,042,608
Long-Term Note Receivable-Capital Lease	-	-	-	-			-
Current Assets							
Cash and Cash Equivalents	7,810,145	5,966,497	4,147,716	17,924,358			17,924,358
Interest Receivable	62,319	1,988	4,247	68,554			68,554
Accounts Receivable (Net)	21,706,707	376,114	4,953,644	27,036,465		697,596	26,338,869
Current Portion of Note Receivable-Capital Lease	-	11,959,754		11,959,754			11,959,754
Current Portion of Note Receivable-Other Investments	136,926			136,926			136,926
Materials and Supplies	1,661,477			1,661,477			1,661,477
Prepayments	25,032,788		13,000,000	38,032,788			38,032,788
	56,410,362	18,304,353	22,105,607	96,820,322	-	697,596	96,122,726
Other Assets	779,334		11,922,734	12,702,068			12,702,068
Total Assets	$ 438,041,639	$ 18,439,196	$ 36,166,385	$ 492,647,220	$ -	$ 24,566,898	$ 468,080,322
MEMBERS' EQUITY AND LIABILITIES							
Members' Equity							
Membership Fees	$ 1,051,205			$ 1,051,205			$ 1,051,205
Patronage Capital	190,245,593			190,245,593			190,245,593
Retained Earnings		$ 19,169,788	$ 6,955,216	26,125,004	$ 26,125,004		-
Capital Contributions		(10,255,707)		(10,255,707)		$ 10,255,707	-
Common Stock			4,000	4,000	4,000		-
Paid-In Capital			7,996,000	7,996,000	7,996,000		-
Donated Capital	1,439,762			1,439,762			1,439,762
Other Equities	29,402,806			29,402,806			29,402,806
Accumulated Other Comprehensive Income	(31,508,279)			(31,508,279)			(31,508,279)
	190,631,087	8,914,081	14,955,216	214,500,384	34,125,004	10,255,707	190,631,087
Long-Term Debt	98,496,242	9,218,689		107,714,931	9,218,689	9,307,800	107,804,042
Accumulated Provision for Postretirement Benefits							
Pension Plan	22,159,976			22,159,976			22,159,976
Healthcare Benefits	40,264,397			40,264,397			40,264,397
	62,424,373	-	-	62,424,373	-	-	62,424,373
Current Liabilities							
Current Maturities of Mortgage Notes	29,480,000			29,480,000			29,480,000
Line-of-Credit	-		10,100,000	10,100,000			10,100,000
Accounts Payable	19,517,023	107,618	9,503,219	29,127,860	697,596		28,430,264
Consumer Deposits	8,935,696	500	1,015,106	9,951,302			9,951,302
Current Portion of Healthcare Benefits	946,000			946,000			946,000
Accrued and Withheld Taxes	3,308,143		290,345	3,598,488			3,598,488
Accrued Interest	936,612	89,116		1,025,728	89,116		936,612
Other	3,976,428	109,192	-	4,085,620			4,085,620
	67,099,902	306,426	20,908,670	88,314,998	786,712	-	87,528,286
Deferred Credits	19,390,035	-	302,499	19,692,534	-	-	19,692,534
Total Members' Equity and Liabilities	$ 438,041,639	$ 18,439,196	$ 36,166,385	$ 492,647,220	$ 44,130,405	$ 19,563,507	$ 468,080,322

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2015

	The Walton Electric Membership Corporation	Doyle I, LLC	Walton Energy, Inc.	Total	Eliminating Entries Debit	Eliminating Entries Credit	The Walton EMC and Subsidiaries
Operating Revenues and Patronage Capital	$ 251,363,488		$ 85,426,865	$336,790,353			$ 336,790,353
Cost of Revenues	195,452,531		78,265,243	273,717,774			273,717,774
Gross Margins	55,910,957	$ -	7,161,622	63,072,579	$ -	$ -	63,072,579
Operating Expenses							
Distribution Operations	10,177,652			10,177,652			10,177,652
Distribution Maintenance	9,349,663			9,349,663			9,349,663
Consumer Accounts	7,134,396			7,134,396			7,134,396
Consumer Service and Information	1,526,389		4,673,886	6,200,275			6,200,275
Sales	63,211			63,211			63,211
Administrative and General	6,518,429		1,375,769	7,894,198			7,894,198
Depreciation and Amortization	12,943,323		17,440	12,960,763			12,960,763
Other	68,047			68,047			68,047
	47,781,110	-	6,067,095	53,848,205	-	-	53,848,205
Operating Margins Before Interest Expense	8,129,847		1,094,527	9,224,374			9,224,374
Interest Expense	5,189,546		82,185	5,271,731			5,271,731
Operating Margins After Interest Expense	2,940,301	-	1,012,342	3,952,643	-	-	3,952,643
Nonoperating Margins	4,881,826	1,064,190	668,642	6,614,658	2,666,264		3,948,394
Generation and Transmission Cooperative Capital Credits	4,745,215			4,745,215			4,745,215
Other Capital Credits and Patronage Capital Allocations	978,762			978,762			978,762
Income Tax Expense			78,910	78,910			78,910
Net Margins	$ 13,546,104	$ 1,064,190	$ 1,602,074	$ 16,212,368	$2,666,264	$ -	$ 13,546,104

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
JUNE 30, 2014

	The Walton Electric Membership Corporation	Doyle I, LLC	Walton Energy, Inc.	Total	Eliminating Entries Debit	Eliminating Entries Credit	The Walton EMC and Subsidiaries
ASSETS							
Utility Plant							
Electric Plant in Service-At Cost	$ 398,299,925	$ 434,774		$ 398,734,699			$ 398,734,699
Construction Work in Progress	1,736,414			1,736,414			1,736,414
	400,036,339	434,774		400,471,113			400,471,113
Accumulated Provision for Depreciation	(140,709,346)	(299,014)		(141,008,360)			(141,008,360)
	259,326,993	135,760	-	259,462,753	$ -	$ -	259,462,753
Other Property and Investments							
Nonutility Property (Net)			$ 36,721	36,721			36,721
Investments in Associated Organizations	91,742,388	7,976		91,750,364			91,750,364
Investment in Subsidiary	21,553,035			21,553,035		21,553,035	-
Other Investments	1,295,188			1,295,188			1,295,188
	114,590,611	7,976	36,721	114,635,308	-	21,553,035	93,082,273
Long-Term Note Receivable-Capital Lease	-	11,959,753	-	11,959,753			11,959,753
Current Assets							
Cash and Cash Equivalents	2,266,641	5,047,143	1,002,094	8,315,878			8,315,878
Interest Receivable	122,697	458	287,151	410,306			410,306
Accounts Receivable (Net)	21,635,340	529,587	5,411,102	27,576,029		489,230	27,086,799
Current Portion of Note Receivable-Capital Lease	-	11,356,731		11,356,731			11,356,731
Current Portion of Note Receivable-Other Investments	235,592			235,592			235,592
Materials and Supplies	1,711,268			1,711,268			1,711,268
Prepayments	22,588,966		13,000,000	35,588,966			35,588,966
	48,560,504	16,933,919	19,700,347	85,194,770	-	489,230	84,705,540
Other Assets	12,395	-	11,848,028	11,860,423			11,860,423
Total Assets	$ 422,490,503	$ 29,037,408	$ 31,585,096	$ 483,113,007	$ -	$ 22,042,265	$ 461,070,742
MEMBERS' EQUITY AND LIABILITIES							
Members' Equity							
Membership Fees	$ 1,065,995			$ 1,065,995			$ 1,065,995
Patronage Capital	185,289,189			185,289,189			185,289,189
Retained Earnings		$ 18,105,597	$ 5,353,142	23,458,739	$ 23,458,739		-
Capital Contributions		(9,905,707)		(9,905,707)		$ 9,905,707	-
Common Stock			4,000	4,000	4,000		-
Paid-In Capital			7,996,000	7,996,000	7,996,000		-
Donated Capital	1,059,115			1,059,115			1,059,115
Other Equities	26,903,975			26,903,975			26,903,975
Accumulated Other Comprehensive Income	(19,696,986)			(19,696,986)			(19,696,986)
	194,621,288	8,199,890	13,353,142	216,174,320	31,458,739	9,905,707	194,621,288
Long-Term Debt	110,574,138	20,419,163	-	130,993,301	20,419,163	20,617,975	131,192,113
Accumulated Provision for Postretirement Benefits							
Pension Plan	13,490,228			13,490,228			13,490,228
Healthcare Benefits	34,626,096			34,626,096			34,626,096
	48,116,324	-	-	48,116,324	-	-	48,116,324
Current Liabilities							
Current Maturities of Mortgage Notes	18,059,000			18,059,000			18,059,000
Line-of-Credit	6,350,000		5,825,000	12,175,000			12,175,000
Accounts Payable	19,006,993	123,386	11,109,841	30,240,220	489,230		29,750,990
Consumer Deposits	8,886,808	500	944,125	9,831,433			9,831,433
Current Portion of Healthcare Benefits	937,000			937,000			937,000
Accrued and Withheld Taxes	3,277,065		340,899	3,617,964			3,617,964
Accrued Interest	1,066,387	198,815		1,265,202	198,815		1,066,387
Other	3,619,764	95,654	-	3,715,418			3,715,418
	61,203,017	418,355	18,219,865	79,841,237	688,045	-	79,153,192
Deferred Credits	7,975,736	-	12,089	7,987,825	-	-	7,987,825
Total Members' Equity and Liabilities	$ 422,490,503	$ 29,037,408	$ 31,585,096	$ 483,113,007	$ 52,565,947	$ 30,523,682	$ 461,070,742

THE WALTON ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2014

	The Walton Electric Membership Corporation	Doyle I, LLC	Walton Energy, Inc.	Total	Eliminating Entries Debit	Eliminating Entries Credit	The Walton EMC and Subsidiaries
Operating Revenues and Patronage Capital	$ 253,931,382		$ 88,038,180	$341,969,562			$ 341,969,562
Cost of Revenues	190,129,780		80,494,162	270,623,942			270,623,942
Gross Margins	63,801,602	$ -	7,544,018	71,345,620	$ -	$ -	71,345,620
Operating Expenses							
Distribution Operations	10,715,701		-	10,715,701			10,715,701
Distribution Maintenance	9,212,936		-	9,212,936			9,212,936
Consumer Accounts	6,560,679		-	6,560,679			6,560,679
Consumer Service and Information	1,694,682		4,635,129	6,329,811			6,329,811
Sales	90,850		-	90,850			90,850
Administrative and General	7,271,318		1,750,211	9,021,529			9,021,529
Depreciation and Amortization	13,105,817		23,932	13,129,749			13,129,749
Other	75,317			75,317			75,317
	48,727,300	-	6,409,272	55,136,572	-	-	55,136,572
Operating Margins Before Interest Expense	15,074,302		1,134,746	16,209,048			16,209,048
Interest Expense	5,320,470		83,620	5,404,090			5,404,090
Operating Margins After Interest Expense	9,753,832	-	1,051,126	10,804,958	-	-	10,804,958
Nonoperating Margins	4,482,000	1,024,167	347,269	5,853,436	1,909,917		3,943,519
Generation and Transmission Cooperative Capital Credits	4,293,249			4,293,249			4,293,249
Other Capital Credits and Patronage Capital Allocations	1,025,142			1,025,142			1,025,142
Income Tax Expense			512,645	512,645			512,645
Net Margins	$ 19,554,223	$ 1,024,167	$ 885,750	$ 21,464,140	$1,909,917	$ -	$ 19,554,223

THE WALTON ELECTRIC MEMBERSHIP CORPORATION
PATRONAGE CAPITAL
JUNE 30, 2015

Years	Assigned	Deferred Revenue	Assignable	Total
1970 and Prior	$ 2,799,473.29			$ 2,799,473.29
1971	76,175.37			76,175.37
1972	458,793.24			458,793.24
1973	782,177.37			782,177.37
1974	781,341.80			781,341.80
1975	930,277.11			930,277.11
1976	979,449.86			979,449.86
1977	1,418,608.23			1,418,608.23
1978	1,341,816.80			1,341,816.80
1979	1,397,408.92			1,397,408.92
1980	457,949.72			457,949.72
1981	2,991,866.46			2,991,866.46
1982	3,838,555.39			3,838,555.39
1983	4,139,248.18			4,139,248.18
1984	4,341,016.46			4,341,016.46
1985	3,667,975.31			3,667,975.31
1986	4,993,835.16			4,993,835.16
1987	6,820,965.86			6,820,965.86
1988	6,123,875.14			6,123,875.14
1989	5,624,788.17			5,624,788.17
1990	6,740,788.50			6,740,788.50
1991	4,691,347.54			4,691,347.54
1992	4,262,862.18			4,262,862.18
1993	4,987,046.38			4,987,046.38
1994	2,639,310.11			2,639,310.11
1995	7,157,490.84			7,157,490.84
1996	7,506,502.80			7,506,502.80
1997	887,840.60			887,840.60
1998	6,440,978.41			6,440,978.41
1999	7,206,046.65			7,206,046.65
2000	8,426,197.06	$ (3,366,564.00)		5,059,633.06
2001	13,966,682.47	(3,639,202.95)		10,327,479.52
2002	19,941,879.45	(3,644,030.62)		16,297,848.83
2003	14,398,069.83	(3,840,909.85)		10,557,159.98
2004	15,861,590.27	(5,635,598.54)		10,225,991.73
2005	-	7,355,651.74		7,355,651.74
2006	12,955,981.08	4,150,911.53		17,106,892.61
2007	5,894,047.46	4,310,513.27		10,204,560.73
2008	1,613,228.94	4,289,093.19		5,902,322.13
2009	6,863,867.65	20,136.23		6,884,003.88
2010	12,570,598.87			12,570,598.87
2011	10,366,002.62			10,366,002.62
2012	13,436,115.25	(3,974,806.00)		9,461,309.25
2013	12,423,009.64			12,423,009.64
2014	21,923,040.64	(11,000,000.00)		10,923,040.64
2015 (January 1 Through June 30)			$ (465,992.23)	(465,992.23)
	277,126,123.08	(14,974,806.00)	(465,992.23)	261,685,324.85
Patronage Refunds				
Through June 30, 2014	(65,348,863.43)			(65,348,863.43)
July 1, 2014 Through June 30, 2015	(6,090,868.42)			(6,090,868.42)
Balances, June 30, 2015	$ 205,686,391.23	$ (14,974,806.00)	$ (465,992.23)	$ 190,245,593.00

THE WALTON ELECTRIC MEMBERSHIP CORPORATION
UTILITY PLANT AND ACCUMULATED PROVISION FOR DEPRECIATION
FOR THE YEAR ENDED JUNE 30, 2015

	Utility Plant				Accumulated Provision for Depreciation			
Description	**Balance June 30, 2014**	**Additions**	**Retirements**	**Balance June 30, 2015**	**Balance June 30, 2014**	**Accruals**	**Retirements**	**Balance June 30, 2015**
Classified Electric Plant in Service								
Production Plant								
Generators	$ 10,460,418.16	$ -	$ -	$ 10,460,418.16	$ 5,640,928.33	$ 348,959.52	$ -	$ 5,989,887.85
Distribution Plant								
Land and Land Rights	105,043.18			105,043.18				
Station Equipment	7,597,192.29	679,229.62	94,351.65	8,182,070.26				
Station Equipment-Supervisory Control Equipment	245,914.61			245,914.61				
AMR Station Equipment	1,637,283.51	-	-	1,637,283.51				
Poles, Towers and Fixtures	39,189,511.38	2,349,620.20	628,914.16	40,910,217.42				
Underground Conduit	15,175,592.05	2,310,862.12	830,048.15	16,656,406.02				
Overhead Conductor and Devices	59,883,773.00	1,934,716.16	24,594.72	61,793,894.44				
Underground Conductor and Devices	73,344,191.97	1,135,261.78	160,085.32	74,319,368.43				
Line Transformers	62,224,548.35	1,149,314.37	348,304.86	63,025,557.86				
Services	35,461,697.54	1,426,624.36	150,600.54	36,737,721.36				
Meters	21,641,938.61	693,763.74	8,537,093.60	13,798,608.75				
Meter Socket Adapt	692,278.98	19,068.00	-	711,346.98				
Automated Meters	18,249,124.25	509,903.58	2,146,148.29	16,612,879.54				
Yard Security Lights	5,835,167.38	307,874.61	144,372.69	5,998,669.30				
Street Lighting and Signal Systems	11,700,922.34	594,994.92	110,243.79	12,185,673.47				
	352,984,179.44	13,111,233.46	13,174,757.77	352,920,655.13	115,747,091.47	11,701,131.73	14,235,256.40	113,212,966.80
							(1)	
General Plant								
Land and Land Rights	1,008,055.37			1,008,055.37				
Structures and Improvements	14,129,601.87	502,034.00		14,631,635.87	4,718,956.36	288,886.65		5,007,843.01
Transportation Equipment	7,940,856.98	736,312.60	725,316.91	7,951,852.67	5,983,734.77	503,389.16	721,666.22	5,765,457.71
Power Operated Equipment	1,630,930.37	77,860.73		1,708,791.10	1,402,969.84	79,395.31	-	1,482,365.15
Communications Equipment	1,178,280.99	5,332.88		1,183,613.87	2,711,087.50	167,682.93		2,878,770.43
Supervisory and Load Control Equipment	2,005,630.49	71,021.57		2,076,652.06				
Office Furniture and Equipment	843,956.00	20,161.45		864,117.45				
Stores Equipment	424,934.51	-	14,490.00	410,444.51				
Laboratory Equipment	296,408.90	50,842.29		347,251.19				
Tools, Shop and Garage Equipment	729,857.74	53,093.46		782,951.20				
Data Processing Equipment	3,696,788.02	156,095.46		3,852,883.48				
Miscellaneous Equipment	970,025.78	45,381.66	138,125.05	877,282.39	4,528,435.38	450,775.94	151,234.74	4,827,976.58
	34,855,327.02	1,718,136.10	877,931.96	35,695,531.16	19,345,183.85	1,490,129.99	872,900.96	19,962,412.88
							(2)	
Total Classified Electric Plant In Service	398,299,924.62	$ 14,829,369.56	$ 14,052,689.73	399,076,604.45	140,733,203.65	$ 13,540,221.24	$ 15,108,157.36	139,165,267.53
						(3)		
Construction Work in Progress	1,736,413.91			2,020,966.27				
Retirement Work in Progress					23,857.22			152,642.36
Total Utility Plant	$ 400,036,338.53			$ 401,097,570.72	$ 140,709,346.43			$ 139,012,625.17

THE WALTON ELECTRIC MEMBERSHIP CORPORATION
FOOTNOTES TO PLANT SUMMARY
FOR THE YEAR ENDED JUNE 30, 2015

(1) Original Cost of Distribution Plant Retired	$13,174,757.77
Cost of Removal	1,118,198.68
	14,292,956.45
Salvage Realized	(57,700.05)
Net Charges to the Accumulated Provision for Depreciation of Distribution Plant	$14,235,256.40
(2) Original Cost of General Plant Retired	$ 877,931.96
Salvage Realized	(5,031.00)
Net Charges to the Accumulated Provision for Depreciation of General Plant	$ 872,900.96
(3) Depreciation Charged to	
Depreciation Expense	
Distribution Plant	$12,050,091.25
General Plant	907,345.52
Transportation Expense-Clearing	582,784.47
Total Accrual	$13,540,221.24

THE WALTON ELECTRIC MEMBERSHIP CORPORATION
STATISTICAL DATA
FOR THE YEARS ENDED JUNE 30

Average Per Consumer	**2015**	2014
Gross Energy Bill (Exclusive of Sales Tax)	**$ 2,025.27**	$ 2,046.85
Other Electric Revenue	**71.71**	71.56
Average Gross Operating Revenue	**2,096.98**	2,118.41
Operating Revenue Deductions and Interest		
Cost of Power	**1,630.55**	1,586.15
Distribution Operations	**84.91**	89.40
Distribution Maintenance	**78.00**	76.86
Consumer Accounts	**59.52**	54.73
Consumer Service and Information	**12.73**	14.14
Sales	**.53**	.76
Administrative and General	**54.38**	60.66
Depreciation	**107.98**	109.33
Interest	**43.29**	44.39
Other	**.57**	.62
	2,072.46	2,037.04
Average Operating Margin Per Consumer	**$ 24.52**	$ 81.37
Gross Revenue Per Mile	**$ 36,418.93**	$ 36,940.85
Operations Expense Per Mile	**$ 1,474.59**	$ 1,558.87
Maintenance Expense Per Mile	**$ 1,354.63**	$ 1,340.26
Plant Investment Per Mile (End of Year)	**$ 57,820.43**	$ 57,942.96
Plant Investment Per Consumer (End of Year)	**$ 3,254.93**	$ 3,341.83
Equity Percent (End of Year)	**45.53%**	46.95%
Average Equity Per Consumer (End of Year)	**$ 1,554.81**	$ 1,632.92
Current Ratio	**.83**	.78
General Funds Invested in Plant	**$271,100,361.67**	$269,666,787

THE WALTON ELECTRIC MEMBERSHIP CORPORATION
MORTGAGE OBLIGATIONS - NRUCFC (EXCLUDING DOYLE I, LLC)
JUNE 30, 2015

Notes	Interest Rate Percent	Date of Note	Principal Amount	Amount Unadvanced	Principal Repayments	Principal Balance
9022	3.35	04-22-81	$ 3,298,000		$ 3,133,802	$ 164,198
9023	4.20	12-23-85	2,137,500		1,488,442	649,058
9024	4.20	01-28-88	4,389,474		2,836,407	1,553,067
9025	4.20	05-24-93	4,263,158		2,315,869	1,947,289
9041	4.20	10-31-95	895,983		638,387	257,596
9042	4.20	10-31-95	1,013,396		669,784	343,612
9043	3.85	10-31-95	843,501		826,121	17,380
9059	3.75	10-31-95	2,687,949		1,947,205	740,744
9060	5.80	10-31-95	3,040,188		2,002,738	1,037,450
9061-01	3.35	10-31-95	2,530,503		2,479,700	50,803
9062-01	3.75	08-01-96	2,037,246		1,295,648	741,598
9063-01	4.20	08-01-96	6,111,739		3,850,331	2,261,408
9064-01	7.05	07-07-97	12,000,000		2,716,458	9,283,542
9064-02	7.00	08-20-97	5,500,000		1,252,919	4,247,081
9064-03	4.55	09-21-98	10,000,000		2,941,661	7,058,339
9064-04	4.80	01-11-00	10,500,000		2,904,657	7,595,343
9065-01	4.55	01-11-00	4,000,000		843,113	3,156,887
9065-02	3.55	09-20-00	5,000,000		1,189,767	3,810,233
9065-03	4.80	02-15-01	3,000,000		643,137	2,356,863
9065-04	5.80	05-18-05	10,000,000		1,218,360	8,781,640
9065-06	2.80	05-18-05	6,000,000		619,265	5,380,735
9065-07	3.95	05-18-05	6,000,000		1,066,021	4,933,979
9067-01	2.90	01-31-07	10,000,000		1,418,673	8,581,327
9067-03	4.35	01-31-07	10,000,000		1,201,471	8,798,529
9067-04	3.30	07-22-08	15,000,000		1,827,502	13,172,498
9067-05	5.00	04-16-09	6,000,000		455,201	5,544,799
9067-06	5.00	04-16-09	6,000,000		455,201	5,544,799
9067-07	5.00	04-16-09	6,000,000		396,442	5,603,558
9068-01	3.65	09-30-10	7,000,000		494,524	6,505,476
9068-02	2.60	11-24-10	10,000,000		8,884,198	1,115,802
9068-04	2.40	09-22-14	20,000,000		13,293,413	6,706,587
			$ 195,248,637	$ -	$ 67,306,417	$ 127,942,220

THE WALTON ELECTRIC MEMBERSHIP CORPORATION
FIVE-YEAR COMMON SIZE ANALYSIS
JUNE 30

ASSETS

	2015	2014	2013	2012	2011
Utility Plant					
Electric Plant in Service	**91.10%**	94.27%	93.79%	94.75%	95.45%
Construction Work in Progress	**.46**	.41	.58	.34	.30
Accumulated Provision for Depreciation	**(31.74)**	(33.30)	(31.63)	(30.29)	(29.52)
	59.82	61.38	62.74	64.80	66.23
Other Property and Investments					
Investments in Associated Organizations	**27.14**	27.18	26.77	26.32	25.11
Current Assets					
Cash and Cash Equivalents	**1.78**	.54	.37	.89	.42
Interest Receivable	**.01**	.02	.02	.03	.04
Accounts Receivable (Net of Accumulated Provision for Uncollectibles)	**4.96**	5.12	4.74	4.93	5.17
Materials and Supplies	**.38**	.41	.34	.37	.41
Prepayments	**5.73**	5.35	4.93	2.53	2.57
	12.86	11.44	10.40	8.75	8.61
Deferred Debits	**0.18**	0.00	.09	.13	.05
Total Assets	**100.00%**	100.00%	100.00%	100.00%	100.00%

TOTAL MEMBERS' EQUITY AND LIABILITIES

	2015	2014	2013	2012	2011
Members' Equity					
Membership Fees	**.24%**	.26%	.27%	.28%	.30%
Patronage Capital and Other Equities	**43.28**	42.32	39.38	39.89	39.67
	43.52	42.58	39.65	40.17	39.97
Long-Term Debt	**22.49**	28.54	31.50	34.12	33.65
Other Long-Term Liabilities	**14.25**	10.97	12.75	9.41	10.12
Current Liabilities					
Notes and Accounts Payable	**11.19**	11.66	10.66	10.92	10.90
Consumer Deposits	**2.04**	2.06	2.00	1.90	1.88
Accrued and Withheld Taxes	**.76**	.90	1.02	.84	.78
Other	**1.32**	1.35	1.40	1.41	1.60
	15.31	15.97	15.08	15.07	15.16
Deferred Credits	**4.43**	1.94	1.02	1.23	1.10
Total Members' Equity and Liabilities	**100.00%**	100.00%	100.00%	100.00%	100.00%

THE WALTON ELECTRIC MEMBERSHIP CORPORATION
FIVE-YEAR COMMON SIZE ANALYSIS
FOR THE YEARS ENDED JUNE 30

REVENUE AND PATRONAGE CAPITAL

	2015	2014	2013	2012	2011
Operating Revenues	**100.00**	100.00	100.00	100.00%	100.00%
Operating Expenses					
Cost of Power	**77.76**	74.87	75.36	74.32	76.52
Distribution Operations	**4.05**	4.22	4.56	4.98	4.64
Distribution Maintenance	**3.72**	3.63	3.87	3.48	3.78
Consumer Accounts	**2.84**	2.58	2.71	2.92	3.27
Consumer Service and Information	**.61**	.67	.70	.66	.71
Sales	**.03**	.04	.02	.01	.02
Administrative and General	**2.59**	2.86	2.58	3.51	2.43
Depreciation	**5.15**	5.16	5.31	5.26	5.27
Franchise Requirements	**-**	-	-	-	-
Other	**.03**	.03	.03	.02	.02
	96.78	94.06	95.14	95.16	96.66
Operating Margins Before Interest Expense	**3.22**	5.94	4.86	4.84	3.34
Interest Expense	**2.06**	2.10	2.33	2.79	3.07
Operating Margins After Interest Expense	**1.16**	3.84	2.53	2.05	.27
Nonoperating Margins	**1.94**	1.77	1.30	2.06	1.55
Generation and Transmission Cooperative Capital Credits	**1.89**	1.69	1.70	1.65	1.52
Other Capital Credits and Patronage Capital Allocations	**.39**	.40	.45	.53	.60
Net Margins	**5.38%**	7.68%	5.98%	6.29%	3.94%

THE WALTON ELECTRIC MEMBERSHIP CORPORATION
SCHEDULE OF INSURANCE COVERAGES
IN EFFECT AS OF JUNE 30, 2015

Type	Coverage		Amount
Property and Substation Machinery	Real and Personal		$51,743,687 ($50,000 Deductible)
	Extra Expense		200,000
	Loss of Net Income from Customers		50,000
	Records Reproduction		50,000
Blanket Crime	Employee Dishonesty		500,000
	Money and Securities In and Out		4,000,000
Comprehensive General Liability			2,000,000
	Each Person		1,000
	Each Occurrence		10,000
Automobile			2,000,000
	Medical Payments	Each Person	1,000
		Each Occurrence	10,000
	Comprehensive		Actual Cash Value ($250 Deductible)
	Collision		Actual Cash Value ($500 Deductible)
Umbrella Liability			10,000,000
Directors' and Officers' Liability			20,000,000
	Requested Fiduciary		5,000,000
GEMC Workers' Compensation Trust Fund	All Employees		Statutory
	Employer's Liability		1,000,000
Electromagnetic Field			1,000,000

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC
CERTIFIED PUBLIC ACCOUNTANTS
389 Mulberry Street • Post Office Box One • Macon, GA 31202
Telephone (478) 746-6277 • Facsimile (478) 743-6858
mmmcpa.com

November 9, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

The Board of Directors
The Walton Electric Membership Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of **The Walton Electric Membership Corporation** as of June 30, 2015 and 2014 and the related consolidated statements of operations, comprehensive income, changes in members' equity and cash flows for the years then ended, and have issued our report thereon dated November 9, 2015.

In connection with our audits, nothing came to our attention that caused us to believe that the Corporation failed to comply with the terms of Article V of the National Rural Utilities Cooperative Finance Corporation Loan Agreement insofar as they relate to accounting matters. However, our audits were not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Corporation's noncompliance with the above-referenced terms insofar as they relate to accounting matters.

This report is intended solely for the information and use of the boards of directors and management of The Walton Electric Membership Corporation and the National Rural Utilities Cooperative Finance Corporation and is not intended to be and should not be used by anyone other than these specified parties.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC
CERTIFIED PUBLIC ACCOUNTANTS
389 Mulberry Street • Post Office Box One • Macon, GA 31202
Telephone (478) 746-6277 • Facsimile (478) 743-6858
mmmcpa.com

November 9, 2015

MANAGEMENT LETTER

The Board of Directors
The Walton Electric Membership Corporation

We have audited the financial statements of **The Walton Electric Membership Corporation** for the year ended June 30, 2015, and have issued our report thereon dated November 9, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of The Walton Electric Membership Corporation as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Auditing standards require that certain matters related to the conduct of the audit are communicated to those who have responsibility for oversight of the financial reporting process. In accordance with these requirements, refer to Exhibit A-Matters to be Communicated with the Board of Directors.

This report is intended solely for the information and use of the board of directors, management and others within the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

EXHIBIT A

THE WALTON ELECTRIC MEMBERSHIP CORPORATION
MATTERS TO BE COMMUNICATED WITH THE BOARD OF DIRECTORS
JUNE 30, 2015

Auditor's Responsibility Under Generally Accepted Auditing Standards

As stated in our engagement letter, the auditors are responsible for forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles in the United States of America. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Planned Scope and Timing of the Audit

The audit was performed according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Accounting Policies

Management is responsible for the selection of appropriate accounting policies. The significant accounting policies used by The Walton Electric Membership Corporation are outlined in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2015. We noted no transaction entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a period other than when the transaction occurred.

Management Judgments and Accounting Estimates

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

- Construction work in progress
- Useful lives of utility plant
- Reserve for uncollectible accounts
- Expense accruals
- Actuarial assumptions related to postretirement benefits accruals

We evaluated the key factors and assumptions used to develop management's estimates in determining that they are reasonable in relation to the financial statements as a whole.

Significant Audit Adjustments and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Attachment A lists adjustments to the consolidated financial statements.

Other Information in Documents Containing Audited Financial Statements

All information accompanying the financial statements has been subject to the same audit procedures as the basic financial statements.

Disagreements with Management

Professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated November 9, 2015.

Consultation with Other Accountants

To our knowledge, management did not consult with other accountants relating to auditing or accounting matters.

Major Issues Discussed with Management Prior to Retention

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

Difficulties Encountered in Performing the Audit

There were no difficulties encountered in dealing with management related to the performance of the audit.

Restriction of Use

This report is intended solely for the information and use of the board of directors, management and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

ATTACHMENT A

THE WALTON ELECTRIC MEMBERSHIP CORPORATION
AUDIT ENTRIES
FOR THE YEAR ENDED JUNE 30, 2015

	Debit	Credit
Adjustment 1		
Investment in Subsidiary Companies	$ 1,479,529	
Equity in Earnings of Subsidiaries		$ 1,479,529
Adjustment 2		
Pension Plan Equity Adjustment	8,119,748	
Pension Plan Liability		2,609,516
Pension Plan Assets		5,510,232
Adjustment 3		
Medical Plan Equity Adjustment	3,691,545	
Postretirement Benefit		3,691,545