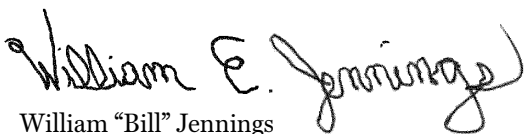


# Board Treasurer’s Report

Southwestern Electric Cooperative reported strong margins of \$3.6 million in 2019. Accordingly, Southwestern Electric was in compliance with all provisions of the loan agreements with CoBank, who is the sole lender for all of the co-op’s long-term debt. In order to maintain such compliance and our current rates, \$4 million in margins were applied to 2019 from the Margin Stabilization Plan. In 2014, the board of directors had the foresight to defer margins to future years to offset projected expenditures. The application of these deferred margins to the 2019 financial statements was both expected and planned. As of Dec. 31, 2019, Southwestern has a remaining total of \$7.8 million for margin stabilization in future years.

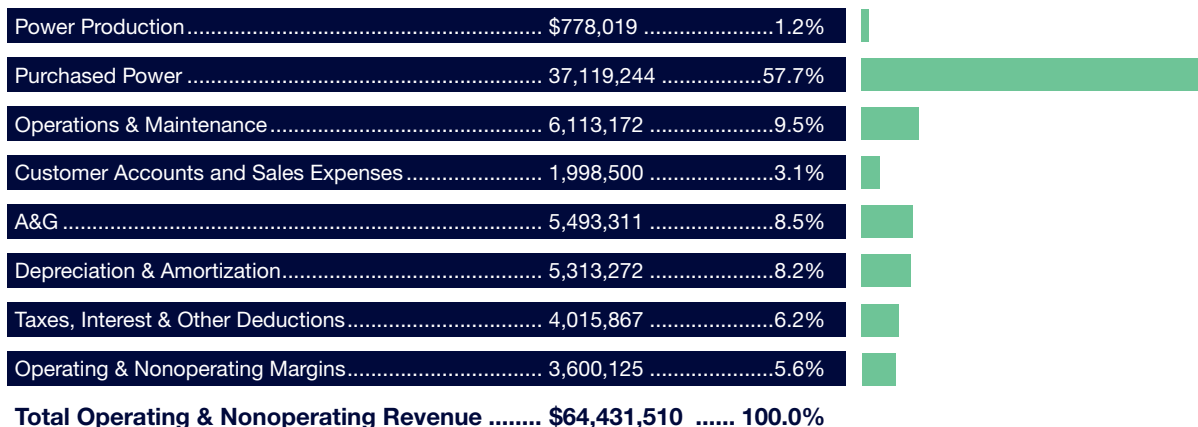
For additional information, please see the financial statements on the pages to follow.

Respectfully Submitted,

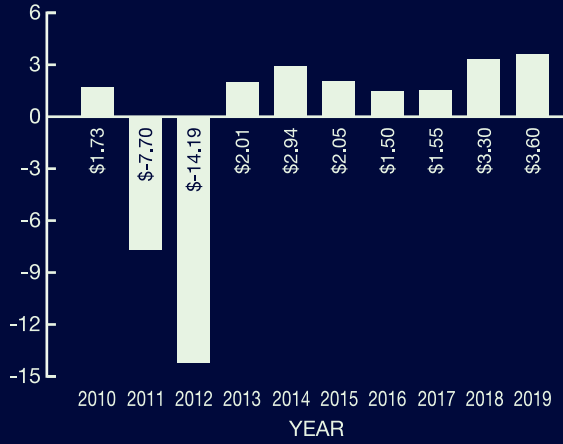


William “Bill” Jennings  
Board Treasurer

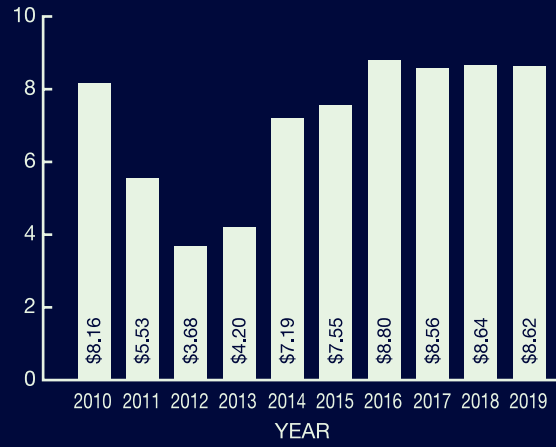
### Where did the cooperative’s revenue go in 2019?



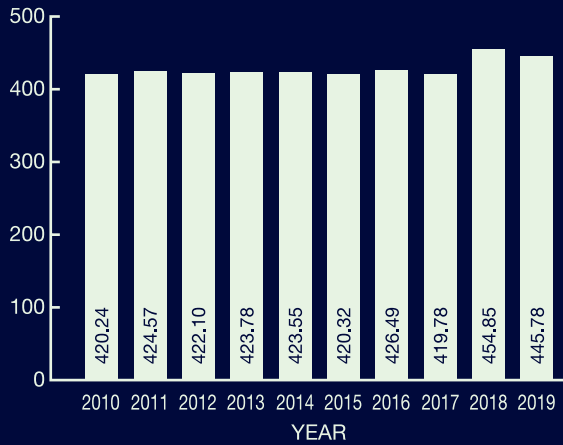
**Margins**  
in millions of dollars



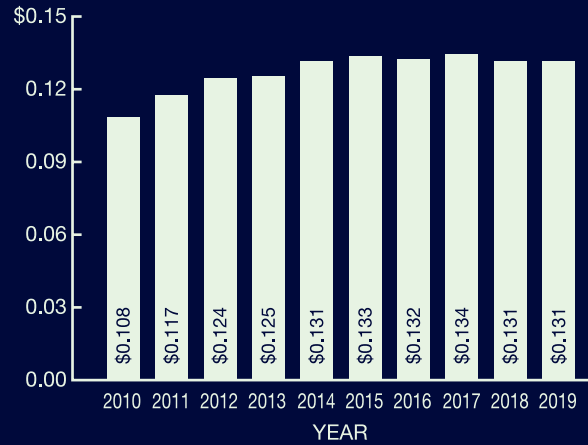
**Capital Investment**  
in millions of dollars



**Total Electricity Sold to Members**  
in millions of kWh



**Rate per kWh to Residential Members**  
in dollars (includes infrastructure and operations charge)



## REPORTS & FINANCIAL INFORMATION

### Southwestern Electric Cooperative Financial Information

Statement of Operations	2019	2018	2017
<b>OPERATING REVENUES</b>			
Electric	\$63,191,680	\$60,263,464	\$53,815,941
Other	<u>386,988</u>	<u>393,774</u>	<u>370,676</u>
Total Operating Revenues	63,578,668	60,657,238	54,186,617
<b>OPERATING EXPENSES</b>			
Cost of Purchased Power	37,119,244	34,880,047	30,531,471
Power Production Expense - Operations	184,568	256,925	266,073
Power Production Expense - Maintenance	590,950	647,333	556,607
Transmission Expense - Maintenance	2,501	-	342
Distribution Expense - Operations	1,604,862	1,462,023	1,187,920
Distribution Expense - Maintenance	4,508,310	5,016,715	4,325,862
Consumer Account Expense	1,333,671	1,342,381	1,332,637
Consumer Service and Informational Expense	150,063	127,239	31,228
Sales Expense	514,766	493,991	535,483
Administrative and General Expense	5,493,311	5,148,087	6,020,097
Depreciation and Amortization	5,313,272	5,151,760	4,906,186
Taxes	214,476	207,222	202,558
Other Interest	15,344	19,786	39,426
Other Deductions	<u>50,588</u>	<u>36,472</u>	<u>35,006</u>
Total Operating Expenses	<u>57,095,926</u>	<u>54,789,981</u>	<u>49,970,896</u>
<b>OPERATING MARGINS BEFORE FIXED CHARGES</b>	6,482,742	5,867,257	4,215,721
<b>INTEREST ON LONG-TERM DEBT</b>	<u>3,735,459</u>	<u>3,791,277</u>	<u>3,719,041</u>
<b>NET OPERATING MARGINS</b>	2,747,283	2,075,980	496,680
<b>NONOPERATING MARGINS</b>			
Interest Income	81,946	83,582	63,260
Patronage Capital Credits	732,223	1,038,428	919,239
Other Nonoperating Margins	<u>38,673</u>	<u>101,072</u>	<u>67,616</u>
Total Nonoperating Margins	<u>852,842</u>	<u>1,223,082</u>	<u>1,050,115</u>
<b>NET MARGINS</b>	<u>\$3,600,125</u>	<u>\$3,299,062</u>	<u>\$1,546,795</u>

**Balance Sheet** (As of December 31, 2019)

**ASSETS**

**Utility Plant**

Electric Plant in Service	\$194,092,886
Construction Work in Progress	<u>1,562,879</u>
Total	195,655,765
Less: Accumulated Provision for Depreciation	<u>(57,960,003)</u>
Net Utility Plant	137,695,762

**Other Assets and Investments**

Investments in Associated Organizations	3,758,953
Notes Receivable, Net of Current Portion	666,142
Other Special Funds	<u>127,760</u>
Total Other Assets and Investments	4,552,855

**Current Assets**

Cash and Cash Equivalents	7,588,408
Accounts Receivable, Net	5,545,555
Materials and Supplies Inventory	1,586,894
Current Portion of Notes Receivable	87,711
Prepayments	363,925
Interest Receivable	<u>14,163</u>
Total Current Assets	15,186,656

**Deferred Charges**

	<u>3,946,335</u>
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Total Assets	<u>\$161,381,608</u>
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**EQUITIES & LIABILITIES**

**Equities**

Patronage Capital	\$46,834,611
Other Equities	<u>3,306,092</u>
Total Equities	50,140,703

<b>Long-Term Debt, Net Of Current Maturities</b>	85,620,740
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**Accumulated Miscellaneous**

<b>Operating Provisions</b>	1,743,046
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**Accumulated Provision for**

<b>Pension and Benefits</b>	127,760
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**Current Liabilities**

Current Maturities of Long-Term Debt	3,799,799
Notes Payable	3,000,000
Accounts Payable	6,725,557
Consumer Deposits	817,086
Other Current and Accrued Liabilities	<u>1,281,212</u>
Total Current Liabilities	15,623,654

**Deferred Credits**

	<u>8,125,705</u>
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Total Equities and Liabilities	<u>\$161,381,608</u>
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