

CHOCTAW ELECTRIC COOPERATIVE, INC.

**BALANCE SHEETS
DECEMBER 31, 2017 AND 2016**

ASSETS

	December 31,	
	2017	2016
UTILITY PLANT AT COST		
Electric Plant in Service	\$ 123,886,356	\$ 119,154,137
Construction Work in Progress	941,107	1,054,427
	<u>\$ 124,827,463</u>	<u>\$ 120,208,564</u>
Less: Accumulated Provision for Depreciation	37,037,600	33,713,582
	<u>\$ 87,789,863</u>	<u>\$ 86,494,982</u>
OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE		
Investments in Associated Organizations	\$ 21,138,065	\$ 20,598,727
Notes Receivable	59,221	152,474
Other Investments	26,052	25,932
	<u>\$ 21,223,338</u>	<u>\$ 20,777,133</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 558,362	\$ 1,849,530
Available-for-Sale Investments	3,380,825	3,130,485
Notes Receivable - Current Portion	121,175	146,556
Accounts and Notes Receivable (Less Allowance for \$172,533 in 2017 and Uncollectibles of \$165,158 in 2016)	2,765,980	3,083,929
Accrued Unbilled Revenue	2,452,059	2,149,123
Materials and Supplies	774,943	990,635
Other Current and Accrued Assets	103,607	53,652
	<u>\$ 10,156,951</u>	<u>\$ 11,403,910</u>
TOTAL ASSETS	<u>\$ 119,170,152</u>	<u>\$ 118,676,025</u>

EQUITIES AND LIABILITIES

EQUITIES		
Memberships	\$ 68,145	\$ 67,495
Patronage Capital	51,156,713	48,893,247
Other Equities	3,388,932	2,835,047
Other Comprehensive Income	1,481,669	2,901,513
	<u>\$ 56,095,459</u>	<u>\$ 54,697,302</u>
LONG-TERM DEBT		
RUS Rural Development Notes Less Current Maturities	\$ 33,320	\$ 57,396
CFC Mortgage Notes Less Current Maturities	21,198,114	23,507,502
CoBank Mortgage Notes Less Current Maturities	30,698,204	31,336,180
	<u>\$ 51,929,638</u>	<u>\$ 54,901,078</u>
NON-CURRENT LIABILITIES		
Accumulated Provision for Pensions and Benefits	\$ 2,181,300	\$ 1,403,500
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 2,978,013	\$ 2,857,628
Current Portion of APBO	267,200	190,200
CFC Line of Credit	900,000	
Accounts Payable - Purchased Power	2,287,131	2,213,658
Accounts Payable - Other	483,700	534,886
Consumer Deposits	154,674	114,758
Accrued Employee Benefits	524,902	329,343
Accrued Interest	114,221	116,467
Overcollected Power Cost	181,824	177,626
Other Accrued Expenses	94,481	96,900
	<u>\$ 7,986,146</u>	<u>\$ 6,631,466</u>
DEFERRED CREDITS	<u>\$ 977,609</u>	<u>\$ 1,042,679</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 119,170,152</u>	<u>\$ 118,676,025</u>

CHOCTAW ELECTRIC COOPERATIVE, INC.

**STATEMENTS OF INCOME, OTHER COMPREHENSIVE INCOME AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Years Ended December 31,				Increase (Decrease)
	2017		2016		
	Amount	%	Amount	%	
OPERATING REVENUES					
Residential	\$ 30,490,087	71.0	\$ 30,310,479	70.8	\$ 179,608
Commercial and Industrial	11,659,664	27.2	11,697,060	27.3	(37,396)
Public Buildings and Other Authorities	148	0.0	216,731	0.5	(216,583)
Power Cost Adjustment	(4,199)	0.0	(87,194)	-0.2	82,995
Unbilled Revenue	302,937	0.7	210,290	0.5	92,647
Other Electric Revenue	455,139	1.1	464,766	1.1	(9,627)
Total Operating Revenues	<u>\$ 42,903,776</u>	<u>100.0</u>	<u>\$ 42,812,132</u>	<u>100.0</u>	<u>\$ 91,644</u>
OPERATING EXPENSES					
Purchased Power	\$ 25,368,743	59.1	\$ 25,433,622	59.4	\$ (64,879)
Distribution - Operation	2,187,118	5.1	1,908,957	4.5	278,161
Distribution - Maintenance	3,302,326	7.7	3,087,311	7.2	215,015
Customer Accounts	1,625,284	3.8	1,687,337	3.9	(62,053)
Customer Service and Information	735,011	1.7	907,844	2.1	(172,833)
Administrative and General	2,347,803	5.5	2,380,100	5.6	(32,297)
Depreciation	3,585,330	8.4	3,935,338	9.2	(350,008)
Taxes	128,153	0.3	198,167	0.5	(70,014)
Other Interest	2,512	0.0	3,703	0.0	(1,191)
Other Deductions	41,427	0.1	2,902	0.0	38,525
Total Operating Expenses	<u>\$ 39,323,707</u>	<u>91.7</u>	<u>\$ 39,545,281</u>	<u>92.4</u>	<u>\$ (221,574)</u>
OPERATING INCOME - Before Fixed Charges	<u>\$ 3,580,069</u>	<u>8.3</u>	<u>\$ 3,266,851</u>	<u>7.6</u>	<u>\$ 313,218</u>
FIXED CHARGES					
Interest on Long-Term Debt	<u>2,326,015</u>	<u>5.4</u>	<u>2,376,677</u>	<u>5.6</u>	<u>(50,662)</u>
OPERATING INCOME - After Fixed Charges	<u>\$ 1,254,054</u>	<u>2.9</u>	<u>\$ 890,174</u>	<u>2.0</u>	<u>\$ 363,880</u>
G&T Capital Credits	\$ 734,235	1.7	\$ 1,256,392	2.9	\$ (522,157)
Other Capital Credits	453,521	1.1	450,697	1.1	2,824
Total Capital Credits	<u>\$ 1,187,756</u>	<u>2.8</u>	<u>\$ 1,707,089</u>	<u>4.0</u>	<u>\$ (519,333)</u>
NET OPERATING INCOME	<u>\$ 2,441,810</u>	<u>5.7</u>	<u>\$ 2,597,263</u>	<u>6.0</u>	<u>\$ (155,453)</u>
NON-OPERATING MARGINS					
Interest Income	\$ 205,352	0.5	\$ 209,675	0.5	\$ (4,323)
Other Non-Operating Income	169,044	0.4	529,781	1.2	(360,737)
	<u>\$ 374,396</u>	<u>0.9</u>	<u>\$ 739,456</u>	<u>1.7</u>	<u>\$ (365,060)</u>
NET MARGINS	<u>\$ 2,816,206</u>	<u>6.6</u>	<u>\$ 3,336,719</u>	<u>7.7</u>	<u>\$ (520,513)</u>
OTHER COMPREHENSIVE INCOME					
Current Year APBO Valuation Adjustment	(915,500)		4,402,000		
Post-Retirement Benefit Amortization	(606,400)		384,100		
Unrealized Gain on Available-for-Sale	102,056		104,211		
COMPREHENSIVE INCOME	<u>\$ 1,396,362</u>		<u>\$ 8,227,030</u>		
Other Comprehensive Income	1,419,844		(4,890,311)		
PATRONAGE CAPITAL - BEGINNING OF YEAR	48,893,247		46,493,743		
Transfers to Other Equities	(145,961)		1,073,026		
Patronage Capital Retired	(406,779)		(2,010,241)		
PATRONAGE CAPITAL - END OF YEAR	<u>\$ 51,156,713</u>		<u>\$ 48,893,247</u>		