

# Bluebonnet Electric Cooperative, Inc. and Subsidiary

## Consolidated Balance Sheets

	December 31,	
	2006	2005
<b>Assets</b>		
Electric and General Plant (net of \$57 and \$53 million in accumulated depreciation, respectively)	\$ 266,232,830	\$ 242,402,550
Other Property and Investments at Cost or Stated Value	8,080,008	7,580,635
Cash and Cash Equivalents	10,829,488	9,319,296
Accounts, Notes and Interest Receivable	11,679,486	15,955,800
Prepaid Pension and Insurance	6,021,177	1,629,047
Construction Material and Supplies on Hand	8,745,496	7,811,725
Deferred Debits	<u>507,749</u>	<u>703,466</u>
<b>Total Assets</b>	<b>\$ <u>312,096,234</u></b>	<b>\$ <u>285,402,519</u></b>
<b>Equities</b>	<b>\$ <u>127,292,113</u></b>	<b>\$ <u>108,912,741</u></b>
<b>Liabilities</b>		
Current and Long Term Debt	\$ 155,771,628	\$ 145,259,826
Accumulated Provision for Pension and Benefits	5,262,700	9,138,089
Accounts Payable	14,602,512	11,815,464
Accrued Expenses	3,602,599	3,634,431
Deposits	<u>3,392,535</u>	<u>3,263,291</u>
	182,631,974	173,111,101
Deferred Credits	<u>2,172,147</u>	<u>3,378,677</u>
<b>Total Equities and Liabilities</b>	<b>\$ <u>312,096,234</u></b>	<b>\$ <u>285,402,519</u></b>

## Consolidated Statements of Income for the Years Ended

	December 31,	
	2006	2005
<b>Revenues</b>		
Sale of Electric Service	\$ 162,018,173	\$ 136,768,605
Other Revenue	5,222,087	3,736,620
Capital Credits and Gain on Reacquired Debt	<u>2,123,186</u>	<u>1,770,506</u>
<b>Total Revenue</b>	<b>\$ <u>169,363,446</u></b>	<b>\$ <u>142,275,731</u></b>
<b>Expenses</b>		
Purchased Power	\$ 107,714,142	\$ 92,683,325
Operating Expenses	28,235,312	29,349,501
Depreciation and Amortization	10,164,624	8,910,017
Taxes	(5,097)	381,314
Interest on Debt	8,943,099	7,565,519
Other Deductions (Income)	<u>(205,073)</u>	<u>(329,033)</u>
<b>Total Expenses</b>	<b><u>154,847,007</u></b>	<b><u>138,560,643</u></b>
<b>Net Margins</b>	<b>\$ <u>14,516,439</u></b>	<b>\$ <u>3,715,088</u></b>

# Bluebonnet Rural Water Corporation

## Balance Sheets

	December 31,	
	2006	2005
<b>Assets</b>		
Equipment and Property (net of \$441 and \$0 in accumulated depreciation, respectively)	\$ 6,033	\$ —
Investments in Associated Organizations	55,661	62,153
Current Assets	<u>97,808</u>	<u>27,623</u>
<b>Total Assets</b>	<b>\$ <u>159,502</u></b>	<b>\$ <u>89,776</u></b>
<b>Equities</b>	<b>\$ <u>46,641</u></b>	<b>\$ <u>76,820</u></b>
<b>Liabilities</b>		
Current Liabilities	\$ 108,954	\$ 3,723
Deferred Credits	<u>3,907</u>	<u>9,233</u>
<b>Total Equities and Liabilities</b>	<b>\$ <u>159,502</u></b>	<b>\$ <u>89,776</u></b>

## Statements of Income for the Years Ended

	December 31,	
	2006	2005
<b>Revenues</b>	\$ 65,717	\$ 474
<b>Expenses</b>	<u>101,222</u>	<u>4,540</u>
Net Margins Before Provision for Income Taxes	(35,505)	(4,066)
Provision for Federal Income Tax Benefit	<u>5,326</u>	<u>4,003</u>
<b>Net Margins (Loss)</b>	<b>\$ <u>(30,179)</u></b>	<b>\$ <u>(63)</u></b>

## To the Members Bluebonnet Electric Cooperative, Inc. Bastrop, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Bluebonnet Electric Cooperative, Inc. and Subsidiary as of December 31, 2006 and 2005, and the related consolidated statements of income and patronage capital, and consolidated cash flows for the years then ended (not presented herein); and in our report dated April 6, 2007, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it was derived.

The complete audit report as described above is on file at the headquarters office.

*Balinger, Argona, Gilbert & Moss LLP*  
Certified Public Accountants

# *Officers & Directors*

Richard Schmidt, *Chairman*

Fred W. Hannes, *Vice-Chairman*

James B. Kershaw, *Secretary-Treasurer*

Byron Balke, *Assistant Secretary-Treasurer*

Ben Flencher, *Director*

Gary Gerdes, *Director*

Chuck Machemehl, *Director*

Ken Mutscher, *Director*

Adlinie Rathman, *Director*

Lyle Wolz, *Director*

Michael J. Simmang, *General Counsel*

Mark Rose, *General Manager & CEO*



# Ask

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– Christine Boriack (Bastrop)

