

# Bluebonnet Electric Cooperative, Inc. and Subsidiary

## Consolidated Balance Sheets

December 31,

2004

2003

### Assets

|  |                      |                      |
|--|----------------------|----------------------|
| Net Electric and Internet Systems<br><i>(net of \$51 and \$48 million in accumulated depreciation, respectively)</i> | \$219,213,525        | \$203,325,815        |
| Other Property and Investments at Cost or Stated Value   | 7,588,570            | 7,314,631            |
| Cash and Cash Equivalents  | 10,683,135           | 3,952,831            |
| Accounts, Notes and Interest Receivable  | 8,343,146            | 10,034,407           |
| Prepaid Pension and Insurance  | 1,648,553            | 1,517,334            |
| Construction Material and Supplies on Hand   | 5,150,800            | 1,970,138            |
| Deferred Debits  | 843,521              | 1,196,232            |
| <b>Total Assets</b>  | <b>\$253,471,250</b> | <b>\$229,311,388</b> |
| <b>Equities</b>  | <b>\$107,392,496</b> | <b>\$102,454,173</b> |

### Liabilities

|   |                      |                      |
|---|----------------------|----------------------|
| Current and Long Term Debt                    | 115,638,727          | 101,915,654          |
| Accumulated Provision of Pension and Benefits | 6,791,607            | 5,314,564            |
| Accounts Payable                              | 9,171,197            | 7,951,837            |
| Accrued Expenses                              | 6,939,282            | 2,812,533            |
| Deposits                                      | 3,124,870            | 2,748,904            |
|   | 141,665,683          | 120,743,492          |
| Deferred Credits                              | 4,413,071            | 6,113,723            |
| <b>Total Equities and Liabilities</b>         | <b>\$253,471,250</b> | <b>\$229,311,388</b> |

## Consolidated Statements of Income for the Years Ended

December 31,

2004

2003

### Revenues

|   |                    |                    |
|---|--------------------|--------------------|
| Sale of Electric Service                    | \$116,516,988      | \$108,443,046      |
| Other Revenue                               | 4,169,813          | 4,651,121          |
| Capital Credits and Gain on Reacquired Debt | 1,789,197          | 1,651,328          |
| <b>Total Revenue</b>                        | <b>122,475,998</b> | <b>114,745,495</b> |

### Expenses

|                               |                    |                    |
|-------------------------------|--------------------|--------------------|
| Purchased Power               | 76,247,691         | 71,641,506         |
| Operating Expenses            | 25,334,497         | 23,541,381         |
| Depreciation and Amortization | 8,594,715          | 7,315,465          |
| Taxes                         | 460,298            | 299,151            |
| Interest on Debt              | 5,779,808          | 5,365,243          |
| Other Deductions              | (241,052)          | 670,151            |
| <b>Total Expenses</b>         | <b>116,175,957</b> | <b>108,832,897</b> |
| <b>Net Margins</b>            | <b>\$6,300,041</b> | <b>\$5,912,598</b> |

# Bluebonnet Rural Development Corporation

## Balance Sheets

### Assets

|   | December 31,     |                  |
|---|------------------|------------------|
|   | 2004             | 2003             |
| Equipment and Property<br><i>(net of \$0 &amp; \$20 thousand in accumulated depreciation, respectively)</i> | \$ -             | \$118,456        |
| Investments in Associated Organizations   | 68,644           | 75,386           |
| Current Assets  | 44,197           | 142,460          |
| Non-Current Deferred Tax Asset  | -                | 68,682           |
| <b>Total Assets</b>   | <b>\$112,841</b> | <b>\$404,984</b> |

### Equities

|  |          |             |
|--|----------|-------------|
|  | \$76,883 | \$(379,553) |
|--|----------|-------------|

### Liabilities

|                     |        |         |
|---------------------|--------|---------|
| Current Liabilities | 22,390 | 748,363 |
| Deferred Credits    | 13,568 | 36,174  |

### Total Equities and Liabilities

|  |           |           |
|--|-----------|-----------|
|  | \$112,841 | \$404,984 |
|--|-----------|-----------|

## Statements of Income for the Years Ended

### Revenues (Losses)

|  |            |           |
|--|------------|-----------|
|  | \$(79,796) | \$159,544 |
|--|------------|-----------|

### Expenses

|  |        |         |
|--|--------|---------|
|  | 53,401 | 416,465 |
|--|--------|---------|

|  |           |           |
|--|-----------|-----------|
| Net Margins Before Provision for Income Taxes      | (133,197) | (256,921) |
| Other Non-operating Income                         | 671,883   | -         |
| Provision for Federal Income Tax Benefit (Expense) | (82,250)  | 38,258    |

### Net Margins

|  |           |             |
|--|-----------|-------------|
|  | \$456,436 | \$(218,663) |
|--|-----------|-------------|

### *To the Members, Bluebonnet Electric Cooperative, Inc., Giddings, 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, 2004 and 2003, 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 February 4, 2005, 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.

Lubbock, Texas  
February 4, 2005

*Bolinger, Argans, Gilbert & Moss LLP*  
Certified Public Accountants

## *Office Locations*

### **Giddings - Headquarters**

426 E. Austin St.

3198 E. Austin St.

P. O. Box 240 Giddings, TX 78942

(979) 542-3151

### **Lockhart**

1914 W. San Antonio St.

P. O. Box 629 Lockhart, TX 78644

(512) 398-4101

### **Bastrop**

690 Hwy. 71 West

P. O. Box 731 Bastrop, TX 78602

(512) 321-3917

### **Brenham**

2401 Hwy. 290 West

P. O. Box 732 Brenham, TX 77834

(979) 836-7202

### **Manor Branch Office**

Independent Bank Bldg., Suite A

11250 Hwy. 290 East

P. O. Box 1110 Manor, TX 78653

(512) 272-8721

## *Officers & Directors*

*Richard Schmidt, **Chairman***

*Fred W. Hannes, **Vice-Chairman***

*James B. Kershaw, **Secretary-Treasurer***

*Byron Balke, **Assistant Secretary-Treasurer***

*Ben Flencher, Gary Gerdes,  
Chuck Machemehl, Ken Mutscher,  
Adlinie Rathman, Lyle Wolz,*

*Michael J. Simmang, **General Counsel***

*Mark Rose, **General Manager & CEO***



# **Bluebonnet**

800.842.7708

[www.bluebonnetelectric.coop](http://www.bluebonnetelectric.coop)

# 2004

## Annual Report

