

Annual Meeting

McLennan County Electric Cooperative cordially extends an invitation to our members to attend the annual membership meeting on Tuesday, October 17. The meeting begins at 7:30 p.m. in the McGregor High School auditorium on Bluebonnet Parkway. The agenda includes the introduction of your co-op board of directors, reports by General Manager Rick Haile and Board President Garland Cook, a vote on board candidates, and a presentation by Jessica Norman, this year's Youth Tour participant.

ANNUAL MEETING SPEAKER: JIM KAUFMAN



Jim Kaufman is a regional vice president with Cooperative Finance Corporation (CFC), currently serving cooperative members in Texas. He joined CFC in 1992, and has worked as a regional vice president in Illinois, Iowa and South Dakota, as well as serving as a portfolio manager in the Herndon headquarters. Prior to joining CFC, Kaufman was the office manager at Southern Illinois Electric Cooperative in Dongola, Illinois.

Kaufman has worked in banking in the position of senior vice president of operations and later as president of First Bank and Trust Company in Cairo, Illinois. He has also taught accounting and finance for six years at the University of Arkansas, Murray State University and Shorter College.

He is a certified public accountant and holds a master of science degree in accounting from the University of Arkansas.

TENTATIVE SCHEDULE

Call to Order.....	Garland Cook
Invocation	
Pledge of Allegiance	
Master of Ceremonies	Coke Mills
Introduction of Directors and Guests	
Approval of Minutes	Bobby Nawara
Drawing for Attendance Prizes	
President's Report	Garland Cook
Drawing for Attendance Prizes	
Manager's Report.....	Rick Haile
Youth Tour Participant.....	Jessica Norman
Drawing for Attendance Prizes	
Guest Speaker.....	Jim Kaufman
Election of Directors.....	Coke Mills
Kids' Drawing	Dell Digital Jukebox MP3 Player
Drawing for Remainder of Attendance Prizes	
Drawing for Grand Prize.....	Digital Camera with Printer



For 66 years, our business ethics and goals have stayed the same. Some things are better the old-fashioned way.

MCLENNAN COUNTY ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative

Bosque Memorial Museum—Horn Shelter #2

The Horn Shelter Archaeological Site is one of the most significant Paleo-Indian sites in America and is only one of 12 Paleo-Indian sites discovered containing skeletal remains. The site is named after Herman Horn, the owner of the property the shelter was on at the time of the discovery.

The stratified deposits of the Horn Shelter contained a record of human occupation from the Paleo-Indian period up through “modern” historic times and is known to have been occupied by Indians for approximately 9,500 years.

Excavation of the Horn Shelter site began in the 1960s. Around 1967, Frank Watt and Al Redder began spending weekends excavating the site designated Horn Shelter Number 2. During 30 years of excavation work, 60 boxes of artifacts were removed.

In 1970, the big discovery was made. Watt and Redder unearthed

two PaleoAmerican skeletons, a male adult and a juvenile. The most prominent feature of this burial site is the abundance of burial goods. These funeral artifacts may have had value to the PaleoAmericans as trade goods, tools or just adornment; however, their value to modern archaeology is that they were interred with the two bodies. It is significant that at least one of the group’s members felt the need to leave behind valuable possessions with the dead and carefully arrange the bodies.

Each of the individual items tells a story of its own. Redder, commenting on how the turtle carapaces

were prepared, said, “One can still see the marks where the turtle’s backbones were scraped out. We don’t know if these shells (turtle) were strictly utilitarian or if they had other significance.”

The Bosque Memorial Museum has contracted with sculptor Amanda Danning to perform a facial reconstruction based on the cast of the adult male skull. The reconstruction will allow Bosque County residents and museum visitors an opportunity to see the probable facial characteristics of the first known inhabitants of Bosque County.



The two skeletons found with a variety of goods.



Horn Shelter #2 offers this look at the past.



Visitors viewing Horn Shelter #2.



McLennan County Electric Cooperative

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McLennan County Electric Cooperative, Inc.

BALANCE SHEET

	2006	June 30 2005
A S S E T S		
Electric plant:		
In service	\$39,811,942	\$38,031,067
Construction work in progress	<u>375,106</u>	<u>548,887</u>
	40,187,048	38,579,954
Less accumulated depreciation	<u>(8,946,917)</u>	<u>(8,526,361)</u>
Net utility plant	<u>31,240,131</u>	<u>30,053,593</u>
Investments	<u>4,917,032</u>	<u>4,550,671</u>
Current assets:		
Cash	301,603	1,535,784
Power Bill Repayment	1,373,436	1,483,939
Accounts receivable—less provision for doubtful accounts (\$143,654 for 206 and \$62,031 for 2005)	1,828,010	1,348,501
Materials and supplies	191,478	155,703
Other accrued and current assets	<u>288,094</u>	<u>130,565</u>
Total current assets	<u>3,982,621</u>	<u>4,654,492</u>
Deferred charges	<u>69,752</u>	<u>34,018</u>
TOTAL ASSETS	\$40,209,536	\$39,292,774

	2006	June 30 2005
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 186,550	\$ 199,500
Patronage capital	18,935,512	17,289,153
Other equities	<u>636,231</u>	<u>391,066</u>
	<u>\$19,758,293</u>	<u>\$17,879,719</u>
Long-term debt, less current maturities:		
RUS mortgage notes	2,325,723	3,710,166
CFC mortgage notes	2,854,721	2,983,335
FFB mortgage notes	<u>11,190,428</u>	<u>11,177,804</u>
	<u>16,370,872</u>	<u>17,871,305</u>
Current liabilities:		
Current maturities of long-term debt	788,533	667,373
Accounts payable—purchased power	2,284,321	1,817,737
Accounts payable—other	133,831	294,218
Consumer deposits	339,971	323,435
Accrued liabilities	<u>533,715</u>	<u>314,422</u>
	<u>4,080,371</u>	<u>3,417,185</u>
Deferred credits	<u>-</u>	<u>124,565</u>
TOTAL EQUITIES AND LIABILITIES	\$40,209,536	\$39,292,774

McLennan County Electric Cooperative, Inc.**STATEMENT OF REVENUE AND PATRONAGE CAPITAL****Years Ended June 30, 2006 and 2005**

	2006	2005
Operating revenues	<u>\$29,685,867</u>	<u>\$23,610,221</u>
Operating expenses:		
Cost of power	22,887,892	17,879,702
Distribution—operations	811,894	751,910
Distribution—maintenance	1,020,740	902,254
Consumer accounts	572,728	431,153
Administrative and general	811,119	775,073
Depreciation and amortization	1,166,983	1,192,461
Other	<u>47,684</u>	<u>9,371</u>
Total operating expenses	<u>\$27,319,040</u>	<u>\$21,941,924</u>
Operating margins before fixed charges	2,366,827	1,668,297
Fixed charges:		
Interest on long-term debt	<u>1,068,402</u>	<u>964,873</u>
Operating margins after fixed charges	1,298,425	703,924
Capital credits—associated organizations	<u>425,797</u>	<u>476,030</u>
Operating margins	1,724,222	1,179,954
Non-operating margins:		
Interest and other income	252,122	213,388
Equity in net loss of subsidiary	<u>(37,156)</u>	<u>(4,099)</u>
Total non-operating margins	214,966	209,289
Net margins	1,939,188	1,389,243
Patronage capital—beginning of year	17,290,253	16,105,753
Retirement of capital credits	<u>(293,929)</u>	<u>(204,743)</u>
Patronage capital—end of year	<u>\$18,935,512</u>	<u>\$17,290,753</u>

General Financial Information

In the opinion of management, the unaudited condensed financial statements of McLennan County Electric Cooperative, Inc., include all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of its financial position as of June 30, 2006. A complete set of audited financial statements, including statements of cash flow and notes to the financial statements and the independent auditor's report thereon, will be available at our main office. A member may also request a copy of the auditor's report.



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