

**Salmon River Electric Cooperative, Inc.
And Subsidiary Company**

Audited Financial Statements For Period Ending December 31, 2008

Assets		
	2008	2007
Noncurrent Assets		
Electric Utility Plant, Net	\$ 10,274,353	\$ 10,183,928
Propane Plant, Net	1,353,984	1,410,111
Investments	1,898,593	1,798,174
Total Noncurrent Assets	13,526,930	13,392,213
Current Assets		
Cash & Cash Equivalents	613,143	454,664
Accounts Receivable	1,606,515	1,257,414
Interest Receivable	19,369	20,484
Materials & Supplies Inventory	677,219	735,779
Prepaid Expenses	49,490	39,290
Total Current Assets	2,965,736	2,507,631
Deferred Charges	-	-
Total Assets	\$ 16,492,666	\$ 15,899,844

Liabilities & Equity		
	2008	2007
Member Equity		
Memberships	\$ 20,190	\$ 19,820
Patronage Capital	7,245,629	7,345,212
Other Equities	2,798,546	2,497,553
Total Equity	10,064,365	9,862,585
Long-Term Debt		
Long-Term Debt CFC	3,391,086	3,748,776
Current Liabilities		
Current Maturities of Long-Term Debt	362,148	356,564
Short-Term Notes Payable	-	-
Accounts Payable	1,214,440	1,081,349
Consumer Deposits	393,074	44,282
Other Current Liabilities	344,207	295,502
Total Current Liabilities	2,313,869	1,777,697
Deferred Credits		
Other Deferred Credits	723,346	510,786
Total Liabilities & Equity	\$ 16,492,666	\$ 15,899,844

See Reverse

**Salmon River Electric Cooperative, Inc.
And Subsidiary Company**

Audited Financial Statements For Period Ending December 31, 2008

Income Statement		
	2008	2007
Operating Revenue	\$ 11,245,939	\$ 10,403,689
Operating Expenses		
Cost of Power	8,215,681	7,455,850
Transmission Expense	119,393	41,967
Distribution Operations Expense	446,274	397,961
Distribution Maintenance Expense	449,385	394,287
Customer Service & Information	228,749	219,261
Administrative & General	631,678	630,966
Depreciation & Amortization	466,013	481,587
Taxes	103,256	100,537
Interest Expense On Long Term Debt	178,955	186,461
Other Operating Expenses	37,037	35,109
Total Operating Expenses	10,876,421	9,943,986
Net Operating Margins	369,518	459,703
Non-Operating Margins- Electric		
Interest Income	92,830	100,012
Patronage Capital From Other Cooperatives	86,303	68,022
Other Non-Operating Margins (Losses)	63,205	(4,842)
Total Non-Operating Margins- Electric	242,338	163,192
Net Margins	\$ 611,856	\$ 622,895

In accordance with the Salmon River Electric Cooperative, Inc. Bylaws Article III, Section 8, the following itemizes the annual costs of all benefits provided by the Cooperative to the directors.

Director Benefits Summary

Meeting Fees	\$ 55,800
Travel Per Diem	7,688
24 Hour Accident Insurance	131
Business Travel Insurance	93
Total Annual Cost for 7 Directors	\$ 63,712