

Dear Member,

Once again, South Central Arkansas Electric Cooperative, Inc. continued its commitment to member service in a financially responsible manner. Our operating margins of \$1,692,962 were adequate to meet the requirements of mortgage agreements. Member equity in the system was 51.07 percent at the end of the year.

Thessing and Associates, LTD. audited our financial records. You are welcome to examine that report.

System statistics of interest include: average meters served, 10,028, a net increase of 30 meters; more than 1,881 miles of power lines; 240,303,858 kilowatt-hours used by members, down 4,368,313 kilowatt-hours from the previous year; a system peak demand of 57.05 kilowatts, recorded in January; and a net plant valuation of \$48,791,353 at year's end.

Additional financial data and operations information is available in this annual report. If you have any questions concerning your electric cooperative, we are happy to answer them.

Brian Kirksey
Brian Kirksey, President

Elton Buck
Elton Buck, Secretary-Treasurer

Kevin D. Brownlee
Kevin D. Brownlee, Chief Executive Officer

Annual Meeting Official Notice

Notice is hereby given that the Annual Membership Meeting of South Central Arkansas Electric Cooperative, Inc. will be held on Friday, July 15, 2016, at the headquarters of the cooperative located in Arkadelphia, Arkansas, (Clark County) beginning at 2:00 p.m., for the following purposes:

1. To pass on reports for the fiscal year;
2. To elect three directors to the cooperative Board, each serving a term of three years;
3. To transact such other business as may properly come before the meeting.

Elton Buck

Elton Buck, Secretary-Treasurer

Dated at Arkadelphia, Arkansas this 15th day of June, 2016.



South Central Arkansas Electric Cooperative, Inc.

We Are Arkansas

A Touchstone Energy® Cooperative 

Program

Registration: 1:30 - 2:00 p.m.
Business Session: 2:00 p.m.

This will be a business session only.

No attendance prizes will be awarded and there will be no entertainment.

Members Matter



South Central Arkansas Electric Cooperative, Inc.

We Are Arkansas

A Touchstone Energy® Cooperative

Members Matter.

South Central Arkansas Electric Cooperative, Inc. and its wholesale energy provider, Arkansas Electric Cooperative Corporation (AECC), were founded by visionary Arkansas electric cooperative members to ensure that electric cooperative members would have access to reliable and affordable power. The electric cooperative pioneers formed South Central Arkansas Electric Cooperative because the quality of life and future of electric cooperative members depended on them.

Although energy policies, demographics and governmental regulations have changed in the past six decades, one thing has remained constant, South Central Arkansas Electric Cooperative's continued commitment to its members. As a member-owned and member-driven organization, the policies and decisions made by South Central Arkansas Electric have one focus: Members Matter.

Across Arkansas, 17 locally owned member distribution cooperatives provide electricity to approximately 500,000 homes, farms and businesses in Arkansas and surrounding states. These members account for approximately 1.2 million residents in the state of Arkansas, representing almost every community and spanning the geographic footprint of Arkansas' mountains, valleys, rivers, streams and farmland.

Strategic Vision

Since its founding, South Central Arkansas Electric Cooperative has utilized a consistent, long-term, strategic vision to ensure that members have access to reliable electric service at a reasonable price in a responsible manner. South Central Arkansas Electric Cooperative works to ensure members have access to the most economical electric service possible through AECC, which has a diverse generation portfolio that includes coal, natural gas, hydroelectric assets and long-term power purchase agreements that include wind, solar and biomass energy sources. Decisions by the South Central Arkansas Electric Cooperative's board of directors and leadership team are based on the ultimate short-term and long-term benefits to Arkansas electric cooperative members.

Service

South Central Arkansas Electric Cooperative and the state's other 16 electric distribution cooperatives assist the communities they serve by not only delivering power to businesses, farms and homes across Arkansas, but by helping to grow their communities through economic development efforts and supporting the business expansions and community initiatives. The cooperatives sponsor community fundraising, development and service events while employees devote hundreds of volunteer hours to projects. Electric cooperative directors and employees know that strong communities coupled with reliable, affordable electric service provide the fuel for economic growth and a sustained quality of

life. South Central Arkansas Electric Cooperative's directors and employees serve as advocates for our communities and our members by constantly striving to assist Arkansans in every possible manner.

We are Arkansas

As members of 17 distinct electric cooperatives across the state, Arkansas' more than 1.2 million electric cooperative members are more than just customers. They own their local electric cooperative. As part of the structure of democratically controlled cooperatives, member directors have a vote in policy decisions and the electric cooperative leaders answer directly to their members.

Collectively, Arkansas' electric cooperatives represent the largest private business in Arkansas. This success has been powered by board members and employees who understand and implement the membership structure and philosophical vision that electric utility cooperatives exist wholly to serve their members. This mission and structure is the essence and lifeblood of the electric cooperative business model and community. Employees and members are also friends and neighbors. At South Central Arkansas Electric Cooperative members matter because that is who we are, We are Arkansas.



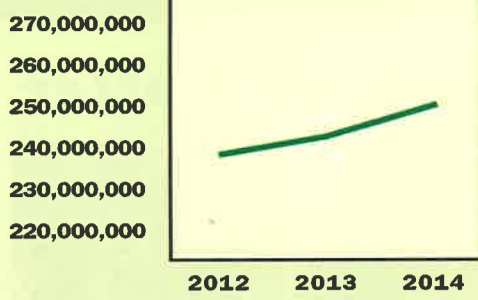
**South Central Arkansas
Electric Cooperative, Inc.**

We Are Arkansas

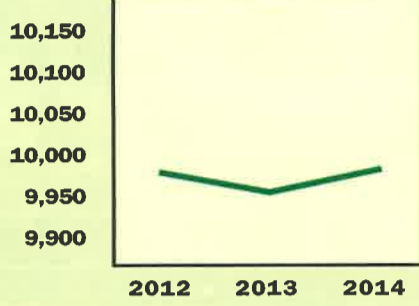
A Touchstone Energy® Cooperative

Officers and Directors

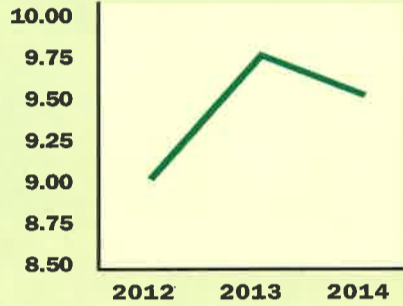
TOTAL kWh BOUGHT
BY COOPERATIVE MEMBERS



AVERAGE NUMBER OF METERS
BILLED PER MONTH



AVERAGE REVENUE PER FARM/
HOME kWh BOUGHT (IN CENTS)



**South Central Arkansas
Electric Cooperative, Inc.**

We Are Arkansas

A Touchstone Energy® Cooperative 



Brian Kirksey
President



Danny Buck
Vice President



Elton Buck
Secretary-Treasurer



Steve Allgood
Director



Ricky Francis
Director



Karen Kirkpatrick
Director



Shelley Loe
Director



Frances Eason-Nelson
Director



Ronnie Penney
Director

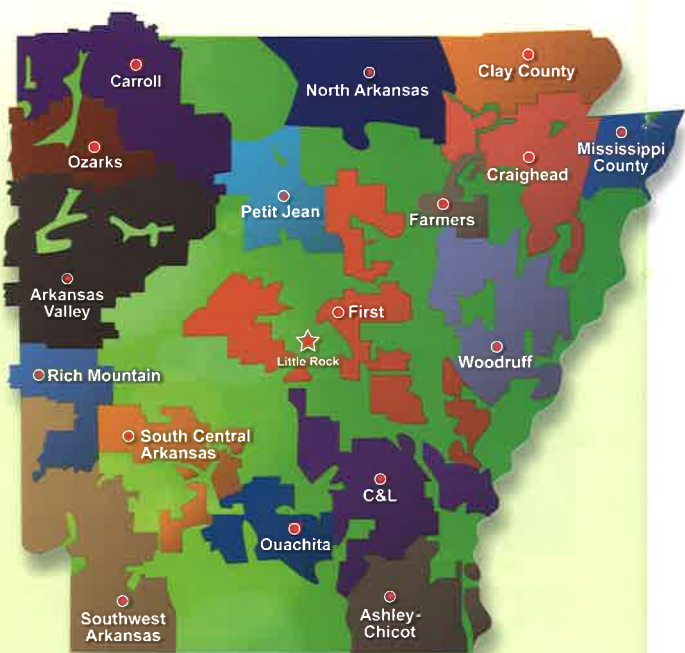


Kevin D. Brownlee
*Chief Executive
Officer*

South Central Arkansas Electric



Members Matter.



We Are Arkansas!

CONDENSED OPERATING STATEMENT

OPERATING REVENUES

Expenses:	
Power Cost	
Operations and Maintenance	
Depreciation	
Interest and Other Deductions	
Total Expenses	

MARGINS

Margins from Operations	
Non-operating Margins	
Net Margins	

CONDENSED BALANCE SHEET

ASSETS

Electric Plant	
Less Accumulated Depreciation	
Net Utility Plant	
Current Assets	
Other Assets	
Total Assets	

LIABILITY AND MEMBERS' EQUITY

Members' Equity	
Long-Term Debt	
Current Liabilities	
Other Liabilities	
Total Liabilities and Members' Equity	