

## Dear Carroll Electric Member:

Fulfilling the mission of the Cooperative takes a lot of effort by a lot of people. More importantly, this mission affects your life personally. We take our responsibility seriously and strive to ensure you receive great reliability of service at an affordable price.

To serve you effectively, we really need to hear from you. All members are encouraged to complete the enclosed survey.

Last year we received over 7,100 surveys with more than 1,300 written comments. On behalf of the entire board of directors, thank you in advance for taking time to share with us how we can serve you better. We look forward to your feedback this year.



Chairman of the Board, Dr. Alan Hunnicutt, DVM

### Board of Directors

Vice Chairman, Carla Hathorn

Secretary/Treasurer, Winfred Prier

Neff Basore

Kristy Estrem

David Glass

Bobby Raulston

Randy Shinn

Joe Spivey

Carroll Electric Cooperative's MISSION

**We exist to serve  
our members with  
safe, reliable, and  
affordable electricity.**

## Annual Meeting Official Notice

Notice is hereby given that the Annual Membership Meeting of Carroll Electric Cooperative Corporation will be held on Thursday, May 26, 2016, at the Carroll County Fairgrounds in Berryville, Carroll County, Arkansas, in accordance with the Cooperative's bylaws:

ARTICLE II – MEETINGS OF MEMBERS  
Section 2. Official Business at Annual Meetings.

At the annual meeting of the Cooperative, the members shall receive reports on the financial condition of the Cooperative and vote on the election of directors, any matters referred to the members by the board of directors, and any member-initiated proposals properly presented to members.

All members shall have a fair opportunity to have actual knowledge of any matters referred to the members by the board of directors and/or any member-initiated proposals. It shall be the duty of the secretary to give official notice of any matters referred to the members by the board of directors and/or any properly presented member-initiated proposal in accordance with the provisions of these bylaws.

Properly presented member-initiated proposals shall be submitted on exact forms provided by the Cooperative at its principal office in Berryville, Ark., and must describe the exact action desired by the proponents of any such proposal. The proposal must be signed by not less than that number of members set out in Ark. Code Ann. §23-18-320(c). Any member-initiated proposal must be presented to the Cooperative not less than 90 days prior to the date of the annual meeting. Upon receipt of any such proposal, the Cooperative shall be obligated to verify the authenticity and number of signatures prior to submitting the matter to all members for a vote.



Secretary-Treasurer, Winfred Prier

Contact the Cooperative prior to annual meeting if special accommodations are requested.

### Program

Registration: 9:45-10:00 a.m.

Certification of mail balloting: 10:00 a.m.

\*Other Business

Adjourn

\*The cooperative has not received any member-initiated ballot proposals and there are no matters referred by the board of directors to be voted on by the members. The only official business matter before the members of the Cooperative is the election of directors which is being conducted by mail ballot. In accordance with the Cooperative's bylaws and Arkansas state law, no other business can be considered or conducted.

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**RELIABLE**  
2 months  
**99.98%**  
525,600 members  
**2015**  
New Record  
**BEST YEAR EVER!**



**Carroll Electric  
Cooperative Corporation**

## 2015 Annual Report

# back to back

## 2014 & 2015

What do 2010, 2014, and 2015 have in common? Each of these years set new reliability records for the Cooperative. To say we are proud of our employees for these back-to-back achievements, is an understatement.

Like safety and reliability, we also have a keen focus on affordability.

**About 2/3 of your cost comes from wholesale power generation.** Our wholesale provider recently enacted a 5% rate increase to cover the cost of environmental controls at the Flint Creek Power Generation Station in Gentry, Ark. As a not-for-profit entity, **Carroll Electric's board of directors carefully evaluated the financial position of the Cooperative and has declined the legal right to pass this increase along to you at this time.**

- Wholesale power generation is also dependent on new government regulations. During the past two years we asked for your help in speaking out about rules proposed by the Environmental Protection Agency (EPA). Over 11,000 people offered their name to help these efforts. **The final version of the rules released by the EPA were much more favorable to Arkansas than the draft rules** (see <https://www3.epa.gov/airquality/cpptoolbox/arkansas.pdf>). The U.S. Supreme Court has issued a stay on implementing EPA's rules until challenges concerning the legal merits of the rules have been heard.

- Another important factor for affordability is the interest paid on loans to fund the Cooperative's assets, including the 9,500-

mile power grid...a distance that circles the United States map. We are presently refinancing a significant portion of the Cooperative's debt to lower interest rates. **This is projected to save the Cooperative \$20 million over the next 19 years.** All of these savings are fixed until the loans are paid off and **all of the savings will be passed along to you.**

- Thanks to many of you, the Cooperative has 32,000 accounts paid by **eDraft** and 7,000 accounts which receive an **eBill**. Both of these free services provide you convenience and lower the Cooperative's costs for billing and collecting, uniquely below our peers.

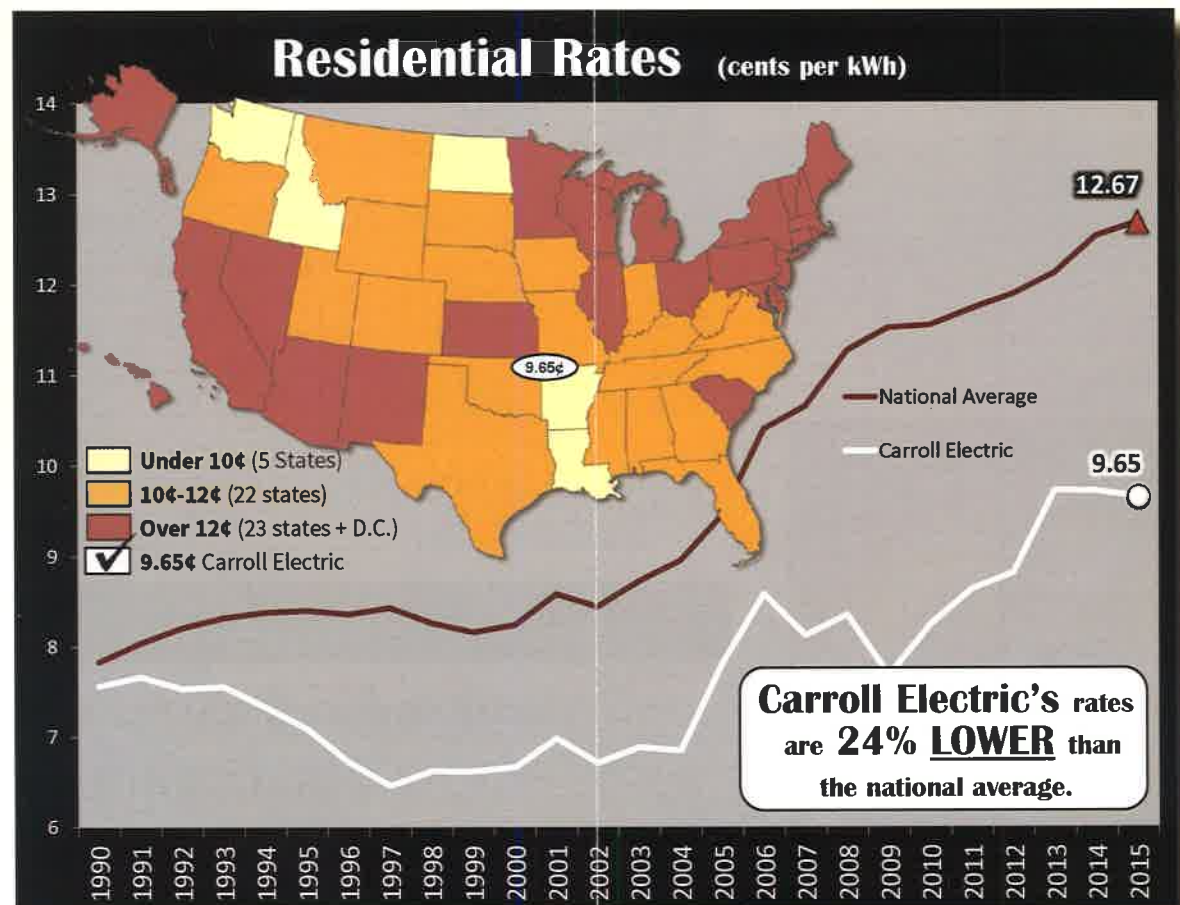
- All factors considered, the Cooperative's residential rates for 2015 were 24% below the national average.** For a typical residential member, this translates to about \$35 a month in savings.

On behalf of our entire team, it is a privilege to serve you. As we work further into 2016, we will continue our efforts to improve on the Cooperative's mission.

Sincerely,



Rob Boaz, President/CEO

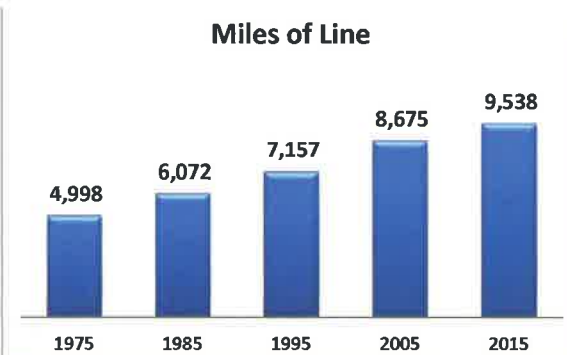
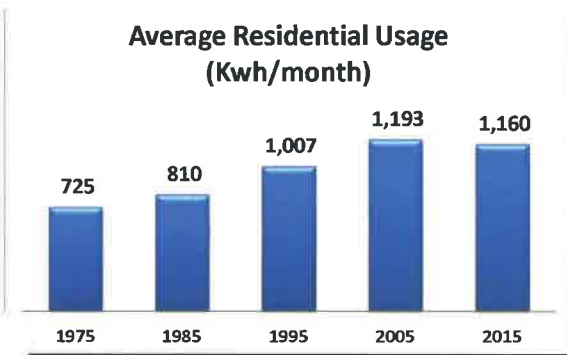
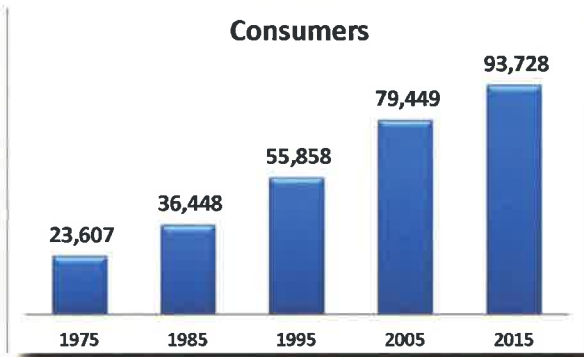






# Carroll Electric Cooperative Corporation

# 2015 Annual Report Carroll Electric Cooperative Corporation



## REVENUE AND EXPENSE STATEMENT

As of December 31

	2015	2014
<b>REVENUES</b>		
Electric energy sales	\$162,675,117	\$166,641,102
Other electric revenue	4,291,078	3,930,740
<b>Total Operating Revenue</b>	<b>\$166,966,195</b>	<b>\$170,571,842</b>
<b>EXPENSES</b>		
Purchased power	\$100,300,404	\$107,647,351
Interest on debt to RUS / CFC / CoBank	11,490,358	11,304,561
Operation / maintenance	19,281,999	21,216,743
Depreciation / amortization	15,849,588	14,786,953
Administrative / general	8,452,428	7,820,844
Consumer accounting / collecting / information	2,515,004	2,700,418
Miscellaneous	22,186	32,133
<b>Total Expenses</b>	<b>\$157,911,967</b>	<b>\$165,509,003</b>

	2015	2014
<b>MARGINS</b>		
Operating margins	\$9,054,228	\$5,062,839
Other margins and capital credits	977,934	1,032,355
Non-operating revenues	2,154,186	1,620,898
<b>Total Margins</b>	<b>\$12,186,348</b>	<b>\$7,716,092</b>

\* As reported to Rural Utilities Service

## BALANCE SHEET

As of December 31

	2015	2014
<b>ASSETS</b>		
Cash on hand	\$714,121	\$820,717
Investments	19,104,579	7,382,421
Investments in associated organizations	67,138,050	68,600,317
Accounts receivable	17,991,934	20,326,170
Inventory	3,782,975	3,618,734
Prepayments on insurance, etc.	81,773	29,752
Interest & miscellaneous deferred debits	14,605,248	17,652,979
Net utility plant	413,867,119	390,065,883
<b>Total Assets</b>	<b>\$537,285,799</b>	<b>\$508,496,973</b>
<b>LIABILITIES</b>		
Debt to RUS / CFC	\$283,880,467	\$266,150,773
Accounts payable	2,999,059	2,108,027
Other current & accrued liabilities	8,984,512	15,049,864
Deposits & advances	4,953,992	4,694,155
Miscellaneous deferred credits	9,458,420	6,970,787
<b>Total Liabilities</b>	<b>\$310,276,450</b>	<b>\$294,973,606</b>

	2015	2014
<b>MEMBERS' EQUITY</b>		
Membership fees	\$1,786,740	\$1,747,855
<b>Total margins</b>	<b>12,186,348</b>	<b>7,716,092</b>

# RELIABLE

12 months

# 99.98%

360 days  
8,760 hours  
525,600 minutes  
31,536,000 seconds

**2015**

**BEST YEAR EVER!**

New Record





**MINUTES OF CARROLL ELECTRIC COOPERATIVE CORPORATION ANNUAL MEMBERSHIP MEETING MAY 28, 2015**

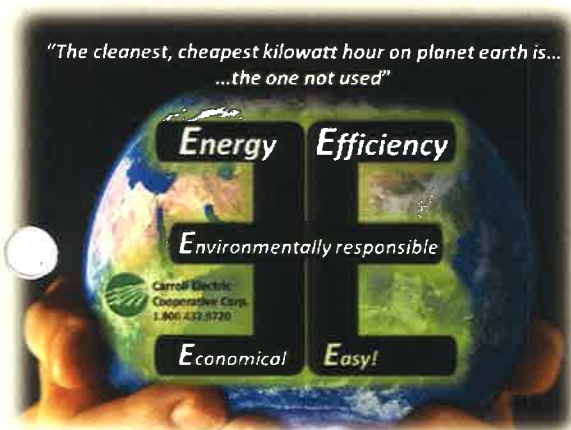
The annual meeting of members of Carroll Electric Cooperative Corporation was conducted by mail beginning on May 1, 2015, and concluded at the Carroll County Fairgrounds, in Berryville, Ark., at 10:00 a.m., on Thursday, May 28, 2015. The Cooperative mailed each of the 73,827 members a copy of the 2014 Annual Report, a ballot for the election of directors in district 3 and district 8, and a survey about the services provided to members.

With 7,640 ballots returned, a quorum was present by mail. Mr. Joe Spivey and Mr. Bobby Culston, who both ran unopposed were reelected to the Cooperative's board of directors in district 3 and 8, respectively.

President/CEO Boaz noted over 7,150 members responded to the survey.

The outstanding performance during 2014 for reliability of service was the highlight of the comments by President Boaz. He indicated the members also acknowledged the Cooperative's commitment to reliability by responding to the survey with high marks on service reliability, rating performance at 4.6 out of a high mark of 5.

There were no member-initiated proposals or board recommended proposals to consider at the meeting. The meeting was adjourned.



Capital credits	201,090,780	195,574,688
Other equities	11,945,481	8,484,732
Total Net Worth	227,009,349	213,523,367
Total Liabilities & Net Worth	\$537,285,799	\$508,496,973

\*As reported to Rural Utilities Service

**THE REVENUE DOLLAR**

As of December 31	2015	2014
<b>HOW IT WAS EARNED</b>		
Farm / residential	\$116,546,411	\$119,783,803
Commercial / industrial	45,662,207	46,388,829
Street / highway lighting	466,499	468,470
Miscellaneous	4,291,078	3,930,740
Total	\$166,966,195	\$170,571,842
<b>HOW IT WAS USED</b>		
Power cost	\$100,300,404	\$107,647,351
Interest on debt to RUS / CFC	11,490,358	11,304,561
Operation / maintenance	19,281,999	21,216,743
Depreciation / amortization	15,849,588	14,786,953
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