

Note:

The 2009 audited financial reports will posted when completed.

working draft for discussion purposes only

SAN BERNARD ELECTRIC COOPERATIVE, INC.

BELLVILLE, TEXAS

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

SAN BERNARD ELECTRIC COOPERATIVE, INC.
BELLVILLE, TEXAS
working draft for discussion purposes only
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

Board of Directors
San Bernard Electric Cooperative, Inc.
Bellville, Texas

We have audited the accompanying balance sheets of San Bernard Electric Cooperative, Inc. as of December 31, 2008 and 2007, and the related statements of income and patronage capital and cash flows for the years then ended. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Bernard Electric Cooperative, Inc. as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

_____, 2009

SAN BERNARD ELECTRIC COOPERATIVE, INC.

Exhibit A

BALANCE SHEET
working draft for discussion purposes only

DECEMBER 31, 2008 AND 2007

ASSETS

	December 31,	
	2008	2007
UTILITY PLANT AT COST		
Electric Plant in Service	\$ 149,722,644	\$ 140,195,397
Construction Work in Progress	4,363,304	6,071,963
Electric Plant Held for Future Use	48,894	48,894
	<u>\$ 154,134,842</u>	<u>\$ 146,316,254</u>
Less: Accumulated Provision for Depreciation and Amortization	36,412,719	34,554,954
	<u>\$ 117,722,123</u>	<u>\$ 111,761,300</u>
OTHER PROPERTY AND INVESTMENTS		
Investments in Associated Organizations	\$ 3,336,777	\$ 3,225,210
Other Investments	1,203,000	1,203,000
	<u>\$ 4,539,777</u>	<u>\$ 4,428,210</u>
CURRENT ASSETS		
Cash - General	\$ 2,223,646	\$ 1,067,448
Accounts and Notes Receivable (Less provision for uncollectibles of \$110,000 in 2008 and \$80,000 in 2007)	3,351,920	2,205,557
Materials and Supplies	2,703,965	2,949,050
Interest Receivable	34,857	34,385
Other Current and Accrued Assets	212,161	177,644
	<u>\$ 8,526,549</u>	<u>\$ 6,434,084</u>
DEFERRED CHARGES	\$ 416,397	\$ 443,685
TOTAL ASSETS	<u>\$ 131,204,846</u>	<u>\$ 123,067,279</u>

EQUITIES AND LIABILITIES

EQUITIES		
Memberships	\$ 84,685	\$ 88,025
Patronage Capital	62,262,744	57,094,933
Other Equities	74,247	73,507
Accumulated Other Comprehensive Income (Loss)	(392,000)	(166,800)
	<u>\$ 62,029,676</u>	<u>\$ 57,089,665</u>
LONG-TERM DEBT		
CFC Mortgage Notes Less Current Maturities	\$ 50,835,204	\$ 47,837,030
Capital Lease Obligations Less Current Maturities	1,506,134	1,621,518
	<u>\$ 52,341,338</u>	<u>\$ 49,458,548</u>
ACCUMULATED PROVISION FOR PENSION AND BENEFITS		
Post-retirement Benefits	\$ 1,879,400	\$ 1,481,004
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 1,636,800	\$ 1,834,900
Current Maturities of Capital Lease Obligations	486,306	501,395
Notes Payable - Short-Term	6,623,164	6,510,263
Accounts Payable - Purchased Power	2,122,892	2,392,638
Accounts Payable - Other	843,435	878,590
Power Cost Over Collected	558,692	
Consumers' Deposits	652,212	632,386
Accrued Employee Compensated Absences	347,823	328,547
Accrued Taxes	102,808	101,341
Other Current and Accrued Liabilities	502,346	481,787
	<u>\$ 13,876,478</u>	<u>\$ 13,661,847</u>
DEFERRED CREDITS	\$ 1,077,954	\$ 1,376,215
TOTAL EQUITIES AND LIABILITIES	<u>\$ 131,204,846</u>	<u>\$ 123,067,279</u>

See accompanying notes to financial statements.

SAN BERNARD ELECTRIC COOPERATIVE, INC.

Exhibit B

working draft for discussion purposes only

STATEMENT OF INCOME AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	Years Ended December 31,				Increase (Decrease)
	2008		2007		
	Amount	%	Amount	%	
OPERATING REVENUES					
Residential	\$ 44,363,731	71.2	\$ 33,223,194	69.8	\$ 11,140,537
Residential - Seasonal	50,745	0.1	41,862	0.1	8,883
Irrigation	94,565	0.2	19,729	0.0	74,836
Commercial and Industrial - Small	7,928,906	12.7	6,180,709	13.0	1,748,197
Commercial and Industrial - Large	8,206,148	13.2	6,173,189	13.0	2,032,959
Public Street and Highway Lighting	70,367	0.1	57,962	0.1	12,405
Rent from Electric Property	95,640	0.2	94,898	0.2	742
Power Cost Under (Over) Collected	(558,692)	(0.9)			(558,692)
Other Electric Revenue	1,356,689	2.2	1,182,765	2.5	173,924
LCRA Lease Payments	639,247	1.0	637,337	1.3	1,910
Total Operating Revenues	\$ 62,247,346	100.0	\$ 47,611,645	100.0	\$ 14,635,701
OPERATING EXPENSES					
Purchased Power	\$ 39,240,409	63.0	\$ 29,648,327	62.3	\$ 9,592,082
Transmission	315,995	0.5	272,083	0.6	43,912
Distribution - Operation	1,715,855	2.8	1,595,759	3.4	120,096
Distribution - Maintenance	4,094,828	6.6	4,120,998	8.7	(26,170)
Customer Accounts	1,892,302	3.0	1,493,980	3.1	398,322
Customer Service and Information	409,274	0.7	358,198	0.8	51,076
Administrative and General	1,937,013	3.1	1,717,937	3.6	219,076
Depreciation and Amortization	4,473,138	7.2	4,244,424	8.9	228,714
Taxes	285,612	0.5	220,965	0.5	64,647
Other Interest	388,127	0.6	590,960	1.2	(202,833)
Other Deductions	815	0.0	16,261	0.0	(15,446)
Other Deductions - Amortization of Gain on Reacquired Debt - Credit	(267,820)	(0.4)	(357,093)	(0.8)	89,273
Total Operating Expenses	\$ 54,485,548	87.6	\$ 43,922,799	92.3	\$ 10,562,749
OPERATING MARGINS - Before Fixed Charges	\$ 7,761,798	12.4	\$ 3,688,846	7.7	\$ 4,072,952
FIXED CHARGES					
Interest on Long-Term Debt	3,062,212	4.9	2,807,864	5.9	254,348
OPERATING MARGINS - After Fixed Charges	\$ 4,699,586	7.5	\$ 880,982	1.8	\$ 3,818,604
Capital Credits	411,952	0.7	385,322	0.8	26,630
NET OPERATING MARGINS	\$ 5,111,538	8.2	\$ 1,266,304	2.6	\$ 3,845,234
NON-OPERATING MARGINS					
Interest Income	\$ 119,137	0.2	\$ 131,207	0.3	\$ (12,070)
Other Non-Operating Income	121,721	0.2	77,033	0.2	44,688
	\$ 240,858	0.4	\$ 208,240	0.5	\$ 32,618
NET MARGINS	\$ 5,352,396	8.6	\$ 1,474,544	3.1	\$ 3,877,852
OTHER COMPREHENSIVE LOSS					
Adjustment for Initial Application of FASB Statement No. 158	\$		\$ (166,800)		
Postretirement Benefit Obligations	(225,200)				
COMPREHENSIVE INCOME (LOSS)	\$ 5,127,196		\$ 1,307,744		
Adjustment for Initial Application of FASB Statement No. 158			166,800		
Post-retirement Benefit Obligations	225,200				
PATRONAGE CAPITAL - BEGINNING OF YEAR	57,094,933		55,793,580		
Patronage Capital Retired	(184,585)		(173,191)		
PATRONAGE CAPITAL - END OF YEAR	\$ 62,262,744		\$ 57,094,933		

See accompanying notes to financial statements.

SAN BERNARD ELECTRIC COOPERATIVE, INC.

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Exhibit C

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	December 31,	
	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ 5,352,396	\$ 1,474,544
Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities		
Depreciation and Amortization	5,092,172	4,702,846
Capital Credits - Non-Cash	(411,952)	(138,742)
Net Periodic Cost for Other Post-Employment Benefits	308,991	238,200
Power Cost Adjustment	558,692	
Deferred Charges	27,288	(65,396)
Deferred Credits	(298,261)	(1,069,816)
Accounts Receivable	(1,146,363)	407,012
Inventories and Other Assets	210,096	(298,852)
Payables and Accrued Expenses	(243,773)	(1,330,055)
Net Cash Provided by Operating Activities	<u>\$ 9,449,286</u>	<u>\$ 3,919,741</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Utility Plant	\$ (10,696,746)	\$ (10,744,563)
Salvage Value of Retirements and Other Credits	317,209	408,651
Plant Removal Costs	(673,458)	(448,712)
Other Property and Investments	300,385	31,767
Net Cash Used in Investing Activities	<u>\$ (10,752,610)</u>	<u>\$ (10,752,857)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Activity on CFC Short-Term Line of Credit	\$ 112,901	\$ 42,999
Advances on Long-Term Debt from CFC	4,500,000	7,500,000
Payments on Long-Term Debt to CFC	(1,699,926)	(1,725,635)
Payment on Capital Lease Obligations	(516,944)	(528,448)
Additions to Capital Lease Obligations	386,471	544,952
Payments on Behalf of Retirees	(135,795)	(143,289)
Other Equities	740	2,216
Retirement of Patronage Capital	(184,585)	(173,191)
Decrease in Memberships - Net	(3,340)	(3,560)
Net Cash Provided by Financing Activities	<u>\$ 2,459,522</u>	<u>\$ 5,516,044</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,156,198	\$ (1,317,072)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,067,448</u>	<u>2,384,520</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,223,646</u>	<u>\$ 1,067,448</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest on Long-Term Debt	<u>\$ 2,887,881</u>	<u>\$ 2,572,502</u>
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES		
Equipment Acquired Under Capital Lease Obligations	<u>\$ 386,471</u>	<u>\$ 171,494</u>

The Cooperative adopted the recognition and disclosure provisions of SFAS No. 158 for the year ending December 31, 2007. The adjustment for the initial application of this statement increased the accrued post-retirement benefit liability by \$166,800 and reduced equities by the same amount.

See accompanying notes to financial statements.

SAN BERNARD ELECTRIC COOPERATIVE, INC.
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NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

San Bernard Electric Cooperative, Inc. (the Cooperative) is a non-profit company organized to provide electric service at the retail level to primarily residential and commercial accounts in a designated service area. Power delivered at retail is purchased wholesale from Lower Colorado River Authority, Inc. of which the Cooperative is a member. Any revenues earned in excess of costs incurred are allocated to members of the Cooperative and are reflected as patronage capital equity in the balance sheet.

System of Accounts

The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission for Class A and B electric utilities modified for electric borrowers of the National Rural Utilities Cooperative Finance Corporation (CFC).

Electric Plant, Maintenance, and Depreciation

Electric plant is stated at the original cost of construction that includes the cost of contracted services, direct labor, materials, and overhead items. Contributions from others toward the construction of electric plant are credited to the applicable plant accounts.

When property which represents a retirement unit is replaced or removed, the average cost of such property as determined from the continuing property records is credited to electric plant and such cost, together with cost of removal less salvage, is charged to the accumulated provision for depreciation.

Maintenance and repairs, including the renewal of minor items of plant not comprising a retirement unit, are charged to the appropriate maintenance accounts, except that repairs of transportation and service equipment are charged to clearing accounts and redistributed to operating expense and other accounts.

Inventories

Materials and supplies inventories are valued at average unit cost.

Electric Revenues

In prior years, legislation became effective in Texas that begins the deregulation of the electric utility industry. In Texas, cooperatives have been granted exemption from certain aspects of the legislation. As evidenced by recent events impacting the utility industry, the deregulation process carries with it risks and uncertainties related to energy availability and pricing. It is unknown the impact, if any, deregulation will have on the Cooperative's operations.

The Cooperative records electric revenues as billed to customers on a monthly basis. Revenue is not accrued for power delivered and not billed at the end of each month. It is estimated that accrued revenues of \$5,680,594 and \$5,138,427 were unbilled at December 31, 2008 and 2007, respectively. Accordingly, the Cooperative is estimated to have an unrecorded liability for accrued power cost used after the meter reading dates of \$558,692 and \$360,537, for the periods ending December 31, 2008 and 2007, respectively.

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NOTES TO FINANCIAL STATEMENTS

The Cooperative's tariffs for electric service include fuel and power cost adjustment clauses under which electric rates charged to customers are adjusted to reflect changes in the cost of power.

Accounting Policies for Loans and Trade Receivables

The Cooperative extends loans to members for the purpose of financing energy saving equipment, namely heat pumps. The loans are for terms of from one to seven years and carry an interest rate of 10.25%. The Cooperative also extends loans to members for the purpose of line-extension. These loans are generally short-term (less than one year) and do not include any interest. In addition, in the normal course of business the Cooperative recognizes accounts receivable for energy delivered and billed. The Cooperative allows 16 days from the date of the bill for payment to be received or a termination notice is sent. If payment is not received in 10 days, the service is subject to being disconnected. In addition, commercial accounts that are delinquent beyond 16 days are charged a penalty computed as five percent on the outstanding balance. The interest from loans is recognized as it is accrued.

The Cooperative provides an allowance for loan losses and doubtful accounts to recognize the portion of loans and receivables considered uncollectible. The allowance is estimated based on historical data concerning actual write-offs. Currently the Cooperative is allowing for .45% of current receivables. The Board of Directors reviews delinquent accounts semi-annually and charges off accounts over 180 days old.

Group Concentration of Credit Risk

The Cooperative's headquarters facility is located in Bellville, Texas. The service area includes members located in a seven county area surrounding the town of Bellville. The Cooperative records a receivable for electric revenues as billed on a monthly basis. The Cooperative requires a deposit from its members upon connection that is applied to unpaid bills and fees in the event of default. The deposit accrues interest annually and is returned along with accrued interest after one year of prompt payments. As of December 31, 2008 and 2007, deposits on hand totaled \$652,212 and \$632,386, respectively.

The cash balances maintained by the cooperative are insured by the Federal Deposit Insurance Corporation. At times during the year, the cooperative exceeds the Federal Deposit Insurance Corporation's limits.

Patronage Capital Certificates

Patronage capital from associated organizations is recorded at the stated amount of the certificate.

SAN BERNARD ELECTRIC COOPERATIVE, INC.
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NOTES TO FINANCIAL STATEMENTS

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Assets Pledged

Substantially all assets are pledged as security for the long-term debt due National Rural Utilities Cooperative Finance Corporation (CFC).

3. Electric Plant

The major classes of electric plant are as follows:

	December 31,	
	<u>2008</u>	<u>2007</u>
Transmission Plant	\$ 4,504,305	\$ 4,151,467
Distribution Plant	130,153,862	120,863,899
General Plant	11,726,435	11,540,225
Leased Plant	<u>3,338,042</u>	<u>3,639,806</u>
Electric Plant in Service	\$ 149,722,644	\$ 140,195,397
Construction Work in Progress	4,363,304	6,071,963
Plant Held for Future Use	<u>48,894</u>	<u>48,894</u>
 Total Utility Plant	 <u>\$ 154,134,842</u>	 <u>\$ 146,316,254</u>

SAN BERNARD ELECTRIC COOPERATIVE, INC.
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NOTES TO FINANCIAL STATEMENTS

Provision for depreciation of electric plant is computed using straight-line rates as follows:

Transmission Plant	2.75%
Distribution Plant	3.10% - 7.30%
Structures and Improvements	2.00% - 20.00%
Office Furniture and Fixtures	6.67% - 20.00%
Transportation Equipment	12.60% - 20.00%
Store Equipment	4.96% - 14.29%
Tools, Shop, and Garage Equipment	4.76% - 20.00%
Laboratory Equipment	4.69% - 20.00%
Power Operated Equipment	12.50% - 20.00%
Communication Equipment	6.50% - 33.33%
Miscellaneous Equipment	4.45% - 20.00%
Leased Plant	10.00% - 33.33%

Depreciation for the years ended December 31, 2008 and 2007, was \$5,092,172 and \$4,702,846, respectively, of which \$4,473,138 and \$4,244,424, were charged to depreciation and amortization expense, and \$619,034 and \$458,422, were allocated to other accounts.

Distribution plant load control devices are being depreciated at 7.30%, while all other distribution plant is depreciated at 3.10%.

4. Other Property and Investments (at Cost or Stated Value)

Investments in associated organizations consisted of the following:

	December 31,	
	<u>2008</u>	<u>2007</u>
CFC		
Capital Term Certificates	\$ 1,969,861	\$ 1,907,076
Patronage Capital	844,853	793,979
Texas Electric Cooperatives, Inc.		
Patronage Capital	468,578	478,448
Other	<u>53,485</u>	<u>45,707</u>
	<u>\$ 3,336,777</u>	<u>\$ 3,225,210</u>

SAN BERNARD ELECTRIC COOPERATIVE, INC.
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NOTES TO FINANCIAL STATEMENTS

Other investments consisted of the following:

	December 31,	
	<u>2008</u>	<u>2007</u>
CFC Medium Term Notes	\$ 1,200,000	\$ 1,200,000
Texas VI Satellite, Inc. - Capital Stock	<u>3,000</u>	<u>3,000</u>
	<u>\$ 1,203,000</u>	<u>\$ 1,203,000</u>

5. Materials and Supplies

Inventories consisted of:

	December 31,	
	<u>2008</u>	<u>2007</u>
Construction Materials and Supplies	\$ 2,533,050	\$ 2,765,578
Resale Material	<u>170,915</u>	<u>183,472</u>
	<u>\$ 2,703,965</u>	<u>\$ 2,949,050</u>

6. Deferred Charges

Deferred charges consisted of the following:

	December 31,	
	<u>2008</u>	<u>2007</u>
Prior Service Pension Cost	\$ 206,828	\$ 224,065
Software	200,149	213,879
Other	<u>9,420</u>	<u>5,741</u>
	<u>\$ 416,397</u>	<u>\$ 443,685</u>

In 1991, the Cooperative amended their NRECA Retirement and Security plan to recognize employees' prior service. The cost to provide the benefit for the 1991 amendment was \$310,560, to be paid over 30 years. Financial Accounting Standards Board (FASB) Statement No. 71 allows companies to use, for financial reporting purposes, the same principles used for rate making. The Cooperative has elected to apply the provisions of FASB Statement No. 71 to defer the cost of prior service benefits and to recover, with approval of the Public Utility Commission of Texas, these costs through future rates over the period involved. The unamortized balance at December 31, 2008 and 2007, is \$206,828 and \$224,065, respectively.

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NOTES TO FINANCIAL STATEMENTS

7. Return of Capital

The mortgage agreement with CFC contains provisions that must be met for the Cooperative to make patronage capital retirements. These provisions include minimum equity and debt service ratios. The Cooperative is in compliance with these provisions at December 31, 2008 and 2007. Patronage capital totaling \$184,585 and \$173,191 was retired during the years ended December 31, 2008 and 2007, respectively.

8. Patronage Capital

Patronage capital consisted of the following:

	December 31,	
	2008	2007
Assigned	\$ 61,618,653	\$ 60,144,109
Assignable	5,352,396	1,474,544
	\$ 66,971,049	\$ 61,618,653
Less: Retired	4,708,305	4,523,720
Balance	\$ 62,262,744	\$ 57,094,933

9. Other Equities

Other Equities consisted of the following:

	December 31,	
	2008	2007
Nonoperating Margins	\$ 67,724	\$ 67,724
Donated Capital	6,523	5,783
Balance	\$ 74,247	\$ 73,507

10. Mortgage Notes – CFC

Following is a summary of long-term debt due CFC and maturing at various times from 2010 to 2040. The notes range from 21 to 35 year mortgage notes.

SAN BERNARD ELECTRIC COOPERATIVE, INC.
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NOTES TO FINANCIAL STATEMENTS

	December 31,	
	2008	2007
5.15% Notes	\$	\$ 537,704
5.25% Notes		3,499,893
5.45% Notes	4,456,296	4,628,836
5.55% Notes	3,911,728	3,997,332
5.60% Notes	1,490,002	
5.80% Notes	3,215,901	3,258,944
5.85% Notes	7,377,609	7,524,826
6.15% Notes	2,169,316	2,280,068
6.30% Notes	2,439,526	3,702,053
6.35% Notes	178,867	247,677
6.40% Notes	2,956,539	222,775
6.50% Notes	982,518	994,360
6.65% Notes	882,871	
6.75% Notes	1,978,112	2,000,000
6.80% Notes	1,955,983	1,978,733
6.95% Notes	4,658,142	3,933,462
7.15% Notes	1,979,697	2,000,000
7.30% Notes	2,441,880	2,468,882
7.35% Notes	1,485,340	1,500,000
7.90% Notes	1,000,000	
Variable Rate 5.40% in 2008, 6.55% in 2007	6,911,677	4,896,385
	\$ 52,472,004	\$ 49,671,930
Less: Current Maturities	1,636,800	1,834,900
	<u>\$ 50,835,204</u>	<u>\$ 47,837,030</u>

The Cooperative has \$27,645,564 of unadvanced CFC power vision loan funds as of December 31, 2008.

Principal and interest installments on the above notes are due quarterly. As of December 31, 2008, annual maturities of long-term debt due CFC for the next five years are as follows:

2009	1,636,800
2010	1,714,000
2011	1,822,700
2012	1,881,200
2013	2,000,600

SAN BERNARD ELECTRIC COOPERATIVE, INC.
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NOTES TO FINANCIAL STATEMENTS

11. Capital Lease Obligations

The Cooperative leases equipment from Farm Credit Leasing Services Corporation and Xerox. The economic substance of the capital leases is that the Cooperative is financing the acquisition of the assets through the leases over their terms, and accordingly, they are reflected in the Cooperative's plant assets and liabilities.

The following is an analysis of the book value of the leased assets included in electric plant at December 31, 2008 and 2007, which is being depreciated on a straight-line basis over the life of the lease.

	December 31,	
	2008	2007
Cost	\$ 3,338,042	\$ 3,639,806
Accumulated Depreciation	(1,418,873)	(1,564,207)
	\$ 1,919,169	\$ 2,075,599

The capital lease obligations will mature at various times from 2009 to 2016. The entire lease obligation to Farm Credit Leasing Service calls for payments totaling \$2,293,725 over the remaining term of the leases. The lease obligation to Xerox Corporation calls for payments totaling \$13,253. Below is a schedule by years of the future minimum payments required under the leases, with their present value at December 31, 2008.

	Farm Credit Leasing	Xerox Corporation	Total
2009	\$ 589,533	\$ 8,855	\$ 598,388
2010-2012	1,295,258	6,104	1,301,362
2013-2016	408,934		408,934
Total Minimum Lease Payments	\$ 2,293,725	\$ 14,959	\$ 2,308,684
Amount Representing Interest	(314,538)	(1,706)	(316,244)
Present Value of Lease Payments	\$ 1,979,187	\$ 13,253	\$ 1,992,440

The interest rates implicit in the leases are set at a variable rate.

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12. Short-Term Borrowing

The Cooperative has a \$7,000,000 line of credit for short-term financing with CFC at a variable rate of interest. The Cooperative had \$6,623,164 and \$6,510,263 outstanding on the line-of-credit as of December 31, 2008 and 2007, respectively.

The Cooperative has a \$4,000,000 line of credit for short-term financing with First National Bank of Bellville. The Cooperative had \$2 and \$2 outstanding on the line-of-credit as of December 31, 2008 and 2007, respectively.

13. Deferred Credits

Deferred credits consisted of the following:

	December 31,	
	2008	2007
Consumer Advances for Construction	\$ 951,267	\$ 931,288
Consumer Energy Prepayments	64,811	93,506
Unclaimed Capital Credit Checks	16,081	54,080
Operation Round-up	22,648	28,787
SBEC Scholarship Fund	23,147	734
Deferred Gain on Reacquired Debt - RUS		267,820
	<u>\$ 1,077,954</u>	<u>\$ 1,376,215</u>

The Cooperative realized a gain during 1987 of \$7,523,676 from the discount realized on the retirement of long-term debt to RUS. This amount has been classified as a deferred credit, and will be amortized in future years over the life of the CFC note executed to fund the payment of the RUS debt. Amortization in 2008 and 2007, was \$267,820 and \$357,093, respectively, which appears as an other deduction - credit on the statement of income and patronage capital. This deferred credit was fully amortized in 2008.

14. Pension Benefits

Substantially all employees of the Cooperative participate in the National Rural Electric Cooperative Association (NRECA) Retirement & Security (R&S) Program and Savings Program. The R&S program is a defined benefit pension plan and the Savings Program is a defined contribution pension plan. The plans are qualified and tax exempt under the Internal Revenue Code.

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The Cooperative makes quarterly and annual contributions to the programs equal to the amounts accrued for pension expense. The R&S program has periodically been under contribution moratorium due to the plan reaching full funding limitation. In these multi-employer plans, which are available to all member cooperatives of NRECA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer. The pension expense related to the R&S program for 2008 and 2007, was \$812,838 and \$657,584, respectively. The pension expense related to the Savings Plan for 2008 and 2007, was \$310,197 and \$296,822, respectively.

15. Litigation and Commitments

There is no litigation pending against the Cooperative that would have a material effect on the financial statements.

The Cooperative is committed to purchase a majority of its wholesale power requirements from Lower Colorado River Authority (LCRA). The Cooperative purchased 20% of its power requirements from the City of San Antonio in 2008, and 10% of its power requirements from the City of San Antonio in 2007.

The Cooperative has executed a service contract with National Information Solutions Cooperative for data processing services.

16. Rate Matters

During 1991, one of the Cooperative's wholesale power suppliers, Lower Colorado River Authority (LCRA) filed for a rate increase and began billing at the proposed rates effective with the November, 1991, billing. Provisions for the leasing of certain facilities to LCRA were included in the rate filing.

During 1991, the Public Utility Commission of Texas issued final orders related to this case. The wholesale rates charged the Cooperative by LCRA were increased approximately three percent based on a test year ended September 30, 1989. Also, LCRA will pay the Cooperative for the leasing of certain facilities. The Cooperative will be required to refund a portion of the lease payments it receives to its customers through its power costs adjustment clauses.

Currently, the monthly lease payment is \$51,499. This amount is adjusted annually based on the Cooperative's investment in these facilities. The lease term is perpetual and can be terminated by either party upon five years notice.

The Cooperative implemented new rates effective January 1, 2008.

17. Post-Retirement Benefits

The Cooperative provides post-retirement medical insurance benefits for eligible employees. In 1995, the Cooperative adopted FASB Statement 106, "Employers' Accounting for Post-Retirement Benefits Other than Pensions." Statement 106 requires that the cost of post-retirement health care benefits be recognized on the accrual basis as employees render service to earn the benefit.

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On September 29, 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 158 *Employers' Accounting for the Defined Benefit Pension and Other Post-Retirement Plans- an amendment of FASB statement No. 87, 88 106, and 132(R)*. SFAS no. 158 requires an employer that sponsors a defined benefit post-retirement plan to report the current economic status (the overfunded or underfunded status) of the plan in its balance sheet, to measure the plan assets and plan obligations as of the balance sheet date, and to include enhanced disclosures about the plan. The Cooperative adopted the recognition and disclosure provisions of SFAS No. 158 for the fiscal year ending December 31, 2008. The Cooperative adopted the measurement date provision for the fiscal year ending December 31, 2008.

Benefits are paid on behalf of retirees and are a function of medical insurance costs and number of retirees. Benefits paid for the years ended December 31, 2008 and 2007, were \$135,795 and \$143,289, respectively.

This information is based on the most recent NRECA valuation calculated as of January 1, 2008.

The weighted average discount rate used to develop the accumulated postretirement benefit obligation was 5.75%. The assumed health care cost trend rate was 10.0% for 2008, declining to an ultimate level of 5.0% in 2018. If the health care cost trend rate assumptions were increased by one percent, the accumulated postretirement benefit obligation as of December 31, 2008, would increase by \$107,400. The effect of this change on the sum of the service cost and interest cost for 2008 would be an increase of \$10,400.

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Amounts recognized in the Cooperative's financial statements and funded status of the plan are as follows:

	December 31,	
	2008	2007
Net Periodic Post-Retirement Benefit Cost Includes:		
Service Cost	\$ 37,700	\$ 900
Interest Cost	106,500	123,400
Amortization of Actuarial Gain	(39,900)	
Amortization of Prior Service Cost	64,500	
Amortization of Transition Obligation (20 years)	56,700	113,900
Total	\$ 225,500	\$ 238,200
Accumulated Post-Retirement Benefit Obligation (APBO)		
Balance at Beginning of Year	\$ 1,481,004	\$ 1,219,293
Total expense	225,500	238,200
Adjustment to New Study	83,491	
Amounts Recognized as Accumulated Other		
Comprehensive Loss	225,200	166,800
Less Premiums Paid	(135,795)	(143,289)
Net Post-Retirement Benefit Obligation at Year End	\$ 1,879,400	\$ 1,481,004
Accumulated Other Comprehensive Loss		
Unrecognized Transition Obligation	\$ 338,900	\$ 166,800
Unrecognized Actuarial Gain	(801,200)	
Prior Service Cost	854,300	
Other Comprehensive Loss	\$ 392,000	\$ 166,800

18. Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments", requires disclosure of fair value information about financial instruments. Many of the Cooperative's financial instruments lack an available market as characterized by a normal exchange between a willing buyer and a willing seller. Accordingly, significant assumptions, estimations, and present value calculations were used for purposes of this disclosure.

The following assumptions were used to estimate fair value of each class of financial instrument for which estimation is practicable.

Patronage Capital from Associated Organization – The right to receive cash is an inherent component of a financial instrument. The Cooperative holds no right to receive cash since any payments are at the discretion of the governing body for the associated organizations. As such, Patronage Capital from Associated Organizations is not considered financial instruments.

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NOTES TO FINANCIAL STATEMENTS

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CFC Capital Term Certificates – It is not practicable to estimate fair value for these financial instruments given the lack of a market and their long holding period.

Cash and Temporary Cash Investments – Carrying value, given the short period to maturity.

Long-Term Debt Variable Rate – Carrying value, since these notes reprice frequently at market rates. Variable long-term debt due CFC in the amount of \$6,911,677 as of December 31, 2008.

Long-Term Debt Fixed Rate – Estimated by computing the present value by individual note to maturity, using currently quoted or offered rates for similar issues of debt. The year-end CFC fixed interest rate for long-term debt repricing every seven years was used in the calculation for all fixed rate long-term debt. These are the only financial instruments of the Cooperative that have a difference in fair value and carrying value. The carrying value of the Cooperative's fixed rate debt and the estimated fair value are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
December 31, 2008:		
CFC	\$ <u>52,472,004</u>	\$ <u>48,257,990</u>
December 31, 2007:		
CFC	\$ <u>44,775,545</u>	\$ <u>43,989,412</u>

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ACCOMPANYING INFORMATION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
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CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

**INDEPENDENT AUDITORS' REPORT ON
ACCOMPANYING INFORMATION**

Our audits of the basic financial statements presented in the preceding section of this report were made for the purpose of forming an opinion on such financial statements taken as a whole. The accompanying information shown on pages 19 through 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

_____, 2009

SAN BERNARD ELECTRIC COOPERATIVE, INC.

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Schedule 1

ELECTRIC PLANT

FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance 1/1/2008	Additions and Transfers	Retirements	Balance 12/31/2008
CLASSIFIED ELECTRIC PLANT IN SERVICE				
Transmission Plant				
Land and Land Rights	\$ 683,950	\$	\$	\$ 683,950
Station Equipment	145,232			145,232
Poles, Towers, and Fixtures	1,988,428	334,365	7,399	2,315,394
Overhead Conductors and Devices	1,309,489	32,463	6,877	1,335,075
Roads and Trails	24,368	286		24,654
Total	<u>\$ 4,151,467</u>	<u>\$ 367,114</u>	<u>\$ 14,276</u>	<u>\$ 4,504,305</u>
Distribution Plant				
Land and Land Rights	\$ 861,279	\$	\$	\$ 861,279
Station Equipment	10,196,781	2,952,371	248,665	12,900,487
Poles, Towers, and Fixtures	38,693,526	2,808,467	495,794	41,006,199
Overhead Conductors and Devices	33,589,767	2,602,437	401,918	35,790,286
Underground Conduit	3,525,624	472,899	68,546	3,929,977
Underground Conductors and Devices	3,265,180	101,007	41,712	3,324,475
Line Transformers	20,610,559	1,655,781	285,643	21,980,697
Services	1,938,289	89,137	23,813	2,003,613
Meters	5,564,226	140,806	72,150	5,632,882
Installations on Consumers' Premises	2,618,576	184,401	79,102	2,723,875
Street Lights and Signal Systems	92			92
Total	<u>\$ 120,863,899</u>	<u>\$ 11,007,306</u>	<u>\$ 1,717,343</u>	<u>\$ 130,153,862</u>
General Plant				
Land and Land Rights	\$ 368,305	\$ 49,698	\$	\$ 418,003
Structures and Improvements	5,716,989	93,579	36,674	5,773,894
Office Furniture and Equipment	1,591,038	29,453	162,623	1,457,868
Transportation Equipment	1,717,480	743,584	298,556	2,162,508
Store Equipment	29,856		15,350	14,506
Tools, Shop, and Garage Equipment	168,562	11,126	12,459	167,229
Laboratory Equipment	215,994	12,966	24,019	204,941
Power Operated Equipment	352,807	84,493	122,229	315,071
Small Tools	128,901		1,080	127,821
Communications Equipment	1,020,593	248,034	357,077	911,550
Miscellaneous Equipment	229,700	10,908	67,564	173,044
Total	<u>\$ 11,540,225</u>	<u>\$ 1,283,841</u>	<u>\$ 1,097,631</u>	<u>\$ 11,726,435</u>
Leased Plant	<u>\$ 3,639,806</u>	<u>\$ (252,856)</u>	<u>\$ 48,908</u>	<u>\$ 3,338,042</u>
Total Classified Electric Plant in Service	<u>\$ 140,195,397</u>	<u>\$ 12,405,405</u>	<u>\$ 2,878,158</u>	<u>\$ 149,722,644</u>
Construction Work in Progress	6,071,963	(1,708,659)		4,363,304
Plant Held for Future Use	48,894			48,894
Total Utility Plant	<u>\$ 146,316,254</u>	<u>\$ 10,696,746</u>	<u>\$ 2,878,158</u>	<u>\$ 154,134,842</u>

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**ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION
 FOR THE YEAR ENDED DECEMBER 31, 2008**

Schedule 2

	<u>Balance 1/1/2008</u>	<u>Transfers and Depreciation Accruals</u>	<u>Retirements</u>	<u>Balance 12/31/2008</u>
CLASSIFIED ELECTRIC PLANT IN SERVICE				
Transmission Plant	\$ 1,216,245	\$ 98,730	\$ 28,391	\$ 1,286,584
Distribution Plant	\$ 25,520,572	\$ 3,953,651	1,920,965	\$ 27,553,258
General Plant				
Small Tools	\$ 119,696	\$	\$ 1,080	\$ 118,616
Office Furniture and Equipment	1,231,249	125,398	162,623	1,194,024
Transportation Equipment	1,662,584	487,615	279,806	1,870,393
Structures and Improvement	1,450,695	228,397	36,674	1,642,418
Store Equipment	26,585	484	15,350	11,719
Laboratory Equipment	163,721	13,879	24,019	153,581
Tools, Shop, and Garage Equipment	80,447	14,967	12,458	82,956
Power Operated Equipment	352,806	30,550	122,229	261,127
Communications Equipment	905,614	241,021	357,077	789,558
Miscellaneous Equipment	235,385	4,895	67,564	172,716
Total General Plant	\$ 6,228,782	\$ 1,147,206	\$ 1,078,880	\$ 6,297,108
Leased Plant	\$ 1,564,206	\$ (107,415)	\$ 37,918	\$ 1,418,873
Total Classified Electric Plant in Service	\$ 34,529,805	\$ 5,092,172	\$ 3,066,154	\$ 36,555,823
Retirement Work in Progress	<u>25,149</u>		<u>168,253</u>	<u>(143,104)</u>
Total Utility Plant	<u>\$ 34,554,954</u>	<u>\$ 5,092,172</u>	<u>\$ 3,234,407</u>	<u>\$ 36,412,719</u>
		(1)	(2)	

(1) Charged to Depreciation Expense	\$ 4,452,679
Charged to Amortization Expense	20,459
Charged to Clearing and Other Accounts	<u>619,034</u>
	<u>\$ 5,092,172</u>

(2) Cost of Units Retired	\$ 2,878,158
Add: Cost of Removal	673,458
Less: Salvage and Other Credits	<u>317,209</u>
Loss Due to Retirements	<u>\$ 3,234,407</u>

SAN BERNARD ELECTRIC COOPERATIVE, INC.
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OTHER PROPERTY AND INVESTMENTS
DECEMBER 31, 2008 AND 2007

Schedule 3

	December 31,	
	<u>2008</u>	<u>2007</u>
INVESTMENTS IN ASSOCIATED ORGANIZATIONS		
Memberships		
Texas Electric Cooperatives, Inc.	\$ 50	\$ 50
National Rural Electric Cooperative Association	10	10
National Rural Utilities Cooperative Finance Corporation	1,000	1,000
LCRA Wholesale Customers' Association	500	500
National Rural Telephone Communications Cooperative	1,000	1,000
National Information Solutions Cooperative	25	25
Energy Co-Opportunity		
Patronage Capital Certificates		
Texas Electric Cooperatives, Inc.	468,578	478,448
National Rural Utilities Cooperative Finance Corporation	844,853	793,979
National Information Solutions Cooperative	13,448	9,379
Other	37,452	33,743
Capital Term Certificates - CFC	1,969,861	1,907,076
Total Investments in Associated Organizations	<u>\$ 3,336,777</u>	<u>\$ 3,225,210</u>
OTHER INVESTMENTS		
Texas VI Satellite, Inc. - Capital Stock	\$ 3,000	\$ 3,000
CFC Medium Term Notes	1,200,000	1,200,000
Total Other Investments	<u>\$ 1,203,000</u>	<u>\$ 1,203,000</u>
	<u>\$ 4,539,777</u>	<u>\$ 4,428,210</u>

SAN BERNARD ELECTRIC COOPERATIVE, INC.

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PATRONAGE CAPITAL
DECEMBER 31, 2008

Calendar Year	Assignable	Assigned	Retired	Balance
1947 - 1963	\$	\$ 1,301,352	\$ 1,301,352	\$
1964		182,549	88,384	94,165
1965		209,570	101,369	108,201
1966		211,641	96,318	115,323
1967		199,672	78,764	120,908
1968		171,238	68,117	103,121
1969		235,287	88,382	146,905
1970		227,180	81,741	145,439
1971		270,647	94,062	176,585
1972		241,200	83,096	158,104
1973		257,548	85,956	171,592
1974		137,959	45,477	92,482
1975		235,295	73,216	162,079
1976		370,689	107,454	263,235
1977		397,422	106,454	290,968
1978		264,080	68,024	196,056
1979		85,343	21,238	64,105
1980		420,216	90,150	330,066
1981		489,009	90,397	398,612
1982		699,204	102,170	597,034
1983		533,556	74,459	459,097
1984		710,087	93,782	616,305
1985		1,108,844	147,136	961,708
1986		2,284,197	190,298	2,093,899
1987		2,466,613	196,253	2,270,360
1988		2,096,948	148,263	1,948,685
1989		1,874,450	126,387	1,748,063
1990		1,998,375	125,577	1,872,798
1991		1,801,547	103,355	1,698,192
1992		1,704,802	86,675	1,618,127
1993		2,008,365	89,544	1,918,821
1994		2,327,279	92,936	2,234,343
1995		2,051,347	73,005	1,978,342
1996		2,069,208	62,017	2,007,191
1997		2,416,529	58,579	2,357,950
1998		2,406,050	48,763	2,357,287
1999		1,668,283	27,753	1,640,530
2000		2,094,294	25,676	2,068,618
2001		2,907,038	25,866	2,881,172
2002		3,704,271	23,376	3,680,895
2003		3,818,107	18,378	3,799,729
2004		3,756,895	11,186	3,745,709
2005		2,476,288	3,857	2,472,431
2006		3,253,635	1,542	3,252,093
2007		1,474,544	197	1,474,347
2008	5,352,396			5,352,396
Capital Credits Retired Less than \$5			(18,676)	18,676
	<u>\$ 5,352,396</u>	<u>\$ 61,618,653</u>	<u>\$ 4,708,305</u>	<u>\$ 62,262,744</u>

SAN BERNARD ELECTRIC COOPERATIVE, INC.

Schedule 5

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 CFC MORTGAGE NOTES
 DECEMBER 31, 2008

Note Number	Origination Date	Maturity Date	Interest Rate	Principal Amount	Amount Unadvanced	Principal Payments	Net Obligation
9004	01-06-75	01-06-10	6.35%	\$ 317,000		\$ 291,724	25,276
9007	02-07-77	02-07-12	6.35%	703,000		549,409	153,591
9009	09-15-78	09-15-13	5.40% *	238,000		163,564	74,436
9012	12-15-79	12-15-14	5.45%	1,100,000		712,106	387,894
9015	03-08-82	03-08-17	6.15%	1,303,000		643,818	659,182
9016	08-31-83	08-31-18	6.65%	1,630,000		747,129	882,871
9017	06-10-85	06-10-20	6.95%	2,119,149		911,269	1,207,880
9019	03-21-89	03-21-24	6.15%	1,000,000		281,605	718,395
9020	02-20-90	02-20-25	6.95%	2,127,660		519,287	1,608,373
9021	12-17-91	12-17-26	5.45%	1,063,829		275,511	788,318
9022	12-17-91	12-17-26	5.45%	1,063,829		272,001	791,828
9023	12-17-91	12-17-26	6.15%	1,063,829		272,090	791,739
9027	09-17-96	09-17-31	5.45%	1,000,000		152,551	847,449
9028001	09-17-96	09-17-31	6.30%	750,000		86,283	663,717
9028002	09-17-96	09-17-31	6.40%	250,000		66,288	183,712
9029	09-17-96	09-17-31	6.30%	1,000,000		154,479	845,521
9030	01-31-98	08-19-27	5.85%	1,000,000		196,356	803,644
9031	01-31-98	08-19-27	5.85%	1,000,000		196,356	803,644
9032	07-21-98	08-19-27	5.45%	1,000,000		185,597	814,403
9033	10-22-98	10-20-28	5.45%	1,000,000		173,596	826,404
9034	02-16-99	02-16-29	5.85%	1,000,000		181,405	818,595
9035	05-19-99	05-19-34	5.85%	1,000,000		128,167	871,833
9036	08-19-99	08-19-32	5.85%	1,000,000		137,306	862,694
9037	10-19-99	10-19-29	5.85%	1,000,000		159,009	840,991
9038	02-29-00	11-30-29	6.40%	1,000,000		152,868	847,132
9039	04-25-00	02-28-30	6.95%	1,000,000		144,819	855,181
9040	06-20-00	05-31-30	6.40%	1,000,000		141,055	858,945
9041	10-19-00	08-31-30	6.40%	1,000,000		136,369	863,631
9042				1,404,099	1,404,099		
9042001	02-28-01	02-28-31	5.55%	2,000,000		265,027	1,734,973
9042002	05-31-01	05-31-31	5.55%	1,000,000		129,544	870,456
9042003	08-31-01	08-31-31	5.55%	1,454,099		147,800	1,306,299
9042004	02-28-02	11-30-36	5.80%	1,000,000		91,262	908,738
9042005	05-31-02	05-31-37	5.80%	1,500,000		124,400	1,375,600
9042007	02-28-03	02-28-38	5.80%	1,000,000		68,437	931,563
9042008	05-31-03	05-31-38	6.30%	1,000,000		69,712	930,288
9042009	02-28-04	02-28-39	5.85%	1,000,000		58,035	941,965
9042010	08-31-04	08-31-39	5.85%	1,500,000		65,757	1,434,243
9042011	02-28-05	02-28-40	5.40% *	2,000,000		64,756	1,935,244
9045001	05-31-05	05-31-40	5.40% *	2,000,000		63,680	1,936,320
9045002	08-31-05	08-31-40	5.40% *	1,000,000		26,805	973,195
9045003	08-31-05	08-31-16	6.40%	258,535		55,416	203,119
9045004	08-31-06	05-31-36	7.30%	2,500,000		58,120	2,441,880
9045005	11-30-06	11-30-36	6.80%	952,404		20,961	931,443
9045006	11-30-06	11-30-36	6.80%	1,047,596		23,056	1,024,540
9045007	02-28-07	02-28-37	6.50%	1,000,000		17,482	982,518
9045008	05-31-07	05-31-37	6.95%	1,000,000		13,292	986,708
9045009	08-31-07	08-31-37	7.35%	1,500,000		14,660	1,485,340
9045010	08-31-07	08-31-37	7.15%	2,000,000		20,303	1,979,697
9045011	08-31-07	08-31-37	6.75%	2,000,000		21,888	1,978,112
9045012	02-28-08	02-28-38	5.60%	1,500,000		9,998	1,490,002
9045013	05-31-08	05-31-38	5.40% *	1,000,000		3,759	996,241
9045014	05-31-08	05-31-38	5.40% *	1,000,000		3,759	996,241
9045015	08-31-08	08-31-38	7.90%	1,000,000			1,000,000
9045				241,465	241,465		
9046				26,000,000	26,000,000		
Total CFC				\$ 89,587,494	\$ 27,645,564	\$ 9,469,926	\$ 52,472,004

Net obligations include \$1,636,800 due CFC payable within one year and classified as current liabilities on the balance sheet.

* - Variable interest rate note.

SAN BERNARD ELECTRIC COOPERATIVE, INC.
ADMINISTRATIVE AND GENERAL EXPENSE
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Schedule 6

	<u>December 31,</u>		<u>Increase</u>
	<u>2008</u>	<u>2007</u>	<u>(Decrease)</u>
Administrative and General Salaries	\$ 534,755	\$ 440,808	\$ 93,947
Other Supplies and Expense	213,640	195,213	18,427
Outside Services Employed	90,500	90,314	186
Regulatory Commission Expenses	103,220	78,046	25,174
Duplicate Charges (Credit)	(52,028)	(39,819)	(12,209)
Directors' Fees and Mileage	204,540	207,896	(3,356)
Dues Paid Associated Organizations	54,323	59,548	(5,225)
Miscellaneous General Expense	469,509	382,372	87,137
Maintenance of General Plant			
Structures and Improvements	207,853	195,615	12,238
Office Furniture and Equipment	11,767	9,996	1,771
Tools and Garage Equipment	8,677	10,462	(1,785)
Stores Equipment	3,585	2,948	637
Laboratory Equipment	1,021	3,424	(2,403)
Communications Equipment	81,339	78,166	3,173
Miscellaneous Equipment	<u>4,312</u>	<u>2,948</u>	<u>1,364</u>
	<u>\$ 1,937,013</u>	<u>\$ 1,717,937</u>	<u>\$ 219,076</u>

SAN BERNARD ELECTRIC COOPERATIVE, INC.

Schedule 7

working draft for discussion purposes only

	December 31,				
	2008	2007	2006	2005	2004
OPERATING REVENUES					
Residential	\$ 44,414,476	\$ 33,265,056	\$ 35,427,520	\$ 31,968,192	\$ 27,563,552
Irrigation	94,565	19,729	55,769	43,774	52,624
Commercial and Industrial - Small	7,928,906	6,180,709	6,874,914	5,948,165	5,299,449
Commercial and Industrial - Large	8,206,148	6,173,189	7,497,891	6,775,064	5,358,132
Public Street and Highway Lighting	70,367	57,962	63,652	58,093	54,374
Rent from Electric Property	95,640	732,235	693,363	720,082	700,912
Power Cost Over (Under) Collected	(558,692)				
Other Operating Revenues	1,995,936	1,182,765	1,066,633	953,156	924,191
Total Operating Revenues	<u>\$ 62,247,346</u>	<u>\$ 47,611,645</u>	<u>\$ 51,679,742</u>	<u>\$ 46,466,526</u>	<u>\$ 39,953,234</u>
OPERATING EXPENSES					
Purchased Power	\$ 39,240,409	\$ 29,648,327	\$ 32,893,394	\$ 29,495,657	\$ 22,874,028
Transmission	315,995	272,083	237,658	109,385	105,712
Distribution - Operation	1,715,855	1,595,759	1,659,584	1,635,915	1,460,248
Distribution - Maintenance	4,094,828	4,120,998	3,872,539	3,886,046	3,722,656
Customer Accounts	1,892,302	1,493,980	1,451,670	1,353,410	1,355,728
Customer Service and Information	409,274	358,198	280,055	234,003	200,079
Administrative and General	1,937,013	1,717,937	1,722,218	1,754,234	1,684,132
Depreciation and Amortization	4,473,138	4,244,424	3,917,003	3,673,593	3,484,105
Taxes	285,612	220,965	241,909	222,813	186,626
Other Interest	388,127	590,960	436,608	204,989	115,277
Other Deductions	815	16,261	718	6,839	4,862
Other Deductions - Amortization of Gain on Reacquired Debt - Credit	(267,820)	(357,093)	(357,093)	(357,093)	(357,093)
Total Operating Expenses	<u>\$ 54,485,548</u>	<u>\$ 43,922,799</u>	<u>\$ 46,356,263</u>	<u>\$ 42,219,791</u>	<u>\$ 34,836,360</u>
OPERATING MARGINS - Before					
Fixed Charges	\$ 7,761,798	\$ 3,688,846	\$ 5,323,479	\$ 4,246,735	\$ 5,116,874
FIXED CHARGES					
Interest on Long-Term Debt	<u>3,062,212</u>	<u>2,807,864</u>	<u>2,500,520</u>	<u>2,070,268</u>	<u>1,628,124</u>
OPERATING MARGINS - After					
Fixed Charges	\$ 4,699,586	\$ 880,982	\$ 2,822,959	\$ 2,176,467	\$ 3,488,750
Capital Credit Allocations	<u>411,952</u>	<u>385,322</u>	<u>267,661</u>	<u>169,729</u>	<u>158,374</u>
NET OPERATING MARGINS	<u>\$ 5,111,538</u>	<u>\$ 1,266,304</u>	<u>\$ 3,090,620</u>	<u>\$ 2,346,196</u>	<u>\$ 3,647,124</u>
NONOPERATING MARGINS					
Interest Income	\$ 119,137	\$ 131,207	\$ 122,567	\$ 117,482	\$ 114,157
Other Nonoperating Income (Loss)	121,721	77,033	41,160	12,610	(4,386)
	<u>\$ 240,858</u>	<u>\$ 208,240</u>	<u>\$ 163,727</u>	<u>\$ 130,092</u>	<u>\$ 109,771</u>
NET MARGINS	<u>\$ 5,352,396</u>	<u>\$ 1,474,544</u>	<u>\$ 3,254,347</u>	<u>\$ 2,476,288</u>	<u>\$ 3,756,895</u>
Miscellaneous Statistics					
Services at End of Year	23,849	22,900	22,598	22,011	21,547
KWH Sales (000)	498,588	485,697	485,555	489,169	455,916
Times Interest Earned Ratio	2.75	1.53	2.30	2.20	3.31
Modified TIER	2.66	1.39	2.19	2.11	3.21
Debt Service Coverage	1.32	1.68	2.16	1.98	2.49
Modified DSC	1.28	1.61	2.10	1.94	2.42
Equity to Total Assets	47.3	46.4	47.3	48.6	51.3
Equity to Total Capitalization	53.2	52.4	54.9	55.1	56.2

working draft for discussion purposes only

COMPLIANCE SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
working draft for discussion purposes only

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**LETTER TO BOARD OF DIRECTORS REGARDING POLICIES
CONCERNING AUDITS OF CFC BORROWERS**

Board of Directors
San Bernard Electric Cooperative, Inc.
Bellville, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of San Bernard Electric Cooperative, Inc. as of December 31, 2008 and 2007, and the related statements of revenue and patronage capital and cash flows for the years then ended, and have issued our report thereon dated _____, 2009.

In connection with our audits, nothing came to our attention that caused us to believe that the Cooperative failed to comply with the terms of Article V of the National Rural Utilities Cooperative Finance Corporation Loan Agreement insofar as they relate to accounting matters. However, our audits were not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Directors and management of San Bernard Electric Cooperative, Inc. and the National Rural Utilities Cooperative Finance Corporation Loan Agreement and is not intended to be and should not be used by anyone other than these specified parties.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

_____, 2009

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

_____, 2009

Board of Directors
San Bernard Electric Cooperative, Inc.
Bellville, Texas

We have audited the financial statements of San Bernard Electric Cooperative, Inc. for the year ended December 31, 2008, and have issued our report thereon dated _____, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 26, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of San Bernard Electric Cooperative, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and meetings about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by San Bernard Electric Cooperative, Inc. are described in the notes to the financial

statements. As described in the notes, the Cooperative adopted Statement of Financial Accounting Standards No. 158 – Employers’ Accounting for Defined Benefit Pension and Other Post-Retirement Plans – An Amendment of FASB Statements No. 87, 88, 106 and 132(R). This standard required the Cooperative to recognize the remaining transition obligations and gains/losses related to its post-retirement benefit plan as liabilities on the balance sheet with an offsetting entry to equity. This change was not retrospectively applied.

We noted no transactions entered into by the Cooperative during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements are unbilled revenue calculations. Management’s estimates related to unbilled revenue are based on industry accepted guidelines and the revenue calculations are within those guidelines. We evaluated the key factors and assumptions used to develop unbilled revenue estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Attached to this letter are all of the adjustments corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated _____, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Cooperative's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Cooperative's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of San Bernard Electric Cooperative, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION	
		TX111	
		YEAR ENDING	
		12/31/2008	
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	149,771,538	28. Memberships	84,685
2. Construction Work in Progress	4,363,304	29. Patronage Capital	56,910,346
3. Total Utility Plant (1+2)	154,134,842	30. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort	36,412,719	31. Operating Margins - Current Year	5,190,066
5. Net Utility Plant (3-4)	117,722,123	32. Non-Operating Margins	230,057
6. Nonutility Property - Net	0	33. Other Margins & Equities	(385,477)
7. Investment in Subsidiary Companies	0	34. Total Margins & Equities (28 thru 33)	62,029,677
8. Invest. in Assoc. Org. - Patronage Capital	1,364,331	35. Long-Term Debt CFC (Net)	52,472,004
9. Invest. in Assoc. Org. - Other - General Funds	0	(Payments-Unapplied (\$ _____))	
10. Invest in Assoc. Org. - Other - Nongeneral Funds	1,972,446	36. Long-Term Debt - Other (Net)	1,879,400
11. Investments in Economic Development Projects	0	(Payments-Unapplied (\$ _____))	
12. Other Investments	1,203,000	37. Total Long-Term Debt (35+36)	54,351,404
13. Special Funds	0	38. Obligations Under Capital Leases - Non current	1,992,440
14. Total Other Property & Investments (6 thru 13)	4,539,777	39. Accumulated Operating Provisions - Asset Retirement Obligations	0
15. Cash-General Funds	2,223,646	40. Total Other Noncurrent Liabilities (38+39)	1,992,440
16. Cash-Construction Funds-Trustee	0	41. Notes Payable	6,623,164
17. Special Deposits	0	42. Accounts Payable	2,966,327
18. Temporary Investments	0	43. Consumers Deposits	652,212
19. Notes Receivable - Net	84,016	44. Current Maturities Long-Term Debt	0
20. Accounts Receivable - Net Sales of Energy	3,198,694	45. Current Maturities Long-Term Debt-Economic Development	0
21. Accounts Receivable - Net Other	69,210	46. Current Maturities Capital Leases	0
22. Materials & Supplies - Electric and Other	2,703,965	47. Other Current & Accrued Liabilities	1,511,668
23. Prepayments	174,151	48. Total Current & Accrued Liabilities (41 thru 47)	11,753,371
24. Other Current & Accrued Assets	72,867	49. Deferred Credits	1,077,954
25. Total Current & Accrued Assets (15 thru 24)	8,526,549	50. Total Liabilities & Other Credits (34+37+40+48+49)	131,204,846
26. Deferred Debits	416,397		
27. Total Assets & Other Debits (5+14+25+26)	131,204,846		
		ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
		Balance Beginning of Year	16,904,755
		Amounts Received This Year (Net)	1,552,311
		TOTAL Contributions-In-Aid-Of-Construction	18,457,066
PART D. THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.			

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION					
		TX111					
		YEAR ENDING	12/31/2008				
Much of Part E has been consolidated. Enter only the total of "Distribution Plant" (that includes such items as Land and Land Rights, Structures and Improvements and Station Equipment), the total of "General Plant" (items such as Office Furniture, Transportation Equipment) the total of "Transmission Plant" (items such as Land and Land Rights, Roads and Trails), Steam, Nuclear, Hydro, Other Production Plants and "All Other Utility Plant"							
PART E. CHANGES IN UTILITY PLANT							
	PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)	
1.	Distribution Plant Subtotal	120,863,901	9,289,962	0	0	130,153,863	
2.	General Plant Subtotal	11,540,223	186,211	0	0	11,726,434	
3.	Headquarters Plant	0	0	0	0	0	
4.	Intangibles	0	0	0	0	0	
5.	Transmission Plant Subtotal	4,151,468	352,838	0	0	4,504,306	
6.	Production Plant - Steam	0	0	0	0	0	
7.	Production Plant - Nuclear	0	0	0	0	0	
8.	Production Plant - Hydro	0	0	0	0	0	
9.	Production Plant - Other	0	0	0	0	0	
10.	All Other Utility Plant	3,688,700	(301,764)	0	0	3,386,936	
11.	SUBTOTAL: (1 thru 10)	140,244,292	9,527,247	0	0	149,771,539	
12.	Construction Work in Progress	6,071,962	(1,708,659)			4,363,303	
13.	TOTAL UTILITY PLANT (11 + 12)	146,316,254	7,818,588	0	0	154,134,842	
CFC NO LONGER REQUIRES SECTIONS "F", "G", "N" AND "P" DATA Those sections refer to data on "Analysis of Accumulated Provision for Depreciation" (F), "Materials and Supplies" (G), "Annual Meeting and Board Data" (N), and "Conservation Data" (P).							
PART H. SERVICE INTERRUPTIONS							
	ITEM	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	TOTAL (e)	
		Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)		
1.	Present Year	57.16	1,030.78	100.47	81.71	1,270.12	
2.	Five-Year Average	49.18	206.16	59.59	95.40	410.33	
PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS							
1.	Number of Full Time Employees	118	4. Payroll - Expensed	3,580,335			
2.	Employee - Hours Worked - Regular Time	207,757	5. Payroll - Capitalized	2,750,004			
3.	Employee - Hours Worked - Overtime	15,569	6. Payroll - Other	487,894			
PART J. PATRONAGE CAPITAL		THIS YEAR (a)	CUMULATIVE (b)	PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE			
1.	General Retirement	0	1,977,794	1. Amount Due Over 60 Days: 147,747			
2.	Special Retirements	184,587	2,730,514	2. Amount Written Off During Year: 218,969			
3.	Total Retirements (1+2)	184,587	4,708,308				
4.	Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	0					
5.	Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	303,566					
6.	Total Cash Received (4+5)	303,566					
PART L. KWH PURCHASED AND TOTAL COST							
	NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	KWH PURCHASED (c)	TOTAL COST (d)	AVERAGE COST PER KWH (cents) (e)	INCLUDED IN TOTAL COST	
						FUEL COST ADJUSTMENT (f)	WHEELING & OTHER CHARGES (or Credits) (g)
1.	LOWER COLORADO RIVER AUTHORITY		433,900,332	28,646,713	6.60	0	0
2.	CITY PUBLIC SERVICES		108,475,083	10,667,916	9.83	0	0
3.			0	0	0.00	0	0
4.			0	0	0.00	0	0
5.	TOTALS		542,375,415	39,314,629	7.25	0	0

CFC FINANCIAL AND STATISTICAL REPORT	BORROWER DESIGNATION	
	TX111	
	YEAR ENDING	12/31/2008

PART M. LONG-TERM LEASES (If additional space is needed, use separate sheet)

<i>LIST BELOW ALL "RESTRICTED PROPERTY" ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE")</i>		
	NAME OF LESSOR	RENTAL THIS YEAR
1.	NONE	\$0
2.		
3.	TOTAL	\$0

** "RESTRICTED PROPERTY" means all properties other than automobiles, trucks, tractors, other vehicles (including without limitation aircraft and ships), office and warehouse space and office equipment (including without limitation computers). "LONG TERM" means leases having unexpired terms in excess of 3 years and covering property having an initial cost in excess of \$250,000).

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY (d)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1.	National Rural Utilities Cooperative Finance Corporation	52,472,004	2,936,242	1,699,927	4,636,169	#####
2.	Farm Credit Leasing	1,979,187	123,615	495,945	619,560	
3.	Xerox	13,253	2,062	7,287	9,349	
4.	FASB Liability	1,879,400	0	0	0	
5.		0	0	0	0	
6.		0	0	0	0	
7.		0	0	0	0	
8.		0	0	0	0	
9.		0	0	0	0	
10.	TOTAL (Sum of 1 thru 9)	\$56,343,844	\$3,061,919	\$2,203,159	\$5,265,078	

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION			
		TX111		YEAR ENDING 12/31/2008	
PART R. POWER REQUIREMENTS DATA BASE					
CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS (a)	DECEMBER CONSUMERS (b)	AVERAGE CONSUMERS (c)	TOTAL KWH SALES AND REVENUE (d)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	22,372	22,631	22,502	
	b. KWH Sold				323,428,252
	c. Revenue				44,316,654
2. Residential Sales - Seasonal	a. No. Consumers Served	78	77	78	
	b. KWH Sold				243,962
	c. Revenue				50,535
3. Irrigation Sales	a. No. Consumers Served	20	19	20	
	b. KWH Sold				861,262
	c. Revenue				95,075
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	1,068	1,069	1,069	
	b. KWH Sold				73,265,588
	c. Revenue				7,976,192
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	6	6	6	
	b. KWH Sold				100,385,046
	c. Revenue				8,206,148
6. Public Street & Highway Lighting	a. No. Consumers Served	47	47	47	
	b. KWH Sold				403,666
	c. Revenue				70,367
7. Other Sales to Public Authority	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
10. TOTAL No. of Consumers (lines 1a thru 9a)		23,591	23,849	23,720	
11. TOTAL KWH Sold (lines 1b thru 9b)					498,587,776
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					60,714,971
13. Other Electric Revenue					1,581,260
14. KWH - Own Use					1,021,440
15. TOTAL KWH Purchased					542,375,415
16. TOTAL KWH Generated					0
17. Cost of Purchases and Generation					39,314,629
18. Interchange - KWH - Net					0
19. Peak - Sum All KW Input (Metered) Non-coincident _____ Coincident _____					111,645

CFC INVESTMENTS, LOAN GUARANTEES AND LOANS - DISTRIBUTION <small>(All investments refer to your most recent CFC Loan Agreement)</small>		BORROWER DESIGNATION TX111		
Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar.		BORROWER NAME SAN BERNARD ELECTRIC COOPERATIVE		
		MONTH ENDING 12/31/2008		
7a - PART 1 - INVESTMENTS				
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)	
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS				
5	Patronage Capital	1,364,331	0	411,952
6	Capital Term Certificates - CFC	1,969,861	0	41,555
7	Memberships	2,585	0	0
8		0	0	0
Subtotal (Line 5 thru 8)		3,336,777	0	453,507
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS				
9			0	0
10			0	0
11		0	0	0
12		0	0	0
Subtotal (Line 9 thru 12)		0	0	0
4. OTHER INVESTMENTS				
13	Texas VI Satellite	3,000	0	0
14	CFC Medium Term Notes	1,200,000	0	57,933
15		0	0	0
16		0	0	0
Subtotal (Line 13 thru 16)		1,203,000	0	57,933
5. SPECIAL FUNDS				
17		0	0	0
18		0	0	0
19		0	0	0
20		0	0	0
Subtotal (Line 17 thru 20)		0	0	0
6. CASH - GENERAL				
21	Depository Accounts	2,223,646	0	16,327
22		0	0	0
23		0	0	0
24		0	0	0
Subtotal (Line 21 thru 24)		2,223,646	0	16,327
7. SPECIAL DEPOSITS				
25		0	0	0
26		0	0	0
27		0	0	0
28		0	0	0
Subtotal (Line 25 thru 28)		0	0	0
8. TEMPORARY INVESTMENTS				
29		0	0	0
30		0	0	0
31		0	0	0
32		0	0	0
Subtotal (Line 29 thru 32)		0	0	0
9. ACCOUNT & NOTES RECEIVABLE - NET				
33	Notes Receivable	84,016	0	2,591
34	Accounts Receivable	3,198,694	0	0
35	Accounts Receivable - Other	69,210	0	0
36		0	0	0
Subtotal (Line 33 thru 36)		3,351,920	0	2,591
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED				
37		0	0	0
38		0	0	0
39		0	0	0
40		0	0	0
Subtotal (Line 37 thru 40)		0	0	0
Total		10,115,343	0	530,358

CFC INVESTMENTS, LOAN GUARANTEES AND LOANS - DISTRIBUTION (All investments refer to your most recent CFC Loan Agreement)		BORROWER DESIGNATION			
		TX111			
		BORROWER NAME			
		SAN BERNARD ELECTRIC COOPERATIVE			
Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar.		MONTH ENDING			
		12/31/2008			
7a - PART II. LOAN GUARANTEES					
Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loans (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART III. LOANS					
Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES					
1	TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e)				10,115,343
2	LARGER OF (a) OR (b)				31,014,839
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			23,120,226	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 34)			31,014,839	

PRELIMINARY FINANCIAL & STATISTICAL RATIOS

We have added 92 new ratios to the existing 53 ratios calculated from the data entered on your Form 7.
 These preliminary ratios can be used to evaluate your system's Performance and used as an error checking device.
 MDSC and DSC will be "estimated" values. Your system's prior year's "Investment in Associated Orgs --
 Patronage Capital" must be entered as a part of the calculation for MDSC.

RATIO NO.	RATIO DESCRIPTION	ESTIMATED RATIO VALUE
121	5 Yr. Compound Growth in Total Capitalization (%)	#DIV/0!
122	TUP Investment Per Total KWH Sold (Cents)	30.91
123	TUP Investment Per Consumer (\$)	6,498.10
124	TUP Investment Per Mile of Line (\$)	41,015.13
125	Average Consumers Per Mile	6.31
126	Distribution Plant Per Total KWH Sold (Mills)	261.05
127	Distribution Plant Per Consumer (\$)	5,487.09
128	Distribution Plant Per Employee (\$)	1,102,998.84
129	General Plant Per Total KWH Sold (Mills)	23.52
130	General Plant Per Consumer (\$)	494.37
131	General Plant Per Employee (\$)	99,376.56
132	Headquarters Plant Per Total KWH Sold (Mills)	-
133	Headquarters Plant Per Consumer (\$)	-
134	Headquarters Plant Per Employee (\$)	-
135	Transmission Plant Per Total KWH Sold (Mills)	9.03
136	Transmission Plant Per Consumer (\$)	189.89
137	Transmission Plant Per Employee (\$)	38,172.08
138	Idle Services to Total Service (%)	13.98
139	Line Loss (%)	7.88
140	System Avg. Interruption Duration Index (SAIDI) - Power Supplier (Minutes)	57.16
141	System Avg. Interruption Duration Index (SAIDI) - Major Event (Minutes)	1,030.78
142	System Avg. Interruption Duration Index (SAIDI) - Planned (Minutes)	100.47
143	System Avg. Interruption Duration Index (SAIDI) - All Other (Minutes)	81.71
144	System Avg. Interruption Duration Index (SAIDI) - Total (Minutes)	1,270.12
145	Avg. Service Availability Index (ASAI) - Total (%)	99.76

CFC SHORT FORM 7 DATA ERROR AND WARNING CHECKS

DATA ERROR CHECKS

PART A. STATEMENT OF OPERATIONS

LINE ITEM #

1 0 Variance/Difference

FIGURES MATCHED! PART A, LINE 1 OPERATING REVENUE IS EQUAL TO PART R, LINES LINES 12 TOTAL REVENUE RECEIVED FROM SALES TO ELECTRIC ENERGY + 13 OTHER ELECTRIC REVENUE.

PART C. BALANCE SHEET

LINE ITEM #

3 0 Variance/Difference

FIGURES MATCHED! PART C, LINE 3 TOTAL UTILITY PLANT IS EQUAL TO PART E, LINE 13(e) TOTAL UTILITY PLANT.

50 0 Variance/Difference

FIGURES MATCHED! PART C, LINE 27 TOTAL ASSETS & OTHER DEBITS IS EQUAL TO PART C, LINE 50 TOTAL LIABILITIES & OTHER CREDITS.

PART L. KWH PURCHASED AND TOTAL COST

LINE ITEM #

5 0 Variance/Difference

FIGURES MATCHED! PART L, LINE 5 KWH PURCHASED IS EQUAL TO PART R, LINE 15 TOTAL KWH PURCHASED.

WARNING CHECKS

Form 7 lines items that should not equal zero.

PART A. STATEMENT OF OPERATIONS

LINE ITEM #

1 Line 1 is greater than ZERO.

3 Line 3 is greater than ZERO.

5 Line 5 is greater than ZERO.

6 Line 6 is greater than ZERO.

7 Line 7 is greater than ZERO.

8 Line 8 is greater than ZERO.

10 Line 10 is greater than ZERO.

11 Line 11 is greater than ZERO.

12 Line 12 is greater than ZERO.

15 Line 15 is greater than ZERO.

19 Line 19 is greater than ZERO.

28 Line 28 is a NON-ZERO value.

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION	
		TX111	
		YEAR ENDING	
		12/31/2009	
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	164,768,893	28. Memberships	81,835
2. Construction Work in Progress	2,833,391	29. Patronage Capital	59,702,842
3. Total Utility Plant (1+2)	167,602,284	30. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort	38,321,036	31. Operating Margins - Current Year	5,499,587
5. Net Utility Plant (3-4)	129,281,248	32. Non-Operating Margins	(1,025,046)
6. Nonutility Property - Net	0	33. Other Margins & Equities	(293,447)
7. Investment in Subsidiary Companies	0	34. Total Margins & Equities (28 thru 33)	63,965,771
8. Invest. in Assoc. Org. - Patronage Capital	1,518,215	35. Long-Term Debt CFC (Net)	64,179,305
9. Invest. in Assoc. Org. - Other - General Funds	0	(Payments-Unapplied (\$ _____))	
10. Invest in Assoc. Org. - Other - Nongeneral Funds	1,789,214	36. Long-Term Debt - Other (Net)	1,770,000
11. Investments in Economic Development Projects	0	(Payments-Unapplied (\$ _____))	
12. Other Investments	1,200,000	37. Total Long-Term Debt (35+36)	65,949,305
13. Special Funds	0	38. Obligations Under Capital Leases - Non current	1,879,208
14. Total Other Property & Investments (6 thru 13)	4,507,429	39. Accumulated Operating Provisions - Asset Retirement Obligations	0
15. Cash-General Funds	906,217	40. Total Other Noncurrent Liabilities (38+39)	1,879,208
16. Cash-Construction Funds-Trustee	0	41. Notes Payable	1,681,312
17. Special Deposits	0	42. Accounts Payable	4,183,577
18. Temporary Investments	0	43. Consumers Deposits	706,028
19. Notes Receivable - Net	79,123	44. Current Maturities Long-Term Debt	0
20. Accounts Receivable - Net Sales of Energy	2,778,606	45. Current Maturities Long-Term Debt-Economic Development	0
21. Accounts Receivable - Net Other	76,508	46. Current Maturities Capital Leases	0
22. Materials & Supplies - Electric and Other	2,616,917	47. Other Current & Accrued Liabilities	1,332,742
23. Prepayments	202,361	48. Total Current & Accrued Liabilities (41 thru 47)	7,903,659
24. Other Current & Accrued Assets	73,195	49. Deferred Credits	1,170,329
25. Total Current & Accrued Assets (15 thru 24)	6,732,927	50. Total Liabilities & Other Credits (34+37+40+48+49)	140,868,272
26. Deferred Debits	346,668		
27. Total Assets & Other Debits (5+14+25+26)	140,868,272		
		ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
		Balance Beginning of Year	18,457,067
		Amounts Received This Year (Net)	1,623,996
		TOTAL Contributions-In-Aid-Of-Construction	20,081,063
PART D. THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.			

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION					
		TX111					
		YEAR ENDING	12/31/2009				
Much of Part E has been consolidated. Enter only the total of "Distribution Plant" (that includes such items as Land and Land Rights, Structures and Improvements and Station Equipment), the total of "General Plant" (items such as Office Furniture, Transportation Equipment) the total of "Transmission Plant" (items such as Land and Land Rights, Roads and Trails), Steam, Nuclear, Hydro, Other Production Plants and "All Other Utility Plant"							
PART E. CHANGES IN UTILITY PLANT							
	PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)	
1.	Distribution Plant Subtotal	130,153,863	6,149,994	0	0	136,303,857	
2.	General Plant Subtotal	11,726,434	(389,345)	0	0	11,337,089	
3.	Headquarters Plant	0	0	0	0	0	
4.	Intangibles	0	0	0	0	0	
5.	Transmission Plant Subtotal	4,504,306	9,104,815	0	0	13,609,121	
6.	Production Plant - Steam	0	0	0	0	0	
7.	Production Plant - Nuclear	0	0	0	0	0	
8.	Production Plant - Hydro	0	0	0	0	0	
9.	Production Plant - Other	0	0	0	0	0	
10.	All Other Utility Plant	3,386,936	131,891	0	0	3,518,827	
11.	SUBTOTAL: (1 thru 10)	149,771,539	14,997,355	0	0	164,768,894	
12.	Construction Work in Progress	4,363,304	(1,529,914)			2,833,390	
13.	TOTAL UTILITY PLANT (11 + 12)	154,134,843	13,467,441	0	0	167,602,284	
CFC NO LONGER REQUIRES SECTIONS "F", "G", "N" AND "P" DATA Those sections refer to data on "Analysis of Accumulated Provision for Depreciation" (F), "Materials and Supplies" (G), "Annual Meeting and Board Data" (N), and "Conservation Data" (P).							
PART H. SERVICE INTERRUPTIONS							
	ITEM	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	TOTAL (e)	
		Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)		
1.	Present Year	0.00	0.01	8.96	195.32	204.29	
2.	Five-Year Average	7.15	132.25	5.62	211.52	356.54	
PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS							
1.	Number of Full Time Employees	118	4. Payroll - Expensed	3,953,029			
2.	Employee - Hours Worked - Regular Time	211,275	5. Payroll - Capitalized	2,380,425			
3.	Employee - Hours Worked - Overtime	11,935	6. Payroll - Other	410,075			
PART J. PATRONAGE CAPITAL		THIS YEAR (a)	CUMULATIVE (b)	PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE			
1.	General Retirement	2,193,360	4,171,154	1. Amount Due Over 60 Days: 159,000			
2.	Special Retirements	366,542	3,097,056	2. Amount Written Off During Year: 222,122			
3.	Total Retirements (1+2)	2,559,902	7,268,210				
4.	Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	0					
5.	Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	141,409					
6.	Total Cash Received (4+5)	141,409					
PART L. KWH PURCHASED AND TOTAL COST				INCLUDED IN TOTAL COST			
	NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	KWH PURCHASED (c)	TOTAL COST (d)	AVERAGE COST PER KWH (cents) (e)	FUEL COST ADJUSTMENT (f)	WHEELING & OTHER CHARGES (or Credits) (g)
1.	LOWER COLORADO RIVER AUTHORITY		400,247,512	26,625,661	6.65	0	0
2.	CITY PUBLIC SERVICES		126,393,945	6,213,526	4.92	0	0
3.			0	0	0.00	0	0
4.			0	0	0.00	0	0
5.	TOTALS		526,641,457	32,839,187	6.24	0	0

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION				
		TX111				
		YEAR ENDING		12/31/2009		
PART M. LONG-TERM LEASES (If additional space is needed, use separate sheet)						
LIST BELOW ALL "RESTRICTED PROPERTY" ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE")						
	NAME OF LESSOR	TYPE OF PROPERTY		RENTAL THIS YEAR		
1.	NONE			\$0		
2.						
3.	TOTAL				\$0	
** "RESTRICTED PROPERTY" means all properties other than automobiles, trucks, tractors, other vehicles (including without limitation aircraft and ships), office and warehouse space and office equipment (including without limitation computers). "LONG TERM" means leases having unexpired terms in excess of 3 years and covering property having an initial cost in excess of \$250,000.						
PART O. LONG-TERM DEBT SERVICE REQUIREMENTS						
	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY (d)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1.	National Rural Utilities Cooperative Finance Corporation	64,179,305	3,041,852	1,192,699	4,234,551	3,302,653
2.	Farm Credit Leasing	1,873,540	118,130	486,937	605,067	
3.	Xerox	5,668	1,506	7,586	9,092	
4.	FASB Liability	1,770,000	0	0	0	
5.		0	0	0	0	
6.		0	0	0	0	
7.		0	0	0	0	
8.		0	0	0	0	
9.		0	0	0	0	
10.	TOTAL (Sum of 1 thru 9)	\$67,828,513	\$3,161,488	\$1,687,222	\$4,848,710	

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION			
		TX111		YEAR ENDING 12/31/2009	
PART R. POWER REQUIREMENTS DATA BASE					
CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS (a)	DECEMBER CONSUMERS (b)	AVERAGE CONSUMERS (c)	TOTAL KWH SALES AND REVENUE (d)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	22,615	22,875	22,745	
	b. KWH Sold				336,330,796
	c. Revenue				41,785,748
2. Residential Sales - Seasonal	a. No. Consumers Served	77	77	77	
	b. KWH Sold				263,000
	c. Revenue				49,348
3. Irrigation Sales	a. No. Consumers Served	19	20	20	
	b. KWH Sold				586,329
	c. Revenue				59,801
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	1,069	1,058	1,064	
	b. KWH Sold				72,686,893
	c. Revenue				7,028,615
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	6	9	8	
	b. KWH Sold				76,861,091
	c. Revenue				5,805,916
6. Public Street & Highway Lighting	a. No. Consumers Served	47	48	48	
	b. KWH Sold				408,080
	c. Revenue				66,061
7. Other Sales to Public Authority	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
10. TOTAL No. of Consumers (lines 1a thru 9a)		23,833	24,087	23,960	
11. TOTAL KWH Sold (lines 1b thru 9b)					487,136,189
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					54,795,489
13. Other Electric Revenue					2,488,296
14. KWH - Own Use					618,328
15. TOTAL KWH Purchased					526,641,457
16. TOTAL KWH Generated					0
17. Cost of Purchases and Generation					32,839,187
18. Interchange - KWH - Net					0
19. Peak - Sum All KW Input (Metered) Non-coincident _____ Coincident _____					112,725

CFC INVESTMENTS, LOAN GUARANTEES AND LOANS - DISTRIBUTION <small>(All investments refer to your most recent CFC Loan Agreement)</small>		BORROWER DESIGNATION TX111		
Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar.		BORROWER NAME SAN BERNARD ELECTRIC COOPERATIVE		
		MONTH ENDING 12/31/2009		
7a - PART 1 - INVESTMENTS				
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)	
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS				
5	Patronage Capital	1,518,215	0	353,884
6	Capital Term Certificates - CFC	1,786,629	0	41,527
7	Memberships	2,585	0	0
8		0	0	0
Subtotal (Line 5 thru 8)		3,307,429	0	395,411
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS				
9		0	0	0
10		0	0	0
11		0	0	0
12		0	0	0
Subtotal (Line 9 thru 12)		0	0	0
4. OTHER INVESTMENTS				
13	CFC Medium Term Notes	1,200,000	0	59,220
14		0	0	0
15		0	0	0
16		0	0	0
Subtotal (Line 13 thru 16)		1,200,000	0	59,220
5. SPECIAL FUNDS				
17		0	0	0
18		0	0	0
19		0	0	0
20		0	0	0
Subtotal (Line 17 thru 20)		0	0	0
6. CASH - GENERAL				
21	Depository Accounts	906,217	0	6,212
22		0	0	0
23		0	0	0
24		0	0	0
Subtotal (Line 21 thru 24)		906,217	0	6,212
7. SPECIAL DEPOSITS				
25		0	0	0
26		0	0	0
27		0	0	0
28		0	0	0
Subtotal (Line 25 thru 28)		0	0	0
8. TEMPORARY INVESTMENTS				
29		0	0	0
30		0	0	0
31		0	0	0
32		0	0	0
Subtotal (Line 29 thru 32)		0	0	0
9. ACCOUNT & NOTES RECEIVABLE - NET				
33	Notes Receivable	79,123	0	4,807
34	Accounts Receivable	2,778,606	0	0
35	Accounts Receivable - Other	76,508	0	0
36		0	0	0
Subtotal (Line 33 thru 36)		2,934,237	0	4,807
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED				
37		0	0	0
38		0	0	0
39		0	0	0
40		0	0	0
Subtotal (Line 37 thru 40)		0	0	0
Total		8,347,883	0	465,650

CFC INVESTMENTS, LOAN GUARANTEES AND LOANS - DISTRIBUTION <small>(All investments refer to your most recent CFC Loan Agreement)</small>		BORROWER DESIGNATION			
		TX111			
		BORROWER NAME			
		SAN BERNARD ELECTRIC COOPERATIVE			
Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar.		MONTH ENDING			
		12/31/2009			
7a - PART II. LOAN GUARANTEES					
Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loans (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART III. LOANS					
Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES					
1	TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e)				8,347,883
2	LARGER OF (a) OR (b)				31,982,886
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			25,140,343	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 34)			31,982,886	

PRELIMINARY FINANCIAL & STATISTICAL RATIOS

**These preliminary ratios can be used to evaluate your system's Performance and used as an error checking device.
 MDSC and DSC will be "estimated" values. Your system's prior year's "Investment in Associated Orgs --
 Patronage Capital" must be entered as a part of the calculation for MDSC.**

RATIO NO.	RATIO DESCRIPTION	ESTIMATED RATIO VALUE
121	5 Yr. Compound Growth in Total Capitalization (%)	#DIV/0!
122	TUP Investment Per Total KWH Sold (Cents)	34.41
123	TUP Investment Per Consumer (\$)	6,995.09
124	TUP Investment Per Mile of Line (\$)	44,257.27
125	Average Consumers Per Mile	6.33
126	Distribution Plant Per Total KWH Sold (Mills)	279.81
127	Distribution Plant Per Consumer (\$)	5,688.81
128	Distribution Plant Per Employee (\$)	1,155,117.43
129	General Plant Per Total KWH Sold (Mills)	23.27
130	General Plant Per Consumer (\$)	473.17
131	General Plant Per Employee (\$)	96,077.03
132	Headquarters Plant Per Total KWH Sold (Mills)	-
133	Headquarters Plant Per Consumer (\$)	-
134	Headquarters Plant Per Employee (\$)	-
135	Transmission Plant Per Total KWH Sold (Mills)	27.94
136	Transmission Plant Per Consumer (\$)	567.99
137	Transmission Plant Per Employee (\$)	115,331.53
138	Idle Services to Total Service (%)	13.78
139	Line Loss (%)	7.38
140	System Avg. Interruption Duration Index (SAIDI) - Power Supplier (Minutes)	-
141	System Avg. Interruption Duration Index (SAIDI) - Major Event (Minutes)	0.01
142	System Avg. Interruption Duration Index (SAIDI) - Planned (Minutes)	8.96
143	System Avg. Interruption Duration Index (SAIDI) - All Other (Minutes)	195.32
144	System Avg. Interruption Duration Index (SAIDI) - Total (Minutes)	204.29
145	Avg. Service Availability Index (ASAI) - Total (%)	99.96

CFC SHORT FORM 7 DATA ERROR AND WARNING CHECKS

DATA ERROR CHECKS

PART A. STATEMENT OF OPERATIONS

LINE ITEM #
1 0 Variance/Difference

FIGURES BALANCE!

PART C. BALANCE SHEET

LINE ITEM #
3 0 Variance/Difference

FIGURES BALANCE!

37 0

FIGURES BALANCE!

50 0 Variance/Difference

FIGURES BALANCE!

PART L. KWH PURCHASED AND TOTAL COST

LINE ITEM #
5 0 Variance/Difference

FIGURES BALANCE!

WARNING CHECKS

Form 7 lines items that should not equal zero.

PART A. STATEMENT OF OPERATIONS

LINE ITEM #
1 Line 1 is greater than ZERO.
3 Line 3 is greater than ZERO.
5 Line 5 is greater than ZERO.
6 Line 6 is greater than ZERO.
7 Line 7 is greater than ZERO.
8 Line 8 is greater than ZERO.
10 Line 10 is greater than ZERO.
11 Line 11 is greater than ZERO.
12 Line 12 is greater than ZERO.
15 Line 15 is greater than ZERO.
19 Line 19 is greater than ZERO.
28 Line 28 is a NON-ZERO value.