

## Report Of Independent Auditors

Following are excerpts from the audit report. The full report may be accessed at [teammidwest.com](http://teammidwest.com) or by calling 800-492-5989.

We have audited the accompanying consolidated financial statements of Midwest Energy Cooperative, which comprises the consolidated balance sheets as of December 31, 2018, and 2017, and the related consolidated statements of operations, equities and margins, and cash flows for the years then ended, and the related notes to the consolidated financial statements. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Our responsibility is to express opinions on these consolidated financial statements based on our audits.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinions. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2018, and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams  
March 29, 2019

### Director's Compensation Disclosure

Elected directors are paid an annual retainer of \$1,200 and a per diem based on board position, and years of service or credential status, for meetings attended on behalf of the cooperative. The chairman is paid an annual retainer of \$2,200.

## Consolidated Statements of Operations

Years Ended December 31,  
(Dollars in 000)

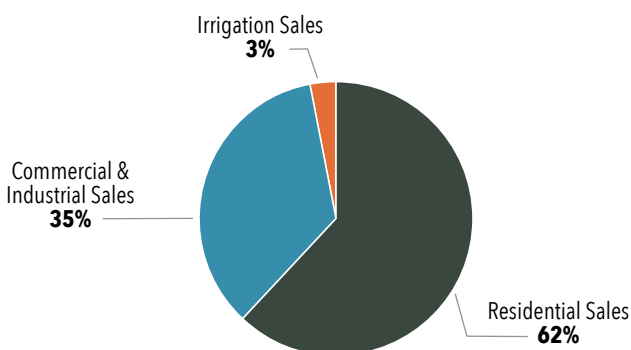
	2018	2017
Operating revenues	\$ 96,131	\$ 88,517
Operating expenses	91,094	85,711
Interest expense	5,170	4,181
Operating margins (deficits)	(133)	(1,375)
Capital credits	4,328	3,594
Non-operating margins (deficits)	(170)	826
Net margins	\$ 4,025	\$ 3,045

## Consolidated Balance Sheets

December 31  
(Dollars in 000)

ASSETS	2018	2017
Net electric plant and equipment	\$ 204,415	\$ 193,479
Other assets and investments	28,178	25,646
Current assets	32,330	20,252
Deferred charges	142	142
Total assets	\$ 265,065	\$ 239,519
<b>EQUITIES AND LIABILITIES</b>		
Equities	\$ 61,256	\$ 56,199
Long-term debt	177,696	158,141
Other liabilities	3,589	4,831
Current liabilities	21,694	19,805
Deferred tax liability	809	528
Deferred credits	21	15
Total equity and liabilities	\$ 265,065	\$ 239,519

## Where Our Sales Come From



## Where Your Dollars Go

