

SALUDA RIVER ELECTRIC COOPERATIVE, INC.
FINANCIAL STATEMENTS
and
SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 1987 and 1986
with
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Arthur Young

CONTENTS

<u>REPORT OF CERTIFIED PUBLIC ACCOUNTANTS</u>	<u>PAGE</u>
 <u>FINANCIAL STATEMENTS</u>	
Balance Sheet	2
Statement of Operations and Patronage Capital	3
Statement of Changes in Financial Position	4-5
Notes to Financial Statements	6-15
 <u>ADDITIONAL INFORMATION</u>	
List of Officers and Trustees	
Cash Investments	
Accounts Receivable	
Patronage Capital Assigned	
Schedule of Federal Financing Bank Notes	
Accounts Payable	



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Arthur Young

Daniel Building, Suite 1900
301 N. Main Street
Greenville, South Carolina 29601-2178

The Board of Trustees
Saluda River Electric Cooperative, Inc.

We have examined the accompanying balance sheet of Saluda River Electric Cooperative, Inc. at December 31, 1987 and 1986 and the related statements of operations and patronage capital, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We have previously reported on the 1986 financial statements for Saluda River Electric Cooperative, Inc. under the date of March 13, 1987. The accompanying financial statements for the year ended December 31, 1986 have been revised to reflect the capitalization of certain previously expensed costs, restatement of a note payable from a discounted value to its face value, and billings to a major customer as described in Note 11.

In our opinion, the financial statements mentioned above present fairly the financial position of Saluda River Electric Cooperative, Inc. at December 31, 1987 and 1986, and the results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period after restatement of the financial statements for 1986 to give retroactive effect to the items mentioned in the preceding paragraph and the change, with which we concur, in the method of accounting for investment tax credits as described in Note 10 to the financial statements.

Our examination has been made primarily for the purpose of expressing an opinion on the financial statements referred to above taken as a whole. The accompanying additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such additional information has been subjected to the auditing procedures applied in the examination 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.

April 13, 1988