According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 21 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION MI0048
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	PERIOD ENDED December, 2013 (Prepared with Audited Dat
INSTRUCTIONS - See help in the online application.	BORROWER NAME Great Lakes Energy Cooperative

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

[X] All of the obligations under the RUS loan documents have been fulfilled in all material respects.

[ ] There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part A Section C of this report.

Steven Boeckman

3/24/2014
DATE

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART F IC - INTERNAL COMBUSTION PLANT**	BORROWER DESIGNATION MI0048
	PLANT Beaver Island
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2013

SECTION A. INTERNAL COMBUSTION GENERATING UNITS

NO.	UNIT NO. (*a*)	SIZE (kW) (*b*)	FUEL CONSUMPTION: OIL (1000 Gals.) (*c*)	GAS (1000 C.F.) (*d*)	OTHER (e)	TOTAL (*f*)	OPERATING HOURS: IN SERVICE (*g*)	ON STANDBY (*h*)	OUT OF SERVICE: SCHED. (*i*)	UNSCH. (*j*)	GROSS GENER.(MWh) (*k*)	BTU PER kWh (*l*)
1.	1	1,250	4.76				76	8,684			68	
2.	2	1,250	4.76				84	8,676			68	
3.	3	900	3.35				76	8,684			46	
4.												
5.												
6.	**Total**	3,400	12.87	0.00	0.00		236	26,044	0	0	182	
7.	Average BTU		140,093.24				Station Service (MWh)				182.00	9,906.59
8.	Total BTU (10^6)		1,803.00			1,803.00	Net Generation (MWh)				0.00	
9.	Total Del. Cost ($)		47,844.00				Station Service % of Gross				100.00	0.00

SECTION B. LABOR REPORT

NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.	No. Employees Full Time (Include Superintendent)		5.	Maintenance Plant Payroll ($)	
2.	No. Employees Part Time		6.	Other Accounts Plant Payroll ($)	
3.	**Total Employee Hours Worked**		7.	**Total Plant Payroll ($)**	
4.	Operating Plant Payroll ($)				

SECTION C. FACTORS & MAXIMUM DEMAND

NO.	ITEM	VALUE
1.	Load Factor (%)	0.77%
2.	Plant Factor (%)	0.61%
3.	Running Plant Capacity Factor (%)	67.81%
4.	15 Min. Gross Max. Demand (kW)	2,700
5.	Indicated Gross Max. Demand (kW)	2,700

SECTION D. COST OF NET ENERGY GENERATED

NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT ($) (*a*)	MILLS/NET (kWh) (*b*)	$/10^6 BTU (*c*)
1.	Operation, Supervision and Engineering	546	0		
2.	Fuel, Oil	547.1	53,564		
3.	Fuel, Gas	547.2	0		
4.	Fuel, Other	547.3	0		
5.	Energy for Compressed Air	547.4	0	0.00	
6.	**Fuel SubTotal (*2 thru 5*)**	547	53,564	0.00	
7.	Generation Expenses	548	111,095		
8.	Miscellaneous Other Power Generation Expenses	549	0		
9.	Rents	550	0		
10.	**Non-Fuel SubTotal (*1 + 7 thru 9*)**		111,095	0.00	
11.	**Operation Expense (*6 + 10*)**		164,659	0.00	
12.	Maintenance, Supervision and Engineering	551	0		
13.	Maintenance of Structures	552	250		
14.	Maintenance of Generating and Electric Plant	553	16,545		
15.	Maintenance of Miscellaneous Other Power Generating Plant	554	0		
16.	**Maintenance Expense (*12 thru 15*)**		16,795	0.00	
17.	**Total Production Expense (*11 + 16*)**		181,454	0.00	
18.	Depreciation	403.4, 411.10	86,564		
19.	Interest	427	0		
20.	**Total Fixed Cost (*18 + 19*)**		86,564	0.00	
21.	**Power Cost (*17 + 20*)**		268,018	0.00	

Remarks (including Unscheduled Outages)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

BORROWER DESIGNATION MI0048

PERIOD ENDED December, 2013 (Prepared with Audited Data)

BORROWER NAME Great Lakes Energy Cooperative

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

[X] All of the obligations under the RUS loan documents have been fulfilled in all material respects.

[ ] There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Steven Boeckman

3/24/2014
DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE LAST YEAR (*a*)	YEAR-TO-DATE THIS YEAR (*b*)	YEAR-TO-DATE BUDGET (*c*)	THIS MONTH (*d*)
1. Operating Revenue and Patronage Capital	178,556,612	183,742,114	180,992,388	16,509,166
2. Power Production Expense	208,473	181,454	190,200	16,353
3. Cost of Purchased Power	114,891,964	116,254,341	115,625,457	10,861,755
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	10,172,672	10,257,547	10,596,883	841,763
7. Distribution Expense - Maintenance	14,347,266	12,276,352	12,801,373	1,539,060
8. Customer Accounts Expense	4,669,816	4,817,976	4,889,714	456,671
9. Customer Service and Informational Expense	2,325,298	3,036,490	3,759,160	71,827
10. Sales Expense	469,088	443,495	484,301	49,396
11. Administrative and General Expense	7,626,177	7,817,106	7,967,942	716,536
12. Total Operation & Maintenance Expense (*2 thru 11*)	154,710,754	155,084,761	156,315,030	14,553,361
13. Depreciation and Amortization Expense	11,752,229	12,200,519	12,090,811	1,023,980
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	10,313	1,940	35,500	1,535
16. Interest on Long-Term Debt	9,641,770	9,844,158	9,574,973	847,682
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	123,458	182,273	103,600	55,447
19. Other Deductions	107,699	125,688	105,000	15,908
20. Total Cost of Electric Service (*12 thru 19*)	176,346,223	177,439,339	178,224,914	16,497,913
21. Patronage Capital & Operating Margins (*1 minus 20*)	2,210,389	6,302,775	2,767,474	11,253
22. Non Operating Margins - Interest	1,214,451	1,542,870	1,074,000	227,301
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	19,840	8,774	17,047	565
25. Non Operating Margins - Other	(367,444)	(275,896)	(352,000)	(98,424)
26. Generation and Transmission Capital Credits	8,436,633	9,565,374	9,827,000	(283,768)
27. Other Capital Credits and Patronage Dividends	388,703	913,896	488,000	111,662
28. Extraordinary Items				
29. Patronage Capital or Margins (*21 thru 28*)	11,902,572	18,057,793	13,821,521	(31,411)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2013

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE LAST YEAR (*a*)	YEAR-TO-DATE THIS YEAR (*b*)	ITEM	YEAR-TO-DATE LAST YEAR (*a*)	YEAR-TO-DATE THIS YEAR (*b*)
1. New Services Connected	743	823	5. Miles Transmission		
2. Services Retired	405	372	6. Miles Distribution – Overhead	11,018.00	11,015.00
3. Total Services in Place	132,743	133,194	7. Miles Distribution - Underground	3,137.00	3,192.00
4. Idle Services (*Exclude Seasonals*)	9,387	10,194	**8. Total Miles Energized** ***(5 + 6 + 7)***	14,155.00	14,207.00

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1.	Total Utility Plant in Service	409,127,735	30.	Memberships	519,740
2.	Construction Work in Progress	6,669,023	31.	Patronage Capital	151,073,048
3.	**Total Utility Plant *(1 + 2)***	415,796,758	32.	Operating Margins - Prior Years	0
4.	Accum. Provision for Depreciation and Amort.	113,587,558	33.	Operating Margins - Current Year	16,782,044
5.	**Net Utility Plant *(3 - 4)***	302,209,200	34.	Non-Operating Margins	1,275,748
6.	Non-Utility Property (Net)	0	35.	Other Margins and Equities	3,651,828
7.	Investments in Subsidiary Companies	591,899	**36.**	**Total Margins & Equities *(30 thru 35)***	173,302,408
8.	Invest. in Assoc. Org. - Patronage Capital	103,294,941	37.	Long-Term Debt - RUS (Net)	48,110,474
9.	Invest. in Assoc. Org. - Other - General Funds	0	38.	Long-Term Debt - FFB - RUS Guaranteed	109,740,064
10.	Invest. in Assoc. Org. - Other - Nongeneral Funds	4,657,907	39.	Long-Term Debt - Other - RUS Guaranteed	0
11.	Investments in Economic Development Projects	577,005	40.	Long-Term Debt Other (Net)	97,556,787
12.	Other Investments	1,516,426	41.	Long-Term Debt - RUS - Econ. Devel. (Net)	382,500
13.	Special Funds	0	42.	Payments – Unapplied	22,484,776
14.	**Total Other Property & Investments *(6 thru 13)***	110,638,178	**43.**	**Total Long-Term Debt *(37 thru 41 - 42)***	233,305,049
15.	Cash - General Funds	3,165,396	44.	Obligations Under Capital Leases - Noncurrent	0
16.	Cash - Construction Funds - Trustee	0	45.	Accumulated Operating Provisions and Asset Retirement Obligations	7,028,398
17.	Special Deposits	0	**46.**	**Total Other Noncurrent Liabilities *(44 + 45)***	7,028,398
18.	Temporary Investments	0	47.	Notes Payable	158,239
19.	Notes Receivable (Net)	0	48.	Accounts Payable	13,280,588
20.	Accounts Receivable - Sales of Energy (Net)	21,443,780	49.	Consumers Deposits	1,433,689
21.	Accounts Receivable - Other (Net)	1,098,936			
22.	Renewable Energy Credits	0	50.	Current Maturities Long-Term Debt	5,327,934
23.	Materials and Supplies - Electric & Other	2,610,385	51.	Current Maturities Long-Term Debt - Economic Development	105,000
24.	Prepayments	971,883	52.	Current Maturities Capital Leases	0
25.	Other Current and Accrued Assets	66,485	53.	Other Current and Accrued Liabilities	8,827,775
26.	**Total Current and Accrued Assets *(15 thru 25)***	29,356,865	**54.**	**Total Current & Accrued Liabilities *(47 thru 53)***	29,133,225
27.	Regulatory Assets	1,208,833	55.	Regulatory Liabilities	0
28.	Other Deferred Debits	7,017,659	56.	Other Deferred Credits	7,661,655
29.	**Total Assets and Other Debits *(5+14+26 thru 28)***	450,430,735	**57.**	**Total Liabilities and Other Credits *(36 + 43 + 46 + 54 thru 56)***	450,430,735

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2013
PART D. NOTES TO FINANCIAL STATEMENTS	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2013

PART D. CERTIFICATION LOAN DEFAULT NOTES

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
	PERIOD ENDED December, 2013
INSTRUCTIONS - See help in the online application.	

PART E. CHANGES IN UTILITY PLANT

PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. Distribution Plant	349,475,865	17,916,825	989,361		366,403,329
2. General Plant	25,193,324	3,204,979	1,722,143	(4,032)	26,672,128
3. Headquarters Plant	13,892,235	143,382			14,035,617
4. Intangibles	18,127		5,429		12,698
5. Transmission Plant	0				0
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	1,969,200	34,763			2,003,963
8. Total Utility Plant in Service (*1 thru 7*)	390,548,751	21,299,949	2,716,933	(4,032)	409,127,735
9. Construction Work in Progress	7,591,450	(922,427)			6,669,023
10. Total Utility Plant (*8 + 9*)	398,140,201	20,377,522	2,716,933	(4,032)	415,796,758

PART F. MATERIALS AND SUPPLIES

ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	2,308,579	7,251,978	60,347	6,766,991	293,851	50,325	2,610,387
2. Other	0						0

PART G. SERVICE INTERRUPTIONS

ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)	TOTAL (e)
1. Present Year	8.950	162.800	6.470	161.850	340.070
2. Five-Year Average	20.520	381.880	6.310	165.010	573.720

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	237	4. Payroll - Expensed	9,968,895
2. Employee - Hours Worked - Regular Time	483,515	5. Payroll – Capitalized	4,019,743
3. Employee - Hours Worked - Overtime	31,984	6. Payroll - Other	3,844,453

PART I. PATRONAGE CAPITAL

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	5,262,613	
	b. Special Retirements	249,960	
	c. Total Retirements (*a + b*)	5,512,573	
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	1,980,143	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	600,027	
	c. Total Cash Received (*a + b*)	2,580,170	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. Amount Due Over 60 Days	$ 787,517	2. Amount Written Off During Year	$ 220,132

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application	PERIOD ENDED December, 2013

PART K. kWh PURCHASED AND TOTAL COST

No	ITEM (a)	SUPPLIER CODE (b)	RENEWABLE ENERGY PROGRAM NAME (c)	RENEWABLE FUEL TYPE (d)	kWh PURCHASED (e)	TOTAL COST (f)	AVERAGE COST (Cents/kWh) (g)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT (h)	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES (i)
1	Wolverine Pwr Supply Coop, Inc	20910			1,390,487,911	110,209,115	7.93		
2	Wolverine Pwr Supply Coop, Inc	20910	Wind Farm	Wind	76,271,489	6,045,226	7.93		
	Total				1,466,759,400	116,254,341	7.93		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application	PERIOD ENDED December, 2013

PART K. kWh PURCHASED AND TOTAL COST

No	Comments
1	
2	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2013

PART L. LONG-TERM LEASES

No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
1	Antenna Designs	Tower	4,305
2	EW Marine	Tower	12,600
3	CSX Transport	Railroad	2,445
4	State of Michigan	Railroad	645
	TOTAL		19,995

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2013

PART M. ANNUAL MEETING AND BOARD DATA

1. Date of Last Annual Meeting	2. Total Number of Members	3. Number of Members Present at Meeting	4. Was Quorum Present?
8/21/2013	103,887	4	N
5. Number of Members Voting by Proxy or Mail	**6. Total Number of Board Members**	**7. Total Amount of Fees and Expenses for Board Members**	**8. Does Manager Have Written Contract?**
4,465	9	$ 343,668	Y

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2013

PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	48,110,474	2,029,352	1,593,174	3,622,526
2	National Rural Utilities Cooperative Finance Corporation	8,888,560	284,308	1,436,673	1,720,981
3	CoBank, ACB	88,268,227	3,918,063	4,415,258	8,333,321
4	Federal Financing Bank	109,740,064	3,603,375	1,887,745	5,491,120
5	RUS - Economic Development Loans	382,500	0	105,000	105,000
6	Payments Unapplied	22,484,776			
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans				
9	Principal Payments Received from Ultimate Recipients of EE Loans				
10	Economic Dev. City of Newaygo	400,000	0	0	0
11	IRP	0	5,053	21,355	26,408
	TOTAL	233,305,049	9,840,151	9,459,205	19,299,356

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2013

PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY

CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (*a*)	AVERAGE NO. CONSUMERS SERVED (*b*)	TOTAL YEAR TO DATE (*c*)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	75,708	75,797	
	b. kWh Sold			724,838,249
	c. Revenue			99,793,100
2. Residential Sales - Seasonal	a. No. Consumers Served	36,521	36,633	
	b. kWh Sold			87,345,975
	c. Revenue			22,637,703
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	10,447	10,498	
	b. kWh Sold			173,776,396
	c. Revenue			22,289,446
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	324	325	
	b. kWh Sold			417,961,829
	c. Revenue			35,112,006
6. Public Street & Highway Lighting	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10. Total No. of Consumers (*lines 1a thru 9a*)		123,000	123,253	
11. Total kWh Sold (*lines 1b thru 9b*)				1,403,922,449
12. Total Revenue Received From Sales of Electric Energy (*lines 1c thru 9c*)				179,832,255
13. Transmission Revenue				
14. Other Electric Revenue				3,909,859
15. kWh - Own Use				
16. Total kWh Purchased				1,466,759,400
17. Total kWh Generated				182,000
18. Cost of Purchases and Generation				116,435,795
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident___ Coincident X				286,230

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2013
INSTRUCTIONS - See help in the online application.	

PART P. ENERGY EFFICIENCY PROGRAMS

CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers *(a)*	**Amount Invested** *(b)*	**Estimated MMBTU Savings** *(c)*	**No. of Consumers** *(d)*	**Amount Invested** *(e)*	**Estimated MMBTU Savings** *(f)*
1. Residential Sales (excluding seasonal)	5,610	967,991	31,142	9,198	2,338,894	57,720
2. Residential Sales - Seasonal	736	127,002	4,086	1,150	285,878	7,145
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	233	701,485	19,689	297	1,454,719	28,798
5. Comm. and Ind. Over 1000 KVA	118	357,510	10,034	145	684,416	22,284
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
10. Total	6,697	2,153,988	64,951	10,790	4,763,907	115,947

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS**	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2013

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)

No	DESCRIPTION (a)	INCLUDED ($) (b)	EXCLUDED ($) (c)	INCOME OR LOSS ($) (d)	RURAL DEVELOPMENT (e)
2	**Investments in Associated Organizations**				
	Investment in Subsidiaries	591,899			
	WPC patronage - G&T		101,134,750		
	NRUCFC Patronage		765,816		
	Federated Patronage	351,703			
	CoBank patronage		576,460		
	NISC Patronage	156,965			
	Resco Patronage	309,247			
	Resco Stock	5,400			
	WPC Membership - G&T	600			
	NRUCFC Membership		1,000		
	CoBank Membership		1,000		
	NRTC Membership	2,000			
	NISC Membership	25			
	Geothermal Energy Membership	600			
	NRUCFC CTC's/Membership Certificates		4,647,282		
	Totals	1,418,439	107,126,308		
3	**Investments in Economic Development Projects**				
	IRP Loans		74,773		X
	Revolving Loan Fund		82,231		X
	Kilwins Confections		420,000		X
	Totals		577,004		
4	**Other Investments**				
	Homestead Funds - GLE employees Def. comp.		211,214		
	Homestead funds - Director Def. Comp.		79,820		
	American Funds - Mutual Funds		1,225,393		
	Totals		1,516,427		
6	**Cash - General**				
	Fifth Third Bank	1,560,281	250,000		
	West Shore Bank	1,876	70,007		
	Choice One Bank		182,724		
	Huntington Bank		225,778		
	United Bank of Michigan	4,524	109,873		
	Choice One Bank - Economic Dev.		442,172		
	Choice One Bank - Revolving Loan Fund		314,079		X
	Choice One Bank - IRP Account		7		X
	Working Funds - Petty Cash	4,075			X
	Totals	1,570,756	1,594,640		
9	**Accounts and Notes Receivable - NET**				
	Other Accounts Receivable - Net		1,098,936		
	Totals		1,098,936		
11	TOTAL INVESTMENTS (1 thru 10)	2,989,195	111,913,315		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS**	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2013

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION II. LOAN GUARANTEES

No	**ORGANIZATION** **(a)**	**MATURITY DATE** **(b)**	**ORIGINAL AMOUNT ($)** **(c)**	**LOAN BALANCE ($)** **(d)**	**RURAL DEVELOPMENT** **(e)**
	TOTAL				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS**	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2013

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

SECTION III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]	0.72 %

SECTION IV. LOANS

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT ($) (c)	LOAN BALANCE ($) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors		18,560	10,690	
2	Energy Resources Conservation Loans				
	TOTAL		18,560	10,690	

Consolidated Financial Statements
December 31, 2013 and 2012

Great Lakes Energy Cooperative

GREAT LAKES ENERGY COOPERATIVE

EideBailly
CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Great Lakes Energy Cooperative, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in equities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 opinion. 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Great Lakes Energy Cooperative as of December 31, 2013 and 2012, 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.

Report Issued in Accordance with Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April16, 2014, on our consideration of Great Lakes Energy Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Great Lakes Energy Cooperative's internal control over financial reporting and compliance.

Eide Bailly LLP

Fargo, North Dakota
April 16, 2014

GREAT LAKES ENERGY COOPERATIVE
Consolidated Balance Sheets
as of December 31, 2013 and 2012

ASSETS	2013	2012	EQUITIES AND LIABILITIES	2013	2012
ELECTRIC PLANT:			EQUITIES:		
Distribution and generation plant, at cost	$ 415,796,758	$ 398,140,201	Memberships	$ 519,740	$ 519,740
Less accumulated depreciation	113,587,558	109,853,315	Patronage capital	165,057,286	152,295,887
			Donated capital	3,651,828	3,486,429
Net electric plant	302,209,200	288,286,886	Accumulated other comprehensive income	4,073,555	684,307
			Total equities	173,302,409	156,986,363
OTHER ASSETS AND INVESTMENTS:					
Nonutility property, net of accumulated depreciation	1,043	1,090			
Investments and memberships	109,469,275	101,560,421	LONG-TERM DEBT, net of current maturities	233,305,050	220,243,500
Notes and other receivables	329,609	417,407			
Total other assets and investments	109,799,927	101,978,918	OTHER NON-CURRENT LIABILITIES	7,028,398	10,150,346
CURRENT ASSETS:					
Cash	3,707,634	5,393,818	CURRENT LIABILITIES:		
Accounts receivable, net of allowance for uncollectible			Current maturities of long-term debt	5,432,934	6,974,863
accounts of $1,376,638 in 2013 and $1,344,470 in 2012	22,631,064	23,645,665	Notes payable	158,239	174,166
Materials and supplies	2,610,385	2,308,579	Accounts payable	13,281,893	12,475,383
Other current assets, including current portion of notes			Accrued expenses	8,827,775	7,942,207
and other receivables	2,073,140	3,004,553	Customer deposits	1,433,689	1,427,292
Total current assets	31,022,223	34,352,615	Total current liabilities	29,134,530	28,993,911
DEFERRED CHARGES	7,400,691	120,244	DEFERRED CREDITS	7,661,654	8,364,543
Total assets	$ 450,432,041	$ 424,738,663	Total equities and liabilities	$ 450,432,041	$ 424,738,663

The accompanying notes are a part of these consolidated financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Revenues and Net Margins
for the years ended December 31, 2013 and 2012

	2013	2012
OPERATING REVENUES	$ 183,742,114	$ 178,556,612
OPERATING EXPENSES:		
Purchased and produced power	116,435,795	115,100,436
Distribution expenses:		
Operations	10,257,547	10,172,672
Maintenance	12,276,352	14,347,266
Customer accounts and service expense	8,297,961	7,464,202
Administration and general	7,806,623	7,631,705
Depreciation and amortization	12,200,566	11,754,281
Other operating expenses	185,093	165,290
Total operating expenses	167,459,937	166,635,852
OPERATING MARGINS BEFORE FIXED CHARGES	16,282,177	11,920,760
FIXED CHARGES, interest expense	10,026,432	9,765,228
OPERATING MARGINS AFTER FIXED CHARGES	6,255,745	2,155,532
NON-OPERATING MARGINS:		
Interest income	1,546,632	1,217,549
Other expenses, net of other income	(212,116)	(286,498)
Total non-operating margins	1,334,516	931,051
CAPITAL CREDITS, from associated organizations	10,479,270	8,825,336
Net margins before federal income taxes	18,069,531	11,911,919
PROVISION FOR FEDERAL INCOME TAX	11,738	9,347
Net margins	$ 18,057,793	$ 11,902,572

The accompanying notes are a part of these consolidated financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Cash Flows
for the years ended December 31, 2013 and 2012

Increase (Decrease) in Cash

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margins	$ 18,057,793	$ 11,902,572
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	12,200,566	11,754,282
Capital credits from associated organizations	(10,479,270)	(8,825,336)
Net gain on sale of assets	(80,734)	(728)
Unrealized appreciation on investments	(48,962)	(16,228)
Bad debt provision	287,001	282,000
Changes in assets and liabilities:		
Accounts receivable	724,330	(4,572,297)
Materials and supplies	(241,459)	(33,916)
Retirement security plan prepayment	(7,329,821)	-
Other assets and deferred charges	1,297,032	(254,610)
Accounts payable	788,000	435,425
Accrued expenses and other liabilities	885,568	1,336,802
Customer deposits	6,397	16,021
Other non-current liabilities and deferred credits	(1,194,378)	1,284,323
Net cash provided by operating activities	14,872,063	13,308,310
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash from short-term investments	-	5,040,970
Net investments and memberships	2,784,470	1,923,172
Proceeds from sale of assets	176,969	139,942
Property additions	(24,927,165)	(18,973,164)
Plant removal costs	(2,360,565)	(1,500,679)
Additions to notes receivable	(13,051)	(4,678)
Collection on notes receivable	77,848	111,041
Changes in deferred charges	-	(1,186,601)
Net cash used in investing activities	(24,261,494)	(14,449,997)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions in aid of construction received net of refunds	1,296,769	1,532,641
Net proceeds from (payment of) short-term debt	(15,928)	264
Proceeds from long-term debt	31,840,218	10,858,043
Payment of long-term debt	(20,320,597)	(3,444,185)
Capital credits paid out	(5,262,613)	(3,800,283)
Capital credits paid out of donated capital	(196)	-
Recovery of previously paid out capital credits	165,594	236,002
Net cash provided by financing activities	7,703,247	5,382,482
Net change in cash	(1,686,184)	4,240,795
CASH, beginning of year	5,393,818	1,153,023
CASH, end of year	$ 3,707,634	$ 5,393,818

The accompanying notes are a part of these consolidated financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Changes in Equities
Years ended December 31, 2013 and 2012

	Memberships	Patronage Capital	Donated Capital	AOCI	Total
Balance at December 31, 2011	$ 519,740	$ 144,386,718	$ 3,250,427	$ (7,703,580)	$ 140,453,305
Net margins	-	11,902,572	-	-	11,902,572
Other comprehensive income (expense):					
Unrealized holding gain on securities	-	-	-	93,829	93,829
Directors' Pension and Retiree Welfare Benefit Plan liability adjustment	-	-	-	8,294,058	8,294,058
Sales tax returned	-	74,785	-	-	74,785
Undeliverable retired patronage refunds to members and other adjustments	-	-	236,002	-	236,002
Patronage refunds to members:					
Cash refunds	-	(3,800,283)	-	-	(3,800,283)
Non-cash refunds	-	(267,905)	-	-	(267,905)
Balance at December 31, 2012	519,740	152,295,887	3,486,429	684,307	156,986,363
Net margins	-	18,057,793	-	-	18,057,793
Other comprehensive income (expense):					
Unrealized holding gain on securities	-	-	-	165,091	165,091
Directors' Pension and Retiree Welfare Benefit Plan liability adjustment	-	-	-	3,224,157	3,224,157
Sales tax returned	-	216,180	-	-	216,180
Undeliverable retired patronage refunds to members and other adjustments	-	-	165,399	-	165,399
Patronage refunds to members:					
Cash refunds	-	(5,262,613)	-	-	(5,262,613)
Non-cash refunds	-	(249,960)	-	-	(249,960)
Balance at December 31, 2013	$ 519,740	$ 165,057,286	$ 3,651,828	$ 4,073,555	$ 173,302,409

The accompanying notes are a part of these consolidated financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Comprehensive Income
for the years ended December 31, 2013 and 2012

	2013	2012
NET MARGINS	$ 18,057,793	$ 11,902,572
Other comprehensive income (expense):		
Unrealized holding gain on securities arising during year	165,091	93,829
Directors' pension liability adjustment	-	(133,238)
Employees' Postretirement Health Insurance Benefit Plan liability adjustment	3,224,157	8,427,296
Net other comprehensive income	3,389,248	8,387,887
Comprehensive income	$ 21,447,041	$ 20,290,459

The accompanying notes are a part of these consolidated financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Great Lakes Energy Cooperative (the Company) is an electric distribution company servicing rural areas in parts of 26 counties located in the western portion of Michigan's Lower Peninsula.

The Company is organized as a member cooperative with all customers being members. Each member who joins the cooperative is entitled to certain membership rights, including the right to vote on certain corporate matters. The Company is governed by a board of directors elected by the members.

As a cooperative, annual net margins are assigned to members as capital credits based on their relative purchase of electric power during the year. It is the Company's policy to retire these capital credits when the financial condition of the Company permits.

The Company has a wholly-owned subsidiary which engages in certain business activities unrelated to the distribution of electricity.

The Company is a nonprofit organization exempt from federal income tax under Section 501(c) (12) of the Internal Revenue Code, except for tax on any unrelated business income. The Company's subsidiary is a corporation that is not exempt from federal income tax. The Company and its subsidiary are both subject to income taxes levied by The State of Michigan.

Basis of Accounting

The Company is subject to the accounting and reporting rules and regulations of Rural Utilities Service, a Federal Government agency. The Company follows the Federal Energy Regulatory Commission's Uniform System of Accounts prescribed for Class A and B Electric Utilities as modified by the Rural Utilities Service.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Great Lakes Utilities Services Corporation (GLUS). All significant intercompany transactions have been eliminated in preparing the consolidated financial statements.

Electric Plant

Electric plant includes the electric distribution system, a small generating plant, real estate and various buildings and operating equipment. These assets are recorded at cost, net of any contributions received from customers to defray the cost of constructing the distribution system. Assets are depreciated over their estimated useful lives under the straight-line method.

The cost of any distribution system and generating plant that is retired, plus the cost of removal, net of any salvage value realized, is charged, in total, against accumulated depreciation; a gain or loss is not recognized. The cost and related accumulated depreciation of buildings and operating equipment retired or sold is removed from their respective accounts and a gain or loss is recognized.

Nonutility Property

At December 31, 2013 and 2012, non-utility property consisted of equipment which is being depreciated under the straight-line method over its estimated useful life using the lives permitted for income tax purposes.

Investments and Memberships

Investments and memberships include investments in other cooperatives and various mutual funds. The investments in cooperatives, which comprise the majority of investments, are carried at cost plus assigned capital credits less any capital credits paid to the Company. Income from investments in other cooperatives is recognized when capital credits are assigned by those cooperatives.

Investments in mutual funds are carried at market value. Certain of these investments are directly related to deferred-compensation obligations and changes in market value are recorded as changes in the related liability. The remaining investments are classified as available-for-sale with changes in market value reported in other comprehensive income until realized.

Notes and Other Receivables

Notes and other receivables include primarily low or zero interest loans made under Federal Rural Economic Development programs. These receivables, as reported in the balance sheets, are net of related allowances for uncollectible accounts of $92,987 in 2013 and $80,987 in 2012 with any additions to the allowance charged against margins. Interest income is recognized on these receivables by applying the stipulated interest rates to any unpaid balance; any fee revenue is recognized when assessed.

Electric Revenues and Accounts Receivable

Rates for electricity charged to members are established by the Board of Directors and prior to March 20, 2012 were subject to approval by the Michigan Public Service Commission (MPSC) before becoming effective. As of March 20, 2012, the Company became member-regulated and the rates were no longer subject to MPSC approval. Revenue is recognized when electricity is delivered to customers. Bills are rendered in staggered cycles throughout each month for economic and business reasons. Consequently, at the end of each month a portion of the recorded revenue remains unbilled. The unbilled revenue is computed by applying approved revenue rates to the difference between total kilowatt hours (KWH) delivered to customers, as determined from electronic meter readings taken at month end, and the KWH used for cycle billing purposes.

The Company bills and collects Michigan sales tax related to electric revenue from most of its customers. The sales tax billed is reflected in accounts receivable and recorded as a liability; it is not recorded as revenue or as an expense.

Any electric accounts receivable not collected within one month of billing are assessed a one-time late fee of 2 percent. This fee is included as part of operating revenue.

Allowances are provided for accounts receivable that may become uncollectible, with additions to the allowance charged against margins. Past collection experience is tracked by the Company and is used to determine additions to the allowance. Accounts receivable are written off by a charge against the allowance only after collection efforts have been exhausted and future collection appears unlikely.

Regulation

In December 2011, the Board of Directors voted to become member-regulated as of March 20, 2012. On that date, the Company became self-regulated for rates, billing practices, and accounting standards. All other aspects of electric service continue to be regulated by the MPSC. The Company's accounting policies and the accompanying financial statements will continue to follow generally accepted accounting principles applicable to rate-regulated enterprises and reflect the effects of the ratemaking process.

Materials and Supplies

Materials and supplies, which are recorded at average cost, consist primarily of items necessary to construct and maintain the distribution system and fuel to operate the generating plant.

Deferred Charges

Deferred charges consist primarily of preliminary survey, pole inspection, pension related costs, and deferred Energy Optimization Program costs. The preliminary survey and pole inspection costs are being amortized straight-line over periods not exceeding twenty years, the Energy Optimization costs over a four-year period ending December 31, 2015, and the other deferred costs over various periods. In 2013, the Company made a prepayment which totaled $7,329,821 to the National Rural Electric Cooperative Association for the Retirement Security Plan to enhance the Plan's funded status. The prepayment will be amortized over 18 years which is the weighted average life of the Company's workforce.

Deferred Credits

Deferred credits consist primarily of refundable contributions in aid of construction, which are refundable for a certain period of time, contributions received for future construction, and revenues billed in advance. Upon expiration of the refund period, any contributions not refunded are credited to the electric plant's distribution system. Contributions for future construction are applied against the distribution system when construction costs related to the contribution are incurred. Service availability charges billed in advance are amortized straight-line to revenue over the period covered by the advanced billing.

Fair Value of Financial Instruments

Certain investment assets are recorded at fair value, which is determined in accordance with fair value measuring criteria under generally accepted accounting principles. Fair value is defined as the price that would be received in exchange for an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at year end, the measurement date, in the principal or most advantageous market for the asset or liability being valued at its fair value.

Under generally accepted accounting principles a hierarchy has been established which prioritizes the techniques for determining fair value. The highest priority, level 1, is quoted market prices on an active market. Level 2 involves quoted market prices in a market that is not considered active while level 3 involves fair value established using other factors but without a market. The valuation level used in determining fair value depends on the Company’s ability to access the markets at the measurement date.

Financial instruments, such as cash, temporary investments and special funds, accounts receivable, accounts payable, accrued expenses and customer deposits are carried in the consolidated financial statements at cost. These amounts approximate the fair value of such instruments due to their short maturity. Notes and other receivables are carried at cost as they are made under various government programs which specify below-market interest rates. Investments and memberships in other cooperatives are carried at cost plus undistributed capital credits assigned by the investee cooperatives as there is no practical way to determine a market value for these investments. Investments in mutual funds are carried at active published market prices as of year-end.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of any contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Areas requiring the use of significant estimates by management include useful lives of plant, potential uncollectible accounts, notes and other receivables, and postretirement benefit costs. Actual results could differ from the estimates embedded in the consolidated financial statements.

Cash Flows

The Company reports its cash flows using the indirect method in order to present a reconciliation of net margins to significant changes in cash. Cash reported on the consolidated statement of cash flows is cash reflected on the consolidated balance sheet.

NOTE B - ELECTRIC PLANT

Major classes of electric plant as of December 31, 2013 and 2012 are as follows:

	2013	2012
Distribution System	$ 366,403,329	$ 349,475,865
Generation plant	2,003,963	1,969,200
General plant	40,707,745	39,085,558
Intangible plant	12,698	18,128
Construction work in progress, net of related contributions in aid of construction	6,669,023	7,591,450
	415,796,758	398,140,201
Less accumulated depreciation	113,587,558	109,853,315
Total	$ 302,209,200	$ 288,286,886

During 2013 and 2012, the various components of the electric plant were depreciated based on management's estimate of their useful lives. The lives used equate to an annual composite rate of approximately 2.9 percent for the distribution system and 4.3 percent for the generation plant.

General plant is being depreciated over the following lives:

General Plant	
Structures and improvements	50 years
Office furniture and equipment:	
General office equipment and general purpose data processing equipment	3-16 years
Special purpose data processing equipment	3 years
Computer software	3 years
Transportation equipment:	
Automobile and pickup trucks	5-8.5 years
Heavy trucks	10 years
Power operated equipment	8 years
Communications equipment,	5-12.5 years
Load control equipment	10 years
Other	20 years

The nonutility property is being depreciated over the following lives:

Nonutility Plant	
Equipment	5-7 years
Computer software	3 years

NOTE C - INVESTMENTS AND MEMBERSHIPS

Investments consisted of the following as of December 31, 2013 and 2012:

	2013	2012
Wolverine Power Supply Cooperative, Inc:		
Patronage capital credits and membership	$ 101,135,350	$ 93,550,119
National Rural Utilities Cooperative Finance Corporation:		
Capital Term Certificates	4,647,282	4,687,564
Patronage capital credits and membership	766,816	760,752
Other memberships, patronage capital and mutual fund investments	2,919,827	2,561,986
Total	$ 109,469,275	$ 101,560,421

Wolverine Power Cooperative, Inc. (Wolverine) is an electric generating and transmission cooperative in which the Company has an approximate 55 percent interest. According to the contract with Wolverine, all electric power required by the Company is to be purchased from Wolverine (see Note Q).

The Company carries its investments in various mutual funds at their fair values. A portion of the investments aggregating $291,033 at December 31, 2013 and $224,605 at December 31, 2012 represent investments held on behalf of current and former directors and employees. Accordingly, annual changes in the fair values of these investments are recorded as an adjustment to their related liability accounts rather than as a part of accumulated other comprehensive income.

Management classifies the remaining investments as available-for-sale. Annual changes in fair value are determined under level 1 valuation techniques and are recorded as a component of accumulated other comprehensive income. A comparison of cost and fair value of these investments at December 31, 2013 and 2012 follows:

	2013	2012
Cost of remaining mutual fund investments	$ 1,024,636	$ 986,979
Unrealized gain (loss)	200,757	35,666
Fair value	$ 1,225,393	$ 1,022,645

NOTE D -NOTES AND LOANS RECEIVABLE

Notes receivable consisted of the following as of December 31, 2013 and 2012:

	2013	2012
Rural Economic Development loans, net of allowance for uncollectable loans	$ 484,018	$ 566,239
Land contract receivable	38,581	37,662
Employee loans	10,616	5,435
	533,215	609,336
Less current portion	203,606	191,929
Total	$ 329,609	$ 417,407

The current portion of notes receivable is classified with other current assets in the consolidated balance sheets.

Rural Economic Development Loans Receivable

The Rural Economic Development loans receivable are zero or low interest loans due in periodic installments of principal and, where appropriate, interest until final maturity. The loans are financed from grants or loans obtained by the Company under various federal programs established for the purpose of promoting loans through electric cooperatives to qualifying entities within their communities for the purpose of promoting economic development. The loans are collateralized by real estate mortgages, an irrevocable stand-by letter of credit or a security interest in equipment.

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable include both billed and unbilled revenues. At December 31, 2013 and 2012 accounts receivable consisted of the following:

	2013	2012
Billed accounts	$ 13,641,814	$ 15,168,843
Unbilled accounts	10,365,888	9,821,292
	24,007,702	24,990,135
Less allowance for uncollectible accounts	1,376,638	1,344,470
Net accounts receivable	$ 22,631,064	$ 23,645,665

NOTE F - DEFERRED CHARGES

Deferred charges at December 31, 2013 and 2012 consisted of the following:

	2013	2012
Unamortized debt costs	$ 15,731	$ 18,126
Pole inspection	17,211	46,927
Preliminary survey costs	62,104	82,386
Pension related costs	7,784,838	906,340
Deferred Energy Optimization Program costs	346,605	359,204
	8,226,489	1,412,983
Less current portion	825,798	1,292,739
Totals	$ 7,400,691	$ 120,244

NOTE G - EQUITY

At December 31, 2013 and 2012, cumulative transactions in patronage capital consisted of the following:

	2013	2012
Assigned and assignable margins	$ 220,012,502	$ 201,738,530
Retired	(51,218,827)	(45,956,214)
Undeliverable, transferred to donated capital	(3,736,389)	(3,486,429)
Balance	$ 165,057,286	$ 152,295,887

It is the practice of the Company to make patronage refunds to its patrons or members. Such refunds may be made provided total equity, after such refunds are made and excluding the results of GLUS, is greater than 20 percent of total assets. At both December 31, 2013 and 2012 equities of the Company, excluding GLUS, represented approximately 37.6 percent and 36.8 percent, respectively, of its total assets.

NOTE H - LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2013 and 2012:

	2013	2012
Rural Utilities Service ("RUS")	$ 49,772,384	$ 51,365,558
Less RUS Cushion of Credit, advance payment Earning 5 pct. Interest	(26,992,528)	(16,131,136)
	22,779,856	35,234,422
National Rural Utilities Cooperative Finance Corporation ("CFC")	9,875,064	11,311,737
CoBank ACB ("CoBank")	93,080,830	90,166,267
Federal Financing Bank ("FFB")	112,114,734	89,002,479
Rural Economic Development Loan Program ("REDLG")	887,500	1,503,458
	238,737,984	227,218,363
Less current maturities	5,432,934	6,974,863
Total long-term debt	$ 233,305,050	$ 220,243,500

Loans under the RUS mortgage carry fixed or semi-fixed interest rates as detailed below. They are payable in either monthly or quarterly installments, which include both principal and interest, until final maturity during 2035.

Mortgages with 3.00 percent to 4.87 percent, semi-fixed interest	$	49,637,833
Mortgages with 5 percent fixed interest		134,551
Total	$	49,772,384

CFC loans are payable in quarterly or bi-annual installments, including principal and interest, and have various maturity dates through 2041. They bear interest at variable or fixed rates ranging between 1.31 percent and 5.5 percent.

CoBank loans are payable in monthly or quarterly installments, including principal and interest, and have various maturity dates through 2032. They bear interest at fixed rates ranging between 2.53 percent and 4.93 percent.

FFB and REDLG loans are payable primarily in either monthly or quarterly installments, including principal and interest, and have various maturity dates through 2046. The FFB loans bear interest at various rates, which ranged between 2.55 percent and 7.43 percent The REDLG borrowings bear no interest or interest at one percent.

The loan agreement with FFB is collateralized by a joint mortgage agreement with RUS, CFC and CoBank. Under the joint agreement, substantially all of the Company’s assets, except transportation and power operated equipment, certain investments and memberships, certain temporary investments and special funds, and some office equipment, are pledged as collateral under terms of the joint agreement.

In addition to pledging its assets as collateral for the above loans, the Company has agreed under terms of loan agreements with the RUS, CFC and CoBank, to maintain margins at adequate levels to meet certain financial ratios of times interest earned and debt service coverage. RUS, CFC and CoBank use the three most recent years, including the current year, to determine whether these loan covenants have been met through an averaging computation. The Company was in compliance with these loan covenants during 2013 and 2012.

Aggregate annual future maturities of long-term debt, net of amortization of the cushion of credit, are as follows:

Years	Loans
2014	5,432,934
2015	5,466,048
2016	5,715,694
2017	6,483,252
2018	6,383,348
2019 and beyond	209,256,708
Total	$ 238,737,984

NOTE I – OTHER NON-CURRENT LIABILITIES

The other non-current liabilities at December 31, 2013 and 2012 consisted of the following:

	2013	2012
Accumulated provision for directors' pension plan and employees' postretirement health insurance benefits	$ 6,411,836	$ 9,925,741
Employees' and directors' deferred compensation	616,562	224,605
Total	$ 7,028,398	$ 10,150,346

NOTE J - NOTES PAYABLE

The Company has two revolving lines of credit aggregating $35,000,000. The first line of credit is with CFC and is an unsecured perpetual line in the amount of $25,000,000. The other line of credit is with CoBank. It is a one-year line expiring October 31, 2014 in the amount of $10,000,000. Any borrowings under the CoBank line are subject to a statutory first lien on the Company's equity, but are otherwise unsecured. At December 31, 2013 there were no outstanding loans under the CFC line. Loans outstanding under the CoBank line totaled $158,239 at that date with an interest rate of 2.93 percent. The remaining available balance under the two lines of credit aggregated $34,841,761 at December 31, 2013.

NOTE K - DEFERRED CREDITS

Deferred credits at December 31, 2013 and 2012 consisted of the following:

	2013	2012
Customer advances to defray system construction costs:		
Non-refundable	$ 540,252	$ 540,252
Refundable	3,952,506	3,934,793
Total customer advances	4,492,758	4,475,045
Estimated labor cost associated with initial installation of transformers and meters	152,800	129,053
Deferred revenue associated with seasonal accounts	-	1,131,548
Deferred Energy Optimization Program surcharge		
Revenue	3,016,096	2,628,897
Total	$ 7,661,654	$ 8,364,543

NOTE L - CASH FLOW INFORMATION

Additional cash flow information for the years ended December 31, 2013 and 2012 is as follows:

	2013	2012
Cash paid during the year for:		
Interest	$ 9,840,151	$ 9,411,812
Federal income tax	9,000	3,325

NOTE M - FEDERAL INCOME TAX

The Company, as a tax exempt entity, is exempt from federal income tax except for the rent it receives on its towers. Its subsidiary is subject to federal income tax. The Company and subsidiary file separate federal income tax returns to report their respective taxable income.

Management believes that positions taken during prior years and to be taken for 2013 in reporting federal taxable income for the Company and for its subsidiary are not controversial and have a high degree of being sustained upon any future examination by the taxing authority.

The Company’s Federal income tax returns are subject to examination by the IRS, generally for three years after they were filed. The Company’s State tax returns are subject to examination by State authorities, generally for four years after they were filed.

NOTE N - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, special funds, investments and memberships, and accounts receivable.

Cash and special funds are maintained in credit worthy banks. Accordingly, the Company believes it has no significant credit risk regarding cash and temporary investments and special funds.

The majority of the Company's investments and memberships are invested in Wolverine, the Company’s exclusive power supplier, in Capital Term Certificates issued by CFC, and in other cooperatives. The Company believes there is no significant credit risk associated with these investments. Mutual fund investments, which comprise 1 percent of investments, are subject to normal market fluctuations.

Any credit risk relative to accounts receivable is dissipated due to the large number of customers throughout the Company’s service area.

Cash on deposit at December 31, 2013 and 2012, including the cash assigned to special funds, exceeded the Federal Depository Insurance limits by $3,328,108 and $1,240,151, respectively.

NOTE O - EMPLOYEE BENEFITS

The Company currently offers most employees several types of employee benefits, including retirement plans and health insurance benefits. The Company also provides certain directors a retirement plan.

Retirement Plans for Employees

The Company participates with other electric cooperatives in a multi-employer retirement and security program sponsored by the National Rural Electric Cooperative Association (NRECA). Substantially all employees are covered by this program. The NRECA Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax exempt under Section 501(a) of the Internal Revenue Code. It is considered a multiemployer plan under the accounting standards. The plan sponsor’s Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The NRECA retirement and security program provides benefits based on years of service and the highest five years of compensation during the last 10 years of employment. The Company makes contributions to the program equal to the amounts reflected as an expense in the consolidated financial statements. The Company’s contributions to the RS Plan in 2013 and 2012 represented less than 5 percent of the total contributions made to the plan by all participating employers. The Company’s contributions to the program for 2013 and 2012 were $2,138,553 and $2,697,811, respectively. In 2013 the Company elected to participate in the prepayment option offered to participating employers. See the description below for more information on the prepayment program.

In the RS Plan, a “zone status” determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Retirement Security Plan was over 80 percent funded on January 1, 2013 and between 65 percent and 80 percent funded on January 1, 2012 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

RS Plan Prepayment Option

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. In 2013, the Company made the prepayment which totaled $7,329,821 to the National Rural Electric Cooperative Association for the Retirement Security Plan to enhance the Plan's funded status. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives, the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15 year period. The prepayment will be amortized over 18 years which is the weighted average life of the Company's workforce. The amortization expense was $407,212 in 2013.

Retirement Plan for Directors

The Company has a non-qualified unfunded pension plan for certain directors. The plan covers directors who serve on the Board for at least ten years, who were on the Board as of June 22, 2005, and who, under normal circumstances, retire before reaching the age of 72. Directors elected to the Board subsequent to that date are not eligible for the Plan. The plan provides only for retirement benefits; it does not provide for death or disability benefits.

The Company accrues the annual cost associated with this plan and reports a liability for any unpaid benefits. However, there is no trust associated with this plan and monies to fund the plan come from the unrestricted assets of the Company.

The following table provides information regarding projected benefit obligations, plan assets and funded status of the directors' plan as of December 31, 2013 and 2012:

	2013	2012
Change in benefit obligation:		
Benefit obligation at January 1	$ 2,247,041	$ 2,102,211
Service cost	70,736	12,336
Interest cost	84,264	91,524
Actuarial loss (gain)	-	168,770
Benefits paid	(123,250)	(127,800)
Benefit obligation at December 31	$ 2,278,791	$ 2,247,041
Change in plan assets:		
Fair value of plan assets at January 1	$ -	$ -
Company contributions	123,250	127,800
Benefits paid	(123,250)	(127,800)
Fair value of plan assets at December 31	$ -	$ -
Reconciliation of funded status of plans:		
Projected benefit obligation	2,278,791	2,247,041
Fair value of plan assets	-	-
Recorded accrued benefit cost at December 31	$ 2,278,791	$ 2,247,041

	2013	2012
Weighted average assumptions used to determine the benefit obligations as of December 31:		
Discount rate	3.75%	3.75%
Rate of compensation increase	4.00%	4.00%

Net period costs for the directors' plan were as follows for the years ended December 31, 2013 and 2012:

	2013	2012
Service cost	$ 70,736	$ 12,336
Interest cost	84,264	91,524
Amortization of loss	-	37,206
Recorded net benefit cost	$ 155,000	$ 141,066

Future benefits expected to be paid during the next 10 years are as follows:

2014	$ 145,246
2015	149,786
2016	147,876
2017	145,940
2018	144,004
2019 – 2023	652,437
Total	$ 1,385,289

The Company believes its contributions for the Plan during 2014 will approximate the expected benefits to be paid for that year, as indicated above.

Benefit Restoration Plan

The Company adopted a non-qualified benefit restoration plan (BRP) for corporate employees subject to a RS Plan pension limitation as provided by Sections 415 and 401(a)(7) of the Internal Revenue Code of 1986. This plan provides for a lump sum payment to the participants or estates, if deceased, upon the lapse of substantial risk of forfeiture specified by the Company in the amount of the RS Plan payment calculations.

Retirement Savings Plan for Employees

The Company offers selective retirement savings plans to employees. The plans are offered to employees, pursuant to Section 401(k) of the Internal Revenue Code. The Company and employees make contributions to the employees' accounts. The Company's contributions are equal to the amounts reflected as an expense in the consolidated financial statements. The Company contributed approximately $403,504 and $390,289 during 2013 and 2012, respectively. Employees vest immediately in their contributions and in the contributions made by the Company.

Postretirement Health Insurance Benefits for Employees

The Company sponsors a defined benefit postretirement medical plan which covers most retired employees and provides partial or full medical insurance benefits for these employees and, under certain circumstances, their spouses and covered dependents. Determination of benefits is based on an employee's status upon retirement.

On May 3, 2012, the Company changed its post-retirement healthcare plan for employees retiring after January 2, 2013. The change reduced company plan contributions and limited the duration of coverage to retiring employees from the age of 62 through 64 years of age, after which no coverage or company contribution would be made.

Plan assets have been placed in a separate trust with a conservative investment approach and a strategy of diversification. The allocation of Plan assets at December 31, 2013 includes 2.60 percent in a money market fund, 11.59 percent in a fixed income fund, and 85.81 percent in an equity fund. The estimated overall long-term rate of return on Plan assets, based on historical rates for similar investments, is 7.75 percent.

The Medicare Prescription Drug, Improvement and Modernization Act (Act) provides for a refund to companies who provide a drug benefit as a part of their postretirement health benefit program that is at least actuarially equivalent to Medicare. The Company's program provides a level of drug benefits that meet these criteria. During 2013 and 2012, the Company received refunds under the Act in the amount of $29,070 and $27,920, respectively. These amounts have been included in net margins. Future refunds under this Act will be recorded in net margins during the year received.

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The following table provides information regarding accumulated postretirement benefit obligations, plan assets and funded status of the plan as of December 31, 2013 and 2012:

	2013	2012
Change in benefit obligation:		
Benefit obligation at January 1	$ 10,082,099	$ 18,018,471
Service cost	135,244	291,428
Interest cost	320,610	544,594
Plan Changes	-	(10,561,670)
Actuarial loss (gain)	(2,908,104)	2,168,766
Benefits paid from plan assets	(384,499)	(379,490)
Benefit obligation at December 31	$ 7,245,350	$ 10,082,099
Change in plan assets:		
Fair value of plan assets at January 1	$ 2,403,399	$ 2,155,647
Actual return on plan assets	708,907	247,752
Company contributions	384,499	379,490
Benefits paid	(384,499)	(379,490)
Fair value of plan assets at December 31	$ 3,112,306	$ 2,403,399

	2013	2012
Reconciliation of funded status of plans:		
Benefit plan obligation at December 31	$ (7,245,350)	$ (10,082,099)
Fair value of plan assets at December 31	3,112,306	2,403,399
Recorded accrued benefit cost at December 31	$ (4,133,044)	$ (7,678,700)
Weighted average assumptions as of December 31:		
Discount rate used to determine accumulated postretirement benefit obligation	5.12%	3.75%
Expected long-term rate of return on plan assets	7.75%	7.75%

Net periodic costs include the following components for the years ended December 31, 2013 and 2012:

	2013	2012
Service cost	$ 135,244	$ 291,428
Interest cost	320,610	544,594
Expected return on plan assets	(186,000)	(176,158)
Amortization of prior service cost	(640,770)	(389,514)
Amortization of net loss	433,916	352,312
Recorded net benefit cost	$ 63,000	$ 622,662

Future benefits expected to be paid during the next 10 years are as follows:

2014	$ 487,350
2015	480,775
2016	496,465
2017	485,209
2018	477,003
2019 – 2023	2,603,712
Total	$ 5,030,514

The Company expects 2013 benefits to be paid by the Plan will approximate those listed above.

The 2013 costs were developed based on the health insurance plan in effect at January 1, 2013 and information regarding newly electing grandfathered participants as of May 3, 2012. For the year ended December 31, 2013, the assumptions are that retiree medical cost increases would be 8.00 percent and would gradually decrease each year until the rate of increase was 5.00 percent by 2018. The health care cost trend rate assumption significantly affects the amounts reported. For example, a one percentage point increase in each year would increase the accumulated postretirement benefit obligation as of December 31, 2013 by approximately $566,722 and the interest cost components of net periodic retiree medical costs for 2013 by approximately $76,787.

NOTE P - LEASES

The Company rents radio tower space under terms of non-cancelable operating leases expiring at various dates, including renewal options, through October 2030. Rent expense for 2013 and 2012 was approximately $19,995 and $17,958, respectively. Future rentals under the non-cancelable leases, including renewals with escalation clauses, are as follows:

2014	$	17,220
2015		17,220
2016		17,220
2017		17,220
2018		13,815
2019 and beyond		16,800
Total	$	99,495

NOTE Q - RELATED PARTY TRANSACTIONS

Wolverine, the Company's exclusive power supplier, is owned by its member cooperative customers. The Company's investment in Wolverine includes a membership and Wolverine's capital credits allocated to the Company. During 2010 Wolverine sustained negative net margins. Under RUS accounting procedures negative net margins are not allocated to a cooperative's members, but are carried forward to offset any future non-operating margins.

During 2005 the Company entered into an agreement with Wolverine to extend the 1949 power purchase agreement through 2041. This agreement requires the Company to purchase all the electric power it sells from Wolverine at Wolverine's current prices. The cost of electric power purchased from Wolverine amounted to $116,254,341 in 2013 and to $114,891,964 in 2012.

The Company also joined Wolverine and two of its other cooperative members during 2009 in the operation of a phone and radio communication system. The Company's share of the operating costs of these systems was $283,524 during 2013 and $257,234 during 2012.

At December 31, 2013, the Company's share of Wolverine's capital credits amounted to $101,134,750, which equates to approximately 55 percent of all capital credits allocated by Wolverine. Capital Credits in the amount of $1,980,143 and $1,683,430 were paid by Wolverine in 2013 and 2012, respectively. For the years ended 2013 and 2012, Wolverine allocated capital credits to the Company in the amount of $9,565,374 and $8,436,633, respectively.

Amounts payable to Wolverine at December 31, 2013 and 2012 were $11,009,128 and $9,753,585, respectively. These payables were related to obligations under the purchase power agreement and the communication agreement.

NOTE R – COMMITMENTS & CONTINGENCIES

At December 31, 2013, the Company was committed for the purchase of three heavy duty trucks at an aggregate cost, when fully equipped, of approximately $736,000.

At December 31, 2013, the Company also has approximately 55% of its employees covered by a collective bargaining agreement. The collective bargaining agreement was renegotiated and a new contract was entered into in January of 2012 which expires in January of 2015.

NOTE S – SUBSEQUENT EVENTS

The Company reviewed events occurring subsequent to December 31, 2013 for any requiring disclosure in accordance with generally accepted accounting principles. No such events had occurred. The review covered the period from year end through April 16, 2014, the date the financial statements were available to be issued.

Supplementary Information
December 31, 2013 and 2012

Great Lakes Energy Cooperative

EideBailly

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

We have audited the consolidated financial statements of Great Lakes Energy Cooperative and Subsidiary as of and for the years ended December 31, 2013 and 2012, and our report thereon dated April 16, 2014, which expressed an unqualified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information presented on pages 31-33 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Eide Bailly LLP

Fargo, North Dakota
April 16, 2014

GREAT LAKES ENERGY COOPERATIVE
DETAIL CONSOLIDATING BALANCE SHEET
as of December 31, 2013

Assets	Great Lakes Energy Cooperative	Great Lakes Utilities Services Corporation	Adjustments and Eliminations	Consolidated
ELECTRIC PLANT:				
Distribution and generation plant, at cost	$ 415,796,758	$ -	$ -	$ 415,796,758
Less accumulated depreciation	113,587,558	-	-	113,587,558
Net electric plant	302,209,200	-	-	302,209,200
OTHER ASSETS AND INVESTMENTS:				
Nonutility property, net of accumulated depreciation	-	1,043	-	1,043
Investments and memberships	110,061,174	-	(591,899)	109,469,275
Notes and other receivables	291,948	37,661	-	329,609
Total other assets and investments	110,353,122	38,704	(591,899)	109,799,927
CURRENT ASSETS:				
Cash	3,165,396	542,238	-	3,707,634
Accounts receivable, net of allowance for uncollectible accounts	22,625,087	12,783	(6,806)	22,631,064
Materials and supplies	2,610,385	-	-	2,610,385
Other current assets	2,066,853	6,287	-	2,073,140
Total current assets	30,467,721	561,308	(6,806)	31,022,223
DEFERRED CHARGES	7,400,691	-	-	7,400,691
Total assets	$ 450,430,734	$ 600,012	$ (598,705)	$ 450,432,041

GREAT LAKES ENERGY COOPERATIVE
DETAIL CONSOLIDATING BALANCE SHEET
as of December 31, 2013

EQUITIES AND LIABILITIES	Great Lakes Energy Cooperative	Utilities Services Corporation	Adjustments and Eliminations	Consolidated
EQUITIES:				
Memberships	$ 519,740	$ -	$ -	$ 519,740
Patronage capital	165,057,286	-	-	165,057,286
Equity in subsidiaries	-	591,899	(591,899)	-
Total memberships, patronage capital, including equity in subsidiaries	165,577,026	591,899	(591,899)	165,577,026
Donated capital	3,651,828	-	-	3,651,828
Accumulated other comprehensive loss	4,073,555	-	-	4,073,555
Total equities	173,302,409	591,899	(591,899)	173,302,409
LONG-TERM DEBT, net of current maturities	233,305,050	-	-	233,305,050
OTHER NON-CURRENT LIABILITIES	7,028,398	-	-	7,028,398
CURRENT LIABILITIES:				
Current maturities of long-term debt	5,432,934	-	-	5,432,934
Notes payable	158,239	-	-	158,239
Accounts payable	13,280,586	8,113	(6,806)	13,281,893
Accrued expenses	8,827,775	-	-	8,827,775
Customer deposits	1,433,689	-	-	1,433,689
Total current liabilities	29,133,223	8,113	(6,806)	29,134,530
DEFERRED CREDITS	7,661,654	-	-	7,661,654
Total equities and liabilities	$ 450,430,734	$ 600,012	$ (598,705)	$ 450,432,041
Check	-	-	-	-

GREAT LAKES ENERGY COOPERATIVE
DETAIL CONSOLIDATING STATEMENT OF REVENUES AND NET MARGINS
for the year ended December 31, 2013

	Great Lakes Energy Cooperative	Great Lakes Utilities Services Corporation	Adjustments and Eliminations	Consolidated
OPERATING REVENUES	$ 183,742,114	$ -	$ -	$ 183,742,114
OPERATING EXPENSES:				
Purchased and produced power	116,435,795	-	-	116,435,795
Distribution expenses:				
Operations	10,257,547	-	-	10,257,547
Maintenance	12,276,352	-	-	12,276,352
Customer accounts, service and selling expenses	8,297,961	-	-	8,297,961
Administration and general	7,806,298	325	-	7,806,623
Depreciation and amortization	12,200,519	47	-	12,200,566
Other operating expenses	128,706	56,387	-	185,093
Total operating expenses	167,403,178	56,759	-	167,459,937
OPERATING MARGINS BEFORE FIXED CHARGES	16,338,936	(56,759)	-	16,282,177
FIXED CHARGES, interest expense	10,026,432	-	-	10,026,432
OPERATING MARGINS AFTER FIXED CHARGES	6,312,504	(56,759)	-	6,255,745
NON-OPERATING MARGINS:				
Interest income	1,542,870	3,762	-	1,546,632
Other income (expense), net	(275,436)	63,320	-	(212,116)
Total non-operating margins	1,267,434	67,082	-	1,334,516
CAPITAL CREDITS, and equity in subsidiary's net income:				
From associated organizations	10,479,270	-	-	10,479,270
Equity in subsidiary's net income	8,774	-	(8,774)	-
Total capital credits	10,488,044	-	(8,774)	10,479,270
Net margins before federal income tax	18,067,982	10,323	(8,774)	18,069,531
PROVISION FOR FEDERAL INCOME TAX	10,189	1,549	-	11,738
NET MARGINS	$ 18,057,793	$ 8,774	$ (8,774)	$ 18,057,793

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

We have audited the consolidated financial statements of Great Lakes Energy Cooperative, as of and for the year ended December 31, 2013, and have issued our report thereon dated April 16, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Great Lakes Energy Cooperative's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Great Lakes Energy Cooperative's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

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Auditor's Responsibility

As part of obtaining reasonable assurance about whether Great Lakes Energy Cooperative's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and on compliance and other matters, and the results of that testing, and not to provide an opinion on the effectiveness of Great Lakes Energy Cooperative's internal control over financial reporting or on compliance and other matters. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Great Lakes Energy Cooperative's internal control over financial reporting and on compliance and other matters. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Fargo, North Dakota
April 16, 2014

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CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ASPECTS OF CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Great Lakes Energy Cooperative which comprise the balance sheets as of December 31, 2013, and the related consolidated statements of operations, statements of comprehensive income, changes in equities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 16, 2014. In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2014 on our consideration of Great Lakes Energy Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above and our schedule of findings and recommendations related to our audit have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that Great Lakes Energy Cooperative failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Great Lakes Energy Cooperative 's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding Great Lakes Energy Cooperative 's accounting and records to indicate that Great Lakes Energy Cooperative did not:

Maintain adequate and effective accounting procedures;

Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;

Reconcile continuing property records to the controlling general ledger plant accounts;

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Clear construction accounts and accrue depreciation on completed construction;

Record and properly price the retirement of plant;

Seek approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;

Maintain adequate control over materials and supplies;

Prepare accurate and timely Financial and Operating Reports;

Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the electric system;

Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;

Record depreciation in accordance with RUS requirements (See RUS Bulletin 183-1, Depreciation Rates and Procedures);

Comply with the requirements for the detailed schedule of deferred debits and deferred credits; and

Comply with the requirements for the detailed schedule of investments.

DETAILED SCHEDULE OF DEFERRED DEBITS AND DEFERRED CREDITS

	2013	2012
Deferred debits		
Preliminary survey and investigation charges	$ 62,104	$ 82,386
Pole inspection costs	17,211	46,927
Unamortized debt refinancing costs	6,938,342	18,126
Deferred energy optimization program costs	346,605	359,204
Pension related costs	7,784,838	906,340
	$ 15,149,100	$ 1,412,983
Deferred credits		
Consumer advances for contributions in aid of construction	$ 4,492,759	$ 4,475,045
Deferred revenue, seasonal accounts	-	1,131,547
Estimated installation cost - special equipment	152,800	129,053
Deferred energy optimization program surcharge	3,016,096	2,628,897
Total deferred credits	$ 7,661,655	$ 8,364,542

DETAILED SCHEDULE OF INVESTMENTS

	Great Lakes Utilities Service Corporation
Book value of investment as of December 31, 2011	$ 563,284
Dividends paid to parent	-
Undistributed earnings as of December 31, 2012	19,840
Book value of investment as of December 31, 2012	583,124
Dividends paid to parent	-
Undistributed earnings as of December 31, 2013	8,774
Book value of investment as of December 31, 2013	$ 591,898

This report is intended solely for the information and use of the Board of Directors and management of Great Lakes Energy Cooperative and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Fargo, North Dakota
April 16, 2014