

Scanned 4-23-13



National Rural Utilities
Cooperative Finance Corporation

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME HomeWorks Tri-County Electric	
		BORROWER DESIGNATION MI026	
		ENDING DATE 12/31/2012	
Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar.			
CERTIFICATION		BALANCE CHECK RESULTS	
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.		<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; margin: 5px; text-align: center; line-height: 40px;">0</div> <div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; margin: 5px; text-align: center; line-height: 40px;">0</div> <div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; margin: 5px; text-align: center; line-height: 40px;">18</div> </div> <div> <p>Needs Attention</p> <p>Please Review</p> <p>Matches</p> </div> </div>	
<div style="margin-bottom: 10px;"> <i>Patrick Sumner</i> 4/22/13 Signature of Office Manager or Accountant Date </div> <div> <i>Wade K...</i> 4/23/13 Signature of Manager Date </div>		A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="radio"/> YES <input type="radio"/> NO </div> B. Will you authorize CFC to share your data with other cooperative? <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="radio"/> YES <input type="radio"/> NO </div>	

PART A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1. Operating Revenue and Patronage Capital	39,910,186	43,333,429	43,004,907	3,739,783
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	25,758,132	28,715,222	28,026,540	2,298,145
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	999,990	1,017,549	1,077,963	88,492
7. Distribution Expense - Maintenance	2,470,295	3,339,291	2,960,723	347,859
8. Consumer Accounts Expense	806,753	901,625	918,956	80,108
9. Customer Service and Informational Expense	1,246,828	1,403,149	1,427,532	147,544
10. Sales Expense	(39,050)	83,628	108,808	4,923
11. Administrative and General Expense	1,822,687	2,133,883	1,980,268	320,144
12. Total Operation & Maintenance Expense (2 thru 11)	33,065,636	37,594,347	36,500,790	3,287,215
13. Depreciation & Amortization Expense	2,627,916	2,730,590	2,831,000	232,536
14. Tax Expense - Property & Gross Receipts	946,211	972,162	1,042,246	16,812
15. Tax Expense - Other	62,540	0	0	0
16. Interest on Long-Term Debt	2,038,151	2,035,060	2,116,019	166,985
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	17,374	17,817	20,500	3,049
19. Other Deductions	(96,245)	(96,245)	(96,245)	(8,020)
20. Total Cost of Electric Service (12 thru 19)	38,661,583	43,253,731	42,414,310	3,698,576
21. Patronage Capital & Operating Margins (1 minus 20)	1,248,603	79,698	590,597	41,207
22. Non Operating Margins - Interest	116,089	110,860	110,400	9,104
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	376,941	(33,018)	0	(33,018)
25. Non Operating Margins - Other	25,458	33,567	12,000	12,089
26. Generation & Transmission Capital Credits	1,471,455	2,302,114	500,000	2,302,114
27. Other Capital Credits & Patronage Dividends	198,833	133,474	118,000	13,078
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	3,437,380	2,626,695	1,330,997	2,344,575

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
	(a)	(b)		(a)	(b)
1. New Services Connected	132	161	5. Miles Transmission	0	0
2. Services Retired	126	49	6. Miles Distribution Overhead	2,916	2,914
3. Total Services In Place	26,822	26,934	7. Miles Distribution Underground	425	431
4. Idle Services (Exclude Seasonal)	1,312	1,368	8. Total Miles Energized (5+6+7)	3,341	3,345



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME Borrower Designation Year Ending	
		HomeWorks Tri-Coun	
		MI026	
		12/31/2012	
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	91,488,688	29. Memberships	0
2. Construction Work in Progress	298,457	30. Patronage Capital	48,761,987
3. Total Utility Plant (1+2)	91,787,145	31. Operating Margins - Prior Years	1,409,229
4. Accum. Provision for Depreciation and Amort	26,405,539	32. Operating Margins - Current Year	2,515,287
5. Net Utility Plant (3-4)	65,381,606	33. Non-Operating Margins	305,390
6. Nonutility Property - Net	3,300	34. Other Margins & Equities	1,377,558
7. Investment in Subsidiary Companies	6,982,163	35. Total Margins & Equities (29 thru 34)	54,369,452
8. Invest. in Assoc. Org. - Patronage Capital	24,437,284	36. Long-Term Debt CFC (Net)	41,390,943
9. Invest. in Assoc. Org. - Other - General Funds	0	37. Long-Term Debt - Other (Net)	0
10. Invest in Assoc. Org. - Other - Nongeneral Funds	2,013,314	38. Total Long-Term Debt (36 + 37)	41,390,943
11. Investments in Economic Development Projects	0	39. Obligations Under Capital Leases - Non current	0
12. Other Investments	0	40. Accumulated Operating Provisions - Asset Retirement Obligations	952,290
13. Special Funds	0	41. Total Other Noncurrent Liabilities (39+40)	952,290
14. Total Other Property & Investments (6 thru 13)	33,436,061	42. Notes Payable	1,650,000
15. Cash-General Funds	1,569,293	43. Accounts Payable	3,292,223
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	528,525
17. Special Deposits	0	45. Current Maturities Long-Term Debt	1,576,005
18. Temporary Investments	92,074	46. Current Maturities Long-Term Debt-Economic Dev.	0
19. Notes Receivable - Net	170,208	47. Current Maturities Capital Leases	0
20. Accounts Receivable - Net Sales of Energy	5,525,280	48. Other Current & Accrued Liabilities	1,536,356
21. Accounts Receivable - Net Other	122,503	49. Total Current & Accrued Liabilities (42 thru 48)	8,583,110
22. Renewable Energy Credits	0	50. Deferred Credits	2,087,631
23. Materials & Supplies - Electric and Other	710,948	51. Total Liabilities & Other Credits (35+38+41+49+50)	107,383,426
24. Prepayments	231,741		
25. Other Current & Accrued Assets	0		
26. Total Current & Accrued Assets (15 thru 25)	8,422,047		
27. Deferred Debits	143,712		
28. Total Assets & Other Debits (5+14+26+27)	107,383,426		
		ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
		Balance Beginning of Year	6,610,923
		Amounts Received This Year (Net)	235,843
		TOTAL Contributions-In-Aid-Of-Construction	6,846,765
PART D. THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.			



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT				BORROWER NAME		HomeWorks Tri-Coun	
				BORROWER DESIGNATION		MI026	
				YEAR ENDING		12/31/2012	
PART I. CHANGES IN UTILITY PLANT							
ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE OF YEAR (e)	DEPRECIATION RATE % (f)	
1. Land and Land Rights (360)	454,839	0	11,365	0	443,473		
2. Structures and Improvements (361)	3,368,932	0	0	0	3,368,932	2.74%	
3. Station Equipment (362)	289,797	461	46,634	0	243,624	18.68%	
4. Storage Battery Equipment	0	0	0	0	0	0.00%	
5. Poles, Towers, and Fixtures (364)	23,105,379	1,194,119	406,632	0	23,892,866	3.00%	
6. Overhead Conductors and Devices (365)	20,085,109	1,724,279	401,713	0	21,407,675	2.30%	
7. Underground Conduit (366)	156,003	43	0	0	156,046	2.70%	
8. Underground Conductors and Devices (367)	8,245,228	642,086	38,241	0	8,849,073	2.90%	
9. Line Transformers (368)	9,320,923	361,327	99,838	0	9,582,412	2.60%	
10. Services (369)	8,194,278	167,932	26,438	0	8,335,773	3.10%	
11. Meters (370)	6,384,748	98,371	15,090	0	6,468,029	2.90%	
12. Installation on Consumer's Premises (371)	71,191	22,890	0	0	94,081	3.90%	
13. Leased Property on Consumer's Premises (372)	570	0	0	0	570	3.60%	
14. Street Lighting (373)	32,069	0	0	0	32,069	3.80%	
15. SUBTOTAL: Distribution (1 thru 14)	79,709,066	4,211,508	1,045,950	0	82,874,624		
16. Land and Land Rights (See Line 26)							
17. Structures and Improvements (See Line 26)							
18. Office Furniture & Equipment (391)	944,297	70,875	22,022	0	993,151	8.98%	
19. Transportation Equipment (392)	2,443,960	29,587	75,780	0	2,397,768	9.43%	
20. Stores, Tools, Shop, Garage, and Laboratory Equipment (393, 394, 395)	311,632	14,708	0	0	326,340	7.13%	
21. Power-Operated Equipment (396)	505,449	28,090	0	0	533,539	5.67%	
22. Communication Equipment (397)	399,365	83,846	327,163	0	156,048	14.04%	
23. Miscellaneous Equipment (398)	14,530	0	0	0	14,530	0.92%	
24. Other Tangible Property (399)	0	0	0	0	0	0.00%	
25. SUBTOTAL: General Plant (18 thru 24)	4,619,234	227,107	424,965	0	4,421,376		
26. Headquarters Plant (389 & 390)	3,732,906	41,628	0	0	3,774,534		
27. Intangibles (301, 302, 303)	396,428	44,595	22,868	0	418,155		
28. Land and Land Rights, Roads and Trails (350, 359)	0	0	0	0	0		
29. Structures and Improvements (352)	0	0	0	0	0	0.00%	
30. Station Equipment (353)	0	0	0	0	0	0.00%	
31. Towers and Fixtures and Poles and Fixtures (354, 355)	0	0	0	0	0	0.00%	
32. Overhead, Conductors, and Devices (356)	0	0	0	0	0	0.00%	
33. Underground Conduit (357)	0	0	0	0	0	0.00%	
34. Underground Conductor & Devices (358)	0	0	0	0	0	0.00%	
35. SUBTOTAL: Transmission Plant (28 thru 34)	0	0	0	0	0		
36. Regional Transmission and Market Operation Plant (380-386)	0	0	0	0	0		
37. Production Plant - Steam (310-316)	0	0	0	0	0		
38. Production Plant - Nuclear (320-325)	0	0	0	0	0		
39. Production Plant - Hydro (330-336)	0	0	0	0	0		
40. Production Plant - Other (340-346)	0	0	0	0	0		
41. All Other Utility Plant (102, 104-106, 114, 118)	0	0	0	0	0		
42. SUBTOTAL: (15+25+26+27+35 thru 41)	88,457,634	4,524,837	1,493,783	0	91,488,688		
43. Construction Work in Progress (107)	523,191	(224,735)			298,457		
44. TOTAL UTILITY PLANT (42 + 43)	88,980,825	4,300,103	1,493,783	0	91,787,145		



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT						BORROWER NAME HomeWorks Tri-Coun	
						BORROWER DESIGNATION MI026	
						YEAR ENDING 12/31/2012	

PART F. ANALYSIS OF ACCUMULATED PROVISION FOR DEPRECIATION - TOTAL ELECTRIC PLANT				
ITEM	DISTRIBUTION PLANT (a)	GENERAL PLANT (b)	TRANSMISSION PLANT (c)	OTHER PLANT (d)
1. Balance Beginning of Year	21,268,200	3,737,255	0	305,811
2. Additions - Depreciation Accruals Charged to:				
a. Depreciation Expense	2,468,036	254,319	0	34,488
b. Clearing Accounts and Others	0	257,605	0	0
c. Subtotal (a+b)	2,468,036	511,924	0	34,488
3. Less - Plant Retirements:				
a. Plant Retired	1,006,783	424,156	0	22,868
b. Removal Costs	574,451	0	0	0
c. Subtotal (a+b)	1,581,234	424,156	0	22,868
4. Plus Salvaged Materials	108,083	0	0	0
5. TOTAL (2c - 3c + 4)	994,886	87,768	0	11,620
6. Other Adjustments - Debit or Credit	0	0	0	0
7. Balance End of Year (1+5+6)	22,263,086	3,825,022	0	317,431

AS OF 12/31/98 CFC NO LONGER REQUIRES SECTIONS "G", "N" AND "P" DATA
Those sections refer to data on, "Materials and Supplies" (G); "Annual Meeting and Board Data" (N), and Conservation Data" (P).

PART H. SERVICE INTERRUPTIONS					
ITEM	Avg. Minutes per Consumer by Cause Power Supplier (a)	Avg. Minutes per Consumer by Cause Major Event (b)	Avg. Minutes per Consumer by Cause Planned (c)	Avg. Minutes per Consumer by Cause All Other (d)	TOTAL (e)
1. Present Year	29.18	182.13	3.09	183.06	397.46
2. Five-Year Average	43.19	126.43	4.39	164.53	338.54

PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS			
1. Number of Full Time Employees	59	4. Payroll - Expensed	3,271,803
2. Employee - Hours Worked - Regular Time	129,687	5. Payroll - Capitalized	812,619
3. Employee - Hours Worked - Overtime	7,026	6. Payroll - Other	0

PART J. PATRONAGE CAPITAL			PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE	
ITEM	THIS YEAR (a)	CUMULATIVE (b)		
1. General Retirement	882,011	7,646,278	1. Amount Due Over 60 Days: 132,646	
2. Special Retirements	108,196	1,045,883	2. Amount Written Off During Year: 76,837	
3. Total Retirements (1+2)	990,207	8,692,162		
4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	429,171			
5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	49,258			
6. Total Cash Received (4+5)	478,428			

PART L. KWH PURCHASED AND TOTAL COST									
NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	RENEWABLE ENERGY PROGRAM NAME (c)	RENEWABLE FUEL TYPE (d)	KWH PURCHASED (e)	TOTAL COST (f)	INCLUDED IN TOTAL COST			
						AVERAGE COST PER KWH (cents) (g)	FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (i)	COMMENTS (j)
1. Wolverine Power Cooperative			0 None	333,597,010	27,394,322	8.21	1,390,554	1,948,201	Comments
2. Wolverine Power Cooperative			1 Wind	16,085,390	1,320,900	8.21	67,050	93,938	Comments
3.			0 None	0	0	0.00	0	0	Comments
4.			0 None	0	0	0.00	0	0	Comments
5. TOTALS				349,682,400	28,715,222	8.21	1,457,604	2,042,139	



NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
FINANCIAL AND STATISTICAL REPORT

BORROWER NAME

BORROWER DESIGNATION

YEAR ENDING

MI026

12/31/2012

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

LIST BELOW ALL "RESTRICTED PROPERTY". ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE")

	NAME OF LESSOR	TYPE OF PROPERTY	RENTAL THIS YEAR
1.	None		0
2.			0
3.			TOTAL \$0

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

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1.	National Rural Utilities Cooperative Finance Corporation	21,273,925	1,142,230	1,112,125	2,254,355	
2.	NCSC	0	0	0	0	
3.	Farmer Mac	21,693,023	905,051	432,774	1,337,824	
4.		0	0	0	0	
5.		0	0	0	0	
6.		0	0	0	0	
7.		0	0	0	0	
8.		0	0	0	0	
9.		0	0	0	0	
10.		0	0	0	0	
11.		0	0	0	0	
12.	TOTAL (Sum of 1 thru 11)	\$42,966,948	\$2,047,280	\$1,544,899	\$3,592,179	



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT			BORROWER NAME HomeWorks Tri-Coun				
			BORROWER DESIGNATION MI026				
			YEAR ENDING 12/31/2012				
PART R. POWER REQUIREMENTS DATA BASE							
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	JANUARY (a)	FEBRUARY (b)	MARCH (c)	APRIL (d)	MAY (e)	JUNE (f)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	22,323	22,325	22,311	22,299	22,292	22,328
	b. KWH Sold	21,126,960	18,772,805	17,038,278	15,473,598	16,082,615	18,527,932
	c. Revenue	2,740,115	2,525,855	2,334,498	2,192,171	2,246,759	2,577,480
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	0	0	0	0	0	0
3. Irrigation Sales	a. No. Consumers Served	282	282	282	288	294	306
	b. KWH Sold	19,473	13,822	16,548	32,679	253,144	1,554,144
	c. Revenue	10,195	8,556	8,870	17,174	53,275	243,064
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	2,762	2,762	2,765	2,764	2,766	2,773
	b. KWH Sold	4,405,415	3,894,719	3,600,414	3,582,108	4,137,823	5,246,295
	c. Revenue	564,255	517,225	495,864	507,497	568,891	433,885
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	4	4	4	4	4	4
	b. KWH Sold	3,524,974	3,238,846	3,495,015	3,180,443	3,598,510	3,711,277
	c. Revenue	288,271	287,225	315,469	300,693	328,358	607,029
6. Public Street & Highway Lighting	a. No. Consumers Served	28	28	29	31	36	36
	b. KWH Sold	11,784	11,784	11,955	11,955	12,165	17,814
	c. Revenue	2,220	2,265	2,314	2,342	2,366	3,198
7. Other Sales to Public Authority	a. No. Consumers Served	125	124	124	124	122	122
	b. KWH Sold	354,432	383,144	363,426	339,596	385,495	386,645
	c. Revenue	44,126	47,260	45,701	45,228	51,250	52,237
8. Sales for Resales-REA Borrowers	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	0	0	0	0	0	0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	0	0	0	0	0	0
10. TOTAL No. of Consumers (lines 1a thru 9a)		25,524	25,525	25,515	25,510	25,514	25,569
11. TOTAL KWH Sold (lines 1b thru 9b)		29,443,038	26,315,120	24,525,636	22,620,379	24,469,752	29,444,107
12. TOTAL Revenue Received From Sales of Electric Energy (Line 1c thru 9c)		3,649,183	3,388,386	3,202,717	3,065,105	3,250,900	3,916,893
13. Transmission Revenue		0	0	0	0	0	0
14. Other Electric Revenue		41,958	55,586	58,436	61,211	54,881	49,990
15. KWH - Own Use		0	0	0	0	0	0
16. TOTAL KWH Purchased		31,270,200	27,945,000	25,983,600	23,979,600	25,919,400	31,227,600
17. TOTAL KWH Generated		0	0	0	0	0	0
18. Cost of Purchases and Generation		2,472,971	2,301,922	2,174,795	2,069,666	2,205,400	2,691,393
19. Interchange - KWH - Net		0	0	0	0	0	0
20. Peak - Sum All KW Input (Metered)		59,239	55,429	53,415	47,726	63,751	83,012
<input checked="" type="radio"/> Non-coincident <input type="radio"/> Coincident							



**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
FINANCIAL AND STATISTICAL REPORT**

BORROWER NAME

Home Works Program

BORROWER DESIGNATION

MI026

YEAR ENDING

12/31/2012

PART R. POWER REQUIREMENTS DATA BASE (Continued)

(See preceding page 6 of CFC Form 7 for Headings of Line Item numbers below.)

LINE ITEM NUMBER		JULY (g)	AUGUST (h)	SEPTEMBER (i)	OCTOBER (j)	NOVEMBER (k)	DECEMBER (l)	TOTAL (Column a thru l) (m)
1	a.	22,319	22,313	22,326	22,319	22,313	22,300	22,312
	b.	22,822,222	18,456,689	15,361,051	16,583,372	17,834,450	20,671,620	218,751,592
	c.	2,956,879	2,419,831	2,235,893	2,316,308	2,373,065	2,677,429	29,596,283
2	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	0	0	0	0	0	0	0
3	a.	312	312	312	312	311	311	297
	b.	4,039,865	2,148,236	1,078,019	332,876	121,277	(49,947)	9,560,136
	c.	514,575	289,045	182,756	71,669	34,164	6,837	1,440,180
4	a.	2,782	2,789	2,794	2,795	2,801	2,802	2,782
	b.	5,570,972	4,474,417	4,200,096	5,023,959	5,967,094	5,053,555	55,156,867
	c.	694,076	561,514	583,429	676,855	741,122	601,307	6,945,920
5	a.	4	4	4	4	4	4	4
	b.	3,921,944	3,635,137	3,223,169	3,533,137	3,562,161	3,735,743	42,360,356
	c.	332,825	301,360	323,103	322,716	305,746	278,814	3,991,609
6	a.	36	36	36	36	36	36	32
	b.	18,018	17,591	17,833	17,852	17,852	22,779	189,382
	c.	3,100	3,017	3,261	3,188	3,097	4,045	34,412
7	a.	122	120	121	121	121	121	123
	b.	306,596	273,978	272,502	398,896	394,010	369,160	4,227,880
	c.	39,039	35,376	39,679	52,923	49,715	42,002	544,534
8	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	0	0	0	0	0	0	0
9	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	0	0	0	0	0	0	0
10		25,575	25,574	25,593	25,587	25,586	25,574	25,549
11		36,679,617	29,006,048	24,152,670	25,890,092	27,896,844	29,802,910	330,246,213
12		4,540,493	3,610,143	3,368,120	3,443,658	3,506,909	3,610,434	42,552,939
13		0	0	0	0	0	0	0
14		62,991	63,631	61,797	77,862	63,119	129,028	780,490
15		0	0	0	0	0	0	0
16		38,924,400	30,748,200	25,599,600	27,438,000	29,508,000	31,138,800	349,682,400
17		0	0	0	0	0	0	0
18		3,095,339	2,405,594	2,287,077	2,341,430	2,371,491	2,298,145	28,715,222
19		0	0	0	0	0	0	0
20		90,945	76,971	69,035	56,971	58,849	61,978	90,945



NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
FINANCIAL AND STATISTICAL REPORT

BORROWER NAME	HomeWorks Tri-Coun
BORROWER DESIGNATION	MI026
YEAR ENDING	12/31/2012

PART 5. ENERGY EFFICIENCY PROGRAMS

No.	Classification	Added This Year			Total To Date		
		Number of Consumers (a)	Amount Invested (b)	ESTIMATED MMBTU Savings (c)	Number of Consumers (d)	Amount Invested (e)	ESTIMATED MMBTU Savings (f)
1.	Residential Sales (excluding seasonal)	(3)	270,209	1,667,232	25,094	833,475	4,614,238
2.	Residential Sales - Seasonal	0	0	0	0	0	0
3.	Irrigation Sales	0	0	0	0	0	0
4.	Comm. and Ind. 1000 KVA or Less	27	111,069	800,963	456	362,668	3,654,085
5.	Comm. and Ind. Over 1000 KVA	0	0	0	0	0	0
6.	Public Street & Highway Lighting	0	0	0	0	0	0
7.	Other Sales to Public Authority	0	0	0	0	0	0
8.	Sales for Resales - RUS Borrowers	0	0	0	0	0	0
9.	Sales for Resales - Other	0	0	0	0	0	0
10.	TOTALS	24	381,278	2,468,195	25,550	1,196,143	8,268,323



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME BORROWER DESIGNATION YEAR ENDING		CHECK MY WORK HOMEWORK IN COURT MI026 12/31/2012
(All investments refer to your most recent CFC Loan Agreement)				
7a- PART 1 - INVESTMENTS				
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)	
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS				
5 See Attached Notes	7,323,287	26,142,492	(33,018)	
6	0	0	0	
7	0	0	0	
8	0	0	0	
Subtotal (Line 5 thru 8)	\$7,323,287	\$26,142,492	(\$33,018)	
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS				
9	0	0	0	
10	0	0	0	
11	0	0	0	
12	0	0	0	
Subtotal (Line 9 thru 12)	\$0	\$0	\$0	
4. OTHER INVESTMENTS				
13	0	0	0	
14	0	0	0	
15	0	0	0	
16	0	0	0	
Subtotal (Line 13 thru 16)	\$0	\$0	\$0	
5. SPECIAL FUNDS				
17	0	0	0	
18	0	0	0	
19	0	0	0	
20	0	0	0	
Subtotal (Line 17 thru 20)	\$0	\$0	\$0	
6. CASH - GENERAL				
21 Portland Federal Credit Union Accounts	1,319,293	250,000	0	
22	0	0	0	
23	0	0	0	
24	0	0	0	
Subtotal (Line 21 thru 24)	\$1,319,293	\$250,000	\$0	
7. SPECIAL DEPOSITS				
25	0	0	0	
26	0	0	0	
27	0	0	0	
28	0	0	0	
Subtotal (Line 25 thru 28)	\$0	\$0	\$0	
8. TEMPORARY INVESTMENTS				
29 Cash - Money Market Account	92,074	0	0	
30	0	0	0	
31	0	0	0	
32	0	0	0	
Subtotal (Line 29 thru 32)	\$92,074	\$0	\$0	
9. ACCOUNT & NOTES RECEIVABLE - NET				
33 NRUCFC Interest Receivables - CTC's	0	8,172	0	
34 NRUCFC Interest Receivables - Capital Securities	0	16,875	0	
35 Other Receivables	97,456	0	0	
36 Notes Receivables - Water Heaters	170,208	0	0	
Subtotal (Line 33 thru 36)	\$267,664	\$25,047	\$0	
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED				
37	0	0	0	
38	0	0	0	
39	0	0	0	
40	0	0	0	
Subtotal (Line 37 thru 40)	\$0	\$0	\$0	
Total	\$9,002,318	\$26,417,539	(\$33,018)	



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT			BORROWER NAME BORROWER DESIGNATION YEAR ENDING		HomeWorks Tri-Coun MI026 12/31/2012
(All investments refer to your most recent CFC Loan Agreement)					
7a - PART II. LOAN GUARANTEES					
Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loans (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART III. LOANS					
Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES					
1	TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e)				9,002,318
2	LARGER OF (a) OR (b)				27,184,726
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			13,768,072	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)			27,184,726	



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	HomeWorks Tri-Coun
	BORROWER DESIGNATION	MI026
	YEAR ENDING	12/31/2012

NOTES

Part F.

Line 2.a. does not equal Part A., Line 12.b. because of amortization of insurance gain due to replacement of property lost in a fire on Jan. 13, 2004. This resulted in a reduction of \$26,254. to depreciation expense for 2012. The balance of this gain is shown as a liability in Part B., Line 49 "Deferred Credits".

Depreciation per Part F., Line 2.a.	2,756,843
Amortization of insurance gain	(26,254)
Depreciation per Part A., Line 12.b.	<u>2,730,589</u>

7a-Part 1-Investments

2. Investments in Associated Organizations

	Description	Included	Excluded	Income
1	CFC Patronage		723,783	
2	Tri-Co Services-50,000 shrs common stock	50,000		
3	Tri-Co Services Subsidiary Investment	-		
4	Tri-Co Services Subsidiary Equity	6,965,181		(33,018)
5	NRUCFC Capital Term Certificates		1,930,820	
6	NRUCFC Membership		1,000	
7	Cooperative Response Center-Membership	24,483		
8	Michigan Electric Coop Assoc, Building	34,477		
9	Michigan Electric Coop Assoc, Membership		1,000	
10	National Rural Telecom Coop-Patronage	20,535		
11	Wolverine Power Supply Coop-Patronage		23,437,571	
12	National Information Solutions Coop-Patronage	85,024		
13	Rural Electric Supply Coop-Patronage	50,471		
14	Co-Bank-Investment		1,000	
15	Co-Bank Patronage		47,318	
16	Federated Rural Insurance Coop-Stock	20,000		
17	Federated Rural Insurance Coop-Patronage	73,117		
Total		7,323,287	26,142,492	(33,018)

Part L
Water heater adjustment/note this is for billing credit to our members for purchase of a water heater and participation in our load management program.

MICHIGAN PUBLIC SERVICE COMMISSION

ADDITIONAL SCHEDULES FOR AN ELECTRIC UTILITY COOPERATIVE

This form is authorized by Case No. U-12134, the Code of Conduct.
Filing of this form is mandatory.

Report submitted for year ending: December 31, 2012	
Present name of respondent: HomeWorks Tri-County Electric Cooperative	
Address of principal place of business: 7973 E Grand River Ave., Portland MI 48875	
Utility representative to whom inquires regarding this report may be directed:	
Name: Patrick Simmer	Title: Accounting Supervisor
Address: 7973 E Grand River Ave	
City: Portland	State: MI Zip: 48875
Direct Telephone, Include Area Code: 517-647-1287	
If the utility name has been changed during the past year:	
Prior Name:	
Date of Change:	
Two copies of the published annual report to stockholders:	
<input type="checkbox"/>	were forwarded to the Commission
<input checked="" type="checkbox"/>	will be forwarded to the Commission
on or about April 30, 2013	
Annual reports to stockholders:	
<input checked="" type="checkbox"/>	are published
<input type="checkbox"/>	are not published

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Heather Cantin) at
(517) 241-0967 or cantinh@michigan.gov OR forward correspondence to:

DLARA/MPSC
Financial Analysis & Audit Division (Heather Cantin)
4300 W Saginaw Hwy
Lansing, MI 48917

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/28/2013	Year of Report December 31, 2012
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IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefor and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly and materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be attached to this page.

Name of Respondent	This Report Is:	Date of Report	Year of Report
HomeWorks Tri-County Electric	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 3/28/2013	December 31, 2012

STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be included on pages 122-123. Information about noncash investing and financing activities should be provided on pages 122-123. "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.

2. Under "Other" specify significant amounts and group others.

3. Operating Activities-Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on pages 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See instructions for Explanation of Codes) SEE ATTACHED STATEMENT OF CASH FLOWS	Amounts (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative #s)	
2	Net Income (Line 72 (c) on page 117	
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	
5	Amortization of (Specify)	
6	Intangible Plant	
7		
8	Deferred Income Taxes (Net)	
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	
11	Net (Increase) Decrease in Inventory	
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	
14	Net (Increase) Decrease in Other Regulatory Assets	
15	Net (Increase) Decrease in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other:	
19		
20		
21		
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/28/2013	Year of Report December 31, 2012
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STATEMENT OF CASH FLOWS (Continued)		
4. Investing Activities (a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123. (b) Don not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on pages 122-123.	5. Codes used: (a) Net proceeds or payments. (b) Bonds, debentures and other long-term debt. (c) Include commercial paper. (d) Identify separately such items as investments, fixed assets, intangibles, etc. 6. Enter on pages 122-123 clarifications and explanations.	
Line No.	Description (See instructions for Explanation of Codes) (a)	Amount (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	
53	Other:	
54		
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 55)	
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long Term Debt (b)	
62	Preferred Stock	
63	Common Stock	
64	Other:	
65		
66	Net Increase in Short-Term Debt (c)	
67	Other:	
68		
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	
71		
72	Payments for Retirement of:	
73	Long Term Debt (b)	
74	Preferred Stock	
75	Common Stock	
76	Other:	
77		
78	Net Decrease in Short-Term Debt (c)	
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	
87		
88	Cash and Cash Equivalents at Beginning of Year	
89		
90	Cash and Cash Equivalents at End of Year	

Tri-County Electric Cooperative, Inc.
Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Operating Activities		
Net margins	\$ 2,626,695	\$ 3,437,378
Adjustments to reconcile net margins to net cash from operating activities		
Depreciation	3,014,448	2,906,136
Gain on disposition of plant, net	(18,468)	(8,723)
(Income)/loss from subsidiary	33,018	(376,940)
Noncash patronage capital allocations	(2,435,588)	(1,670,288)
Deferred gain from insurance proceeds	(26,253)	(28,774)
Post-retirement and pension benefits	136,065	(5,743)
Changes in assets and liabilities		
Accounts receivable	(581,366)	526,714
Refunds payable to customers	(1,141,821)	(247,003)
Notes receivable	43,601	(14,070)
Prepaid expenses	(184,995)	32,252
Interest receivable	25	372
Deferred debits	(30,791)	(14,080)
Accounts payable	(87,106)	308,722
Customer deposits	46,897	23,620
Accrued expenses and taxes	40,373	99,224
Deferred credits	282,509	307,094
Net Cash from Operating Activities	<u>1,717,243</u>	<u>5,275,891</u>
Investing Activities		
Additions to, and costs of retirements of, utility plant	(4,809,838)	(3,185,071)
Proceeds from sale of general plant and scrap	128,063	41,385
Cash received from other property and investments	511,388	881,552
Dividend received from subsidiary	500,000	-
Change in materials and supplies	83,787	(31,860)
Net Cash used for Investing Activities	<u>(3,586,600)</u>	<u>(2,293,994)</u>
Financing Activities		
Principle payments on long-term debt	(1,544,898)	(1,858,780)
Proceeds from issuance of long term debt	-	5,000,000
Net (payments)/borrowings of line of credit	1,650,000	(900,000)
Post-retirement benefits paid	(83,266)	(71,013)
Other equities	54,271	-
Patronage capital retired	(990,207)	(1,436,756)
Memberships issued, net	12,483	11,722
Net Cash from (used for) Financing Activities	<u>(901,617)</u>	<u>745,173</u>

Tri-County Electric Cooperative, Inc.
Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Net Change in Cash and Cash Equivalents	(2,770,974)	3,727,070
Cash and Cash Equivalents at Beginning of Year	<u>4,432,341</u>	<u>705,271</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,661,367</u>	<u>\$ 4,432,341</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 2,065,093</u>	<u>\$ 1,852,179</u>
Principle repayments of short term borrowings through proceeds from CFC long term debt	<u>\$ -</u>	<u>\$ (14,000,000)</u>
Transfer memberships to donated capital	<u>\$ 283,948</u>	<u>\$ -</u>

Name of Respondent	This Report Is:	Date of Report	Year of Report
HomeWorks Tri-County Electric	(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	
	(2) <input type="checkbox"/> A Resubmission	03/28/13	December 31, 2012

NONUTILITY PROPERTY (Account 121)

- | | |
|---|---|
| <p>1. Give a brief description and state the location of nonutility property included in Account 121.</p> <p>2. Designate with a double asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.</p> <p>3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.</p> | <p>4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.</p> <p>5. Minor items (5% of the Balance at the End of the Year for Account 121 or \$100,000, whichever is less) may be grouped by (1) previously devoted to public service, or (2) other nonutility property.</p> |
|---|---|

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales Transfers, etc. (c)	Balance at End of Year (d)
1	Vacant Lot at Canadian Lakes	3,300	0	3,300
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
TOTAL		3,300	0	3,300

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY (Account 122)

Report below the information called for concerning depreciation and amortization of nonutility property.

Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	0
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	0

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/13	Year of Report December 31, 2012
INVESTMENTS (Accounts 123, 124, 136)			
<p>1. Report below the investments in Accounts 123, <i>Investments in Associated Companies</i>, 124, <i>Other Investment</i>, and 136, <i>Temporary Cash Investments</i>. 2. Provide a subheading for each account and list thereunder the information called for: (a) Investment in securities - List and describe each security owned, giving name of user, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included</p>			
		<p>in Account 124, <i>Other Investments</i>), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, <i>Temporary Cash Investments</i>, also may be grouped by classes. (b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or an open account. Each note should be</p>	
Line No.	Description of Investment (a)	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (b) Original Cost Book Value	Purchases or Additions During Year (c)
1	See Attached Schedule		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
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Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/13	Year of Report December 31, 2012
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INVESTMENTS (Accounts 123, 124, 136) (Cont'd)						
<p>listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.</p> <p>3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.</p> <p>4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of</p>			<p>authorization, and case or docket number.</p> <p>5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.</p> <p>6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).</p>			
Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f) Original Cost Book Value		Revenues for Year (g)	Gain of Loss from Improvement Disposed of (h)	Line No.
Part of Page 222 (See Attached)						1
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2012 Tri County Electric Cooperative
1.1.123. to 1.3.123.22

				Form 7 Line 23			Form 7 Line 25	Form 7 Line 26		Form 7 Line 26			
Account	Description	See Below	Balance @ 12/31/11	Income/Loss Equity Inv	Investment	G&T Cap Credits	Other Cap Credits	Revenue Acct Chgd	CC Allocation Adjustment	Cash Received	Balance @ 12/31/2012		
Investments - Associated Organizations													
1.1.123.	CFC Memberships	C	1,000.00								1,000.00		
1.1.123.	MECA Memberships	C	1,000.00								1,000.00		
1.1.123.	Co-Bank Membership	C	1,000.00								1,000.00		
1.1.123.	Total Investments - Associated Organizations		3,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00		
1.1.123.10	CFC Patronage	A	674,525.57				98,515.36	1.1.424.		49,257.68	723,783.25		
1.1.123.11	Tri-Co Services		7,515,181.36	(33,018.12)						500,000.00	6,982,163.24		
1.1.123.22	CFC Subordinate Certificates	A	1,948,181.27							17,361.64	1,930,819.63		
1.3.123.22	CRC Memberships/Patronage	C	24,482.81					1.1.424.			24,482.81		
1.1.123.23	MECA Building and Property	C	34,477.00								34,477.00		
1.1.123.24	NRTC	C	21,961.80					1.1.424.		1,427.24	20,534.56		
1.1.123.30	Wolverine Capital Credits	B	21,564,628.22			2,302,113.68		1.1.423.		429,170.69	23,437,571.21		
1.1.123.31	NISC - National Information Solutions Cooperative	C	73,804.83				13,078.04	1.1.424.		1,858.72	85,024.15		
1.1.123.40	RESCO Capital Credits	C	46,085.59				7,772.00	1.1.424.		3,387.00	50,470.59		
1.1.123.51	Co-Bank	C	47,317.52					1.1.424.			47,317.52		
1.1.123.60	Federated Rural Electric	C	87,933.01				14,109.00	1.1.424.		8,925.00	93,117.01		
Total Investments/Patronage Capital			32,041,578.98	(33,018.12)	0.00	2,302,113.68	133,474.40	0.00	0.00	1,011,387.97	33,432,760.97		
									Total Other CC		133,474.40		

A - Confirmation available on line

B - Confirmation Letter Enclosed

C - Under \$250,000 - No Confirmation Requested

**Note-Portland Federal Credit Union was closed on 10/29 & 10/30 for computer upgrades so CFC Capital Credit allocation on 9/09 CFC audit confirmation, but cash actually in our bank on 10/1/09

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
HomeWorks Tri-County, Electric	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	03/28/13	December 31, 2012

RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)

- | | |
|---|--|
| <p>1. Report particulars of notes and accounts receivable from associated companies* at end of year.</p> <p>2. Provide separate headings and totals for Accounts 145, Notes Receivable from Associated Companies, and 146, Accounts Receivable from Associated Companies, in addition to a total for the combined accounts.</p> <p>3. For notes receivable, list each note separately and state purpose for which received. Show also in column (a) date of note, date of maturity and interest rate.</p> | <p>4. If any note was received in satisfaction of an open account, state the period covered by such open account.</p> <p>5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year.</p> <p>6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.</p> |
|---|--|

* NOTE: "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the account company. This includes related parties.

"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	N/A					
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25	TOTAL					

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/13	Year of Report December 31, 2012	
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ALLOWANCES					
1. Report below the details called for concerning allowances.		eligible for use; the current year's allowances in columns (b)-(c),			
2. Report all acquisitions of allowances at cost.		allowances for the three succeeding years in column(d)-(i), starting			
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.		with the following year, and allowances for the remaining succeeding years in columns (j)-(k).			
4. Report the allowances transactions by the period they are first		5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions on lines 36-40.			
Line No.	Allowance Inventory (a)	Current Year		20__	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance - Beginning of Year				
2-4	Acquired During Year: Issued (Less Withheld Allow.)				
5	Returned by EPA				
6-8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16-18	Relinquished During Year: Charges to Acct. 509				
19	Other:				
20					
21-22	Cost of Sales/Transfers:				
23					
24					
25					
26					
27					
28	Total				
29	Balance - End of Year				
30-32	Sales:				
	Net Sales Proceeds (Assoc Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld				
36	Balance - Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance - End of Year				
41-43	Sales:				
	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent HomeWorks Tri-County Electric		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 03/28/13		Year of Report December 31, 2012		
ALLOWANCES (Continued)								
6. Report on line 5 allowances returned by the EPA. Report on line 39 the EPA's sales of the withheld allowances. Report on lines 43-46 the net sales or auction of the withheld allowances. 7. Report on lines 8-14 the names of vendors/transfersors of allowances acquired and identify associated companies (See "associated co." under "Definitions" in Uniform System of Accounts).				8. Report on lines 22-27 the names of purchasers/transfersors of allowances disposed of and identify associated companies. 9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers. 10. Report on lines 32-35 & 43-46 the net sales proceeds and gains or losses from allowance sales.				
20		20		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
								1
N/A								2-4
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Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/13	Year of Report December 31, 2012
LONG-TERM DEBT (Accounts 221, 222, 223 and 224)			
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p>			
Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give Commission Authorization numbers and dates) (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)
1	HomeWorks Tri-County Electric has no advances or long term debt from Associated Companies. Attached is the Part O of the Form 7a which shows the long term debt balances for HomeWorks Tri-County Electric which are not related to Associated Companies.		
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25	TOTAL		

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/13	Year of Report December 31, 2012			
LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)						
<p>10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.</p> <p>11. Explain any debits and credits other than amortization debited to Account 428, <i>Amortization of Debt-Discout and Expense</i>, or credited to Account 429, <i>Amortization of Premium on Debt-Credit</i>.</p> <p>12. In a footnote, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.</p> <p>13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.</p> <p>14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.</p> <p>15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, <i>Interest on Long-Term Debt</i>, and Account 430, <i>Interest on Debt to Associated Companies</i>.</p> <p>16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.</p>						
Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
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Name of Respondent HomeWorks Tri-County Electric		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 03/28/13		Year of Report December 31, 2012	
PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)							
1. Report particulars of notes and accounts payable to associated companies at end of year. 2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to total for the combined accounts. 3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate. 4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year. 5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.							
*See definition on page 226B							
Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)	
			Debits (c)	Credits (d)			
1	AR Other Tri-Co Services	(32,273)	5,294,344	5,318,677	(56,606)		
2							
3							
4							
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23							
	TOTAL						

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/13	Year of Report December 31, 2012
RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES			
<p>1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.</p> <p>2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.</p>			
Line No.	N/A	TOTAL AMOUNT	
1	Utility net operating income (page 114 line 20)		
2	Allocations: Allowance for funds used during construction		
3	Interest expense		
4	Other (specify)		
5	Net income for the year (page 117 line 68)		
6	Allocation of Net income for the year		
7	Add: Federal income tax expenses		
8			
9	Total pre-tax income		
10			
11	Add: Taxable income not reported on books:		
12			
13			
14			
15	Add: Deductions recorded on books not deducted from return		
16			
17			
18			
19	Subtract: Income recorded on books not included in return:		
20			
21			
22			
23	Subtract: Deductions on return not charged against book income:		
24			
25			
26	Federal taxable income for the year		

Name of Respondent HomeWorks Tri-County Electric...	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 03/28/13	Year of Report December 31, 2012
RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)			
<p>3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2</p> <p>4. A substitute page, designed to meet a particular need of a company, may be used as long as data is consistent and meets the requirements of the above instructions.</p>			
Utility	Other	Line No.	
N/A		1	
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Name of Respondent HomeWorks Tri-County Electric		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/13	Year of Report December 31, 2012	
GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)					
<p>1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility.</p> <p>2. Individual gains or losses relating to property with an original cost of less than \$100,000 may be grouped with the number of such transactions disclosed in column (a).</p> <p>3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)</p>					
Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of property:				
2					
3	Various Equipment (14)	95,027		15,677.09	
4					
5	Radio System with Bases	112,631		3,600.00	
6					
7					
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16					
17	Total Gain	207,658		19,277	

Name of Respondent HomeWorks Tri-County Electric		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 03/28/13	Year of Report December 31, 2012
GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Continued)					
Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19					
20	Various Equipment (1)	3,464			808.29
21					
22					
23					
24					
25					
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32					
33					
34	Total Loss	3,464			808

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/28/2013	Year of Report December 31, 2012
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account

426.4, Expenditures for Certain civic, Political and Related Activities.)
 (a) Name and address of person or organization rendering services,
 (b) description of services received during year and project or case to which services relate,
 (c) basis of charges,
 (d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
1	Michigan Electric Cooperative	Legal, Advertising,	Varies	923	681,990
2	Association	Energy Optimization,		921	
3	2859 Jolly Rd	Legislative Services,		580	
4	Okemos MI 48864	Training		583	
5				908's	
6				184.9's	
7					
8					
9	Eide Bailly	Auditors	Contract	923	40,820
10	4310 17th Ave S				
11	PO Box 2545				
12	Fargo ND 58108-2545				
13					
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Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/28/2013	Year of Report December 31, 2012		
SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES					
<p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.).</p> <p>3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).</p> <p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p>					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Tri-Co Services	100%	Administrative,	1.20.454.	80,638
2			Expense Reimbursement		
3			Contract Employees		
4			Office/Facilities Rent		
5					
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TOTAL					80,638

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/28/2013	Year of Report 12/31/12
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)						
<p>5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.</p> <p>6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.</p> <p>7. In column (j) report the total.</p> <p>8. In column (k) indicate the pricing method (cost, per contract terms, etc.)</p>						
Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
N/A						1
						2
						3
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Name of Respondent HomeWorks Tri-County Electric		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 3/28/2013	Year of Report 12/31/12
SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES					
<p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.).</p> <p>3. In column (c) describe the nature of the goods and</p> <p>services provided (administrative and general expenses, dividends declared, etc.).</p> <p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p>					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	N/A				
2					
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4					
5					
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TOTAL					

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/28/2013	Year of Report 12/31/12			
SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)						
<p>5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.</p> <p>6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.</p> <p>7. In column (j) report the total.</p> <p>8. In column (k) indicate the pricing method (cost, per contract terms, etc.)</p>						
Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
N/A						1
						2
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Financial Statements

December 31, 2012 and 2011

Tri-County Electric Cooperative, Inc.

Tri-County Electric Cooperative, Inc.

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December 31, 2012 and 2011

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Independent Auditor's Report

The Board of Directors
Tri-County Electric Cooperative, Inc.
Portland, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Tri-County Electric Cooperative, Inc., which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Basis for Qualified Opinion

As more fully described in Note 5 to the financial statements, the Cooperative reports its investment in Tri-Co Services, Inc., a wholly owned subsidiary, on the equity method of accounting. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of Tri-Co Services, Inc. had been consolidated with those of Tri-County Electric Cooperative, Inc., total assets and total liabilities and equities would be increased by \$1,229,477 and \$1,393,041 as of December 31, 2012 and 2011, and revenues and expenses would be increased by \$4,535,188 and \$5,261,311 for the years then ended.

Qualified Opinion

In our opinion, except for the effects of not consolidating Tri-Co Services, Inc., as discussed in the above paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-County Electric Cooperative, Inc. as of December 31, 2012 and 2011, 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.

A handwritten signature in cursive script that reads "Eric Bailly LLP".

Fargo, North Dakota
March 19, 2013

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Tri-County Electric Cooperative, Inc.

Balance Sheets

December 31, 2012 and 2011

	2012	2011
Equities and Liabilities		
Equities		
Memberships	\$ -	\$ 271,465
Patronage capital	43,956,515	42,287,009
Other equities	10,412,937	10,107,736
Total equities	54,369,452	52,666,210
Long-Term Debt, Less Current Portion	41,390,944	42,966,948
Other Noncurrent Liabilities		
Accrued post-retirement benefits	861,344	812,600
Accrued pension	5,945	11,890
Total other noncurrent liabilities	867,289	824,490
Current Liabilities		
Line of credit	1,650,000	-
Current portion of long-term debt	1,576,005	1,544,899
Current portion of post-retirement benefits	85,000	75,000
Accounts payable - purchased power	2,298,145	2,261,769
Accounts payable - other	771,127	894,609
Patronage capital credits payable	193,443	198,475
PSCR overcollection	-	916,115
Customer deposits	528,525	481,628
Accrued payroll and related items	760,894	699,784
Accrued taxes	547,249	572,358
Accrued interest	448,316	460,533
Other accrued liabilities	35,112	13,491
Total current liabilities	8,893,816	8,118,661
Deferred Credits	2,087,631	1,805,122
	<u>\$ 107,609,132</u>	<u>\$ 106,381,431</u>

Tri-County Electric Cooperative, Inc.

Statements of Operations

Years Ended December 31, 2012 and 2011

	2012	2011
Operating Revenues	\$ 43,333,429	\$ 39,910,184
Operating Expenses		
Cost of power	28,715,222	25,758,132
Distribution - operation	1,017,549	999,990
Distribution - maintenance	3,339,291	2,470,297
Customer accounts	901,625	806,754
Customer service	1,486,777	1,207,772
Administrative and general	2,133,883	1,822,689
Depreciation and amortization	2,730,590	2,627,916
Interest expense	1,956,632	1,959,280
Taxes - property	972,162	946,211
Taxes - other	-	62,540
	<u>43,253,731</u>	<u>38,661,581</u>
Operating Income Before Capital Credits	79,698	1,248,603
Generation and Transmission and Other Cooperative Capital Credits	<u>2,435,588</u>	<u>1,670,288</u>
Net Operating Margins	<u>2,515,286</u>	<u>2,918,891</u>
Nonoperating Margins		
Interest income	110,860	116,089
Income/(loss) from subsidiary	(33,018)	376,940
Other income - net	33,567	25,458
	<u>111,409</u>	<u>518,487</u>
Net Margins	<u>\$ 2,626,695</u>	<u>\$ 3,437,378</u>

Tri-County Electric Cooperative, Inc.
Statements of Members' Equity
Years Ended December 31, 2012 and 2011

	Memberships	Patronage Capital	Other	Tri-Co Services	Total
Balance, December 31, 2010	\$ 259,743	\$ 40,663,327	\$ 2,581,981	\$ 7,088,241	\$ 50,593,292
Net margins	-	3,060,438	-	376,940	3,437,378
Capital credits retired	-	(1,436,756)	-	-	(1,436,756)
Donated capital credits	-	-	60,574	-	60,574
Memberships issued - net	11,722	-	-	-	11,722
Balance, December 31, 2011	271,465	42,287,009	2,642,555	7,465,181	52,666,210
Net margin (loss)	-	2,659,713	-	(33,018)	2,626,695
Capital credits retired	-	(990,207)	-	-	(990,207)
Donated capital credits	-	-	54,271	-	54,271
Membership transferred to donated capital	(283,948)	-	283,948	-	-
Memberships issued - net	12,483	-	-	-	12,483
Balance, December 31, 2012	<u>\$ -</u>	<u>\$ 43,956,515</u>	<u>\$ 2,980,774</u>	<u>\$ 7,432,163</u>	<u>\$ 54,369,452</u>

Tri-County Electric Cooperative, Inc.

Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Operating Activities		
Net margins	\$ 2,626,695	\$ 3,437,378
Adjustments to reconcile net margins to net cash from operating activities		
Depreciation	3,014,448	2,906,136
Gain on disposition of plant, net	(18,468)	(8,723)
(Income)/loss from subsidiary	33,018	(376,940)
Noncash patronage capital allocations	(2,435,588)	(1,670,288)
Deferred gain from insurance proceeds	(26,253)	(28,774)
Post-retirement and pension benefits	136,065	(5,743)
Changes in assets and liabilities		
Accounts receivable	(581,366)	526,714
Refunds payable to customers	(1,141,821)	(247,003)
Notes receivable	43,601	(14,070)
Prepaid expenses	(184,995)	32,252
Interest receivable	25	372
Deferred debits	(30,791)	(14,080)
Accounts payable	(87,106)	308,722
Customer deposits	46,897	23,620
Accrued expenses and taxes	40,373	99,224
Deferred credits	282,509	307,094
Net Cash from Operating Activities	1,717,243	5,275,891
Investing Activities		
Additions to, and costs of retirements of, utility plant	(4,809,838)	(3,185,071)
Proceeds from sale of general plant and scrap	128,063	41,385
Cash received from other property and investments	511,388	881,552
Dividend received from subsidiary	500,000	-
Change in materials and supplies	83,787	(31,860)
Net Cash used for Investing Activities	(3,586,600)	(2,293,994)
Financing Activities		
Principle payments on long-term debt	(1,544,898)	(1,858,780)
Proceeds from issuance of long term debt	-	5,000,000
Net (payments)/borrowings of line of credit	1,650,000	(900,000)
Post-retirement benefits paid	(83,266)	(71,013)
Other equities	54,271	-
Patronage capital retired	(990,207)	(1,436,756)
Memberships issued, net	12,483	11,722
Net Cash from (used for) Financing Activities	(901,617)	745,173

Tri-County Electric Cooperative, Inc.
Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Net Change in Cash and Cash Equivalents	\$ (2,770,974)	\$ 3,727,070
Cash and Cash Equivalents at Beginning of Year	<u>4,432,341</u>	<u>705,271</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,661,367</u>	<u>\$ 4,432,341</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 2,065,093</u>	<u>\$ 1,852,179</u>
Principle repayments of short term borrowings through proceeds from CFC long term debt	<u>\$ -</u>	<u>\$ (14,000,000)</u>
Transfer memberships to donated capital	<u>\$ 283,948</u>	<u>\$ -</u>

Note 1 - Summary of Significant Accounting Policies

Principal Business Activity

Tri-County Electric Cooperative, Inc. dba HomeWorks (the Cooperative), a Michigan corporation, provides for the electric energy needs of its members, the rural residents of the central Michigan area.

Consolidation Policy and Preparation of Financial Statements

The financial statements of the Cooperative have been prepared on the accrual basis of accounting. The Cooperative reports its investment in its wholly owned subsidiary, Tri-Co Services, Inc., using the equity method. Accounting principles generally accepted in the United States of America require wholly owned subsidiaries to be consolidated. In arriving at the decision not to consolidate its subsidiary, management concluded that since the primary users of the statements are the Board of Directors, management and members, consolidation of the subsidiary's statements would tend to obscure the financial position and activities of the Cooperative.

Regulation

As of April 6, 2010, the Cooperative is self-regulated for rates, billing practices, and accounting standards. All other aspects of electric service continue to be regulated by the Michigan Public Service Commission. The Cooperative's accounting policies and the accompanying financial statements, except as noted above, conform to generally accepted accounting principles applicable to rate-regulated enterprises and reflect the effects of the ratemaking process.

As a result of the ratemaking process, the Cooperative applies Accounting Standards Codification (ASC) 980, *Regulated Operations*. The application of generally accepted accounting principles by the Cooperative differs in certain respects from the application by non-regulated businesses as a result of applying ASC 980. Such differences generally relate to the time at which certain items enter into the determination of net margins in order to follow the principle of matching costs and revenues.

Electric Plant and Retirements

Electric plant is stated at cost less contributions in aid of construction. The cost of additions to electric plant includes contracted work, direct labor and materials and allocable overheads. When units of property that are specifically identifiable are retired, sold or otherwise disposed of in the ordinary course of business, their book cost less net salvage is recognized as a gain or loss. All other units of property that are retired, sold or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Repairs and the replacement and renewal of items determined to be less than units of property are charged to maintenance expense.

Depreciation

Depreciation is computed using the straight-line method based upon the estimated useful lives of the various classes of property.

Cash and Cash Equivalents

Short-term highly liquid investments that are readily converted to known amounts of cash and present insignificant risks of changes in value are considered cash equivalents. Investments in commercial paper are considered cash equivalents and valued at cost which approximates market.

Investments

Investments in other cooperatives and associated organizations are recorded at initial cost including allocated equities. Other investments representing less than a 20% ownership interest are recorded at cost. The Cooperative's investment in its wholly owned subsidiary, Tri-Co Services, Inc., is recorded using the equity method. Under this method, the investment is adjusted for the subsidiary's underlying earnings and losses.

Receivables and Credit Policies

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 21 days from the billing date. Unpaid trade receivables with dates over 30 days old are assessed a late fee of 2% (residential) or 5% (large power and general service) of the unpaid balance or the amount of the bill less tax, whichever is less. Non-interest bearing notes receivable are stated at principal balance and are collateralized by equipment.

Payments on trade and notes receivables are allocated to the earliest unpaid billings. The carrying amounts of trade receivables are reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected. Management reviews all trade receivable balances periodically and adjusts the allowance accounts based on current economic conditions and past experience.

Materials and Supplies

Material and supplies are stated at average moving cost.

Deferred Debits

Deferred debits consist primarily of engineering costs for future work plans and equipment clearing accounts. Engineering costs are amortized over the remaining term of the work plan. Clearing charges are spread to work orders based on equipment use for those work orders.

Patronage Capital

The Cooperative operates on a nonprofit basis. Amounts received from the furnishing of electric energy in excess of operating costs and expenses are assigned to patrons on a patronage basis. All other amounts received by the Cooperative from its operations in excess of costs and expenses are also allocated to its patrons on a patronage basis to the extent they are not needed to offset current or prior losses, at the discretion and determination of the board of directors.

Revenue Recognition and Unbilled Revenues

The Cooperative recognizes revenue on members' unbilled accounts based upon estimated usage in the current billing cycle.

Power Costs

Power costs include all power delivered to the Cooperative, regardless of whether the power supplier has billed the Cooperative for power delivered.

Deferred Credits

Deferred credits consist primarily of deferred gains on early extinguishment of debt, deferred gains related to insurance proceeds, customer advances on construction, advance payments made by consumers in connection with electric service, and unclaimed capital credit checks. Deferred gains on early extinguishment of debt are amortized over the remaining term of the original debt. Deferred gains from insurance proceeds are amortized over the useful lives of the assets replaced.

Post-Retirement Benefits

The Cooperative sponsors an unfunded defined benefit post-retirement health plan that covers certain employees who retire after obtaining age 62 and 15 years of service. Spouses of beneficiaries are also included, with coverage continuing to the spouse after the beneficiaries' death. The Cooperative's share of the estimated costs of benefits that will be paid after retirement is being accrued by charges to expense accounts over the employees' active service periods to dates they are fully eligible for benefits.

Business and Credit Risk

Financial instruments which potentially subject the Cooperative to concentrations of credit risk consist primarily of temporary cash instruments and trade receivables. The Cooperative provides electrical service on account to its members which are located primarily in the central Michigan area. The Cooperative has established policies for extending the credit based upon factors surrounding the credit risk of specified customers, historical trends and other information. Concentrations of credit risk with respect to trade receivables are limited due to the Cooperative's large number of customers. Nonetheless, the Cooperative's ability to collect from its members is affected by the economic conditions in which it operates.

The Cooperative maintains its temporary cash investments and cash balances with high credit quality financial institutions. Although such investments and cash balances may exceed the federally insured limit of \$250,000 from time to time, they are, in the opinion of management, subject to minimal risk.

Accounting Estimates

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

Sales Taxes

The Cooperative has customers in a state which imposes a sales tax on certain sales. The Cooperative collects those sales taxes from its customers and remits the entire amount to the state of Michigan. The Cooperative's accounting policy is to exclude the tax collected and remitted from revenue and cost of revenue.

Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* which provides a framework for measuring fair value under generally accepted accounting principles, became effective to Cooperative as of January 1, 2008. In accordance with the provision of ASC 820-10, the Cooperative has deferred the adoption of ASC 820 for one year for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. Therefore, the Cooperative adopted ASC 820 on January 1, 2009. There was no adjustment to financial assets as a result of the adoption of ASC 820.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

The Cooperative does not have any assets or liabilities subject to the level 1, 2, or 3 valuation as of December 31, 2012 and 2011 and does not anticipate participating in transactions of this type in the future.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Cooperative is exempt from federal income tax under Section 501(c)(12) of the United States Internal Revenue Code, therefore no provision for federal income tax is recorded. However, income from unrelated business activities is subject to income tax at normal corporate rates.

The Cooperative has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10, effective January 1, 2009. Implementation resulted in no cumulative effect adjustment to retained earnings as of the date of adoption. The Cooperative had no unrecognized tax benefits as of December 31, 2012 and 2011.

The Cooperative will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if such penalties and interest are incurred. Under normal circumstances, the Cooperative is no longer subject to Federal and State tax examinations by tax authorities for years before 2009.

The Cooperative undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by ASC 740-10.

Subsequent Events

The Cooperative has evaluated subsequent events through March 19, 2013, the date which the financial statements were available to be issued.

Note 2 - Electric Plant and Depreciation

Major classes of electric plant at December 31, 2012 and 2011 consist of the following:

	2012	2011
General plant	\$ 8,195,910	\$ 8,352,139
Distribution plant	82,874,624	79,709,066
Intangible plant	418,155	396,427
Electric plant in service	91,488,689	88,457,632
Construction in progress	298,457	523,191
Total electric plant	91,787,146	88,980,823
Less accumulated depreciation and amortization	26,405,539	25,311,265
Electric plant - net	<u>\$ 65,381,607</u>	<u>\$ 63,669,558</u>

Electric plant depreciation rates have been applied on a straight-line basis as follows:

Structures and improvements	1.9 - 20.0%
Office furniture equipment	4.0 - 33.3%
Transportation equipment	10.0 - 25.0%
Power operated equipment	4.0 - 25.0%
Communication equipment	6.6 - 33.3%
Other general plant	4.0 - 10.0%

Depreciation charges at December 31, 2012 and 2011 were as follows:

	2012	2011
Charged to operations		
Classified as depreciation and amortization	\$ 2,756,843	\$ 2,656,689
Classified in other operating expenses	31,389	34,888
	2,788,232	2,691,577
Charged to transportation	226,216	214,559
Total	<u>\$ 3,014,448</u>	<u>\$ 2,906,136</u>

Note 3 - Materials and Supplies

Materials and supplies at December 31, 2012 and 2011, consist of the following:

	2012	2011
Electric materials	\$ 694,091	\$ 778,442
Water heaters	16,858	16,294
	<u>\$ 710,949</u>	<u>\$ 794,736</u>

Note 4 - Investments in Associated Organizations

Investments in associated organizations at December 31, 2012 and 2011 consist of the following:

	2012	2011
Wolverine Power Supply Coop., Inc. - capital credits	\$ 23,437,571	\$ 21,564,628
National Rural Utilities Cooperative Finance Corporation		
Capital term certificates maturing at various times through		
October 1, 2080, at interest rates between 0% and 7.5%	1,930,820	1,948,181
Patronage capital credits	1,044,730	976,113
Other memberships and investments	37,477	37,477
	<u>\$ 26,450,598</u>	<u>\$ 24,526,399</u>

Note 5 - Investment in Subsidiary

The Cooperative reports its investment in its wholly owned subsidiary, Tri-Co Services, Inc., using the equity method. Accounting principles generally accepted in the United States of America require wholly owned subsidiaries to be consolidated. In arriving at the decision not to consolidate its subsidiary, management concluded that since the primary users of the statements are the Board of Directors, management and members, consolidation of the subsidiary's statements would tend to obscure the financial position and activities of the Cooperative. Inclusion of the following condensed financial information of the subsidiary as of and for the years ended December 31, 2012 and 2011 permits users of these statements to be more fully informed.

Tri-County Electric Cooperative, Inc.
Notes to Financial Statements
December 31, 2012 and 2011

Financial information related to Tri-Co Services, Inc. at December 31, 2012 and 2011 is as follows:

	2012	2011
Balance Sheet		
Current assets	\$ 3,230,760	\$ 3,595,719
Investments and other assets	5,037,486	5,344,776
	<u>\$ 8,268,246</u>	<u>\$ 8,940,495</u>
Current liabilities	\$ 940,083	\$ 1,070,314
Long-term liabilities	346,000	355,000
Equity	6,982,163	7,515,181
	<u>\$ 8,268,246</u>	<u>\$ 8,940,495</u>
Operations		
Operating revenues	\$ 4,570,028	\$ 5,425,455
Operating expenses	(4,632,804)	(5,212,235)
Other revenue - net	29,758	163,720
	<u>\$ (33,018)</u>	<u>\$ 376,940</u>

During 2012, Tri-Co Services, Inc. declared and paid a \$500,000 cash dividend to the Cooperative.

As a result of not consolidating Tri-Co Services, Inc., the Cooperative's financial statements are understated as follows at December 31, 2012 and 2011:

	2012	2011
Assets and liabilities	<u>\$ 1,229,477</u>	<u>\$ 1,393,041</u>
Revenues and expenses	<u>\$ 4,535,188</u>	<u>\$ 5,261,311</u>

Note 6 - Power Supply Cost Recovery

Up until April 2010 the Cooperative was required by the Michigan Public Service Commission to maintain power supply cost recovery over-collections (PSCR) and refundable customer contributions in restricted accounts to be used only for the purpose for which they are intended. As of April 6, 2010, the Cooperative became self-regulated for rates, billing practices, and accounting standards and is no longer subject to this requirement.

Wolverine Power Supply Cooperative, Inc. and the member-distribution cooperatives including Tri-County Electric Cooperative, Inc. and Subsidiary were required to obtain authority to implement and apply PSCR clauses and monthly factors. Because the Cooperative became self-regulated as noted above, the PSCR clauses and monthly factors were approved by the Board of Directors. Tri-County's average monthly factor for residential customers was .0045 and .0002 mills per KWH during 2012 and 2011, respectively.

Due to fluctuations in market conditions, over-collections or under-collections could result between the generation cooperative and distribution cooperative as well as between the distribution cooperative and their member-consumers. Power cost recovery over-collections must be remedied by refunds and power cost recovery under-collection must be remedied by additional collections.

Note 7 - Patronage Capital

Patronage capital balances at December 31, 2012 and 2011 consisted of the following:

	2012	2011
Assignable	\$ 2,659,713	\$ 3,060,438
Assigned to date	49,988,963	46,928,525
Total	52,648,676	49,988,963
Retired to date	(8,692,161)	(7,701,954)
Balance	<u>\$ 43,956,515</u>	<u>\$ 42,287,009</u>

The mortgage provisions restrict the retirement of patronage capital unless, after retirement, the capital of the Cooperative equals at least 20% of the total assets of the Cooperative; provided, however, that retirements can be made if such distributions do not exceed 30% of the preceding year's margins. No distribution can be made if there is unpaid, when due, any installments of principal or interest on the notes or, if after giving effect to any distribution, the total current and accrued assets would be less than the total current and accrued liabilities. During 2012 and 2011, the Cooperative's capital exceeded 20% of total assets.

Note 8 - Other Equities

Other Equities as of December 31, 2012 and 2011 consist of the following:

	2012	2011
Donated capital memberships	\$ 1,136,301	\$ 798,082
Retired capital credits - gain	241,262	241,262
Pre 1979 margins	1,603,211	1,603,211
	<u>\$ 2,980,774</u>	<u>\$ 2,642,555</u>

Other equities from Tri-Co Services, Inc. consist of the following:

	2012	2011
Tri-Co Services equity	\$ 6,982,163	\$ 7,515,181
Unallocated Tri-Co Services dividend	500,000	-
	<u>\$ 7,482,163</u>	<u>\$ 7,515,181</u>

Note 9 - Long-Term Debt

Long-term debt at December 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
National Rural Utilities Cooperative Finance Corporation (CFC) notes bearing interest at 1.358% to 6.7% per annum. The notes are payable in installments and mature at various times through February 2045.	\$ 42,966,949	\$ 44,511,847
Less current maturities	<u>(1,576,005)</u>	<u>(1,544,899)</u>
Total long-term debt	<u>\$ 41,390,944</u>	<u>\$ 42,966,948</u>

Maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2013	\$ 1,576,005
2014	1,615,609
2015	1,618,871
2016	1,663,783
2017	1,125,238
Thereafter	<u>35,367,443</u>
	<u>\$ 42,966,949</u>

The loan agreements with CFC are secured by substantially all assets of the Cooperative and include certain positive and negative covenants with which the Cooperative has complied. Additionally, the Cooperative has available unadvanced loan funds from CFC of \$24,865,200.

The security agreement (mortgage) restricts the Cooperative's debt limit to \$120,000,000.

Note 10 - Lines of Credit

The Cooperative has executed a perpetual, variable rate (2.90% at December 31, 2012) line of credit with CFC, providing it with short-term loans in the total amount of \$5,000,000. There were no outstanding balances on the line at December 31, 2012 and 2011. During 2009, the Cooperative executed an additional variable rate (2.13% at December 31, 2012) line of credit with CFC, providing it with short-term loans in the total amount of \$10,000,000 maturing July 2013. The balance outstanding on the line totaled \$1,650,000 and \$0 at December 31, 2012 and 2011, respectively.

Note 11 - Retirement Plan

The National Rural Electric Cooperative Association (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 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.

Plan Information

Tri-County Electric Cooperative, Inc. contributions to the RS Plan in 2012 and in 2011 represented less than 5 percent of the total contributions made to the plan by all participating employers. Tri-County Electric Cooperative, Inc. made contributions to the plan of \$871,000 in 2012 and \$825,000 in 2011. There have been no significant changes that affect the comparability of 2012 and 2011 contributions.

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 between 65 percent and 80 percent funded at January 1, 2012 and January 1, 2011 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.

In addition to the above retirement plan, employees of the Cooperative are eligible to participate in the NRECA 401(k) Pension Plan. The Cooperative makes a contribution equal to 3.0% of each employee's base wages. Employees are required to contribute 4.0% of base pay and may voluntarily contribute more if desired. The Cooperative made contributions of \$118,000 and \$114,000 in 2012 and 2011, respectively.

Note 12 - Post-Retirement Benefits other than Pensions

The Cooperative sponsors an unfunded defined benefit post-retirement health plan that covers certain employees who retire after reaching age 62 and 15 years of service. Spouses of beneficiaries are also included, with coverage continuing to the spouse after the beneficiaries' death.

The following table sets forth the change in the post-retirement benefit obligation reconciled with the obligation recognized in the accompanying balance sheet at December 31:

	<u>2012</u>	<u>2011</u>
Change in post-retirement benefit obligation		
Accumulated post-retirement benefit obligation at beginning of year	\$ 887,600	\$ 958,411
Service cost	1,783	2,585
Interest cost	47,317	44,380
Actuarial (gain) loss	92,910	(46,763)
Benefits paid	<u>(83,266)</u>	<u>(71,013)</u>
Accumulated post-retirement benefit obligation at end of year	<u>\$ 946,344</u>	<u>\$ 887,600</u>

The plan is unfunded at December 31, 2012.

Weighted average assumptions as of December 31:

	<u>2012</u>	<u>2011</u>
Discount rate	3.71%	4.55%

For measurement purposes, a 16.0% annual rate of increase in the cost of covered health care benefits was assumed. The health care cost trend rate assumption has a significant effect on the calculated liability. The Plan does cap monthly health insurance premium costs for both individuals and families for employees that retired after a specific date. A one-percentage point change in assumed health care costs would have the following effect:

	<u>1% Point Increase</u>	<u>1% Point Decrease</u>
Effect on total service and interest cost components	\$ 1,183	\$ (1,128)
Effect on post-retirement benefit obligation	\$ 23,654	\$ (22,558)

Note 13 - Deferred Credits

	2012	2011
Customer construction deposits	\$ 262,145	\$ 204,966
Consumer energy prepayments	321,305	308,213
Unamortized gain on reacquired debt	364,476	460,721
Regulatory liability for fire	153,316	179,569
Energy optimization accrual	486,213	313,788
Unclaimed capital credits	500,176	337,865
Total deferred credits	<u>\$ 2,087,631</u>	<u>\$ 1,805,122</u>

Note 14 - Related Party Transactions

The Cooperative provides Tri-Co Services, Inc. a wholly owned subsidiary, with personnel, office space, and other administrative support. Amounts reimbursed for these services during 2012 and 2011 totaled approximately \$880,991 and \$928,475, respectively. Amounts due (to) from Tri-Co Services, Inc. amounted to (\$56,606) and (\$32,273) at December 31, 2012 and 2011, respectively.

The Cooperative collects and remits voluntary contributions to the Tri-County Electric People Fund, Inc. (the Fund), a 501 (c)(3) nonprofit organization organized for charitable giving to individuals and organizations in the Cooperative's service area. The Cooperative reimburses the Fund for operating expenses which amounted to \$12,720 and \$11,519 for the years ended December 31, 2012 and 2011, respectively.

Note 15 - Commitments

The Cooperative has a commitment to purchase its electric power and energy requirements at wholesale from Wolverine Power Supply Cooperative, Inc. (Wolverine) until December 31, 2041 and Wolverine is obligated to sell to the Cooperative all of the Cooperative's electric power needs. The rates paid by the Cooperative under the contract are subject to review by the seller at such intervals, as it deems appropriate.

Following is a summary of transactions with Wolverine for the years ended December 31, 2012 and 2011:

	2012	2011
Purchase of wholesale power	<u>\$ 28,715,222</u>	<u>\$ 25,758,132</u>
Accounts payable for purchased power at December 31	<u>\$ 2,298,145</u>	<u>\$ 2,261,769</u>
Capital credits allocated during the year	<u>\$ 2,302,114</u>	<u>\$ 1,471,455</u>
Accumulated investment in patronage capital credits	<u>\$ 23,437,571</u>	<u>\$ 21,564,628</u>

Note 16 - Lease Agreements

The Cooperative leases various vehicles under operating lease agreements. Lease expense for years ending December 31, 2012 and 2011 was \$39,819 and \$52,352, respectively. The leases expire from October 2012 to October 2016. The minimum future lease payments for the vehicle leases are as follows:

<u>Years ending December 31</u>	<u>Amount</u>
2013	\$ 30,734
2014	25,339
2015	22,561
2016	14,169