

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 pursuant to [PA 3 of 1939](#). Failure to provide this information will put you in [violation of this act](#) and the commission shall order such remedies and penalties as necessary.

Report submitted for year ending: December 31, 2016
Present name of respondent: Cherryland Electric Cooperative
Address of principal place of business: 5930 US 31 S., PO Box 298, Grawn, MI 49637
Utility representative to whom inquires regarding this report may be directed: Name: Mark A. Wilson Title: CFO Address: PO Box 298 City: Grawn State: MI Zip: 49637 Direct Telephone, Include Area Code: 231-486-9246
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 20, 2017
Annual reports to stockholders: <input type="checkbox"/> are published <input checked="" type="checkbox"/> are not published

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Heather Cantin) at (517) 284-8266 or cantinh@michigan.gov OR forward correspondence to:

Michigan Public Service Commission
Financial Analysis & Audit Division
Attn: Heather Cantin
7109 W. Saginaw Hwy
PO Box 30221
Lansing, MI 48909



Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/7/2017	Year of Report 12/31/2016
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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.

NO CHANGES IN 2016

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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) (a)	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)	0
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)	0
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)	

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STATEMENT OF CASH FLOWS (Continued)

- | | |
|--|--|
| <p>4. Investing Activities</p> <p>(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.</p> <p>(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.</p> | <p>5. Codes used:</p> <p>(a) Net proceeds or payments.</p> <p>(b) Bonds, debentures and other long-term debt.</p> <p>(c) Include commercial paper.</p> <p>(d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>6. Enter on pages 122-123 clarifications and explanations.</p> |
|--|--|

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)	0
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)	0
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)	0
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	0
87		
88	Cash and Cash Equivalents at Beginning of Year	800
89		
90	Cash and Cash Equivalents at End of Year	800

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NONUTILITY PROPERTY (Account 121) NONE

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|---|---|
| <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				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
	TOTAL			

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	
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)	

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INVESTMENTS (Accounts 123, 124, 136)

1. Report below the investments in Accounts 123, *Investments in Associated Companies*, 124, *Other Investment*, and 136, *Temporary Cash Investments*.
 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 in Account 124, *Other Investments*), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, *Temporary Cash Investments*, 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

Line No.	Description of Investment (a)	Book Cost at Beginning of Year <i>(If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)</i> (b)		Purchases or Additions During Year (c)
		Original Cost	Book Value	
1	NONE			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
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INVESTMENTS (Accounts 123, 124, 136) (Cont'd)

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.

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.

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

authorization, and case or docket number.

5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

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).

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)		Revenues for Year (g)	Gain of Loss from Improvement Disposed of (h)	Line No.
		Original Cost	Book Value			
NONE						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
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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						
2	NONE					
3						
4						
5						
6						
7						
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24						
25	TOTAL					

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ALLOWANCES - NONE

- | | |
|--|--|
| <p>1. Report below the details called for concerning allowances.</p> <p>2. Report all acquisitions of allowances at cost.</p> <p>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.</p> <p>4. Report the allowances transactions by the period they are first</p> | <p>eligible for use; the current year;s allowances in columns (b)-(c), allowances for the three succeeding years in column(d)-(l), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).</p> <p>5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions on lines 36-40.</p> |
|--|--|

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				

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ALLOWANCES (Continued) - NONE

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
								2-4
								5
								6-8
								9
								10
								11
								12
								13
								14
								15
								16-18
								19
								20
								21-22
								23
								24
								25
								26
								27
								28
								29
								30-32
								33
								34
								35
								36
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								39
								40
								41-43
								44
								45
								46

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LONG-TERM DEBT (Accounts 221, 222, 223 and 224)

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.
2. In column (a), for new issues, give Commission authorization numbers and dates.
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.
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.
5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
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.
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.

Line No.	Class and Series of Obligation, Coupon Rate <i>(For new issue, give Commission Authorization numbers and dates)</i>	Principal Amount of Debt Issued	Total Expense, Premium or Discount
	(a)	(b)	(c)
1	NONE		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
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19			
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21			
22			
23			
24			
25	TOTAL		

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LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt-Discout and Expense, or credited to Account 429, *Amortization of Premium on Debt-Credit*.
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.
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.
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.
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, *Interest on Long-Term Debt*, and Account 430, *Interest on Debt to Associated Companies*.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

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)			
NONE						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
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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						
2	NONE					
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
	TOTAL					

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/07/17	Year of Report 12/31/2016
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

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.

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.

Line No.		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)	0
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	
8		
9	Total pre-tax income	0
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	0

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 03/07/17	Year of Report 12/31/2016
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)

3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2
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.

Utility	Other	Line No.
		1
		2
		3
		4
		5
		6
	NONE	7
		8
		9
		10
		11
		12
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		26

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/07/17	Year of Report 12/31/2016
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GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)

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.
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).
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.)

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	NONE				
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain				

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/07/17	Year of Report 12/31/2016
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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	NONE				
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss				

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/07/17	Year of Report 12/31/2016
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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	NONE				
2					
3					
4					
5					
6					
7					
8					
9					
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35					

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/07/17	Year of Report 12/31/2016
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

1. In column (a) report the name of the associated company.
 2. In column (b) describe the affiliation (percentage ownership, etc.).
 3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).
 4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1					
2	NONE				
3					
4					
5					
6					
7					
8					
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10					
11					
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30					

TOTAL					
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Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/07/17	Year of Report 12/31/2016
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.
7. In column (j) report the total.
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

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.
	NONE					1
						2
						3
						4
						5
						6
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Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/07/17	Year of Report 12/31/2016
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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					
2	NONE				
3					
4					
5					
6					
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28					
29					
30					
TOTAL					

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/07/17	Year of Report 12/31/2016			
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.
	NONE					1
						2
						3
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**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
FINANCIAL AND STATISTICAL REPORT**

BORROWER NAME Cherryland Electric Cooperative
BORROWER DESIGNATION MI044
ENDING DATE 12/31/2016

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.

AUTHORIZATION CHOICES

M. A. Webb 4/13/17
Signature of Office Manager or Accountant Date

0 Needs Attention
0 Please Review
21 Matches

A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?

YES NO

Tony Anderson 4/13/17
Signature of Manager Date

B. Will you authorize CFC to share your data with other cooperatives?

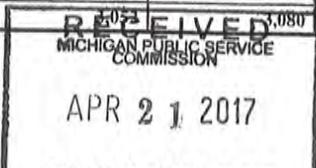
YES NO

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	49,224,783	50,019,395	49,472,729	4,860,165
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	32,920,422	33,259,017	33,354,257	3,080,564
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	1,058,491	1,140,751	1,224,080	104,474
7. Distribution Expense - Maintenance	3,284,481	3,059,028	2,979,951	290,189
8. Consumer Accounts Expense	982,434	1,035,957	1,184,510	11,168
9. Customer Service and Informational Expense	1,087,945	1,151,535	1,233,607	92,437
10. Sales Expense	287,482	268,825	306,740	26,893
11. Administrative and General Expense	2,407,441	2,468,791	2,747,198	85,416
12. Total Operation & Maintenance Expense (2 thru 11)	42,028,696	42,383,904	43,030,343	3,691,141
13. Depreciation & Amortization Expense	3,114,803	3,264,754	3,300,000	278,960
14. Tax Expense - Property & Gross Receipts	974,759	1,033,138	1,100,000	24,839
15. Tax Expense - Other	0	0	0	0
16. Interest on Long-Term Debt	1,684,343	1,885,795	1,968,553	190,664
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	253,060	294,789	176,600	16,486
19. Other Deductions	(31,571)	(20,925)	(40,000)	(5,450)
20. Total Cost of Electric Service (12 thru 19)	48,024,090	48,841,455	49,535,496	4,196,640
21. Patronage Capital & Operating Margins (1 minus 20)	1,200,693	1,177,940	(62,767)	663,525
22. Non Operating Margins - Interest	31,848	37,981	32,100	2,650
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0
25. Non Operating Margins - Other	198,348	139,920	175,000	129,430
26. Generation & Transmission Capital Credits	2,868,408	1,730,196	2,500,000	(561,471)
27. Other Capital Credits & Patronage Dividends	255,575	276,617	247,500	49,742
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	4,554,872	3,362,654	2,891,833	283,876

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	302	446	5. Miles Transmission	0	0
2. Services Retired	112	27	6. Miles Distribution Overhead	1,768	1,760
3. Total Services In Place	35,662	36,081	7. Miles Distribution Underground	1,284	1,320
4. Idle Services (Exclude Seasonal)	1,279	1,241	8. Total Miles Energized (5+6+7)	3,052	3,080



NATIONAL RURAL UTILITIES		Borrower Name	Cherryland Elec
COOPERATIVE FINANCE CORPORATION		Borrower Designation	M1044
FINANCIAL AND STATISTICAL REPORT		Ending Date	12/31/2016

PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)
1 Distribution Plant Subtotal	85,598,309	6,909,950	1,237,655	0	91,275,604
2 General Plant Subtotal	4,239,836	307,618	152,213	0	4,395,241
3 Headquarters Plant	3,681,492	1,434,145	0	0	5,115,637
4 Intangibles	0	0	0	0	0
5 Transmission Plant Subtotal	0	0	0	0	0
6 Regional Transmission and Market Operation Plant	0	0	0	0	0
7 Production Plant - Steam	0	0	0	0	0
8 Production Plant - Nuclear	0	0	0	0	0
9 Production Plant - Hydro	0	0	0	0	0
10 Production Plant - Other	0	0	0	0	0
11 All Other Utility Plant	0	0	0	0	0
12 SUBTOTAL: (1 thru 11)	93,519,637	8,651,713	1,384,868	0	100,786,482
13 Construction Work in Progress	3,665,667	(1,111,696)	0	0	2,553,971
14 TOTAL UTILITY PLANT (12+13)	97,185,304	7,540,017	1,384,868	0	103,340,453

CFC NO LONGER REQUIRES SECTIONS "F", "G", AND "N" DATA
 Those sections refer to data on "Analysis of Accumulated Provision for Depreciation" (F),
 "Materials and Supplies" (G), "Annual Meeting and Board Data" (N), and "Conservation Data" (P).

ITEM	Avg. Minutes per Consumer by Cause		Avg. Minutes per Consumer by Cause (c)	Avg. Minutes per Consumer by Cause (d)	TOTAL (e)
	Power Supplier (a)	Major Event (b)			
1. Present Year	21.42	0.00	1.14	74.28	96.84
2. Five-Year Average	33.92	592.28	1.03	84.84	712.07

PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS					
1. Number of Full Time Employees	53	4. Payroll - Expensed			2,598,440
2. Employee - Hours Worked - Regular Time	110,354	5. Payroll - Capitalized			1,041,416
3. Employee - Hours Worked - Overtime	4,386	6. Payroll - Other			547,156

ITEM	CUMULATIVE		PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE	
	THIS YEAR (a)	(b)	1. Amount Due Over 60 Days	
1. General Retirement	3,169,827	29,664,020		162,241
2. Special Retirements	221,828	3,368,225	2. Amount Written Off During Year:	124,994
3. Total Retirements (1+2)	3,391,655	33,032,245		
4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	2,206,405			
5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	80,605			
6. Total Cash Received (4+5)	2,287,010			

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT										
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)	AVERAGE COST PER KWH (cents) (g)	INCLUDED IN TOTAL COST			
							FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (i)	COMMENTS (j)	
1 Wolverine Power Supply Cooperative			0 None	408,803,526	33,259,017	8.14	0	1,362,791	Comments	
2			0 None	0	0	0.00	0	0	Comments	
3			0 None	0	0	0.00	0	0	Comments	
4			0 None	0	0	0.00	0	0	Comments	
5			0 None	0	0	0.00	0	0	Comments	
6			0 None	0	0	0.00	0	0	Comments	
7			0 None	0	0	0.00	0	0	Comments	
8			0 None	0	0	0.00	0	0	Comments	
9			0 None	0	0	0.00	0	0	Comments	
10			0 None	0	0	0.00	0	0	Comments	
11			0 None	0	0	0.00	0	0	Comments	
12			0 None	0	0	0.00	0	0	Comments	
13			0 None	0	0	0.00	0	0	Comments	
14			0 None	0	0	0.00	0	0	Comments	
15			0 None	0	0	0.00	0	0	Comments	
16			0 None	0	0	0.00	0	0	Comments	
17			0 None	0	0	0.00	0	0	Comments	
18			0 None	0	0	0.00	0	0	Comments	
19			0 None	0	0	0.00	0	0	Comments	
20			0 None	0	0	0.00	0	0	Comments	
21			0 None	408,803,526	33,259,017	8.14	0	1,362,791	Comments	
TOTALS							8.14	0	1,362,791	Comments

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	MI044
	ENDING DATE	12/31/2016

PART L. KWH PURCHASED AND TOTAL COST (Continued)

COMMENTS	
1	
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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	MI044
	ENDING DATE	12/31/2016

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 (d)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1	National Rural Utilities Cooperative Finance Corporation	25,123,479	936,811	1,131,321	2,068,132	
2	NCSC	0	0	0	0	
3	Farmer Mac	16,926,244	520,010	499,504	1,019,514	
4	CoBank	12,667,762	380,608	664,327	1,044,935	
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	Principal Payments Received from Ultimate Recipients of IRP Loans			0		
11	Principal Payments Received from Ultimate Recipients of REDL Loans			400,396		
12	TOTAL (Sum of 1 thru 9)	\$54,717,485	\$1,837,429	\$2,295,152	\$4,132,581	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	MI044
	ENDING DATE	12/31/2016

PART R. POWER REQUIREMENTS DATA BASE

CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS	DECEMBER CONSUMERS	AVERAGE CONSUMERS	TOTAL KWH SALES AND REVENUE (d)
		(a)	(b)	(c)	
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	31,726	32,066	31,896	
	b. KWH Sold				265,627,276
	c. Revenue				36,589,327
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
3. Irrigation Sales	a. No. Consumers Served	111	124	118	
	b. KWH Sold				1,813,593
	c. Revenue				234,322
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	2,489	2,535	2,512	
	b. KWH Sold				83,982,840
	c. Revenue				9,198,261
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	4	4	4	
	b. KWH Sold				29,545,200
	c. Revenue				2,470,813
6. Public Street & Highway Lighting	a. No. Consumers Served	19	19	19	
	b. KWH Sold				549,148
	c. Revenue				98,904
7. Other Sales to Public Authority	a. No. Consumers Served	151	152	152	
	b. KWH Sold				6,054,069
	c. Revenue				633,536
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
10. TOTAL No. of Consumers (lines 1a thru 9a)		34,500	34,900	34,700	
11. TOTAL KWH Sold (lines 1b thru 9b)					387,572,126
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					49,225,163
13. Transmission Revenue					0
14. Other Electric Revenue					794,232
15. KWH - Own Use					395,687
16. TOTAL KWH Purchased					408,803,526
17. TOTAL KWH Generated					0
18. Cost of Purchases and Generation					33,259,017
19. Interchange - KWH - Net					0
20. Peak - Sum All KW Input (Metered)					800,853
		<input type="radio"/> None	<input type="radio"/> Non-coincident	<input checked="" type="radio"/> Coincident	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	MI044
	ENDING DATE	12/31/2016

PART S. ENERGY EFFICIENCY PROGRAMS

Line #	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)	1,557	88,800	5,477	16,174	709,533	29,010
2.	Residential Sales - Seasonal	0	0	0	0	0	0
3.	Irrigation Sales	0	0	0	1	356	14
4.	Comm. and Ind. 1000 KVA or Less	34	71,499	125	276	641,446	31,466
5.	Comm. and Ind. Over 1000 KVA	7	67,306	3,940	26	275,616	17,736
6.	Public Street and Highway Lighting	0	0	0	0	0	0
7.	Other Sales to Public Authorities	0	0	0	3	7,249	282
8.	Sales for Resales - RUS Borrowers	0	0	0	0	0	0
9.	Sales for Resales - Other	0	0	0	0	0	0
10.	TOTAL	1,598	227,605	9,542	16,480	1,634,200	78,508

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		BORROWER DESIGNATION		MI044
		ENDING DATE		12/31/2016
(All investments refer to your most recent CFC Loan Agreement)				
7a - PART I - INVESTMENTS				
DESCRIPTION (a)		INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS				
5	Cherryland Holdings Co.	800	0	0
6	Wolverine Power Supply Cooperative	0	28,860,755	1,730,196
7	NRUCFC	0	1,771,973	98,286
8	See Notes for Additional Information	0	712,794	178,335
Subtotal (Line 5 thru 8)		800	31,345,522	2,006,817
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS				
9	G.T. Machine Co.	0	76,000	0
10	Rare Bird Brewery & Taproom	0	26,000	0
11	Altus Brands	0	6,000	0
12	See Notes for Additional Information	0	963,586	0
Subtotal (Line 9 thru 12)		0	1,071,586	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	PNC Bank - Restricted	475	250,000	0
22	PNC Bank - Non-Restricted	327	0	0
23	Petty Cash	2,255	0	0
24		0	0	0
Subtotal (Line 21 thru 24)		3,057	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		0	0	0
30		0	0	0
31		0	0	0
32		0	0	0
Subtotal (Line 29 thru 32)		0	0	0
9. ACCOUNT & NOTES RECEIVABLE - NET				
33	Accounts Receivable - Other	64,868	0	0
34	Accounts Receivable - Construction	4,019	0	0
35	Accounts Receivable - State of Michigan	324,425	0	0
36		0	0	0
Subtotal (Line 33 thru 36)		393,312	0	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		397,169	32,667,108	2,006,817

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		BORROWER DESIGNATION		MI044	
		ENDING DATE		12/31/2016	
(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)					
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)					
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)				397,169
2	LARGER OF (a) OR (b)				23,248,322
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			15,501,068	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)			23,248,322	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		Cherryland Elec
PRELIMINARY FINANCIAL & STATISTICAL RATIOS		MI044
		12/31/2016

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

ITEM DESCRIPTION	ENTER DATA
2015 Part C. Balance Sheet, Line 8 - Invest. In Assoc. Org. - Pat Cap	32,789,950
2016 Billed Debt Service	4,132,581
2015 Part R. Power Req. Database, Line 11, Column (d) - Total MWH Sold	386,042
2015 Part R. Power Req. Database, Line 10, Column (c) - Average Number of Consumers	34,274
2015 Part C. Balance Sheet, Line 3 - Total Utility Plant	97,185
2014 Part C. Balance Sheet, Line 35 - Total Margins & Equities	45,041,725
2015 Part C. Balance Sheet, Line 35 - Total Margins & Equities	46,771,474
2014 Part C. Balance Sheet, Line 38 - Total Long-Term Debt	37,005,331
2015 Part C. Balance Sheet, Line 38 - Total Long-Term Debt	41,727,790
2011 Part C. Balance Sheet, Line 34 - Total Margins & Equities	40,177,824
2011 Part C. Balance Sheet, Line 37 - Total Long-Term Debt	41,150,724
2015 Part C. Balance Sheet, Line 46 - Current Maturities Long-Term Debt - Economic Dev.	0
2015 Part C. Balance Sheet, Line 45 - Current Maturities Long-Term Debt	2,274,444

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME	Cherryland Elec
		BORROWER DESIGNATION	MI044
		ENDING DATE	12/31/2016
2014 TIER		3.34	
2015 TIER		3.70	
2016 TIER		2.78	
2014 OTIER		2.58	
2015 OTIER		2.03	
2016 OTIER		2.84	
2014 MDSC		2.02	
2015 MDSC		1.79	
2016 MDSC		2.12	
2014 DSC		2.35	
2015 DSC		2.52	
2016 DSC		2.06	
2014 ODSC		1.99	
2015 ODSC		1.76	
2016 ODSC		2.08	
2% of Total Margins & Equity		929,933	
Total Long-Term Leases		-	
1/3 of the Lease portion		(309,978)	
Pat Cap (Cash) portion		2,378,499	

RATIO No.	RATIO DESCRIPTION	KRTA 2011	KRTA 2012	KRTA 2013	KRTA 2014	KRTA 2015	ESTIMATED RATIOS FOR 2016
1	RATIO 1 --- AVERAGE TOTAL CONSUMERS SERVED	33,272	33,427	33,641	33,925	34,274	34,700
2	RATIO 2 --- TOTAL KWH SOLD (1,000)	375,072	377,277	383,041	390,264	386,042	387,572
3	RATIO 3 --- TOTAL UTILITY PLANT (1,000)	81,859	83,634	87,596	92,205	97,185	103,340
4	RATIO 4 --- TOTAL NUMBER OF EMPLOYEES (FULL TIME ONLY)	50	52	53	52	52	53
5	RATIO 5 --- TOTAL MILES OF LINE	2,998	3,011	3,019	3,038	3,052	3,080
6	RATIO 6 --- TIER	3.58	3.31	3.81	3.34	3.70	2.78
7	RATIO 7 --- TIER (2 OF 3 YEAR HIGH AVERAGE)	3.03	3.45	3.70	3.58	3.76	3.52
8	RATIO 8 --- OTHER	2.76	2.05	2.35	2.58	2.03	2.84
9	RATIO 9 --- OTHER (2 OF 3 YEAR HIGH AVERAGE)	2.12	2.41	2.56	2.46	2.46	2.71
10	RATIO 10 --- MODIFIED DSC (MDSC)	2.47	1.94	1.94	2.02	1.79	2.12
11	RATIO 11 --- MDSC (2 OF 3 YEAR HIGH AVERAGE)	2.09	2.20	2.20	1.98	1.98	2.07
12	RATIO 12 --- DEBT SERVICE COVERAGE (DSC)	2.92	2.62	2.64	2.35	2.52	2.06
13	RATIO 13 --- DSC (2 OF 3 YEAR HIGH AVERAGE)	2.62	2.77	2.78	2.63	2.58	2.44
14	RATIO 14 --- ODSC	2.43	1.93	1.92	1.99	1.76	2.08
15	RATIO 15 --- ODSC (2 OF 3 YEAR HIGH AVERAGE)	2.06	2.18	2.18	1.96	1.96	2.04
16	RATIO 16 --- EQUITY AS A % OF ASSETS	44.64	46.03	45.78	43.85	42.82	41.36
17	RATIO 17 --- DISTRIBUTION EQUITY (EXCLUDES EQUITY IN ASSOC. ORGS PATRONAGE CAPITAL)	23.79	24.20	23.05	20.37	18.29	17.60
18	RATIO 18 --- EQUITY AS A % OF TOTAL CAPITALIZATION	49.40	52.07	53.67	54.90	52.85	47.12
19	RATIO 19 --- LONG TERM DEBT AS A % OF TOTAL ASSETS	45.72	42.37	39.52	36.03	38.20	46.42
20	RATIO 20 --- LONG TERM DEBT PER KWH SOLD (MILLS)	109.71	104.33	102.03	94.82	108.09	134.65
21	RATIO 21 --- LONG TERM DEBT PER CONSUMER (\$)	1,236.80	1,177.54	1,161.75	1,090.80	1,217.48	1,503.90
22	RATIO 22 --- NON-GOVERNMENT DEBT AS A % OF TOTAL LONG TERM DEBT	100.00	100.00	100.00	100.00	100.00	100.00
23	RATIO 23 --- BLENDED INTEREST RATE (%)	4.98	4.62	4.60	4.40	4.05	3.82
24	RATIO 24 --- ANNUAL CAPITAL CREDITS RETIRED PER TOTAL EQUITY (%)	4.15	5.35	8.06	10.37	6.24	7.29
25	RATIO 25 --- LONG-TERM INTEREST AS A % OF REVENUE	4.40	3.97	3.89	3.56	3.42	3.77
26	RATIO 26 --- CUMULATIVE PATRONAGE CAPITAL RETIRED AS A % OF TOTAL PATRONAGE CAPITAL	28.63	30.09	32.76	37.24	38.79	41.53
27	RATIO 27 --- RATE OF RETURN ON EQUITY (%)	12.57	10.48	11.74	9.17	9.74	7.23
28	RATIO 28 --- RATE OF RETURN ON TOTAL CAPITALIZATION (%)	8.61	7.82	8.54	7.18	7.05	5.32
29	RATIO 29 --- CURRENT RATIO	1.21	0.85	0.57	0.38	0.40	0.57
30	RATIO 30 --- GENERAL FUNDS PER TUP (%)	0.63	0.29	0.50	0.25	0.31	0.32
31	RATIO 31 --- PLANT REVENUE RATIO (PRR) ONE YEAR	5.34	5.10	5.68	6.06	5.96	6.17
32	RATIO 32 --- INVESTMENT IN SUBSIDIARIES TO TOTAL ASSETS (%)	0.00	0.00	0.00	0.00	0.00	0.00
33	RATIO 33 --- TOTAL OPERATING REVENUE PER KWH SOLD (MILLS)	118.51	129.25	126.95	126.95	127.51	129.06

RATIO No.	RATIO DESCRIPTION	ESTIMATED RATIOS FOR 2016					
		KRTA 2011	KRTA 2012	KRTA 2013	KRTA 2014	KRTA 2015	KRTA 2016
34	RATIO 34 -- TOTAL OPERATING REVENUE PER TUP INVESTMENT (CENTS)	54.30	58.31	55.51	53.73	50.65	48.40
35	RATIO 35 -- TOTAL OPERATING REVENUE PER CONSUMER (\$)	1,335.92	1,458.83	1,445.41	1,460.45	1,436.21	1,441.48
36	RATIO 36 -- ELECTRIC REVENUE PER KWH SOLD (MILLS)	116.59	127.76	126.10	125.80	124.89	127.01
37	RATIO 37 -- ELECTRIC REVENUE PER CONSUMER (\$)	1,314.36	1,441.98	1,435.84	1,447.11	1,406.65	1,418.59
38	RATIO 38 -- RESIDENTIAL REVENUE PER KWH SOLD (MILLS)	124.91	137.36	135.86	134.85	135.73	137.75
39	RATIO 39 -- NON-RESIDENTIAL REVENUE PER KWH SOLD (MILLS)	98.48	107.52	105.38	106.18	101.80	103.62
40	RATIO 40 -- SEASONAL REVENUE PER KWH SOLD (MILLS)	#N/A	#N/A	#N/A	#N/A	#N/A	#DIV/0!
41	RATIO 41 -- IRRIGATION REVENUE PER KWH SOLD (MILLS)	115.65	128.11	130.71	134.34	130.03	129.20
42	RATIO 42 -- SMALL COMMERCIAL REVENUE PER KWH SOLD (MILLS)	105.79	115.49	113.68	112.65	107.48	109.53
43	RATIO 43 -- LARGE COMMERCIAL REVENUE PER KWH SOLD (MILLS)	75.14	83.09	79.40	84.73	81.81	83.63
44	RATIO 44 -- SALES FOR RESALE REVENUE PER KWH SOLD (MILLS)	#N/A	#N/A	#N/A	#N/A	#N/A	#DIV/0!
45	RATIO 45 -- STREET & HIGHWAY LIGHTING REVENUE PER KWH SOLD (MILLS)	160.87	174.04	173.09	172.72	176.17	180.10
46	RATIO 46 -- OTHER SALES TO PUBLIC AUTHORITIES REVENUE PER KWH SOLD (MILLS)	102.94	113.50	111.56	111.65	104.98	104.65
47	RATIO 47 -- OPERATING MARGINS PER KWH SOLD (MILLS)	6.82	4.00	5.08	3.69	3.11	3.04
48	RATIO 48 -- OPERATING MARGINS PER CONSUMER (\$)	76.87	45.09	57.85	42.42	35.03	33.95
49	RATIO 49 -- NON-OPERATING MARGINS PER KWH SOLD (MILLS)	1.45	0.75	0.73	0.53	0.60	0.46
50	RATIO 50 -- NON-OPERATING MARGINS PER CONSUMER (\$)	16.35	8.45	8.27	6.11	6.72	5.13
51	RATIO 51 -- TOTAL MARGINS LESS ALLOCATIONS PER KWH SOLD (MILLS)	8.27	4.74	5.81	4.22	3.71	3.50
52	RATIO 52 -- TOTAL MARGINS LESS ALLOCATIONS PER CONSUMER (\$)	93.22	53.54	66.12	48.53	41.75	39.07
53	RATIO 53 -- INCOME (LOSS) FROM EQUITY INVESTMENTS PER CONSUMER (\$)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00
54	RATIO 54 -- ASSOCIATED ORGANIZATION'S CAPITAL CREDITS PER KWH SOLD (MILLS)	5.19	7.13	8.07	6.36	8.09	5.18
55	RATIO 55 -- ASSOCIATED ORGANIZATION'S CAPITAL CREDITS PER CONSUMER (\$)	58.51	80.49	91.83	73.15	91.15	57.83
56	RATIO 56 -- TOTAL MARGINS PER KWH SOLD (MILLS)	13.46	11.88	13.87	10.58	11.80	8.68
57	RATIO 57 -- TOTAL MARGINS PER CONSUMER (\$)	151.73	134.04	157.95	121.68	132.90	96.91
58	RATIO 58 -- AMOUNT WRITTEN OFF AS A % OF OPERATING REVENUE	0.43	0.40	0.33	0.33	0.37	0.32
59	RATIO 59 -- AVERAGE RESIDENTIAL USAGE KWH PER MONTH	0.24	0.23	0.27	0.23	0.19	0.25
60	RATIO 60 -- AVERAGE SMALL COMMERCIAL KWH USAGE PER MONTH	125.11	125.30	126.88	128.46	126.49	125.84
61	RATIO 61 -- AVERAGE LARGE COMMERCIAL KWH USAGE PER MONTH	699.67	693.34	701.44	713.08	694.51	693.99
62	RATIO 62 -- AVERAGE SEASONAL KWH USAGE PER MONTH	#N/A	#N/A	#N/A	#N/A	#N/A	#DIV/0!
63	RATIO 63 -- AVERAGE IRRIGATION KWH USAGE PER MONTH	1,158.88	1,276.23	1,132.88	976.93	1,042.04	1,286.24
64	RATIO 64 -- AVERAGE SMALL COMMERCIAL KWH USAGE PER MONTH	2,840.79	2,872.99	2,890.02	2,910.90	2,906.30	2,786.05
65	RATIO 65 -- AVERAGE LARGE COMMERCIAL KWH USAGE PER MONTH	606,729.17	649,666.67	646,500.00	635,979.17	611,791.67	615,525.00
66	RATIO 66 -- AVERAGE STREET & HIGHWAY LIGHTING KWH USAGE PER MONTH	2,491.23	2,473.68	2,451.75	2,407.89	2,416.67	2,408.54
67	RATIO 67 -- AVERAGE SALES FOR RESALE KWH USAGE PER MONTH	#N/A	#N/A	#N/A	#N/A	#N/A	#DIV/0!
68	RATIO 68 -- AVERAGE SALES TO PUBLIC AUTHORITIES KWH USAGE PER MONTH	3,291.08	3,051.41	3,230.24	3,209.94	3,272.33	3,330.07
69	RATIO 69 -- RESIDENTIAL KWH SOLD PER TOTAL KWH SOLD (%)	68.54	67.82	68.01	68.42	68.05	68.54
70	RATIO 70 -- SEASONAL KWH SOLD PER TOTAL KWH SOLD (%)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00
71	RATIO 71 -- IRRIGATION KWH SOLD PER TOTAL KWH SOLD (%)	0.40	0.44	0.39	0.34	0.36	0.47
72	RATIO 72 -- SMALL COMMERCIAL KWH SOLD PER TOTAL KWH SOLD (%)	21.65	21.83	21.77	21.74	22.29	21.67
73	RATIO 73 -- LARGE COMMERCIAL KWH SOLD PER TOTAL KWH SOLD (%)	7.76	8.27	8.10	7.82	7.61	7.62

RATIO No.	RATIO DESCRIPTION	KRTA 2011	KRTA 2012	KRTA 2013	KRTA 2014	KRTA 2015	ESTIMATED RATIOS FOR 2016
74	RATIO 74 --- STREET & HIGHWAY LIGHTING KWH SOLD PER TOTAL KWH SOLD (%)	0.15	0.15	0.15	0.14	0.14	0.14
75	RATIO 75 --- SALES FOR RESALE PER TOTAL KWH SOLD (%)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00
76	RATIO 76 --- SALES TO PUBLIC AUTHORITIES PER TOTAL KWH SOLD (%)	1.50	1.49	1.58	1.54	1.56	1.56
77	RATIO 77 --- O & M EXPENSES PER TOTAL KWH SOLD (MILLS)	8.50	13.76	8.50	8.95	11.25	10.84
78	RATIO 78 --- O & M EXPENSES PER DOLLARS OF TUP (MILLS)	38.94	62.09	37.16	37.87	44.69	40.64
79	RATIO 79 --- O & M EXPENSES PER CONSUMER (\$)	95.81	155.36	96.75	102.93	126.71	121.03
80	RATIO 80 --- CONSUMER ACCOUNTING EXPENSES PER TOTAL KWH SOLD (MILLS)	2.78	2.98	3.29	3.10	2.54	2.67
81	RATIO 81 --- CONSUMER ACCOUNTING EXPENSES PER CONSUMER (\$)	31.35	33.68	37.43	35.72	28.66	29.85
82	RATIO 82 --- CUSTOMER SALES AND SERVICE PER TOTAL KWH SOLD (MILLS)	3.21	3.07	3.51	3.35	3.56	3.66
83	RATIO 83 --- CUSTOMER SALES AND SERVICE PER CONSUMER (\$)	36.20	34.62	39.92	38.59	40.13	40.93
84	RATIO 84 --- A & G EXPENSES PER TOTAL KWH SOLD (MILLS)	4.60	4.50	5.06	5.11	6.24	6.37
85	RATIO 85 --- A & G EXPENSES PER CONSUMER (\$)	51.85	50.81	57.63	58.75	70.24	71.15
86	RATIO 86 --- TOTAL CONTROLLABLE EXPENSES PER TOTAL KWH SOLD (MILLS) (SAME AS RATIO #103)	19.09	24.32	20.35	20.51	23.59	23.54
87	RATIO 87 --- TOTAL CONTROLLABLE EXPENSES PER CONSUMER (\$) (SAME AS RATIO #104)	215.22	274.47	231.72	235.99	265.75	262.97
88	RATIO 88 --- POWER COST PER KWH PURCHASED (MILLS)	74.02	81.67	82.11	84.26	81.52	81.36
89	RATIO 89 --- POWER COST PER TOTAL KWH SOLD (MILLS)	77.65	85.82	86.70	88.00	85.28	85.81
90	RATIO 90 --- POWER COST AS A % OF REVENUE	65.52	66.40	68.29	69.31	66.88	66.49
91	RATIO 91 --- LONG-TERM INTEREST COST PER TOTAL KWH SOLD (MILLS)	5.22	5.14	4.93	4.52	4.36	4.87
92	RATIO 92 --- LONG-TERM INTEREST COST AS A % OF TUP	2.39	2.32	2.16	1.91	1.73	1.82
93	RATIO 93 --- LONG-TERM INTEREST COST PER CONSUMER (\$)	58.81	57.99	56.18	51.95	49.14	54.35
94	RATIO 94 --- DEPRECIATION EXPENSE PER TOTAL KWH SOLD (MILLS)	6.78	7.41	7.53	7.62	8.07	8.42
95	RATIO 95 --- DEPRECIATION EXPENSE AS A % OF TUP	3.11	3.34	3.29	3.23	3.21	3.16
96	RATIO 96 --- DEPRECIATION EXPENSE PER CONSUMER (\$)	76.43	83.62	85.68	87.70	90.88	94.09
97	RATIO 97 --- ACCUMULATIVE DEPRECIATION AS A % OF PLANT IN SERVICE	31.84	32.45	33.70	34.38	34.44	33.72
98	RATIO 98 --- TOTAL TAX EXPENSE PER TOTAL KWH SOLD (MILLS)	2.45	2.66	2.30	2.46	2.53	2.67
99	RATIO 99 --- TOTAL TAX EXPENSE AS A % OF TUP	1.12	1.20	1.01	1.04	1.00	1.00
100	RATIO 100 --- TOTAL TAX EXPENSE PER CONSUMER (\$)	27.64	30.02	26.22	28.30	28.44	29.77
101	RATIO 101 --- TOTAL FIXED EXPENSES PER TOTAL KWH SOLD (MILLS)	92.60	100.94	101.51	102.75	100.81	102.48
102	RATIO 102 --- TOTAL FIXED EXPENSES PER CONSUMER (\$)	1,043.83	1,139.26	1,155.84	1,182.04	1,135.43	1,144.57
103	RATIO 103 --- TOTAL OPERATING EXPENSES PER TOTAL KWH SOLD (MILLS)	19.09	24.32	20.35	20.51	23.59	23.54
104	RATIO 104 --- TOTAL OPERATING EXPENSES PER CONSUMER (\$)	215.22	274.47	231.72	235.99	265.75	262.97
105	RATIO 105 --- TOTAL COST OF SERVICE (MINUS POWER COSTS) PER TOTAL KWH SOLD (MILLS)	34.04	39.44	35.17	35.27	39.12	40.21
106	RATIO 106 --- TOTAL COST OF ELECTRIC SERVICE PER TOTAL KWH SOLD (MILLS)	111.69	125.26	121.86	123.27	124.40	126.02
107	RATIO 107 --- TOTAL COST OF ELECTRIC SERVICE PER CONSUMER (\$)	1,259.04	1,413.73	1,387.56	1,418.03	1,401.18	1,407.53
108	RATIO 108 --- AVERAGE WAGE RATE PER HOUR (\$)	32.20	33.74	33.68	33.96	35.81	36.49
109	RATIO 109 --- TOTAL WAGES PER TOTAL KWH SOLD (MILLS)	9.35	10.34	10.19	9.95	10.66	10.80
110	RATIO 110 --- TOTAL WAGES PER CONSUMER (\$)	105.41	116.75	116.02	114.47	120.08	120.66
111	RATIO 111 --- OVERTIME HOURS/TOTAL HOURS (%)	4.72	6.72	3.68	3.54	5.18	3.82
112	RATIO 112 --- CAPITALIZED PAYROLL / TOTAL PAYROLL (%)	25.19	22.44	25.63	29.27	25.54	24.87
113	RATIO 113 --- AVERAGE CONSUMERS PER EMPLOYEE	665.44	642.83	634.74	652.40	659.12	654.72
114	RATIO 114 --- ANNUAL GROWTH IN KWH SOLD (%)	3.25	0.59	1.53	1.89	(1.08)	0.40
115	RATIO 115 --- ANNUAL GROWTH IN NUMBER OF CONSUMERS (%)	0.43	0.47	0.64	0.84	1.03	1.24

RATIO No.	RATIO DESCRIPTION	ESTIMATED RATIOS FOR 2016					
		KRTA 2011	KRTA 2012	KRTA 2013	KRTA 2014	KRTA 2015	
116	RATIO 116 --- ANNUAL GROWTH IN TUP DOLLARS (%)	1.39	2.17	4.74	5.26	5.40	6.33
117	RATIO 117 --- CONST. W.I.P. TO PLANT ADDITIONS (%)	17.91	17.62	57.20	48.49	68.61	29.52
118	RATIO 118 --- NET NEW SERVICES TO TOTAL SERVICES (%)	0.47	0.54	0.68	0.72	0.53	1.16
119	RATIO 119 --- ANNUAL GROWTH IN TOTAL CAPITALIZATION (%)	15.13	0.98	2.71	(2.73)	7.86	11.51
120	RATIO 120 --- 2 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)	12.43	7.82	1.84	(0.05)	2.43	9.67
121	RATIO 121 --- 5 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)	8.41	6.54	6.36	4.98	4.61	3.94
122	RATIO 122 --- TUP INVESTMENTS PER TOTAL KWH SOLD (CENTS)	21.82	22.17	22.87	23.63	25.17	26.66
123	RATIO 123 --- TUP INVESTMENT PER CONSUMER (\$)	2,460.30	2,501.99	2,603.85	2,717.91	2,835.54	2,978.11
124	RATIO 124 --- TUP INVESTMENT PER MILE OF LINE (\$)	27,304.61	27,776.14	29,014.96	30,350.56	31,843.15	33,552.10
125	RATIO 125 --- AVERAGE CONSUMERS PER MILE	11.10	11.10	11.14	11.17	11.23	11.27
126	RATIO 126 --- DISTRIBUTION PLANT PER TOTAL KWH SOLD (MILLS)	195.45	200.17	203.31	209.71	217.73	235.51
127	RATIO 127 --- DISTRIBUTION PLANT PER CONSUMER (\$)	2,203.28	2,259.18	2,314.97	2,412.47	2,497.47	2,630.42
128	RATIO 128 --- DISTRIBUTION PLANT PER EMPLOYEE (\$)	1,466,149.64	1,452,264.79	1,469,393.49	1,573,903.94	1,646,121.33	1,722,181.21
129	RATIO 129 --- GENERAL PLANT PER TOTAL KWH SOLD (MILLS)	11.97	10.87	10.72	10.89	10.98	11.34
130	RATIO 130 --- GENERAL PLANT PER CONSUMER (\$)	134.95	122.71	122.09	125.30	123.70	126.66
131	RATIO 131 --- GENERAL PLANT PER EMPLOYEE (\$)	89,800.82	78,882.12	77,495.57	81,743.48	81,535.31	82,929.08
132	RATIO 132 --- HEADQUARTERS PLANT PER TOTAL KWH SOLD (MILLS)	8.62	8.95	9.42	9.35	9.54	13.20
133	RATIO 133 --- HEADQUARTERS PLANT PER CONSUMER (\$)	97.18	101.00	107.22	107.55	107.41	147.42
134	RATIO 134 --- HEADQUARTERS PLANT PER EMPLOYEE (\$)	64,670.56	64,922.87	68,054.04	70,164.25	70,797.92	96,521.45
135	RATIO 135 --- TRANSMISSION PLANT PER TOTAL KWH SOLD (MILLS)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00
136	RATIO 136 --- TRANSMISSION PLANT PER CONSUMER (\$)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00
137	RATIO 137 --- TRANSMISSION PLANT PER EMPLOYEE (\$)	4.44	4.55	4.50	4.18	3.59	3.44
138	RATIO 138 --- IDLF SERVICES TO TOTAL SERVICE (%)	4.55	4.72	5.18	4.14	4.31	5.10
139	RATIO 139 --- LINE LOSS (%)	7.20	135.90	1.20	8.16	2.94	21.42
140	RATIO 140 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - POWER SUPPLIER	0.00	2,526.36	0.00	0.00	435.06	0.00
141	RATIO 141 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - EXTREME STORM	0.30	1.74	0.36	0.30	1.62	1.14
142	RATIO 142 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - PREARRANGED	171.90	110.28	86.10	75.66	77.88	74.28
143	RATIO 143 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - ALL OTHER	179.40	2,774.28	87.66	84.12	517.50	96.84
144	RATIO 144 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - TOTAL	99.97	99.47	99.98	99.98	99.90	99.98
145	RATIO 145 --- AVG. SERVICE AVAILABILITY INDEX (ASAI) - TOTAL (%)						

AFFECTED KRTA RATIOS

PAGE 3 - Part J. PATRONAGE CAPITAL

Item	This Year	Cumulative
Line 1. General Retirement	3,169,827	29,664,020
Line 2. Special Retirements	221,828	3,368,225
Line 4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	2,206,405	
Line 5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	80,605	

<====Missing these line items will affect Ratios 24 & 26.
 <====Missing these line items will affect Ratios 24 & 26.

<====Missing this line item will affect Ratios 8 & 14.
 <====Missing this line item will affect Ratios 8 & 14.

<====Missing this line item will affect Ratio 58.
 <====Missing this line item will affect Ratio 59.

PAGE 3 - Part K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. Amount Due Over 60 Days	162,241
2. Amount Written Off During Year	124,994

Please DON'T forget to fill out these sections! These line items are used for the KRTA Ratios calculation.

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	MP/44
	ENDING DATE	12/31/2016

CFC FORM 7 DATA ERROR AND WARNING CHECKS

PART A. STATEMENT OF OPERATIONS

		Balance Check - Revenue		Comments
BALANCE CHECK RESULTS Needs Attention Matches	1. Operating Revenue and Patronage Capital Part A, Line 1(b), Page 1	50019395		0
	12. TOTAL Revenue Received From Sales of Electric Energy Part B, Line 12(d), Page 5	49225863		0
	13. Transmission Revenue Part B, Line 13(d), Page 5	0		0
	14. Other Electric Revenue Part B, Line 14(d), Page 5	794232		0
	Total Lines 12(d), 13(d) & 14(d)	50019395		
	Difference	0	Matches	

		Balance Check - Cost of Purchases and Generation		Comments
BALANCE CHECK RESULTS Needs Attention Matches	2. Power Production Expense Part A, Line 2(b), Page 1	0		0
	3. Cost of Purchased Power Part A, Line 3(b), Page 1	33259017		0
	4. Transmission Expense Part A, Line 4(b), Page 1	0		0
	5. Regional Market Operations Expense Part A, Line 5(b), Page 1	0		0
	Total Lines 2(b) thru 5(b)	33259017		
	18. Cost of Purchases and Generation Part B, Line 18(d), Page 5	33259017		0
	Difference	0	Matches	

		Balance Check - Cost of Purchased Power		Comments
BALANCE CHECK RESULTS Needs Attention Matches	3. Cost of Purchased Power Part A, Line 3(b), Page 1	33259017		0
	TOTALS (Cost) Part I, Line 21(d), Page 3	33259017.43		0
	Difference	0	Matches	

FORM 7 LINE ITEMS THAT SHOULD NOT EQUAL ZERO

LINE ITEM	
1. Operating Revenue and Patronage Capital	Line 1 is greater than ZERO.
3. Cost of Purchased Power	Line 3 is greater than ZERO.
6. Distribution Expense - Operation	Line 6 is greater than ZERO.
7. Distribution Expense - Maintenance	Line 7 is greater than ZERO.
8. Consumer Accounts Expense	Line 8 is greater than ZERO.
9. Customer Service and Informational Expense	Line 9 is greater than ZERO.
11. Administrative and General Expense	Line 11 is greater than ZERO.
12. Total Operation & Maintenance Expense (2 thru 11)	Line 12 is greater than ZERO.
13. Depreciation & Amortization Expense	Line 13 is greater than ZERO.
16. Interest on Long-Term Debt	Line 16 is greater than ZERO.
20. Total Cost of Electric Service (12 thru 19)	Line 20 is greater than ZERO.
29. Patronage Capital or Margins (21 thru 28)	Line 29 is a NON-ZERO value.

PART C. BALANCE SHEET

		Balance Check - Balance Sheet		Comments
BALANCE CHECK RESULTS Needs Attention Matches	28. Total Assets & Other Debits (5+14+26+27) Part C, Line 28, Page 2	112418663		0
	51. Total Liabilities & Other Credits (35+38+41+49+50) Part C, Line 51, Page 2	112418663		0
	Difference	0	Matches	

CFC FORM 7 DATA ERROR AND WARNING CHECKS

Balance Check - Current Maturities Long-Term Debt

38. Total Long-Term Debt	52185472	0
45. Current Maturities Long-Term Debt	2532043	0
46. Current Maturities Long-Term Debt-Economic Dev.	0	0

7. Investment in Subsidiary Companies Part C, Line 7, Page 2	800	Comments	0
8. Invest. in Assoc. Org. - Patronage Capital Part C, Line 8, Page 2	32418264		0
9. Invest. in Assoc. Org. - Other - General Funds Part C, Line 9, Page 2	0		0
10. Invest in Assoc. Org. - Other - Nongeneral Funds Part C, Line 10, Page 2	934075		0
Total Lines 7, 8, 9 & 10	33353139		0
7a - Part I - Investments in Associated Organizations			
Column (b) - Included (\$) Part I, Subtotal (b)	800		0
Column (c) - Excluded (\$) Part I, Subtotal (c)	3134522		0
Column (d) - Income or Loss Part I, Subtotal (d)	2006817		0
Total	33353139		0
Difference	0	Matches	

BALANCE CHECK RESULTS

0 Please Review
1 Matches

11. Investments in Economic Development Projects Part C, Line 11, Page 2	1071586	Comments	0
7a - Part I - Investments in Economic Development Projects			
Column (b) - Included (\$) Part I, Subtotal (b)	0		0
Column (c) - Excluded (\$) Part I, Subtotal (c)	1071586		0
Column (d) - Income or Loss Part I, Subtotal (d)	0		0
Total	1071586		0
Difference	0	Matches	

BALANCE CHECK RESULTS

0 Please Review
1 Matches

12. Other Investments Part C, Line 12, Page 2	0	Comments	0
7a - Part I - Other Investments			
Column (b) - Included (\$) Part I, Subtotal (b)	0		0
Column (c) - Excluded (\$) Part I, Subtotal (c)	0		0
Column (d) - Income or Loss Part I, Subtotal (d)	0		0
Total	0		0
Difference	0	Matches	

BALANCE CHECK RESULTS

0 Please Review
1 Matches

13. Special Funds Part C, Line 13, Page 2	0	Comments	0
7a - Part I - Special Funds			
Column (b) - Included (\$) Part I, Subtotal (b)	0		0
Column (c) - Excluded (\$) Part I, Subtotal (c)	0		0
Column (d) - Income or Loss Part I, Subtotal (d)	0		0
Total	0		0
Difference	0	Matches	

BALANCE CHECK RESULTS

0 Please Review
1 Matches

CFC FORM 7 DATA ERROR AND WARNING CHECKS

		Comments	
15. Cash-General Funds			
<i>Part C, Line 15, Page 2</i>		253057	0
BALANCE CHECK RESULTS			
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center; margin-bottom: 5px;">0</div> Please Review	7a - Part I - Cash - General		
	Column (b) - Included (\$)		
	<i>Part I, Subtotal (b)</i>	3057	0
	Column (c) - Excluded (\$)		
	<i>Part I, Subtotal (c)</i>	250000	0
	Column (d) - Income or Loss		
<i>Part I, Subtotal (d)</i>	0	0	
Total		253057	0
Difference		0	Matches
17. Special Deposits			
<i>Part C, Line 17, Page 2</i>		0	0
BALANCE CHECK RESULTS			
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center; margin-bottom: 5px;">0</div> Please Review	7a - Part I - Special Deposits		
	Column (b) - Included (\$)		
	<i>Part I, Subtotal (b)</i>	0	0
	Column (c) - Excluded (\$)		
	<i>Part I, Subtotal (c)</i>	0	0
	Column (d) - Income or Loss		
<i>Part I, Subtotal (d)</i>	0	0	
Total		0	0
Difference		0	Matches
18. Temporary Investments			
<i>Part C, Line 18, Page 2</i>		0	0
BALANCE CHECK RESULTS			
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center; margin-bottom: 5px;">0</div> Please Review	7a - Part I - Temporary Investments		
	Column (b) - Included (\$)		
	<i>Part I, Subtotal (b)</i>	0	0
	Column (c) - Excluded (\$)		
	<i>Part I, Subtotal (c)</i>	0	0
	Column (d) - Income or Loss		
<i>Part I, Subtotal (d)</i>	0	0	
Total		0	0
Difference		0	Matches
19. Notes Receivable - Net			
<i>Part C, Line 19, Page 2</i>		0	0
21. Accounts Receivable - Net Other			
<i>Part C, Line 21, Page 2</i>			
Total Lines 19 & 21		393312	0
BALANCE CHECK RESULTS			
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center; margin-bottom: 5px;">0</div> Please Review	7a - Part I - Account & Notes Receivable - Net		
	Column (b) - Included (\$)		
	<i>Part I, Subtotal (b)</i>	393312	0
	Column (c) - Excluded (\$)		
	<i>Part I, Subtotal (c)</i>	0	0
	Column (d) - Income or Loss		
<i>Part I, Subtotal (d)</i>	0	0	
Total		393312	0
Difference		0	Matches
Balance Check - Total Retirements			
Total Retirements (1+2)			
<i>Part I, Line 3b, Page 3</i>		33032248	OK
Balance Check - Total Cash Retirements			
Total Cash Received (4+5)			
<i>Part I, Line 6, Page 3</i>		2287010	OK
Balance Check - Employee Hour			
Number of Full Time Employees			
<i>Part I, Line 1, Page 3</i>		53	OK

CFC FORM 7 DATA ERROR AND WARNING CHECKS

PART E. CHANGES IN UTILITY PLANT

BALANCE CHECK RESULTS		Balance Check - Changes in Utility Plant	
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center; margin: 0 auto;"> 0 Needs Attention 1 Matches </div>	1. Total Utility Plant in Service Part C, Line 1, Page 2	100786482	0
	SUBTOTAL: (1 thru 11) Part E, Line 12(e), Page 3	100786482	0
	Difference	0	Matches

BALANCE CHECK RESULTS		Balance Check - Changes in Utility Plant	
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center; margin: 0 auto;"> 0 Needs Attention 1 Matches </div>	2. Construction Work in Progress Part C, Line 2, Page 2	2553971	0
	Construction Work in Progress Part E, Line 13(e), Page 3	2553971	0
	Difference	0	Matches

BALANCE CHECK RESULTS		Balance Check - Changes in Utility Plant	
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center; margin: 0 auto;"> 0 Needs Attention 1 Matches </div>	3. Total Utility Plant (1+2) Part C, Line 3, Page 2	103340453	0
	TOTAL UTILITY PLANT (12+13) Part E, Line 14(e), Page 3	103340453	0
	Difference	0	Matches

PART I. KWH PURCHASED AND TOTAL COST

BALANCE CHECK RESULTS		Balance Check - Total KWH Purchased	
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center; margin: 0 auto;"> 0 Needs Attention 1 Matches </div>	TOTALS (KWH Purchased) Part I, Line 21(e), Page 3	408803526	0
	16. TOTAL KWH Purchased Part B, Line 16(d), Page 5	408803526	0
	Difference	0	Matches

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

BALANCE CHECK RESULTS		Balance Check - Long-Term Debt Service Requirements	
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center; margin: 0 auto;"> 0 Needs Attention 1 Matches </div>	38. Total Long-Term Debt (36 + 37) Part C, Line 38, Page 2	52185472	0
	45. Current Maturities Long-Term Debt Part C, Line 45, Page 2	2532013	0
	46. Current Maturities Long-Term Debt-Economic Dev. Part C, Line 46, Page 2	0	0
	Total Lines 38+45+46	54717485	0
	Total Balance End of Year Part O, Line 12, Page 4	54717485	0
	Difference	0	Matches

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	MI044
	ENDING DATE	12/31/2016
NOTES		

Page 7a - Part 1, 2. Investments in Associated Organizations

	Included	Excluded	Income or Loss
RESCO		403,043	76,803
Federated Insurance		116,008	33,836
NISC		158,146	25,746
NRTC		5,793	0
CoBank		29,804	41,950
Total		712,794	178,335

Page 7a - Part 1, 3. Investments in Economic Development Projects

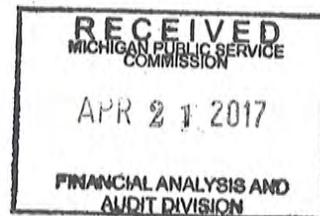
	Included	Excluded	Income or Loss
Crystal Enterprises		35,000	
G.T. Metro Emergency (Loan 1)		15,623	
Solon-Centerville Township		62,578	
Brewery Terra Firma		8,750	
DSTB, LLC		15,034	
Endurance Evolution (Loan 1)		7,667	
Striker Supply		19,402	
Great Lakes Potato Chip Company		33,804	
G.T. Metro Emergency (Loan 2)		180,000	
Roaming Harvest LLC		11,250	
Mount Holiday, Inc.		2,792	
Up North Automotive		33,500	
HM East, LLC		29,167	
Endurance Evolution (Loan 2)		11,667	
Right Brain Beverages		37,290	
Alfie Embroidery		94,000	
Black Star Farm		16,439	
GT Bay YMCA		49,000	
Kingley Lumber		42,500	
H M Commissary LLC		51,000	
Great Lakes Stainless		110,000	
Bay Motor Products		97,125	
Total		963,586	

Cherryland
Electric
Cooperative,
Inc. and
Subsidiary



Years Ended
December 31,
2016 and 2015

Consolidated
Financial
Statements
and
Supplementary
Information



CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

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CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

■ BOARD OF DIRECTORS

Board of Directors

Terry Lautner	President
Thomas Van Pelt	Senior Vice President
Melinda Lautner	Secretary
Jon Zickert	Treasurer
Betty (Maciejewski) Lien	Director
John Olson	Director
David Schweitzer	Director

INDEPENDENT AUDITORS' REPORT

March 22, 2017

Board of Directors
Cherryland Electric Cooperative, Inc. and Subsidiary
Grawn, Michigan

We have audited the accompanying consolidated financial statements of *Cherryland Electric Cooperative, Inc. and Subsidiary* (the "Cooperative"), which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of income and comprehensive income, changes in patron equities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of *Cherryland Electric Cooperative, Inc. and Subsidiary* as of December 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Predecessor Auditor

The consolidated financial statements of ***Cherryland Electric Cooperative, Inc. and Subsidiary*** as of and for the year ended December 31, 2015, were audited by other auditors whose report dated March 1, 2016, expressed an unmodified opinion on those consolidated financial statements.

Rehmann Johnson LLC

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

ASSETS	December 31	
	2016	2015
Current assets		
Cash and cash equivalents - unrestricted	\$ 3,382	\$ 23,755
Accounts receivable, net of allowance for bad debts of \$120,000 and \$115,000 in 2016 and 2015:		
Trade:		
Billed	2,028,487	2,985,424
Unbilled	2,897,209	2,699,012
Other	72,818	101,758
Refundable Michigan sales tax	324,425	357,055
Power supply cost recovery	1,018,809	787,163
Current portion of notes receivable	357,748	356,442
Inventory	608,805	555,408
Prepaid expenses and other assets	196,796	279,480
Total current assets	7,508,479	8,145,497
Property, plant and equipment		
Land, buildings, and improvements	5,115,637	3,681,492
Electric distribution plant	91,275,604	85,598,309
Office furniture and equipment	1,542,017	1,488,948
Transportation equipment	504,584	592,075
Machinery and equipment	2,348,639	2,158,813
Plant construction in progress	2,553,971	3,665,667
Total property, plant and equipment	103,340,452	97,185,304
Less accumulated depreciation	(33,985,419)	(32,205,369)
Net property, plant and equipment	69,355,033	64,979,935
Other assets		
Cash and cash equivalents-restricted	250,475	141,048
Investments in associated cooperatives	32,418,264	32,789,950
Capital term certificates	926,125	939,015
Land held for resale	76,765	76,765
Notes receivable, less current portion	713,840	728,415
Other	1,169,682	1,423,395
Total other assets	35,555,151	36,098,588
Total assets	\$112,418,663	\$109,224,020

The accompanying notes are an integral part of these consolidated financial statements.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND EQUITIES	December 31	
	2016	2015
Current liabilities		
Short-term borrowings	\$ 4,393,280	\$ 11,882,540
Checks issued against future deposits	766,112	310,979
Accounts payable:		
Purchased power	3,085,317	2,882,077
Other	508,229	760,431
Accrued expenses:		
Compensation	637,793	572,905
Property taxes	351,872	337,229
Interest	361,658	326,118
Other	18,159	(6,688)
Member deposits	250,827	249,695
Member advances for construction	315,461	375,602
Current portion of long-term debt	2,532,012	2,274,444
Total current liabilities	13,220,720	19,965,332
Unamortized gain on early retirement of debt	348,800	414,200
Post-retirement benefit obligation, other than pensions	167,028	345,214
Long-term debt, net of current portion	52,185,472	41,727,799
Total liabilities	65,922,020	62,452,545
Commitments and contingencies (Notes 6 and 7)		
Equities		
Memberships	-	238,721
Patronage capital	48,351,282	48,380,285
Other equities - accumulated deficit	(1,592,499)	(1,595,848)
Accumulated other comprehensive loss	(262,140)	(251,683)
Total equities	46,496,643	46,771,475
Total liabilities and equities	\$112,418,663	\$109,224,020

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Year Ended December 31	
	2016	2015
Operating revenues	\$ 50,019,394	\$ 49,224,783
Operating expenses		
Cost of power	33,259,017	32,920,422
Distribution, maintenance	3,059,030	3,284,481
Administrative and general	2,468,783	2,407,441
Depreciation and amortization	3,264,754	3,114,803
Taxes - property and other	1,033,138	974,759
Member accounts	1,035,957	982,434
Member service and information	1,420,363	1,375,427
Distribution, operations	1,140,753	1,058,491
Total operating expenses	46,681,795	46,118,258
Operating margin	3,337,599	3,106,525
Other income (expense)		
Income from associated cooperatives	2,006,813	3,123,983
Interest income	37,981	31,848
Interest expense on long-term debt	(1,885,795)	(1,684,343)
Other interest expense	(294,790)	(253,060)
Other income	160,846	229,919
Other income, net	25,055	1,448,347
Net margins	\$ 3,362,654	\$ 4,554,872
Other comprehensive income		
Unrecognized change in postretirement benefit plans	(10,457)	60,129
Comprehensive income	\$ 3,352,197	\$ 4,615,001

The accompanying notes are an integral part of these consolidated financial statements.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

■ CONSOLIDATED STATEMENTS OF CHANGES IN PATRON EQUITIES

	Memberships	Patronage Capital	Other Equities Accumulated Deficit	Accumulated Other Comprehensive Gain (Loss)	Total
Balances, January 1, 2015	\$ 244,356	\$ 46,743,043	\$ (1,633,862)	\$ (311,812)	\$ 45,041,725
Capital credits retired	-	(2,917,630)	259,487	-	(2,658,143)
Memberships retired	(5,635)	-	-	-	(5,635)
Other equity transactions	-	-	(221,473)	-	(221,473)
Change in other comprehensive income	-	4,554,872	-	60,129	4,615,001
Balances, December 31, 2015	238,721	48,380,285	(1,595,848)	(251,683)	46,771,475
Capital credits retired	-	(3,391,657)	178,272	-	(3,213,385)
Memberships retired	(238,721)	-	-	-	(238,721)
Other equity transactions	-	-	(174,923)	-	(174,923)
Change in other comprehensive income (loss)	-	3,362,654	-	(10,457)	3,352,197
Balances, December 31, 2016	\$ -	\$ 48,351,282	\$ (1,592,499)	\$ (262,140)	\$ 46,496,643

The accompanying notes are an integral part of these consolidated financial statements.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2016	2015
Cash flows from operating activities		
Net margins	\$ 3,362,654	\$ 4,554,872
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	3,264,754	3,114,803
Income (loss) from associated cooperatives, net of capital credits	371,686	(2,503,701)
Gain on sale of property and equipment	-	(5,329)
Bad debt expense (recoveries)	26,663	(21,169)
Amortization of gain on early extinguishment of debt	(65,400)	(65,400)
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	761,017	316,457
Refundable Michigan sales tax	32,630	(193,507)
Power supply cost recovery	(231,646)	(787,163)
Inventory	(53,397)	125,705
Prepaid expenses and other current assets	82,684	21,423
Other assets	253,713	106,457
Checks issued against future deposits	455,133	43,856
Accounts payable	(48,962)	(80,656)
Accrued expenses	139,918	37,211
Member deposits	1,132	1,126
Member advances for construction	(60,141)	84,469
Post-retirement benefit obligation, other than pensions	(188,643)	(166,577)
Net cash provided by operating activities	8,103,795	4,582,877
Cash flows from investing activities		
Purchases of property and equipment	(7,707,850)	(6,844,105)
Proceeds from sale of property and equipment	67,998	104,343
Proceeds from land held for resale	-	43,711
Collection of notes receivable	13,269	1,643
Redemption of capital term certificates	12,890	12,031
Net cash used in investing activities	(7,613,693)	(6,682,377)
Cash flows from financing activities		
Net short-term (repayments) borrowings	(1,489,260)	57,519
Proceeds from issuance of long-term debt	7,000,000	7,000,000
Repayments of long-term debt	(2,284,759)	(2,077,092)
Net patronage capital retirements and forfeitures	(3,388,308)	(2,879,616)
Memberships retired	(238,721)	(5,635)
Net cash (used in) provided by financing activities	(401,048)	2,095,176
Net increase (decrease) in cash and cash equivalents	89,054	(4,324)
Cash and cash equivalents, beginning of year	164,803	169,127
Cash and cash equivalents, end of year	\$ 253,857	\$ 164,803
Reconciliation to consolidated balance sheet		
Cash and cash equivalents - unrestricted	\$ 3,382	\$ 23,755
Cash and cash equivalents - restricted	250,475	141,048
	\$ 253,857	\$ 164,803

The accompanying notes are an integral part of these consolidated financial statements.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business and Concentration Risk

Cherryland Electric Cooperative, Inc. ("Cherryland") is a non-profit corporation located in Grawn, Michigan which is principally engaged in providing electrical service to over 34,000 residential and commercial members located in Benzie, Grand Traverse, Kalkaska, Leelanau, Manistee and Wexford counties. As discussed in Note 7, Cherryland purchases all of the electrical power it sells from an affiliated cooperative, Wolverine Power Supply Cooperative, Inc.

Certain of Cherryland's hourly employees are represented by a labor union pursuant to a collective bargaining agreement which expires in October 2021.

Basis of Accounting

The accounting records of Cherryland are maintained in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the Uniform Systems of Accounts prescribed by the Michigan Public Service Commission ("MPSC").

Consolidation

The accompanying consolidated financial statements include the accounts of Cherryland Electric Cooperative, Inc. and its wholly owned subsidiary, Cherryland Holdings, Inc. ("CHI") (collectively, the "Cooperative"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Regulation

Cherryland elected to be self-regulated under PA 167 of 2010. Accounting and rate matters are subject to the Board of Directors and membership approval.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting year. Actual results could differ from those estimates. Significant estimates include but are not limited to allowances for bad debts, determinations of discount and other rate assumptions for the post-retirement defined benefit pension plans, carrying values of property, plant and equipment, and the estimate of unbilled revenue.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks and cash on hand. The Cooperative maintains its deposits in one local financial institution, which at times may exceed the federally insured limits. Management does not believe the Cooperative is exposed to any significant interest rate or other financial risk as a result of these deposits.

Restricted Cash

Economic development grant funds received by the Cooperative are loaned to other organizations for economic development. Loan repayments are deposited into bank accounts which are restricted for use in other economic development projects. On the accompanying consolidated balance sheets, restricted cash is segregated from cash and cash equivalents. For the consolidated statements of cash flows, however, restricted cash is included in the beginning and ending balances of cash and cash equivalents.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

■ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revenue Recognition

Revenues for electric services are recognized on a monthly cycle billing basis. Cherryland accrues revenue for electricity used by its members but not billed at month end. Revenues include amounts collected from members by application of purchased power supply cost factors. The purpose of these factors is to allow Cherryland to recover its purchased power supply costs. Any over or under recovery of purchase power supply costs is recorded as an adjustment to revenues.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Inventory

Inventory consists primarily of purchased electrical materials and supplies. The Cooperative values inventory at the lower of weighted average cost, principally determined by the first-in, first-out basis, or market.

Property, Plant and Equipment and Depreciation

Property, plant and equipment is stated at cost. Major improvements are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Plant construction in progress represents the continual expansion, replacement and upgrading of the electrical distribution system, net of amounts received from members who are required to share the cost of plant additions. Retirement or disposals of property, plant and equipment are relieved at cost or current standard cost, if the original cost is not determinable. Accumulated depreciation is charged for the cost of removing property, plant and equipment, net of salvaged parts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which generally range from 3 to 40 years, as prescribed in the Rural Electrification Administration's Bulletin 183-1.

Investments in and Patronage Capital from Associated Cooperatives

Cherryland is a member of electric generation, financing and other cooperative organizations (Note 2). Investments in associated cooperatives are recorded at original cost, plus assigned patronage capital. Patronage capital includes accumulated assigned income less cumulative dividends received from associated cooperatives. Annual income is principally allocated based on Cherryland's purchases and borrowings from the associated cooperatives.

Capital Term Certificates

Capital term certificates represent capital payments made to Cherryland's principal lender. Such payments are generally computed at 3% to 5% of requested loan advances.

Member Advances for Construction

Cherryland requires certain members to advance funds for distribution line extensions. A portion of the advances may be refundable for a period of five years if Cherryland's costs are subsequently recovered through new permanent connections. Advances that are not subject to refund after five years are credited by offset against distribution plant construction costs.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

■ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Gain on Early Extinguishment of Debt

In 2001, Cherryland prepaid certain of its Rural Utility Services notes. The prepayment was financed with notes issued by the National Rural Utilities Cooperative Finance Corporation. The early extinguishment of the debt resulted in a gain of \$1,439,498, which is being amortized over the 22 year repayment period of the new notes and is included in other income in the consolidated statements of income. Amortization income amounted to \$65,400 in both 2016 and 2015.

Income Taxes

Cherryland is a not-for-profit organization exempt from income tax under Section 501(c)(12) of the Internal Revenue Code and is exempt from similar state and local taxes. Although Cherryland was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income such as interest received from sources other than directly from the membership.

Cherryland analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions. Interest and penalties attributable to income taxes, to the extent they arise, are recorded as a component of its operating expenses.

Cherryland has evaluated its income tax filing positions for fiscal years 2013 through 2016, the years which remain subject to examination as of December 31, 2016. Cherryland concluded that there are no significant uncertain tax positions requiring recognition in the Cherryland's financial statements. Cherryland does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. Cherryland does not have any amounts accrued for interest and penalties related to UTBs at December 31, 2016 or 2015, and is not aware of any claims for such amounts by federal or state income tax authorities.

CHI is subject to federal income tax. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and federal income tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Deferred income taxes arise from temporary basis differences principally related to net operating loss carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the year plus or minus the change during the year in deferred tax assets and liabilities.

CHI has a net operating loss carryforward of approximately \$1,007,000 that, if not utilized, will expire in 2025. Accordingly, CHI has recorded a deferred tax asset of approximately \$342,000 associated with the net operating loss carryforward. CHI's management has recorded a valuation allowance equal to the amount of the deferred tax asset since management anticipated little, if any, future activity which will allow utilization of the carryforward as an offset against future taxable income. CHI had no federal income tax expense or payments in 2016 or 2015.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Advertising Expenses

The costs of advertising and product promotion are expensed as incurred. The Cooperative incurred \$22,124 and \$22,702 in advertising costs during 2016 and 2015, respectively.

Reclassification

Certain amounts as reported in the 2015 consolidated financial statements have been reclassified to conform with the 2016 presentation.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2016, the most recent consolidated balance sheet presented herein, through March 22, 2017, the date these consolidated financial statements were available to be issued. No such significant events or transactions were identified, other than the renewal of short term borrowings disclosed in Note 3.

2. INVESTMENTS IN ASSOCIATED COOPERATIVES

Investments in associated cooperatives consisted of the following at December 31:

	2016	2015
Wolverine Power Supply Cooperative, Inc.	\$ 30,590,951	\$ 31,067,160
National Rural Utilities Cooperative Finance Corporation	936,184	887,041
National Information Solutions Cooperative	183,892	163,996
Rural Electric Supply Cooperative	479,846	476,648
Federated Rural Electric Insurance Exchange	149,844	127,054
Other	<u>77,547</u>	<u>68,051</u>
Total	<u>\$ 32,418,264</u>	<u>\$ 32,789,950</u>

3. SHORT-TERM BORROWINGS (INCLUDING SUBSEQUENT EVENT)

Cherryland has a \$4,000,000 unsecured revolving line of credit with a bank, renewed in February 2017, extending maturity to March 28, 2018. Interest is charged at the London InterBank Offered Rate ("LIBOR") index rate plus 2.0% (effective rate of 2.77% at December 31, 2016). Outstanding borrowings were \$2,993,280 and \$3,032,540 at December 31, 2016 and 2015, respectively.

Additionally, Cherryland has a \$6,000,000 unsecured revolving line of credit with National Rural Utilities Cooperative Finance Corporation ("CFC"), expiring July 6, 2017. Interest is charged at the 7 day LIBOR index rate plus 1.95% (effective rate of 2.72% at December 31, 2016). Outstanding borrowings were \$400,000 and \$4,800,000 at December 31, 2016 and 2015, respectively.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Additionally, Cherryland has a \$5,000,000 unsecured perpetual revolving line of credit with CFC, automatically renewed annually unless notice of termination is given by either party. Interest is charged at a variable rate determined by CFC, not to exceed Prime plus 1% (effective rate of 2.50% as December 31, 2016). There were no borrowings outstanding at December 31, 2016 or 2015.

Additionally, Cherryland has a \$5,000,000 unsecured revolving line of credit with a bank, expiring in August 2017. Interest is charged at a risk-based variable rate determined by the Bank (effective rate of 2.87% as December 31, 2016). Outstanding borrowings were \$1,000,000 and \$4,050,000 at December 31, 2016 and 2015, respectively.

4. LONG-TERM DEBT

Long-term debt is composed of various mortgage notes payable to CFC, Freddie Mac, and CoBank. A majority of mortgage notes to CFC will be repriced and the interest rate adjusted accordingly during the next fourteen years in accordance with the policy and procedure governing such repricing.

Long-term debt consists of the following obligations at December 31:

	2016	2015
Notes payable to CFC, collateralized by substantially all assets, due in quarterly installments of up to \$540,151, including interest at 2.50%-9.40%, maturing from 2018 to 2045.	\$ 25,123,479	\$ 16,754,800
Notes payable to Freddie Mac, collateralized by substantially all assets, due in semiannual installments of up to \$401,876 including interest at 1.72%-5.15%, maturing from 2029 to 2045.	16,926,244	17,425,748
Notes payable to CoBank, collateralized by substantially all assets, due in monthly installments of \$86,001, including interest at 1.62%-4.39%, maturing from 2017 to 2040.	<u>12,667,761</u>	<u>9,821,695</u>
Total long-term debt	54,717,484	44,002,243
Less current portion	<u>(2,532,012)</u>	<u>(2,274,444)</u>
Long-term debt, net of current portion	<u>\$ 52,185,472</u>	<u>\$ 41,727,799</u>

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Scheduled principal maturities of long-term debt for the five years succeeding December 31, 2016, and thereafter are summarized as follows:

Year	Amount
2017	\$ 2,532,012
2018	2,662,377
2019	2,748,644
2020	2,788,637
2021	2,834,232
Thereafter	<u>41,151,582</u>
Total	<u>\$ 54,717,484</u>

The borrowing agreements contain restrictive covenants which require Cherryland to, among other things, maintain an average debt service coverage ratio of not less than 1.35:1, and equity to total assets of not less than 0.27:1.

5. PATRONAGE CAPITAL

Patronage capital consists of the following at December 31:

	2016	2015
Assignable margins	\$ 3,362,654	\$ 4,554,872
Assignable to date	<u>79,771,119</u>	<u>75,216,247</u>
	83,133,773	79,771,119
Less called for redemption to date	<u>(34,782,491)</u>	<u>(31,390,834)</u>
Total	<u>\$ 48,351,282</u>	<u>\$ 48,380,285</u>

Under the provisions of the Mortgage Agreements, patronage refunds to patrons or members may be made provided that total equity, after such refunds are made, remains greater than 20% of total assets. The equities and margins of Cherryland represent 41.4% and 42.8% of the total assets at December 31, 2016 and 2015, respectively.

Cherryland's bylaw laws provide that patronage capital be refunded upon the death of members. During 2016 and 2015, \$182,687 and \$161,999, respectively, were applied towards refunds of this nature. Patronage capital retirements are paid out of Cherryland's general fund.

Cherryland offers a program where members can receive their capital credit, at a discount, for qualifying energy efficient improvements made in conjunction with the State mandated Energy Optimization Program. The program is available to both residential and commercial members. Amounts retired under this program in 2016 and 2015 were \$39,141 and \$77,947, respectively.

During 2016, Cherryland elected to pay back all membership fees for a total of \$238,721. Retirement of membership fees totaled \$5,635 in 2015.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other equities consisted of the following at December 31:

	2016	2015
Forfeited patronage capital	\$ 3,477,673	\$ 3,474,324
ASC 715 (FAS 158) adjustment	337,593	337,593
Nonassignable deficits	<u>(5,407,765)</u>	<u>(5,407,765)</u>
	<u>\$ (1,592,499)</u>	<u>\$ (1,595,848)</u>

6. RETIREMENT PLAN

Multiemployer Defined Benefit Pension 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.

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.

The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the Company chooses to stop participating in its multiemployer plan, the Company may be required to pay that plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in the plan for the annual period ended December 31, 2016 and 2015, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2016 and 2015 is for the plan's year-end at January 1, 2016 and 2015, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates whether the plan has a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plan is subject.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Company Contributions		Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2016	2015		2016	2015		
NRECA RS Plan	53-0116145/ 333	Green as of 1/1/16	Green as of 1/1/15	No	\$ 592,779	\$ 582,578	N/A	10/01/2021

Cherryland was not listed in its plan's Form 5500 for the appropriate plan year ending in 2015 as providing more than 5 percent of the total contributions. The 2016 Form 5500 was not yet available at the time of issuance of this report.

RS Plan Prepayment Option

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15 year period. During 2013, Cherryland made a prepayment of \$1,912,340. The prepayment is recorded net of accumulated amortization of \$764,976 and \$573,732, during 2016 and 2015, respectively, and recorded in other assets on the consolidated balance sheets. Amortization expense was \$191,244 in both 2016 and 2015. Amortization expense is expected to be \$191,244 during each of the next five years.

7. COMMITMENTS AND CONTINGENCIES

Power Supply Cost Recovery

State of Michigan Public Act 304 of 1982 created the Power Supply Cost Recovery Clause ("PSCR"), a power cost recovery mechanism. Wolverine Power Supply Cooperative, Inc. ("Wolverine") and the member-distribution cooperatives, including Cherryland, are authorized to apply PSCR clauses and monthly factors. Cherryland's maximum authorized monthly factor was .01880 mills per kilowatt-hour for 2016.

Due to fluctuations in market conditions, over-collections or under-collections may result between the generation cooperative and the distribution cooperatives as well as between the distribution cooperatives and their member-consumers. The PSCR clause includes provisions whereby power cost recovery over-collections may be remedied by refunds and power cost recovery under-collections may be remedied by additional collections.

Cherryland has \$1,018,809 and \$787,163 in cumulative receivables due from member-consumers for under collections at December 31, 2016 and 2015, respectively.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Associated Cooperative Supply Agreement

Cherryland is committed under an agreement to purchase all of its power needs that Wolverine can provide through December 2050. Cherryland's total power purchases amounted to \$33,259,017 and \$32,920,422 in 2016 and 2015, respectively. Management anticipates that Wolverine will be able to satisfy Cherryland's power needs for the foreseeable future.

Litigation

The Cooperative is periodically involved in litigation in the normal course of business and does not expect that the outcome of any ongoing litigation at December 31, 2016, will have a material impact on future operations.

Operating Leases

Cherryland leases trucks, heavy duty utility vehicles and office equipment under various long-term operating lease agreements. These leases were entered into between 2010 and 2016, and expire on various dates through December 11, 2020. The leases contain early buyout options where the purchase price is determined as a percentage of equipment cost.

Rental payments are charged to expense or to plant construction work in progress as they are paid. Total rental payments of \$348,731 and \$336,775 were made during 2016 and 2015, respectively.

Future minimum rental payments required under operating leases that have initial or remaining noncancellable terms are summarized as follows:

Year	Amount
2017	\$ 323,329
2018	241,726
2019	200,410
2020	135,454
2021	101,548
Thereafter	<u>68,990</u>
Total	<u>\$ 1,071,457</u>

8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

Cherryland sponsors two post-retirement defined benefit plans that cover both management and union employees. One plan provides medical benefits for both union employees and management and the other provides life insurance benefits for management. The post-retirement health care plan is contributory for union employees, with the retiree's contributing amounts in excess of \$80 monthly. For management, the health care plan and the life insurance plans are noncontributory.

Cherryland amended the plan in 2006 to cap and subsequently reduce the amount of monthly benefit payments towards medical insurance premiums to be paid on behalf of covered retirees. Such premium payments are to be phased out over a specified period of time.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net benefit plan costs included in operating expenses for Cherryland includes the following components:

	2016	2015
Service cost	\$ 43,840	\$ 57,351
Interest cost	82,602	88,371
Expected return on plan assets	(117,290)	(118,805)
Amortization of prior service cost	(87,541)	(87,541)
Recognition of net gain	38,344	47,804
Net periodic income, net	<u>\$ (40,045)</u>	<u>\$ (12,820)</u>

The following table sets forth the plan funded status and amounts reported on Cherryland's consolidated balance sheets as of December 31:

	2016	2015
Change in projected benefit obligation		
Benefit obligation at beginning of year	\$ 1,909,083	\$ 2,155,990
Service cost	43,840	57,351
Interest cost	82,602	88,371
Benefits paid	(148,598)	(153,757)
Actuarial loss (gain)	35,710	(238,872)
Projected benefit obligation at end of year	<u>\$ 1,922,637</u>	<u>\$ 1,909,083</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 1,563,869	\$ 1,584,070
Actual return (loss) on plan assets	191,740	(20,201)
Employer contributions	148,598	153,757
Benefits paid	(148,598)	(153,757)
Fair value of plan assets at end of year	<u>\$ 1,755,609</u>	<u>\$ 1,563,869</u>
Recognized benefit obligation	<u>\$ (167,028)</u>	<u>\$ (345,214)</u>
Amounts recognized in accumulated other comprehensive loss, beginning		
	\$ (251,683)	\$ (311,812)
Net actuarial gains	38,344	47,804
Net prior service cost	(87,541)	(87,541)
Net current year income	38,740	99,866
Amounts recognized in accumulated other comprehensive loss, ending	<u>\$ (262,140)</u>	<u>\$ (251,683)</u>

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The weighted-average discount rate was 4.25% and 4.50% for 2016 and 2015, respectively. The expected long-term rate of return on assets was 7.50% for both 2016 and 2015.

The Cooperative assumes for measurement purposes an 8.50% annual rate of increase in the per capita cost of covered health care benefits for 2016. The rate was assumed to decrease by .50% per year to an ultimate rate of 5%, and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1 percentage point would increase the accumulated post-retirement obligation by \$138,506 and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost by \$13,008. Decreasing the assumed health care cost trend rates by 1 percentage point would decrease the accumulated post-retirement obligation by \$103,323 and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost for the year by \$9,303.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Cooperative has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of plan assets of \$1,755,609 and \$1,563,869 at December 31, 2016 and 2015, respectively were held in a large cap value mutual fund and considered Level 1. The shares held in the mutual fund are valued at quoted market prices based on the net asset value ("NAV") of shares held by the plan at year end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Cooperative expects to contribute an amount equal to the expected benefit payment to its plan in 2017. Expected benefit payments for each of the five years succeeding December 31, 2016, and for the five fiscal years thereafter are estimated as follows:

Year	Amount
2017	\$ 149,425
2018	150,663
2019	152,139
2020	141,799
2021	101,644
2022-2026	524,010

The estimated net actuarial gain and prior service cost that will be amortized from accumulated other comprehensive loss into recognized net period pension cost in both 2016 and 2015 are approximately \$87,500.

9. SUPPLEMENTAL CASH FLOWS INFORMATION

Non-Cash Investing and Financing Activities

During fiscal 2016, Cherryland converted a \$6 million line of credit with CFC, which was previously utilized for infrastructure purchases, to a long-term note payable, pursuant to the terms of the Loan Agreement with CFC. Interest is charged at a fixed rate of 3.70% with final maturity in November 2045.

Other Cash Flows Information

Cash paid for interest amounted to \$2,145,045 and \$1,920,608 during 2016 and 2015, respectively.

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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

March 22, 2017

Board of Directors
Cherryland Electric Cooperative, Inc. and Subsidiary
Grawn, Michigan

We have audited the consolidated financial statements of *Cherryland Electric Cooperative, Inc. and Subsidiary* as of and for the year ended December 31, 2016, and our report thereon dated March 22, 2017, which expressed an unmodified opinion on those consolidated financial statements appears on pages 2 and 3.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary consolidating balance sheet and statement of income are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management. The accompanying supplementary information has not been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

ASSETS	December 31, 2016			
	Cherryland Electric Cooperative, Inc.	Cherryland Holdings, Inc.	Eliminations	Consolidated Total
Current assets				
Cash and cash equivalents - unrestricted	\$ 2,582	\$ 800	\$ -	\$ 3,382
Accounts receivable, net of allowance for bad debts of \$120,000 and \$115,000 in 2016 and 2015:				
Billed	2,028,487	-	-	2,028,487
Unbilled	2,897,209	-	-	2,897,209
Other	72,818	-	-	72,818
Refundable Michigan sales tax	324,425	-	-	324,425
Power supply cost recovery	1,018,809	-	-	1,018,809
Current portion of notes receivable	357,748	-	-	357,748
Inventory	608,805	-	-	608,805
Prepaid expenses and other assets	196,796	-	-	196,796
Total current assets	7,507,679	800	-	7,508,479
Property, plant and equipment				
Land, buildings, and improvements	5,115,637	-	-	5,115,637
Electric distribution plant	91,275,604	-	-	91,275,604
Office furniture and equipment	1,542,017	-	-	1,542,017
Transportation equipment	504,584	-	-	504,584
Machinery and equipment	2,348,639	-	-	2,348,639
Plant construction in progress	2,553,971	-	-	2,553,971
Total property, plant and equipment	103,340,452	-	-	103,340,452
Less accumulated depreciation	(33,985,419)	-	-	(33,985,419)
Net property, plant and equipment	69,355,033	-	-	69,355,033
Other assets				
Cash and cash equivalents-restricted	250,475	-	-	250,475
Investments in associated cooperatives	32,418,264	-	-	32,418,264
Investments in affiliated companies	800	-	(800)	-
Capital term certificates	926,125	-	-	926,125
Land held for resale	76,765	-	-	76,765
Notes receivable, less current portion	713,840	-	-	713,840
Other	1,169,682	-	-	1,169,682
Total other assets	35,555,951	-	(800)	35,555,151
Total assets	\$112,418,663	\$ 800	\$ (800)	\$112,418,663

See independent auditors' report on supplementary information.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

LIABILITIES AND EQUITIES	December 31, 2016			
	Cherryland Electric Cooperative, Inc.	Cherryland Holdings, Inc.	Eliminations	Consolidated Total
Current liabilities				
Short-term borrowings	\$ 4,393,280	\$ -	\$ -	\$ 4,393,280
Checks issued against future deposits	766,112	-	-	766,112
Accounts payable:				
Purchased power	3,085,317	-	-	3,085,317
Other	508,229	-	-	508,229
Accrued expenses:				
Compensation	637,793	-	-	637,793
Property taxes	351,872	-	-	351,872
Interest	361,658	-	-	361,658
Other	18,159	-	-	18,159
Member deposits	250,827	-	-	250,827
Member advances for construction	315,461	-	-	315,461
Current portion of long-term debt	2,532,012	-	-	2,532,012
Total current liabilities	13,220,720	-	-	13,220,720
Unamortized gain on early retirement of debt	348,800	-	-	348,800
Post-retirement benefit obligation, other than pensions	167,028	-	-	167,028
Long-term debt, net of current portion	52,185,472	-	-	52,185,472
Total liabilities	65,922,020	-	-	65,922,020
Equities				
Patronage capital	48,351,282	-	-	48,351,282
Other equities - accumulated deficit	(1,592,499)	-	-	(1,592,499)
Accumulated other comprehensive loss	(262,140)	-	-	(262,140)
Member equity	-	800	(800)	-
Total equities	46,496,643	800	(800)	46,496,643
Total liabilities and equities	\$112,418,663	\$ 800	\$ (800)	\$112,418,663

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF INCOME AND COMPREHENSIVE INCOME

	Year Ended December 31, 2016			
	Cherryland Electric Cooperative, Inc.	Cherryland Holdings, Inc.	Eliminations	Consolidated Total
Operating revenues	\$50,019,394	\$ -	\$ -	\$50,019,394
Operating expenses				
Cost of power	33,259,017	-	-	33,259,017
Distribution, maintenance	3,059,030	-	-	3,059,030
Administrative and general	2,468,783	-	-	2,468,783
Depreciation and amortization	3,264,754	-	-	3,264,754
Taxes - property and other	1,033,138	-	-	1,033,138
Member accounts	1,035,957	-	-	1,035,957
Member service and information	1,420,363	-	-	1,420,363
Distribution, operations	1,140,753	-	-	1,140,753
Total operating expenses	46,681,795	-	-	46,681,795
Operating margin	3,337,599	-	-	3,337,599
Other income (expense)				
Income from associated cooperatives	2,006,813	-	-	2,006,813
Interest income	37,981	-	-	37,981
Interest expense on long-term debt	(1,885,795)	-	-	(1,885,795)
Other interest expense	(294,790)	-	-	(294,790)
Other income	160,846	-	-	160,846
Other income, net	25,055	-	-	25,055
Net margins	\$ 3,362,654	\$ -	\$ -	\$ 3,362,654
Other comprehensive income				
Unrecognized change in postretirement benefit plans	(10,457)	-	-	(10,457)
Comprehensive income	\$ 3,352,197	\$ -	\$ -	\$ 3,352,197

See independent auditors' report on supplementary information.