

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.

<b>Report submitted for year ending:</b> December 31, 2017
<b>Present name of respondent:</b> Cherryland Electric Cooperative
<b>Address of principal place of business:</b> 5930 US 31 S., PO Box 298, Grawn, MI 49637
<b>Utility representative to whom inquires regarding this report may be directed:</b> <b>Name:</b> Mark A. Wilson <b>Title:</b> CFO <b>Address:</b> PO Box 298 <b>City:</b> Grawn <b>State:</b> MI <b>Zip:</b> 49637 <b>Direct Telephone, Include Area Code:</b> 231-486-9246
<b>If the utility name has been changed during the past year:</b> <b>Prior Name:</b> _____ <b>Date of Change:</b> _____
<b>Two copies of the published annual report to stockholders:</b> <input type="checkbox"/> were forwarded to the Commission <input checked="" type="checkbox"/> will be forwarded to the Commission on or about April 16, 2018
<b>Annual reports to stockholders:</b> <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 (Jennifer Brooks) at [brooks10@michigan.gov](mailto:brooks10@michigan.gov) OR forward correspondence to:

Michigan Public Service Commission  
Financial Analysis & Audit Division  
Attn: Jennifer Brooks  
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) 3/19/2018	Year of Report 12/31/2017
<b>IMPORTANT CHANGES DURING THE YEAR</b>			
<p>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.</p>			
<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.</li> <li>8. State the estimated annual effect and nature of any important wage scale changes during the year.</li> <li>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.</li> <li>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.</li> <li>11. (Reserved.)</li> <li>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.</li> </ol>			
NO CHANGES IN 2017			

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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>
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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**

- |   |   |
|---|---|
| <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) NONE**

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*. 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.

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

(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 (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (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				
14				
15				
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30				

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**INVESTMENTS (Accounts 123, 124, 136) (Cont'd)**

<p>listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.</p> <p>3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.</p> <p>4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of</p>	<p>authorization, and case or docket number.</p> <p>5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.</p> <p>6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).</p>
--	--

Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f)		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 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

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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						
8						
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23						
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)-(i), 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/transfers 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/transfers 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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								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			
18			
19			
20			
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-Discount 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
						11
						12
						13
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						25

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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						
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19						
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21						
22						
23						
	<b>TOTAL</b>					

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) 03/19/18	Year of Report 12/31/2017
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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) 03/19/18	Year of Report 12/31/2017
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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
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		12
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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) 03/19/18	Year of Report 12/31/2017
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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					
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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) 03/19/18	Year of Report 12/31/2017
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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) 03/19/18	Year of Report 12/31/2017
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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					
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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) 03/19/18	Year of Report 12/31/2017
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

- |   |   |
|---|---|
| <p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc. ).</p> <p>3. In column (c) describe the nature of the goods and</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					
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<b>TOTAL</b>					

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) 03/19/18	Year of Report 12/31/2017
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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
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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) 03/19/18	Year of Report 12/31/2017
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**SUMMARY OF COSTS BILLED FROM 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	NONE				
2					
3					
4					
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<b>TOTAL</b>					

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) 03/19/18	Year of Report 12/31/2017	
<b>SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)</b>						
5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.				reported.		
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which				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
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<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>	<b>BORROWER NAME</b>	Cherryland Electric Cooperative
	<b>BORROWER DESIGNATION</b>	MI044
	<b>ENDING DATE</b>	12/31/2017

Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar.

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION CHOICES
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.		<b>A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?</b> <input checked="" type="radio"/> YES <input type="radio"/> NO
Signature of Office Manager or Accountant: <i>M. A. Tull</i> 4/23/18 Signature of Manager: <i>Troy Anderson</i> 4/23/18		<b>B. Will you authorize CFC to share your data with other cooperatives?</b> <input checked="" type="radio"/> YES <input type="radio"/> NO

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1. Operating Revenue and Patronage Capital	50,019,395	50,606,631	49,263,504	5,220,700
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	33,259,017	33,492,710	33,298,118	3,246,484
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	1,140,751	1,310,199	1,349,780	117,637
7. Distribution Expense - Maintenance	3,059,028	2,870,545	3,520,390	260,423
8. Consumer Accounts Expense	1,035,957	1,039,982	1,211,780	28,986
9. Customer Service and Informational Expense	1,151,535	1,193,278	1,312,100	165,131
10. Sales Expense	268,825	275,483	303,630	25,117
11. Administrative and General Expense	2,468,791	2,484,908	2,708,186	64,553
<b>12. Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>42,383,904</b>	<b>42,667,105</b>	<b>43,703,984</b>	<b>3,908,331</b>
13. Depreciation & Amortization Expense	3,264,754	3,453,798	3,430,000	292,361
14. Tax Expense - Property & Gross Receipts	1,033,138	1,005,703	1,113,000	(14,547)
15. Tax Expense - Other	0	0	0	0
16. Interest on Long-Term Debt	1,885,795	2,306,586	2,256,930	208,218
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	294,789	193,305	165,000	12,458
19. Other Deductions	(20,925)	(19,886)	(36,000)	(5,450)
<b>20. Total Cost of Electric Service (12 thru 19)</b>	<b>48,841,455</b>	<b>49,606,611</b>	<b>50,632,914</b>	<b>4,401,370</b>
<b>21. Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>1,177,940</b>	<b>1,000,020</b>	<b>(1,369,410)</b>	<b>819,330</b>
22. Non Operating Margins - Interest	37,981	43,711	31,800	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	139,920	232,645	180,000	231,666
26. Generation & Transmission Capital Credits	1,730,196	2,176,816	2,800,000	(389,850)
27. Other Capital Credits & Patronage Dividends	276,617	337,283	282,500	69,831
28. Extraordinary Items	0	0	0	0
<b>29. Patronage Capital or Margins (21 thru 28)</b>	<b>3,362,654</b>	<b>3,790,475</b>	<b>1,924,890</b>	<b>733,626</b>

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
	(a)	(b)		(a)	(b)
1. New Services Connected	446	701	5. Miles Transmission	0	0
2. Services Retired	27	154	6. Miles Distribution Overhead	1,760	1,756
3. Total Services In Place	36,081	36,628	7. Miles Distribution Underground	1,320	1,354
4. Idle Services (Exclude Seasonal)	1,241	1,323	<b>8. Total Miles Energized (5+6+7)</b>	<b>3,080</b>	<b>3,110</b>



<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>	<b>BORROWER NAME</b>	Cherryland Elec
	<b>BORROWER DESIGNATION</b>	MI044
	<b>ENDING DATE</b>	12/31/2017

**PART E. CHANGES IN UTILITY PLANT**

	PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)
1	Distribution Plant Subtotal	91,275,604	6,510,186	1,061,167	0	96,724,623
2	General Plant Subtotal	4,395,241	370,744	163,040	0	4,602,945
3	Headquarters Plant	5,115,637	49,022	0	0	5,164,659
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	<b>SUBTOTAL: (1 thru 11)</b>	<b>100,786,482</b>	<b>6,929,952</b>	<b>1,224,207</b>	<b>0</b>	<b>106,492,227</b>
13	Construction Work in Progress	2,553,971	(120,225)			2,433,746
14	<b>TOTAL UTILITY PLANT (12+13)</b>	<b>103,340,453</b>	<b>6,809,727</b>	<b>1,224,207</b>	<b>0</b>	<b>108,925,973</b>

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).

**PART H. SERVICE INTERRUPTIONS**

	ITEM	Avg. Minutes per Consumer by Cause	TOTAL (e)			
		Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)	
1.	Present Year	0.00	37.02	3.36	68.70	109.08
2.	Five-Year Average	6.74	94.42	1.36	76.52	179.04

**PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS**

1.	Number of Full Time Employees	55	4.	Payroll - Expensed	2,840,846
2.	Employee - Hours Worked - Regular Time	114,405	5.	Payroll - Capitalized	1,120,950
3.	Employee - Hours Worked - Overtime	5,087	6.	Payroll - Other	575,335

**PART J. PATRONAGE CAPITAL**

ITEM	THIS YEAR	CUMULATIVE	PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE	
	(a)	(b)	1. Amount Due Over 60 Days:	2. Amount Written Off During Year:
1. General Retirement	2,000,000	31,664,020	181,508	
2. Special Retirements	321,297	3,689,522	107,422	
3. <b>Total Retirements (1+2)</b>	<b>2,321,297</b>	<b>35,353,542</b>		
4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	1,943,168			
5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	130,008			
6. <b>Total Cash Received (4+5)</b>	<b>2,073,176</b>			

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT							BORROWER NAME	Cherryland Elec		
							BORROWER DESIGNATION	MI044		
							ENDING DATE	12/31/2017		
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	405,960,280	33,492,710	8.25	0	1,320,169	<a href="#">Comments</a>
2				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
3				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
4				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
5				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
6				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
7				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
8				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
9				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
10				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
11				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
12				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
13				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
14				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
15				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
16				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
17				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
18				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
19				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
20				0 None	0	0	0.00	0	0	<a href="#">Comments</a>
21	<b>TOTALS</b>				<b>405,960,280</b>	<b>33,492,710</b>	<b>8.25</b>	<b>0</b>	<b>1,320,169</b>	

<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>	<b>BORROWER NAME</b>	Cherryland Elec
	<b>BORROWER DESIGNATION</b>	MI044
	<b>ENDING DATE</b>	12/31/2017

**PART L. KWH PURCHASED AND TOTAL COST (Continued)**

COMMENTS	
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<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>	<b>BORROWER NAME</b>	Cherryland Elec
	<b>BORROWER DESIGNATION</b>	MI044
	<b>ENDING DATE</b>	12/31/2017

**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.		<b>TOTAL</b>	<b>\$0</b>

\*\* "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	BILLED THIS YEAR			CFC USE ONLY (d)
		BALANCE END OF YEAR	INTEREST (a)	PRINCIPAL (b)	
1	National Rural Utilities Cooperative Finance Corporation	33,659,239	1,205,570	1,377,333	2,582,903
2	NCSC	0	0	0	0
3	Farmer Mac	9,251,622	540,425	511,529	1,051,955
4	CoBank	12,974,410	522,166	691,403	1,213,570
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			403,473	
12	<b>TOTAL (Sum of 1 thru 9)</b>	<b>\$55,885,271</b>	<b>\$2,268,162</b>	<b>\$2,580,265</b>	<b>\$4,848,428</b>

<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>	<b>BORROWER NAME</b>	Cherryland Elec
	<b>BORROWER DESIGNATION</b>	MI044
	<b>ENDING DATE</b>	12/31/2017

**PART R. POWER REQUIREMENTS DATABASE**

CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS	DECEMBER CONSUMERS	AVERAGE CONSUMERS	TOTAL KWH SALES AND REVENUE
		(a)	(b)	(c)	(d)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	32,089	32,511	32,300	
	b. KWH Sold				264,475,795
	c. Revenue				36,890,939
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	124	126	125	
	b. KWH Sold				1,490,705
	c. Revenue				204,463
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	2,535	2,552	2,544	
	b. KWH Sold				83,650,860
	c. Revenue				9,322,219
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	4	4	4	
	b. KWH Sold				30,038,400
	c. Revenue				2,523,152
6. Public Street & Highway Lighting	a. No. Consumers Served	19	19	19	
	b. KWH Sold				526,923
	c. Revenue				100,708
7. Other Sales to Public Authority	a. No. Consumers Served	152	153	153	
	b. KWH Sold				5,811,398
	c. Revenue				622,387
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
<b>10. TOTAL No. of Consumers (lines 1a thru 9a)</b>		<b>34,923</b>	<b>35,365</b>	<b>35,144</b>	<b>0</b>
<b>11. TOTAL KWH Sold (lines 1b thru 9b)</b>					<b>385,994,081</b>
<b>12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)</b>					<b>49,663,868</b>
13. Transmission Revenue					0
14. Other Electric Revenue					942,763
15. KWH - Own Use					386,880
16. TOTAL KWH Purchased					405,960,280
17. TOTAL KWH Generated					0
18. Cost of Purchases and Generation					33,492,710
19. Interchange - KWH - Net					0
20. Peak - Sum All KW Input (Metered)					783,297

None   
 Non-coincident   
 Coincident

<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>	<b>BORROWER NAME</b>	Cherryland Elec
	<b>BORROWER DESIGNATION</b>	MI044
	<b>ENDING DATE</b>	12/31/2017

**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)	1,307	67,491	3,370	17,481	777,024	32,380
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	21	44,515	2,097	297	685,961	33,563
5.	Comm. and Ind. Over 1000 KVA	13	70,134	6,416	39	345,750	24,152
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
<b>10.</b>	<b>TOTAL</b>	<b>1,341</b>	<b>182,139</b>	<b>11,883</b>	<b>17,821</b>	<b>1,816,340</b>	<b>90,391</b>

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME Cherryland Elec	
		BORROWER DESIGNATION MI044	
		ENDING DATE 12/31/2017	
(All investments refer to your most recent CFC Loan Agreement)			
<b>7a - PART 1 - INVESTMENTS</b>			
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)
<b>2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS</b>			
5	Cherryland Holdings Co.	800	
6	Wolverine Power Supply Cooperative		2,176,816
7	NRUCFC		105,978
8	See Notes for Additional Information		231,305
Subtotal (Line 5 thru 8)		800	2,514,099
<b>3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS</b>			
9	G.T. Machine Co.		52,000
10	Rare Bird Brewery & Taproom		14,000
11	Altus Brands		68,750
12	See Notes for Additional Information		1,003,364
Subtotal (Line 9 thru 12)		0	1,138,114
<b>4. OTHER INVESTMENTS</b>			
13			
14			
15			
16			
Subtotal (Line 13 thru 16)		0	0
<b>5. SPECIAL FUNDS</b>			
17			
18			
19			
20			
Subtotal (Line 17 thru 20)		0	0
<b>6. CASH - GENERAL</b>			
21	PNC Bank - Restricted		85,780
22	PNC Bank - Non-Restricted		154,862
23	Petty Cash	2,255	
24			
Subtotal (Line 21 thru 24)		2,255	240,642
<b>7. SPECIAL DEPOSITS</b>			
25			
26			
27			
28			
Subtotal (Line 25 thru 28)		0	0
<b>8. TEMPORARY INVESTMENTS</b>			
29			
30			
31			
32			
Subtotal (Line 29 thru 32)		0	0
<b>9. ACCOUNT &amp; NOTES RECEIVABLE - NET</b>			
33	Accounts Receivable - Other	163,832	
34	Accounts Receivable - Construction	6,747	
35	Accounts Receivable - State of Michigan	147,088	
36			
Subtotal (Line 33 thru 36)		317,667	0
<b>10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED</b>			
37			
38			
39			
40			
Subtotal (Line 37 thru 40)		0	0
<b>Total</b>		<b>320,722</b>	<b>32,522,551</b>
			<b>2,514,099</b>

<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>	<b>BORROWER NAME</b>	Cherryland Elec
	<b>BORROWER DESIGNATION</b>	MI044
	<b>ENDING DATE</b>	12/31/2017

(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
<b>TOTALS (Line 1 thru 5)</b>			<b>0</b>	<b>0</b>	<b>0</b>

**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
<b>TOTALS (Line 1 thru 5)</b>			<b>0</b>	<b>0</b>	<b>0</b>

**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)	<b>320,722</b>
2	LARGER OF (a) OR (b)	<b>24,091,046</b>
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)	<b>16,338,896</b>
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)	<b>24,091,046</b>

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec																												
	BORROWER DESIGNATION	MI044																												
	ENDING DATE	12/31/2017																												
<b>PRELIMINARY FINANCIAL &amp; STATISTICAL RATIOS</b>																														
<b>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.</b>																														
<table border="1"> <thead> <tr> <th style="text-align: center;">ITEM DESCRIPTION</th> <th style="text-align: center;">ENTER DATA</th> </tr> </thead> <tbody> <tr> <td>2016 Part C. Balance Sheet, Line 8 - Invest. In Assoc. Org. - Pat Cap</td> <td style="text-align: right;">32,418,264</td> </tr> <tr> <td>2017 Billed Debt Service</td> <td style="text-align: right;">4,848,428</td> </tr> <tr> <td>2016 Part R. Power Req. Database, Line 11, Column (d) - Total MWH Sold</td> <td style="text-align: right;">387,572</td> </tr> <tr> <td>2016 Part R. Power Req. Database, Line 10, Column (c) - Average Number of Consumers</td> <td style="text-align: right;">34,700</td> </tr> <tr> <td>2016 Part C. Balance Sheet, Line 3 - Total Utility Plant</td> <td style="text-align: right;">103,340</td> </tr> <tr> <td>2015 Part C. Balance Sheet, Line 35 - Total Margins &amp; Equities</td> <td style="text-align: right;">46,771,474</td> </tr> <tr> <td>2016 Part C. Balance Sheet, Line 35 - Total Margins &amp; Equities</td> <td style="text-align: right;">46,496,643</td> </tr> <tr> <td>2015 Part C. Balance Sheet, Line 38 - Total Long-Term Debt</td> <td style="text-align: right;">41,727,799</td> </tr> <tr> <td>2016 Part C. Balance Sheet, Line 38 - Total Long-Term Debt</td> <td style="text-align: right;">52,185,472</td> </tr> <tr> <td>2012 Part C. Balance Sheet, Line 34 - Total Margins &amp; Equities</td> <td style="text-align: right;">42,765,121</td> </tr> <tr> <td>2012 Part C. Balance Sheet, Line 37 - Total Long-Term Debt</td> <td style="text-align: right;">39,361,650</td> </tr> <tr> <td>2016 Part C. Balance Sheet, Line 46 - Current Maturities Long-Term Debt - Economic Dev.</td> <td style="text-align: right;">0</td> </tr> <tr> <td>2016 Part C. Balance Sheet, Line 45 - Current Maturities Long-Term Debt</td> <td style="text-align: right;">2,532,013</td> </tr> </tbody> </table>			ITEM DESCRIPTION	ENTER DATA	2016 Part C. Balance Sheet, Line 8 - Invest. In Assoc. Org. - Pat Cap	32,418,264	2017 Billed Debt Service	4,848,428	2016 Part R. Power Req. Database, Line 11, Column (d) - Total MWH Sold	387,572	2016 Part R. Power Req. Database, Line 10, Column (c) - Average Number of Consumers	34,700	2016 Part C. Balance Sheet, Line 3 - Total Utility Plant	103,340	2015 Part C. Balance Sheet, Line 35 - Total Margins & Equities	46,771,474	2016 Part C. Balance Sheet, Line 35 - Total Margins & Equities	46,496,643	2015 Part C. Balance Sheet, Line 38 - Total Long-Term Debt	41,727,799	2016 Part C. Balance Sheet, Line 38 - Total Long-Term Debt	52,185,472	2012 Part C. Balance Sheet, Line 34 - Total Margins & Equities	42,765,121	2012 Part C. Balance Sheet, Line 37 - Total Long-Term Debt	39,361,650	2016 Part C. Balance Sheet, Line 46 - Current Maturities Long-Term Debt - Economic Dev.	0	2016 Part C. Balance Sheet, Line 45 - Current Maturities Long-Term Debt	2,532,013
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<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>		<b>BORROWER NAME</b>	Cherryland Elec
		<b>BORROWER DESIGNATION</b>	MI044
		<b>ENDING DATE</b>	12/31/2017
2015 TIER		3.70	
2016 TIER		2.78	
2017 TIER		2.64	
<hr/>			
2015 OTIER		2.03	
2016 OTIER		2.84	
2017 OTIER		2.33	
<hr/>			
2015 MDSC		1.79	
2016 MDSC		2.12	
2017 MDSC		1.85	
<hr/>			
2015 DSC		2.52	
2016 DSC		2.06	
2017 DSC		1.97	
<hr/>			
2015 ODSC		1.76	
2016 ODSC		2.08	
2017 ODSC		1.82	
<b>2% of Total Margins &amp; Equity</b>		<b>963,642</b>	
<b>Total Long-Term Leases</b>		<b>-</b>	
<b>1/3 of the Lease portion</b>		<b>(321,214)</b>	
<b>Pat Cap (Cash) portion</b>		<b>2,188,464</b>	

RATIO No.	RATIO DESCRIPTION	KRTA 2012	KRTA 2013	KRTA 2014	KRTA 2015	KRTA 2016	ESTIMATED RATIOS FOR 2017
1	RATIO 1 --- AVERAGE TOTAL CONSUMERS SERVED	33,427	33,641	33,925	34,274	34,700	35,144
2	RATIO 2 --- TOTAL KWH SOLD (1,000)	377,277	383,041	390,264	386,042	387,572	385,994
3	RATIO 3 --- TOTAL UTILITY PLANT (1,000)	83,634	87,596	92,205	97,185	103,340	108,926
4	RATIO 4 --- TOTAL NUMBER OF EMPLOYEES (FULL TIME ONLY)	52	53	52	52	53	55
5	RATIO 5 --- TOTAL MILES OF LINE	3,011	3,019	3,038	3,052	3,080	3,110
6	RATIO 6 --- TIER	3.31	3.81	3.34	3.70	2.78	2.64
7	RATIO 7 --- TIER (2 OF 3 YEAR HIGH AVERAGE)	3.45	3.70	3.58	3.76	3.52	3.24
8	RATIO 8 --- OTIER	2.05	2.35	2.58	2.03	2.84	2.33
9	RATIO 9 --- OTIER (2 OF 3 YEAR HIGH AVERAGE)	2.41	2.56	2.46	2.46	2.71	2.59
10	RATIO 10 --- MODIFIED DSC (MDSC)	1.94	1.94	2.02	1.79	2.12	1.85
11	RATIO 11 --- MDSC (2 OF 3 YEAR HIGH AVERAGE)	2.20	2.20	1.98	1.98	2.07	1.99
12	RATIO 12 --- DEBT SERVICE COVERAGE (DSC)	2.62	2.64	2.35	2.52	2.06	1.97
13	RATIO 13 --- DSC (2 OF 3 YEAR HIGH AVERAGE)	2.77	2.78	2.63	2.58	2.43	2.29
14	RATIO 14 --- ODSC	1.93	1.92	1.99	1.76	2.08	1.82
15	RATIO 15 --- ODSC (2 OF 3 YEAR HIGH AVERAGE)	2.18	2.18	1.96	1.96	2.04	1.95
16	RATIO 16 --- EQUITY AS A % OF ASSETS	46.03	45.78	43.85	42.82	41.36	41.10
17	RATIO 17 --- DISTRIBUTION EQUITY (EXCLUDES EQUITY IN ASSOC. ORG'S PATRONAGE CAPITAL)	24.20	23.05	20.37	18.29	17.60	18.27
18	RATIO 18 --- EQUITY AS A % OF TOTAL CAPITALIZATION	52.07	53.67	54.90	52.85	47.12	47.53
19	RATIO 19 --- LONG TERM DEBT AS A % OF TOTAL ASSETS	42.37	39.52	36.03	38.20	46.42	45.38
20	RATIO 20 --- LONG TERM DEBT PER KWH SOLD (MILLS)	104.33	102.03	94.82	108.09	134.65	137.83
21	RATIO 21 --- LONG TERM DEBT PER CONSUMER (\$)	1,177.54	1,161.75	1,090.80	1,217.48	1,503.90	1,513.78
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 (%)	4.62	4.60	4.40	4.05	3.82	4.17
24	RATIO 24 --- ANNUAL CAPITAL CREDITS RETIRED PER TOTAL EQUITY (%)	5.35	8.06	10.37	6.24	7.29	4.82
25	RATIO 25 --- LONG-TERM INTEREST AS A % OF REVENUE	3.97	3.89	3.56	3.42	3.77	4.56
26	RATIO 26 --- CUMULATIVE PATRONAGE CAPITAL RETIRED AS A % OF TOTAL PATRONAGE CAPITAL	30.09	32.76	37.24	38.79	41.53	42.32
27	RATIO 27 --- RATE OF RETURN ON EQUITY (%)	10.48	11.74	9.17	9.74	7.23	7.87
28	RATIO 28 --- RATE OF RETURN ON TOTAL CAPITALIZATION (%)	7.82	8.54	7.18	7.05	5.32	6.01
29	RATIO 29 --- CURRENT RATIO	0.85	0.57	0.38	0.40	0.57	0.57
30	RATIO 30 --- GENERAL FUNDS PER TUP (%)	0.29	0.50	0.31	0.25	0.32	0.22
31	RATIO 31 --- PLANT REVENUE RATIO (PRR) ONE YEAR	5.10	5.68	6.06	5.96	6.17	6.36
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)	129.25	126.95	126.95	127.51	129.06	131.11

RATIO No.	RATIO DESCRIPTION	KRTA 2012	KRTA 2013	KRTA 2014	KRTA 2015	KRTA 2016	ESTIMATED RATIOS FOR 2017
34	RATIO 34 --- TOTAL OPERATING REVENUE PER TUP INVESTMENT (CENTS)	58.31	55.51	53.73	50.65	48.40	46.46
35	RATIO 35 --- TOTAL OPERATING REVENUE PER CONSUMER (\$)	1,458.83	1,445.41	1,460.45	1,436.21	1,441.48	1,439.98
36	RATIO 36 --- ELECTRIC REVENUE PER KWH SOLD (MILLS)	127.76	126.10	125.80	124.89	127.01	128.66
37	RATIO 37 --- ELECTRIC REVENUE PER CONSUMER (\$)	1,441.98	1,435.84	1,447.11	1,406.65	1,418.59	1,413.15
38	RATIO 38 --- RESIDENTIAL REVENUE PER KWH SOLD (MILLS)	137.36	135.86	134.85	135.73	137.75	139.49
39	RATIO 39 --- NON-RESIDENTIAL REVENUE PER KWH SOLD (MILLS)	107.52	105.38	106.18	101.80	103.62	105.11
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)	128.11	130.71	134.34	130.03	129.17	137.16
42	RATIO 42 --- SMALL COMMERCIAL REVENUE PER KWH SOLD (MILLS)	115.49	113.68	112.65	107.48	109.53	111.44
43	RATIO 43 --- LARGE COMMERCIAL REVENUE PER KWH SOLD (MILLS)	83.09	79.40	84.73	81.81	83.63	84.00
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)	174.04	173.09	172.72	176.17	180.15	191.12
46	RATIO 46 --- OTHER SALES TO PUBLIC AUTHORITIES REVENUE PER KWH SOLD (MILLS)	113.50	111.56	111.65	104.98	104.65	107.10
47	RATIO 47 --- OPERATING MARGINS PER KWH SOLD (MILLS)	4.00	5.08	3.69	3.11	3.04	2.59
48	RATIO 48 --- OPERATING MARGINS PER CONSUMER (\$)	45.09	57.85	42.42	35.03	33.95	28.45
49	RATIO 49 --- NON-OPERATING MARGINS PER KWH SOLD (MILLS)	0.75	0.73	0.53	0.60	0.46	0.72
50	RATIO 50 --- NON-OPERATING MARGINS PER CONSUMER (\$)	8.45	8.27	6.11	6.72	5.13	7.86
51	RATIO 51 --- TOTAL MARGINS LESS ALLOCATIONS PER KWH SOLD (MILLS)	4.74	5.81	4.22	3.71	3.50	3.31
52	RATIO 52 --- TOTAL MARGINS LESS ALLOCATIONS PER CONSUMER (\$)	53.54	66.12	48.53	41.75	39.07	36.32
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)	7.13	8.07	6.36	8.09	5.18	6.51
55	RATIO 55 --- ASSOCIATED ORGANIZATION'S CAPITAL CREDITS PER CONSUMER (\$)	80.49	91.83	73.15	91.15	57.83	71.54
56	RATIO 56 --- TOTAL MARGINS PER KWH SOLD (MILLS)	11.88	13.87	10.58	11.80	8.68	9.82
57	RATIO 57 --- TOTAL MARGINS PER CONSUMER (\$)	134.04	157.95	121.68	132.90	96.91	107.86
58	RATIO 58 --- A/R OVER 60 DAYS AS A % OF OPERATING REVENUE	0.40	0.33	0.33	0.37	0.32	0.36
59	RATIO 59 --- AMOUNT WRITTEN OFF AS A % OF OPERATING REVENUE	0.23	0.27	0.23	0.19	0.25	0.21
60	RATIO 60 --- TOTAL MWH SOLD PER MILE OF LINE	125.30	126.88	128.46	126.49	125.84	124.11
61	RATIO 61 --- AVERAGE RESIDENTIAL USAGE KWH PER MONTH	693.34	701.44	713.08	694.51	693.99	682.34
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	1,276.23	1,132.88	976.93	1,042.04	1,281.07	993.80
64	RATIO 64 --- AVERAGE SMALL COMMERCIAL KWH USAGE PER MONTH	2,872.99	2,890.02	2,910.90	2,906.30	2,786.06	2,740.67
65	RATIO 65 --- AVERAGE LARGE COMMERCIAL KWH USAGE PER MONTH	649,666.67	646,500.00	635,979.17	611,791.67	615,520.83	625,800.00
66	RATIO 66 --- AVERAGE STREET & HIGHWAY LIGHTING KWH USAGE PER MONTH	2,473.68	2,451.75	2,407.89	2,416.67	2,407.89	2,311.07
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	3,051.41	3,230.24	3,209.94	3,272.33	3,319.08	3,175.63
69	RATIO 69 --- RESIDENTIAL KWH SOLD PER TOTAL KWH SOLD (%)	67.82	68.01	68.42	68.05	68.54	68.52
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 (%)	0.44	0.39	0.34	0.36	0.47	0.39
72	RATIO 72 --- SMALL COMMERCIAL KWH SOLD PER TOTAL KWH SOLD (%)	21.83	21.77	21.74	22.29	21.67	21.67
73	RATIO 73 --- LARGE COMMERCIAL KWH SOLD PER TOTAL KWH SOLD (%)	8.27	8.10	7.82	7.61	7.62	7.78

RATIO No.	RATIO DESCRIPTION	KRTA 2012	KRTA 2013	KRTA 2014	KRTA 2015	KRTA 2016	ESTIMATED RATIOS FOR 2017
74	RATIO 74 --- STREET & HIGHWAY LIGHTING KWH SOLD PER TOTAL KWH SOLD (%)	0.15	0.15	0.14	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 (%)	1.49	1.58	1.54	1.56	1.56	1.51
77	RATIO 77 --- O & M EXPENSES PER TOTAL KWH SOLD (MILLS)	13.76	8.50	8.95	11.25	10.84	10.83
78	RATIO 78 --- O & M EXPENSES PER DOLLARS OF TUP (MILLS)	62.09	37.16	37.87	44.69	40.64	38.38
79	RATIO 79 --- O & M EXPENSES PER CONSUMER (\$)	155.36	96.75	102.93	126.71	121.03	118.96
80	RATIO 80 --- CONSUMER ACCOUNTING EXPENSES PER TOTAL KWH SOLD (MILLS)	2.98	3.29	3.10	2.54	2.67	2.69
81	RATIO 81 --- CONSUMER ACCOUNTING EXPENSES PER CONSUMER (\$)	33.68	37.43	35.72	28.66	29.85	29.59
82	RATIO 82 --- CUSTOMER SALES AND SERVICE PER TOTAL KWH SOLD (MILLS)	3.07	3.51	3.35	3.56	3.66	3.81
83	RATIO 83 --- CUSTOMER SALES AND SERVICE PER CONSUMER (\$)	34.62	39.92	38.59	40.13	40.93	41.79
84	RATIO 84 --- A & G EXPENSES PER TOTAL KWH SOLD (MILLS)	4.50	5.06	5.11	6.24	6.37	6.44
85	RATIO 85 --- A & G EXPENSES PER CONSUMER (\$)	50.81	57.63	58.75	70.24	71.15	70.71
86	RATIO 86 --- TOTAL CONTROLLABLE EXPENSES PER TOTAL KWH SOLD (MILLS) (SAME AS RATIO #103)	24.32	20.35	20.51	23.59	23.54	23.77
87	RATIO 87 --- TOTAL CONTROLLABLE EXPENSES PER CONSUMER (\$) (SAME AS RATIO #104)	274.47	231.72	235.99	265.75	262.97	261.05
88	RATIO 88 --- POWER COST PER KWH PURCHASED (MILLS)	81.67	82.11	84.26	81.52	81.36	82.50
89	RATIO 89 --- POWER COST PER TOTAL KWH SOLD (MILLS)	85.82	86.70	88.00	85.28	85.81	86.77
90	RATIO 90 --- POWER COST AS A % OF REVENUE	66.40	68.29	69.31	66.88	66.49	66.18
91	RATIO 91 --- LONG-TERM INTEREST COST PER TOTAL KWH SOLD (MILLS)	5.14	4.93	4.52	4.36	4.87	5.98
92	RATIO 92 --- LONG-TERM INTEREST COST AS A % OF TUP	2.32	2.16	1.91	1.73	1.82	2.12
93	RATIO 93 --- LONG-TERM INTEREST COST PER CONSUMER (\$)	57.99	56.18	51.95	49.14	54.35	65.63
94	RATIO 94 --- DEPRECIATION EXPENSE PER TOTAL KWH SOLD (MILLS)	7.41	7.53	7.62	8.07	8.42	8.95
95	RATIO 95 --- DEPRECIATION EXPENSE AS A % OF TUP	3.34	3.29	3.23	3.21	3.16	3.17
96	RATIO 96 --- DEPRECIATION EXPENSE PER CONSUMER (\$)	83.62	85.68	87.70	90.88	94.09	98.28
97	RATIO 97 --- ACCUMULATIVE DEPRECIATION AS A % OF PLANT IN SERVICE	32.45	33.70	34.38	34.44	33.72	33.92
98	RATIO 98 --- TOTAL TAX EXPENSE PER TOTAL KWH SOLD (MILLS)	2.66	2.30	2.46	2.53	2.67	2.61
99	RATIO 99 --- TOTAL TAX EXPENSE AS A % OF TUP	1.20	1.01	1.04	1.00	1.00	0.92
100	RATIO 100 --- TOTAL TAX EXPENSE PER CONSUMER	30.02	26.22	28.30	28.44	29.77	28.62
101	RATIO 101 --- TOTAL FIXED EXPENSES PER TOTAL KWH SOLD (MILLS)	100.94	101.51	102.75	100.81	102.48	104.75
102	RATIO 102 --- TOTAL FIXED EXPENSES PER CONSUMER (\$)	1,139.26	1,155.84	1,182.04	1,135.43	1,144.57	1,150.47
103	RATIO 103 --- TOTAL OPERATING EXPENSES PER TOTAL KWH SOLD (MILLS)	24.32	20.35	20.51	23.59	23.54	23.77
104	RATIO 104 --- TOTAL OPERATING EXPENSES PER CONSUMER (\$)	274.47	231.72	235.99	265.75	262.97	261.05
105	RATIO 105 --- TOTAL COST OF SERVICE (MINUS POWER COSTS) PER TOTAL KWH SOLD (MILLS)	39.44	35.17	35.27	39.12	40.21	41.75
106	RATIO 106 --- TOTAL COST OF ELECTRIC SERVICE PER TOTAL KWH SOLD (MILLS)	125.26	121.86	123.27	124.40	126.02	128.52
107	RATIO 107 --- TOTAL COST OF ELECTRIC SERVICE PER CONSUMER (\$)	1,413.73	1,387.56	1,418.03	1,401.18	1,407.53	1,411.52
108	RATIO 108 --- AVERAGE WAGE RATE PER HOUR (\$)	33.74	33.68	33.96	35.81	36.49	37.97
109	RATIO 109 --- TOTAL WAGES PER TOTAL KWH SOLD (MILLS)	10.34	10.19	9.95	10.66	10.80	11.75
110	RATIO 110 --- TOTAL WAGES PER CONSUMER (\$)	116.75	116.02	114.47	120.08	120.66	129.10
111	RATIO 111 --- OVERTIME HOURS/TOTAL HOURS (%)	6.72	3.68	3.54	5.18	3.82	4.26
112	RATIO 112 --- CAPITALIZED PAYROLL / TOTAL PAYROLL (%)	22.44	25.63	29.27	25.54	24.87	24.71
113	RATIO 113 --- AVERAGE CONSUMERS PER EMPLOYEE	642.83	634.74	652.40	659.12	654.72	638.98
114	RATIO 114 --- ANNUAL GROWTH IN KWH SOLD (%)	0.59	1.53	1.89	(1.08)	0.40	(0.41)
115	RATIO 115 --- ANNUAL GROWTH IN NUMBER OF CONSUMERS (%)	0.47	0.64	0.84	1.03	1.24	1.28

RATIO No.	RATIO DESCRIPTION	KRTA 2012	KRTA 2013	KRTA 2014	KRTA 2015	KRTA 2016	ESTIMATED RATIOS FOR 2017
116	RATIO 116 --- ANNUAL GROWTH IN TUP DOLLARS (%)	2.17	4.74	5.26	5.40	6.33	5.40
117	RATIO 117 --- CONST. W.I.P. TO PLANT ADDITIONS (%)	17.62	57.20	48.49	68.61	29.52	35.12
118	RATIO 118 --- NET NEW SERVICES TO TOTAL SERVICES (%)	0.54	0.68	0.72	0.53	1.16	1.49
119	RATIO 119 --- ANNUAL GROWTH IN TOTAL CAPITALIZATION (%)	0.98	2.71	(2.73)	7.86	11.51	2.74
120	RATIO 120 --- 2 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)	7.82	1.84	(0.05)	2.43	9.67	7.03
121	RATIO 121 --- 5 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)	6.54	6.36	4.98	4.61	3.94	4.30
122	RATIO 122 --- TUP INVESTMENTS PER TOTAL KWH SOLD (CENTS)	22.17	22.87	23.63	25.17	26.66	28.22
123	RATIO 123 --- TUP INVESTMENT PER CONSUMER (\$)	2,501.99	2,603.85	2,717.91	2,835.54	2,978.11	3,099.42
124	RATIO 124 --- TUP INVESTMENT PER MILE OF LINE (\$)	27,776.14	29,014.96	30,350.56	31,843.15	33,552.10	35,024.43
125	RATIO 125 --- AVERAGE CONSUMERS PER MILE	11.10	11.14	11.17	11.23	11.27	11.30
126	RATIO 126 --- DISTRIBUTION PLANT PER TOTAL KWH SOLD (MILLS)	200.17	203.31	209.71	221.73	235.51	250.59
127	RATIO 127 --- DISTRIBUTION PLANT PER CONSUMER (\$)	2,259.18	2,314.97	2,412.47	2,497.47	2,630.42	2,752.24
128	RATIO 128 --- DISTRIBUTION PLANT PER EMPLOYEE (\$)	1,452,264.79	1,469,393.49	1,573,903.94	1,646,121.33	1,722,181.21	1,758,629.51
129	RATIO 129 --- GENERAL PLANT PER TOTAL KWH SOLD (MILLS)	10.87	10.72	10.89	10.98	11.34	11.92
130	RATIO 130 --- GENERAL PLANT PER CONSUMER (\$)	122.71	122.09	125.30	123.70	126.66	130.97
131	RATIO 131 --- GENERAL PLANT PER EMPLOYEE (\$)	78,882.12	77,495.57	81,743.48	81,535.31	82,929.08	83,689.91
132	RATIO 132 --- HEADQUARTERS PLANT PER TOTAL KWH SOLD (MILLS)	8.95	9.42	9.35	9.54	13.20	13.38
133	RATIO 133 --- HEADQUARTERS PLANT PER CONSUMER (\$)	101.00	107.22	107.55	107.41	147.42	146.96
134	RATIO 134 --- HEADQUARTERS PLANT PER EMPLOYEE (\$)	64,922.87	68,054.04	70,164.25	70,797.92	96,521.45	93,902.89
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 (\$)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00
138	RATIO 138 --- IDLE SERVICES TO TOTAL SERVICE (%)	4.55	4.50	4.18	3.59	3.44	3.61
139	RATIO 139 --- LINE LOSS (%)	4.72	5.18	4.14	4.31	5.10	4.82
140	RATIO 140 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - POWER SUPPLIER	135.90	1.20	8.16	2.94	21.42	0.00
141	RATIO 141 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - EXTREME STORM	2,526.36	0.00	0.00	435.06	0.00	37.02
142	RATIO 142 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - PREARRANGED	1.74	0.36	0.30	1.62	1.14	3.36
143	RATIO 143 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - ALL OTHER	110.28	86.10	75.66	77.88	74.28	68.70
144	RATIO 144 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - TOTAL	2,774.28	87.66	84.12	517.50	96.84	109.08
145	RATIO 145 --- AVG. SERVICE AVAILABILITY INDEX (ASAI) - TOTAL (%)	99.47	99.98	99.98	99.90	99.98	99.98

<b>PAGE 3 - Part J. PATRONAGE CAPITAL</b>			<b>AFFECTED KRTA RATIOS</b>
<b>Item</b>	<b>This Year</b>	<b>Cumulative</b>	
Line 1. General Retirement	2,000,000	31,664,020	<===Missing these line items will affect Ratios 24 & 26.
Line 2. Special Retirements	321,297	3,689,522	<===Missing these line items will affect Ratios 24 & 26.
Line 4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	1,943,168		<===Missing this line item will affect Ratios 8 & 14.
Line 5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	130,008		<===Missing this line item will affect Ratios 8 & 14.
<b>PAGE 3 - Part K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE</b>			
1. Amount Due Over 60 Days	181,508		<===Missing this line item will affect Ratio 58.
2. Amount Written Off During Year	107,422		<===Missing this line item will affect Ratio 59.

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	MI044
	ENDING DATE	12/31/2017

**CFC FORM 7 DATA ERROR AND WARNING CHECKS**

**PART A. STATEMENT OF OPERATIONS**

BALANCE CHECK RESULTS		Balance Check - Revenue		Comments
<div style="border: 1px solid black; padding: 5px;"> <div style="text-align: center; border-bottom: 1px solid black;">0 Needs Attention</div> <div style="text-align: center;">1 Matches</div> </div>	1. Operating Revenue and Patronage Capital <a href="#">Part A, Line 1(b), Page 1</a>	50606631		0
	12. TOTAL Revenue Received From Sales of Electric Energy <a href="#">Part R, Line 12(d), Page 5</a>	49663868		0
	13. Transmission Revenue <a href="#">Part R, Line 13(d), Page 5</a>	0		0
	14. Other Electric Revenue <a href="#">Part R, Line 14(d), Page 5</a>	942763		0
	Total Lines 12(d), 13(d) & 14(d)	50606631		
	Difference	0	Matches	

BALANCE CHECK RESULTS		Balance Check - Cost of Purchases and Generation		Comments
<div style="border: 1px solid black; padding: 5px;"> <div style="text-align: center; border-bottom: 1px solid black;">0 Needs Attention</div> <div style="text-align: center;">1 Matches</div> </div>	2. Power Production Expense <a href="#">Part A, Line 2(b), Page 1</a>	0		0
	3. Cost of Purchased Power <a href="#">Part A, Line 3(b), Page 1</a>	33492710		0
	4. Transmission Expense <a href="#">Part A, Line 4(b), Page 1</a>	0		0
	5. Regional Market Operations Expense <a href="#">Part A, Line 5(b), Page 1</a>	0		0
	Total Lines 2(b) thru 5(b)	33492710		
	18. Cost of Purchases and Generation <a href="#">Part R, Line 18(d), Page 5</a>	33492710		0
Difference	0	Matches		

BALANCE CHECK RESULTS		Balance Check - Cost of Purchased Power		Comments
<div style="border: 1px solid black; padding: 5px;"> <div style="text-align: center; border-bottom: 1px solid black;">0 Needs Attention</div> <div style="text-align: center;">1 Matches</div> </div>	3. Cost of Purchased Power <a href="#">Part A, Line 3(b), Page 1</a>	33492710		0
	TOTALS (Cost) <a href="#">Part L, Line 21(f), Page 3</a>	33492709.74		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 RESULTS		Balance Check - Balance Sheet		Comments
<div style="border: 1px solid black; padding: 5px;"> <div style="text-align: center; border-bottom: 1px solid black;">0 Needs Attention</div> <div style="text-align: center;">1 Matches</div> </div>	28. Total Assets & Other Debits (5+14+26+27) <a href="#">Part C, Line 28, Page 2</a>	117229516		0
	51. Total Liabilities & Other Credits (35+38+41+49+50) <a href="#">Part C, Line 51, Page 2</a>	117229516		0
	Difference	0	Matches	

**CFC FORM 7 DATA ERROR AND WARNING CHECKS**

**Balance Check - Current Maturities Long-Term Debt**

38. Total Long-Term Debt	\$ 12m 100	OK
45. Current Maturities Long-Term Debt	2684911	0
46. Current Maturities Long-Term Debt-Economic Dev.	0	0

7. Investment in Subsidiary Companies		Comments
Part C, Line 7, Page 2	800	0
8. Invest. in Assoc. Org. - Patronage Capital		
Part C, Line 8, Page 2	32743899	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	913996	0
<b>Total Lines 7, 8, 9 &amp; 10</b>		<b>33658695</b>
7a - Part I - Investments in Associated Organizations		
Column (b) - Included (\$)		
Part I, Subtotal (b)	800	0
Column (c) - Excluded (\$)		
Part I, Subtotal (c)	31143795.4	0
Column (d) - Income or Loss		
Part I, Subtotal (d)	2514099.11	0
<b>Total</b>		<b>33658694.51</b>
<b>Difference</b>		<b>0 Matches</b>

**BALANCE CHECK RESULTS**

0 Please Review  
1 Matches

11. Investments in Economic Development Projects		Comments
Part C, Line 11, Page 2	1138114	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)	1138113.57	0
Column (d) - Income or Loss		
Part I, Subtotal (d)	0	0
<b>Total</b>		<b>1138113.57</b>
<b>Difference</b>		<b>0 Matches</b>

**BALANCE CHECK RESULTS**

0 Please Review  
1 Matches

12. Other Investments		Comments
Part C, Line 12, Page 2	0	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
<b>Total</b>		<b>0</b>
<b>Difference</b>		<b>0 Matches</b>

**BALANCE CHECK RESULTS**

0 Please Review  
1 Matches

13. Special Funds		Comments
Part C, Line 13, Page 2	0	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
<b>Total</b>		<b>0</b>
<b>Difference</b>		<b>0 Matches</b>

**BALANCE CHECK RESULTS**

0 Please Review  
1 Matches

**CFC FORM 7 DATA ERROR AND WARNING CHECKS**

BALANCE CHECK RESULTS		Comments	
<b>15. Cash-General Funds</b> <a href="#">Part C, Line 15, Page 2</a>		242897	0
<div style="border: 1px solid black; padding: 5px; width: 40px; display: inline-block; text-align: center;"> <span style="background-color: yellow; border-radius: 50%; padding: 2px;">0</span> Please Review  <span style="background-color: lightgreen; border-radius: 50%; padding: 2px;">1</span> Matches         </div>	<b>7a - Part I - Cash - General</b>		
	Column (b) - Included (\$) <a href="#">Part I, Subtotal (b)</a>	2255	0
	Column (c) - Excluded (\$) <a href="#">Part I, Subtotal (c)</a>	240641.66	0
	Column (d) - Income or Loss <a href="#">Part I, Subtotal (d)</a>	0	0
	<b>Total</b>	242896.66	
	<b>Difference</b>	0	Matches
<b>17. Special Deposits</b> <a href="#">Part C, Line 17, Page 2</a>		0	0
<b>7a - Part I - Special Deposits</b>			
<div style="border: 1px solid black; padding: 5px; width: 40px; display: inline-block; text-align: center;"> <span style="background-color: yellow; border-radius: 50%; padding: 2px;">0</span> Please Review  <span style="background-color: lightgreen; border-radius: 50%; padding: 2px;">1</span> Matches         </div>	Column (b) - Included (\$) <a href="#">Part I, Subtotal (b)</a>	0	0
	Column (c) - Excluded (\$) <a href="#">Part I, Subtotal (c)</a>	0	0
	Column (d) - Income or Loss <a href="#">Part I, Subtotal (d)</a>	0	0
	<b>Total</b>	0	
	<b>Difference</b>	0	Matches
<b>18. Temporary Investments</b> <a href="#">Part C, Line 18, Page 2</a>		0	0
<b>7a - Part I - Temporary Investments</b>			
<div style="border: 1px solid black; padding: 5px; width: 40px; display: inline-block; text-align: center;"> <span style="background-color: yellow; border-radius: 50%; padding: 2px;">0</span> Please Review  <span style="background-color: lightgreen; border-radius: 50%; padding: 2px;">1</span> Matches         </div>	Column (b) - Included (\$) <a href="#">Part I, Subtotal (b)</a>	0	0
	Column (c) - Excluded (\$) <a href="#">Part I, Subtotal (c)</a>	0	0
	Column (d) - Income or Loss <a href="#">Part I, Subtotal (d)</a>	0	0
	<b>Total</b>	0	
	<b>Difference</b>	0	Matches
<b>19. Notes Receivable - Net</b> <a href="#">Part C, Line 19, Page 2</a>		0	0
<b>21. Accounts Receivable - Net Other</b> <a href="#">Part C, Line 21, Page 2</a>		317667	0
<b>Total Lines 19 &amp; 21</b>		317667	
<div style="border: 1px solid black; padding: 5px; width: 40px; display: inline-block; text-align: center;"> <span style="background-color: yellow; border-radius: 50%; padding: 2px;">0</span> Please Review  <span style="background-color: lightgreen; border-radius: 50%; padding: 2px;">1</span> Matches         </div>	<b>7a - Part I - Account &amp; Notes Receivable - Net</b>		
	Column (b) - Included (\$) <a href="#">Part I, Subtotal (b)</a>	317667.29	0
	Column (c) - Excluded (\$) <a href="#">Part I, Subtotal (c)</a>	0	0
	Column (d) - Income or Loss <a href="#">Part I, Subtotal (d)</a>	0	0
	<b>Total</b>	317667.29	
<b>Difference</b>	0	Matches	
<b>Balance Check - Total Retirements</b>			
<b>Total Retirements (1+2)</b> <a href="#">Part J, Line 3b, Page 3</a>	553535.42	OK	
<b>Balance Check - Total Cash Retirements</b>			
<b>Total Cash Received (4+5)</b> <a href="#">Part J, Line 6, Page 3</a>	3075176	OK	
<b>Balance Check - Employee Hour</b>			
<b>Number of Full Time Employees</b> <a href="#">Part I, Line 1, Page 3</a>	55	OK	

**CFC FORM 7 DATA ERROR AND WARNING CHECKS**

**PART E. CHANGES IN UTILITY PLANT**

BALANCE CHECK RESULTS		Balance Check - Changes in Utility Plant		Comments
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center;"> <span style="color: red; font-weight: bold; font-size: 1.2em;">0</span> Needs Attention   <span style="color: green; font-weight: bold; font-size: 1.2em;">1</span> Matches                 </div>	1. Total Utility Plant in Service <a href="#">Part C, Line 1, Page 2</a>	106492227		0
	SUBTOTAL: (1 thru 11) <a href="#">Part E, Line 12(e), Page 3</a>	106492227		0
	Difference	0	Matches	
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center;"> <span style="color: red; font-weight: bold; font-size: 1.2em;">0</span> Needs Attention   <span style="color: green; font-weight: bold; font-size: 1.2em;">1</span> Matches                 </div>	2. Construction Work in Progress <a href="#">Part C, Line 2, Page 2</a>	2433746		0
	Construction Work in Progress <a href="#">Part E, Line 13(e), Page 3</a>	2433746		0
	Difference	0	Matches	
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center;"> <span style="color: red; font-weight: bold; font-size: 1.2em;">0</span> Needs Attention   <span style="color: green; font-weight: bold; font-size: 1.2em;">1</span> Matches                 </div>	3. Total Utility Plant (1+2) <a href="#">Part C, Line 3, Page 2</a>	108925973		0
	TOTAL UTILITY PLANT (12+13) <a href="#">Part E, Line 14(e), Page 3</a>	108925973		0
	Difference	0	Matches	

**PART L. KWH PURCHASED AND TOTAL COST**

BALANCE CHECK RESULTS		Balance Check - Total KWH Purchased		Comments
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center;"> <span style="color: red; font-weight: bold; font-size: 1.2em;">0</span> Needs Attention   <span style="color: green; font-weight: bold; font-size: 1.2em;">1</span> Matches                 </div>	TOTALS (KWH Purchased) <a href="#">Part L, Line 21(e), Page 3</a>	405960280		0
	16. TOTAL KWH Purchased <a href="#">Part R, Line 16(d), Page 5</a>	405960280		0
	Difference	0	Matches	

**PART O. LONG-TERM DEBT SERVICE REQUIREMENTS**

BALANCE CHECK RESULTS		Balance Check - Long-Term Debt Service Requirements		Comments
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center;"> <span style="color: red; font-weight: bold; font-size: 1.2em;">0</span> Needs Attention   <span style="color: green; font-weight: bold; font-size: 1.2em;">1</span> Matches                 </div>	38. Total Long-Term Debt (36 + 37) <a href="#">Part C, Line 38, Page 2</a>	53,200,360		0
	45. Current Maturities Long-Term Debt <a href="#">Part C, Line 45, Page 2</a>	2,684,911		0
	46. Current Maturities Long-Term Debt-Economic Dev. <a href="#">Part C, Line 46, Page 2</a>	0		0
	Total Lines 38+45+46	55,885,271		0
	Total Balance End of Year <a href="#">Part O, Line 12, Page 4</a>	55,885,271		0
	Difference	0	Matches	

<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>	<b>BORROWER NAME</b>	Cherryland Elec
	<b>BORROWER DESIGNATION</b>	MI044
	<b>ENDING DATE</b>	12/31/2017

**NOTES**

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

	Included	Excluded	Income or Loss	
RESCO			383,343	78,231
Federated Insurance			139,468	24,502
NISC			176,168	25,881
NRTC			5,107	0
CoBank			-5,265	102,691
<b>Total</b>			<b>698,821</b>	<b>231,305</b>

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

	Included	Excluded	Income or Loss	
Crystal Enterprises			5,000	
Solon-Centerville Township			50,054	
BAC Design Group, Inc.			52,000	
Endurance Evolution (Loan 1)			3,667	
Striker Supply			9,701	
Great Lakes Potato Chip			24,836	
GT Metro Emergency			120,000	
Roaming Harvest, LLC			6,250	
Up North Automotive			21,500	
HM East, LLC			19,167	
Endurance Evolution (Loan 2)			7,667	
Alfie Embroidery			70,000	
Black Star Farms			12,239	
GT Bay YMCA (Loan 1)			37,000	
Kingsley Lumber			32,500	
H M Commissary LLC			39,000	
Great Lakes Stainless			86,000	
Bay Motor Products			77,700	
Mo's Incredible Pizza			120,833	
Iron Fish Distillery			109,083	
GT Bay YMCA (Loan 2)			99,167	
<b>Total</b>			<b>1,003,364</b>	

Cherryland  
Electric  
Cooperative,  
Inc. and  
Subsidiary



Years Ended  
December 31,  
2017 and 2016

Consolidated  
Financial  
Statements

# 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
David Schweitzer	Treasurer
Jon Zickert	Director
John Olson	Director
Gabriel Schneider	Director



Rehmann Robson

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Traverse City, MI 49684  
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rehmann.com

## INDEPENDENT AUDITORS' REPORT

March 15, 2018

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 sheets as of December 31, 2017 and 2016, and the related consolidated statements of income and comprehensive income, changes in patron equities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Independent Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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, 2017 and 2016, and the consolidated results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Rehmann Loborn LLC*

# CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

## Consolidated Balance Sheets

ASSETS	December 31	
	2017	2016
<b>Current assets</b>		
Cash and cash equivalents - unrestricted	\$ 157,917	\$ 3,382
Accounts receivable, net of allowance for bad debts of \$120,000 in both 2017 and 2016		
Trade:		
Billed	2,822,215	2,028,487
Unbilled	3,506,644	2,897,209
Other	171,782	72,818
Refundable Michigan sales tax	147,088	324,425
Power supply cost recovery	983,606	1,018,809
Current portion of notes receivable	344,787	357,748
Inventory	609,114	608,805
Prepaid expenses and other assets	181,711	196,796
<b>Total current assets</b>	<b>8,924,864</b>	<b>7,508,479</b>
<b>Property, plant and equipment</b>		
Land, buildings, and improvements	5,164,660	5,115,637
Electric distribution plant	96,724,622	91,275,604
Office furniture and equipment	1,606,246	1,542,017
Transportation equipment	437,142	504,584
Machinery and equipment	2,559,558	2,348,639
Plant construction in progress	2,433,746	2,553,971
<b>Total property, plant and equipment</b>	<b>108,925,974</b>	<b>103,340,452</b>
Less accumulated depreciation	(36,118,047)	(33,985,419)
<b>Net property, plant and equipment</b>	<b>72,807,927</b>	<b>69,355,033</b>
<b>Other assets</b>		
Cash and cash equivalents - restricted	85,780	250,475
Investments in associated cooperatives	32,743,899	32,418,264
Capital term certificates	906,046	926,125
Land held for resale	-	76,765
Notes receivable, less current portion	793,327	713,840
Post-retirement benefit, other than pensions	149,134	-
Other	967,673	1,169,682
<b>Total other assets</b>	<b>35,645,859</b>	<b>35,555,151</b>
<b>Total assets</b>	<b>\$ 117,378,650</b>	<b>\$ 112,418,663</b>

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	
	2017	2016
<b>Current liabilities</b>		
Short-term borrowings	\$ 6,680,417	\$ 4,393,280
Checks issued against future deposits	555,059	766,112
Accounts payable:		
Purchased power	3,235,927	3,085,317
Other	556,106	508,229
Accrued expenses:		
Compensation	659,010	637,793
Property taxes	348,439	351,872
Interest	317,666	361,658
Other	86,566	18,159
Member deposits	239,745	250,827
Member advances for construction	348,953	315,461
Current portion of long-term debt	2,684,912	2,532,012
<b>Total current liabilities</b>	<b>15,712,800</b>	<b>13,220,720</b>
Unamortized gain on early retirement of debt	283,400	348,800
Post-retirement benefit obligation, other than pensions	-	167,028
Long-term debt, net of current portion	53,200,359	52,185,472
<b>Total liabilities</b>	<b>69,196,559</b>	<b>65,922,020</b>
Commitments and contingencies (Notes 6 and 7)		
<b>Equities</b>		
Patronage capital	49,820,457	48,351,282
Other equities - accumulated deficit	(1,481,883)	(1,592,499)
Accumulated other comprehensive loss	(156,483)	(262,140)
<b>Total equities</b>	<b>48,182,091</b>	<b>46,496,643</b>
<b>Total liabilities and equities</b>	<b>\$ 117,378,650</b>	<b>\$ 112,418,663</b>

## CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

### Consolidated Statements of Income and Comprehensive Income

	Year Ended December 31	
	2017	2016
<b>Operating revenues</b>	<u>\$ 50,606,630</u>	<u>\$ 50,019,394</u>
<b>Operating expenses</b>		
Cost of power	33,492,712	33,259,017
Depreciation and amortization	3,453,799	3,264,754
Distribution, maintenance	2,870,547	3,059,030
Administrative and general	2,484,901	2,468,783
Member service and information	1,468,762	1,420,363
Distribution, operations	1,310,201	1,140,753
Member accounts	1,039,983	1,035,957
Taxes - property and other	1,005,703	1,033,138
<b>Total operating expenses</b>	<u>47,126,608</u>	<u>46,681,795</u>
<b>Operating margin</b>	<u>3,480,022</u>	<u>3,337,599</u>
<b>Other income (expense)</b>		
Income from associated cooperatives	2,514,099	2,006,813
Interest income	43,711	37,981
Interest expense on long-term debt	(2,306,586)	(1,885,795)
Other interest expense	(193,305)	(294,790)
Other income	252,531	160,846
<b>Other income, net</b>	<u>310,450</u>	<u>25,055</u>
<b>Net margins</b>	<u>3,790,472</u>	<u>3,362,654</u>
<b>Other comprehensive income (loss)</b>		
Unrecognized change in postretirement benefit plans	105,657	(10,457)
<b>Comprehensive income</b>	<u>\$ 3,896,129</u>	<u>\$ 3,352,197</u>

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 (Loss)	Total Equities
Balances, January 1, 2016	\$ 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
<b>Balances, December 31, 2016</b>	-	48,351,282	(1,592,499)	(262,140)	46,496,643
Capital credits retired	-	(2,321,297)	143,640	-	(2,177,657)
Other equity transactions	-	-	(33,024)	-	(33,024)
Change in other comprehensive income	-	3,790,472	-	105,657	3,896,129
<b>Balances, December 31, 2017</b>	\$ -	\$ 49,820,457	\$ (1,481,883)	\$ (156,483)	\$ 48,182,091

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	
	2017	2016
<b>Cash flows from operating activities</b>		
Net margins	\$ 3,790,472	\$ 3,362,654
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	3,453,799	3,264,754
(Income) loss from associated cooperatives, net of capital credits	(325,635)	371,686
Bad debt expense	58,393	26,663
Amortization of gain on early extinguishment of debt	(65,400)	(65,400)
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(1,560,520)	761,017
Refundable Michigan sales tax	177,337	32,630
Power supply cost recovery	35,203	(231,646)
Inventory	(309)	(53,397)
Prepaid expenses and other current assets	15,085	82,684
Other assets	202,009	253,713
Checks issued against future deposits	(211,053)	455,133
Accounts payable	198,487	(48,962)
Accrued expenses	42,199	139,918
Member deposits	(11,082)	1,132
Member advances for construction	33,492	(60,141)
Post-retirement benefit, other than pensions	(210,505)	(188,643)
<b>Net cash provided by operating activities</b>	<u>5,621,972</u>	<u>8,103,795</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(6,883,736)	(7,707,850)
Proceeds from sale of property and equipment	53,808	67,998
(Issuance) collection of notes receivable	(66,526)	13,269
Redemption of capital term certificates	20,079	12,890
<b>Net cash used in investing activities</b>	<u>(6,876,375)</u>	<u>(7,613,693)</u>
<b>Cash flows from financing activities</b>		
Net short-term borrowings (repayments)	4,537,137	(1,489,260)
Proceeds from issuance of long-term debt	8,663,093	7,000,000
Repayments of long-term debt	(9,745,306)	(2,284,759)
Net patronage capital retirements and forfeitures	(2,210,681)	(3,388,308)
Memberships retired	-	(238,721)
<b>Net cash provided by (used in) financing activities</b>	<u>1,244,243</u>	<u>(401,048)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(10,160)	89,054
Cash and cash equivalents, beginning of year	253,857	164,803
<b>Cash and cash equivalents, end of year</b>	<u>\$ 243,697</u>	<u>\$ 253,857</u>
<b>Reconciliation to consolidated balance sheets</b>		
Cash and cash equivalents - unrestricted	\$ 157,917	\$ 3,382
Cash and cash equivalents - restricted	85,780	250,475
	<u>\$ 243,697</u>	<u>\$ 253,857</u>

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 Risks

*Cherryland Electric Cooperative, Inc.* ("Cherryland") is a non-profit corporation located in Grawn, Michigan, principally engaged in providing electrical service to over 35,000 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"). CHI had no income statement activity during 2017 or 2016 and its only assets consist of cash of \$800. Cherryland's investment in CHI of \$800 has been eliminated in consolidation. There were no other intercompany accounts or transactions in 2017 or 2016 required to be 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 consolidated 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.

# CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### 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.

### 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 purchased 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 net realizable value.

### 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.

# CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### 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.

### 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 2017 and 2016, and expected to be \$65,400 for each of the next five.

### 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.

The Cooperative 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.

The Cooperative has evaluated its income tax filing positions for fiscal years 2014 through 2017, the years which remain subject to examination as of December 31, 2017. The Cooperative concluded that there are no significant uncertain tax positions requiring recognition in the Cooperative's financial statements. The Cooperative 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. The Cooperative does not have any amounts accrued for interest and penalties related to UTBs at December 31, 2017 or 2016, and is not aware of any claims for such amounts by federal or state income tax authorities.

# CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

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 \$1,026,000 that, if not utilized, will expire between 2025 and 2028. Accordingly, CHI has recorded a deferred tax asset of approximately \$216,000 associated with the net operating loss carryforward. The Tax Cuts and Jobs Act ("the "Act") was enacted on December 22, 2017. The Act reduces the U. S. federal corporate tax rate from 34% to 21%, among other provisions. CHI remeasured certain deferred tax assets based on the rates at which they are expected to reverse in the future, which is generally 21%. The provisional amount recorded during 2017 related to the remeasurement of CHI's deferred tax balance was approximately \$133,000. However, CHI has recorded a valuation allowance equal to the amount of the deferred asset since management anticipates that it is more likely than not the net operating losses will expire unused. Therefore, there is no impact on the accompanying consolidated statements of income and comprehensive income in 2017 and 2016. CHI had no federal income tax expense or payments in 2017 or 2016.

### Advertising Expenses

The costs of advertising and product promotion are expensed as incurred. The Cooperative incurred \$18,325 and \$22,124 in advertising costs during 2017 and 2016, respectively.

### Reclassification

Certain amounts as reported in the 2016 consolidated financial statements have been reclassified to conform with the 2017 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, 2017, the most recent consolidated balance sheet presented herein, through March 15, 2018, the date these consolidated financial statements were available to be issued. No such significant events or transactions were identified, other than the opening of a 457(b) plan disclosed in Note 6.

# CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### 2. INVESTMENTS IN ASSOCIATED COOPERATIVES

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

	2017	2016
Wolverine Power Supply Cooperative, Inc.	\$ 30,824,599	\$ 30,590,951
National Rural Utilities Cooperative Finance Corporation	989,173	936,184
National Information Solutions Cooperative	202,049	183,892
Rural Electric Supply Cooperative	461,574	479,846
Federated Rural Electric Insurance Exchange	163,970	149,844
Other	102,534	77,547
<b>Total</b>	<b>\$ 32,743,899</b>	<b>\$ 32,418,264</b>

### 3. SHORT-TERM BORROWINGS

Cherryland has a \$4,000,000 unsecured revolving line of credit with a bank maturing March 28, 2018. Interest is charged at the daily London InterBank Offered Rate ("LIBOR") index rate plus 2.0% (effective rate of 3.56% at December 31, 2017). Outstanding borrowings were \$3,080,417 and \$2,993,280 at December 31, 2017 and 2016, respectively.

Cherryland also has a \$6,000,000 unsecured revolving line of credit with National Rural Utilities Cooperative Finance Corporation ("CFC"), expiring July 6, 2018. Interest is charged at the 7 day LIBOR index rate plus 1.95% (effective rate of 3.43% at December 31, 2017). Outstanding borrowings were \$400,000 at December 31, 2016. There were no outstanding borrowings at December 31, 2017.

Cherryland also 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 2.35% as December 31, 2017). Outstanding borrowing were \$3,600,000 at December 31, 2017. There were no outstanding borrowings at December 31, 2016.

Additionally, Cherryland also has a \$5,000,000 unsecured revolving line of credit with a bank, expiring in August 2018. Interest is charged at a risk-based variable rate determined by the Bank (effective rate of 3.66% as December 31, 2017). Outstanding borrowings were \$1,000,000 at December 31, 2016. There were no outstanding borrowings at December 31, 2017.

### 4. LONG-TERM DEBT

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

# CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

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

	2017	2016
Notes payable to CFC, collateralized by substantially all assets, due in quarterly installments of up to \$672,138, including interest at 2.85%-9.40%, maturing from 2018 to 2045.	\$ 33,659,239	\$ 25,123,479
Notes payable to Farmer Mac, collateralized by substantially all assets, due in semiannual installments of up to \$420,847 including interest at 3%-5.15%, maturing from 2029 to 2045.	9,251,622	16,926,244
Notes payable to a bank, collateralized by substantially all assets, due in monthly installments of \$107,222, including interest at 2.06%-4.39%, maturing from 2019 to 2040.	12,974,410	12,667,761
Total long-term debt	55,885,271	54,717,484
Less current portion	(2,684,912)	(2,532,012)
Long-term debt, net of current portion	<u>\$ 53,200,359</u>	<u>\$ 52,185,472</u>

Scheduled principal maturities of long-term debt for the five years succeeding December 31, 2017, and thereafter, are summarized as follows:

Year	Amount
2018	\$ 2,684,912
2019	2,822,284
2020	2,871,331
2021	2,926,559
2022	2,419,263
Thereafter	<u>42,160,922</u>
<b>Total</b>	<u><b>\$ 55,885,271</b></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.

# CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### 5. PATRONAGE CAPITAL

Patronage capital consists of the following at December 31:

	2017	2016
Assignable margins	\$ 3,790,472	\$ 3,362,654
Assignable to date	<u>83,133,773</u>	<u>79,771,119</u>
	86,924,245	83,133,773
Less called for redemption to date	<u>(37,103,788)</u>	<u>(34,782,491)</u>
<b>Total</b>	<u>\$ 49,820,457</u>	<u>\$ 48,351,282</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 41.0% and 41.4% of the total assets at December 31, 2017 and 2016, respectively.

Cherryland's bylaws provide that patronage capital be refunded upon the death of members. During 2017 and 2016, \$293,959 and \$182,687, 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 Waste Reduction program. The program is available to both residential and commercial members. Amounts retired under this program in 2017 and 2016 were \$27,338 and \$39,141, respectively.

During 2016, Cherryland elected to pay back all membership fees for a total of \$238,721.

Other equities consisted of the following at December 31:

	2017	2016
Forfeited patronage capital	\$ 3,588,289	\$ 3,477,673
ASC 715 (FAS 158) adjustment	337,593	337,593
Nonassignable deficits	<u>(5,407,765)</u>	<u>(5,407,765)</u>
<b>Total</b>	<u>\$ (1,481,883)</u>	<u>\$ (1,592,499)</u>

# CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### 6. RETIREMENT PLAN (INCLUDING SUBSEQUENT EVENT)

#### 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 years ended December 31, 2017 and 2016, 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 2017 and 2016 is for the plan's year-end at January 1, 2017 and 2016, 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.

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
		2017	2016		2017	2016		
NRECA RS Plan	53-0116145/ 333	Green as of 1/1/17	Green as of 1/1/16	No	\$687,994	\$592,779	N/A	10/1/2021

Cherryland was not listed in its plan's Form 5500 for the appropriate plan year ending in 2016 as providing more than 5 percent of the total contributions. The 2017 Form 5500 was not yet available at the time of issuance of this report.

# CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### 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 \$956,220 and \$764,976, during 2017 and 2016, respectively, and recorded in other assets on the consolidated balance sheets. Amortization expense was \$191,244 in both 2017 and 2016. Amortization expense is expected to be approximately \$191,000 during each of the next five years.

Effective January 1, 2018, the Company maintains a deferred compensation plan under Section 457(b) of the Internal Revenue Code. This deferred compensation plan is for the benefit of certain key employees and participation is strictly voluntary. All contributions to this deferred compensation plan will be employee contributions only. Cherryland will not make any contributions to the benefit of those employees who qualify for participation in this deferred compensation plan.

## 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 2017.

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 \$983,606 and \$1,018,809 in cumulative receivables due from member-consumers for under collections at December 31, 2017 and 2016, respectively.

### 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 \$33,492,712 and \$33,259,017 in 2017 and 2016, respectively. Management anticipates that Wolverine will be able to satisfy Cherryland's power needs for the foreseeable future.

# CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### 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, 2017, 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 2017, and expire on various dates through November 1, 2023. 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 \$378,720 and \$348,731 were made during 2017 and 2016, respectively.

Future minimum rental payments required under operating leases that have initial or remaining noncancelable terms in excess of one year for the five years succeeding December 31, 2017, and thereafter, are summarized as follows:

Year	Amount
2018	\$ 324,165
2019	237,888
2020	168,506
2021	117,985
2022	41,960
Thereafter	<u>27,030</u>
Total	<u>\$ 917,534</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:

	2017	2016
Service cost	\$ 47,252	\$ 43,840
Interest cost	78,570	82,602
Expected return on plan assets	(131,671)	(117,290)
Amortization of prior service cost	(87,541)	(87,541)
Recognition of net gain	32,310	38,344
<b>Net periodic income</b>	<b>\$ (61,080)</b>	<b>\$ (40,045)</b>

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

	2017	2016
<b>Change in projected benefit obligation</b>		
Benefit obligation at beginning of year	\$ 1,922,637	\$ 1,909,083
Service cost	47,252	43,840
Interest cost	78,570	82,602
Benefits paid	(149,425)	(148,598)
Actuarial loss	96,619	35,710
<b>Projected benefit obligations at end of year</b>	<b>\$ 1,995,653</b>	<b>\$ 1,922,637</b>
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	\$ 1,755,609	\$ 1,563,869
Actual return on plan assets	389,178	191,740
Employer contributions	149,425	148,598
Benefits paid	(149,425)	(148,598)
<b>Fair value of plan assets at end of year</b>	<b>\$ 2,144,787</b>	<b>\$ 1,755,609</b>
<b>Recognized benefit asset (obligation)</b>	<b>\$ 149,134</b>	<b>\$ (167,028)</b>
<b>Amounts recognized in accumulated other comprehensive loss, beginning</b>	<b>\$ (262,140)</b>	<b>\$ (251,683)</b>
Net actuarial gains	32,310	38,344
Net prior service cost	(87,541)	(87,541)
Net current year income	160,888	38,740
<b>Amounts recognized in accumulated other comprehensive loss, ending</b>	<b>\$ (156,483)</b>	<b>\$ (262,140)</b>

## CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

The weighted-average discount rate was 4.25% and 4.50% at the beginning of 2017 and 2016, respectively. The expected long-term rate of return on assets was 7.50% for both 2017 and 2016.

The Cooperative assumes for measurement purposes a 9.00% annual rate of increase in the per capita cost of covered health care benefits for 2017. 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 \$93,850 and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost by \$14,873. Decreasing the assumed health care cost trend rates by 1 percentage point would decrease the accumulated post-retirement obligation by \$70,569 and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost for the year by \$10,591.

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 \$2,144,787 and \$1,755,609 at December 31, 2017 and 2016, 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 2018. Expected benefit payments for each of the five years succeeding December 31, 2017, and for the five fiscal years thereafter are estimated as follows:

Year	Amount
2018	\$ 164,516
2019	164,538
2020	158,858
2021	139,872
2022	115,652
Thereafter	595,220

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 2017 and 2016 are approximately \$87,500.

## 9. SUPPLEMENTAL CASH FLOWS INFORMATION

### Non-Cash Investing and Financing Activities

During 2017, Cherryland converted a \$1.25 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 4.10% with final maturity in August 2045.

During 2017, Cherryland converted a \$1 million line of credit with a bank to a long-term note payable, pursuant to the terms of the Loan Agreement with the bank. Interest is charged at a fixed rate of 3.62% with final maturity in August 2027.

During 2017, management elected to no longer sell the land that was held for sale at December 31, 2016. Instead the land will be use for future business purposes. As such, the land held for sale at December 31, 2016 is included in property, plant and equipment at December 31, 2017.

During 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 August 2045.

### Other Cash Flows Information

Cash paid for interest amounted to \$2,543,883 and \$2,145,045 during 2017 and 2016, respectively.

