

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

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

BORROWER DESIGNATION

MI026

BORROWER NAME

HomeWorks Tri-County Electric Cooperative

ENDING DATE

12/31/2011

CERTIFICATION

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.

Patrick Linn 4/23/12
Signature of Office Manager or Accountant Date

Walter K... 4/23/12
Signature of Manager Date

BALANCE CHECK RESULTS

Needs Attention
Please Review
Matches

AUTHORIZATION CHOICES

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

YES YES

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

YES YES

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	38,304,577	39,910,186	39,603,621	3,670,874
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	24,313,844	25,758,132	25,470,642	2,261,769
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	1,099,476	999,990	1,144,948	88,294
7. Distribution Expense - Maintenance	2,324,084	2,470,295	2,411,285	194,246
8. Consumer Accounts Expense	840,677	806,753	875,184	24,062
9. Customer Service and Informational Expense	1,211,691	1,246,828	1,293,721	118,088
10. Sales Expense	129,335	(39,050)	133,582	(131,323)
11. Administrative and General Expense	1,736,470	1,822,687	1,807,930	135,968
12. Total Operation & Maintenance Expense (2 thru 11)	31,655,578	33,065,636	33,137,292	2,691,104
13. Depreciation & Amortization Expense	2,487,879	2,627,916	2,671,000	223,957
14. Tax Expense - Property & Gross Receipts	917,036	946,211	976,800	50,811
15. Tax Expense - Other	115,651	62,540	57,600	(3,260)
16. Interest on Long-Term Debt	1,613,151	2,038,151	1,831,700	174,316
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	331,798	17,374	162,800	119
19. Other Deductions	(96,245)	(96,245)	(96,245)	(8,020)
20. Total Cost of Electric Service (12 thru 19)	37,024,847	38,661,583	38,740,947	3,129,027
21. Patronage Capital & Operating Margins (1 minus 20)	1,279,730	1,248,603	862,674	541,847
22. Non Operating Margins - Interest	111,038	116,089	109,200	9,637
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	473,458	376,941	12,000	376,941
25. Non Operating Margins - Other	(175,656)	25,458	0	(283)
26. Generation & Transmission Capital Credits	0	1,471,455	500,000	1,471,455
27. Other Capital Credits & Patronage Dividends	216,328	198,833	155,000	17,298
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,904,898	3,437,380	1,638,874	2,416,896

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	133	132	5. Miles Transmission	0	0
2. Services Retired	210	126	6. Miles Distribution Overhead	2,916	2,916
3. Total Services In Place	26,816	26,822	7. Miles Distribution Underground	422	425
4. Idle Services (Exclude Seasonal)	1,295	1,312	8. Total Miles Energized (5+6+7)	3,338	3,341

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION	
		MI026	
		YEAR ENDING	12/31/2011
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	88,457,634	29. Memberships	271,465
2. Construction Work in Progress	523,191	30. Patronage Capital	46,314,815
3. Total Utility Plant (1+2)	88,980,825	31. Operating Margins - Prior Years	1,409,229
4. Accum. Provision for Depreciation and Amort	25,311,265	32. Operating Margins - Current Year	2,918,891
5. Net Utility Plant (3-4)	63,669,560	33. Non-Operating Margins	712,470
6. Nonutility Property - Net	3,300	34. Other Margins & Equities	1,039,342
7. Investment in Subsidiary Companies	7,515,181	35. Total Margins & Equities (29 thru 34)	52,666,212
8. Invest. in Assoc. Org. - Patronage Capital	22,494,295	36. Long-Term Debt CFC (Net)	42,966,949
9. Invest. in Assoc. Org. - Other - General Funds	0	(Payments-Unapplied (\$)	
10. Invest in Assoc. Org. - Other - Nongeneral Funds	2,032,103	37. Long-Term Debt - Other (Net)	0
11. Investments in Economic Development Projects	0	(Payments-Unapplied (\$)	
12. Other Investments	0	38. Total Long-Term Debt (36 + 37)	42,966,949
13. Special Funds	0	39. Obligations Under Capital Leases - Non current	0
14. Total Other Property & Investments (6 thru 13)	32,044,879	40. Accumulated Operating Provisions - Asset Retirement Obligations	899,490
15. Cash-General Funds	2,424,907	41. Total Other Noncurrent Liabilities (39+40)	899,490
16. Cash-Construction Funds-Trustee	0	42. Notes Payable	0
17. Special Deposits	0	43. Accounts Payable	3,362,453
18. Temporary Investments	2,007,434	44. Consumers Deposits	481,628
19. Notes Receivable - Net	213,809	45. Current Maturities Long-Term Debt	1,544,899
20. Accounts Receivable - Net Sales of Energy	4,958,966	46. Current Maturities Long-Term Debt-Economic Dev.	0
21. Accounts Receivable - Net Other	107,475	47. Current Maturities Capital Leases	0
22. Renewable Energy Credits	0	48. Other Current & Accrued Liabilities	2,654,680
23. Materials & Supplies - Electric and Other	794,736	49. Total Current & Accrued Liabilities (42 thru 48)	8,043,659
24. Prepayments	98,518	50. Deferred Credits	1,805,123
25. Other Current & Accrued Assets	0	51. Total Liabilities & Other Credits (35+38+41+49+50)	106,381,433
26. Total Current & Accrued Assets (15 thru 25)	10,605,845		
27. Deferred Debits	61,149		
28. Total Assets & Other Debits (5+14+26+27)	106,381,433		
		ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
		Balance Beginning of Year	6,397,614
		Amounts Received This Year (Net)	213,309
		TOTAL Contributions-In-Aid-Of-Construction	6,610,923
PART D. THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.			
Please refer to the audit report for notes to the financial statements.			

CFC
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION

MI026
YEAR ENDING 12/31/2011

PART II. CHANGES IN UTILITY PLANT

ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE OF YEAR (e)	DEPRECIATION RATE % (f)
1. Land and Land Rights (360)	454,839	0	0	0	454,839	
2. Structures and Improvements (361)	3,348,637	21,246	950	0	3,368,932	2.74%
3. Station Equipment (362)	280,738	9,059	0	0	289,797	16.92%
4. Storage Battery Equipment	0	0	0	0	0	
5. Poles, Towers, and Fixtures (364)	22,659,133	632,212	185,965	0	23,105,379	3.00%
6. Overhead Conductors and Devices (365)	19,260,177	990,898	165,966	0	20,085,109	2.30%
7. Underground Conduit (366)	155,984	19	0	0	156,003	2.70%
8. Underground Conductors and Devices (367)	8,065,526	192,212	12,511	0	8,245,228	2.90%
9. Line Transformers (368)	9,105,460	309,820	94,357	0	9,320,923	2.60%
10. Services (369)	8,103,167	112,967	21,855	0	8,194,278	3.10%
11. Meters (370)	6,428,157	134,600	178,009	0	6,384,748	2.90%
12. Installation on Consumer's Premises (371)	71,191	0	0	0	71,191	3.90%
13. Leased Property on Consumer's Premises (372)	570	0	0	0	570	3.60%
14. Street Lighting (373)	32,069	0	0	0	32,069	3.80%
15. SUBTOTAL: Distribution (1 thru 14)	77,965,646	2,403,033	659,613	0	79,709,066	
16. Land and Land Rights (See Line 26)						
17. Structures and Improvements (See Line 26)						
18. Office Furniture & Equipment (391)	748,480	206,464	10,647	0	944,297	8.35%
19. Transportation Equipment (392)	2,368,165	374,299	298,503	0	2,443,960	8.78%
20. Stores, Tools, Shop, Garage, and Laboratory Equipment (393, 394, 395)	280,918	32,092	1,378	0	311,632	7.73%
21. Power-Operated Equipment (396)	516,324	0	10,875	0	505,449	6.87%
22. Communication Equipment (397)	399,365	0	0	0	399,365	4.83%
23. Miscellaneous Equipment (398)	26,452	0	11,921	0	14,530	1.74%
24. Other Tangible Property (399)	0	0	0	0	0	0.00%
25. SUBTOTAL: General Plant (18 thru 24)	4,339,704	612,855	333,324	0	4,619,234	
26. Headquarters Plant (389 & 390)	1,412,322	2,320,584	0	0	3,732,906	
27. Intangibles (301, 302, 303)	334,328	62,099	0	0	396,428	
28. Land and Land Rights, Roads and Trails (350, 359)	0	0	0	0	0	
29. Structures and Improvements (352)	0	0	0	0	0	0.00%
30. Station Equipment (353)	0	0	0	0	0	0.00%
31. Towers and Fixtures and Poles and Fixtures (354, 355)	0	0	0	0	0	0.00%
32. Overhead, Conductors, and Devices (356)	0	0	0	0	0	0.00%
33. Underground Conduit (357)	0	0	0	0	0	0.00%
34. Underground Conductor & Devices (358)	0	0	0	0	0	0.00%
35. SUBTOTAL: Transmission Plant (28 thru 34)	0	0	0	0	0	
36. Regional Transmission and Market Operation Plant (380-386)	0	0	0	0	0	
37. Production Plant - Steam (310-316)	0	0	0	0	0	
38. Production Plant - Nuclear (320-325)	0	0	0	0	0	
39. Production Plant - Hydro (330-336)	0	0	0	0	0	
40. Production Plant - Other (340-346)	0	0	0	0	0	
41. All Other Utility Plant (102, 104-106, 114, 118)	0	0	0	0	0	
42. SUBTOTAL:(15+25+26+27+35 thru 41)	84,052,001	5,398,571	992,938	0	88,457,634	
43. Construction Work in Progress (107)	2,881,249	(2,358,058)			523,191	
44. TOTAL UTILITY PLANT (42 + 43)	86,933,250	3,040,513	992,938	0	88,980,825	

CFC FINANCIAL AND STATISTICAL REPORT				BORROWER DESIGNATION MI026					
				YEAR ENDING 12/31/2011					
PART I. ANALYSIS OF ACCUMULATED PROVISION FOR DEPRECIATION - TOTAL ELECTRIC PLANT									
ITEM	DISTRIBUTION PLANT (a)	GENERAL PLANT (b)	TRANSMISSION PLANT (c)	OTHER PLANT (d)					
1. Balance Beginning of Year	19,692,277	3,561,948	0	284,514					
2. Additions - Depreciation Accruals Charged to:									
a. Depreciation Expense	2,410,673	226,522	0	21,297					
b. Clearing Accounts and Others	0	249,447	0	0					
c. Subtotal (a+b)	2,410,673	475,969	0	21,297					
3. Less - Plant Retirements:									
a. Plant Retired	687,574	300,662	0	0					
b. Removal Costs	281,068	0	0	0					
c. Subtotal (a+b)	968,642	300,662	0	0					
4. Plus Salvaged Materials	133,893	0	0	0					
5. TOTAL (2c - 3e + 4)	1,575,923	175,307	0	21,297					
6. Other Adjustments - Debit or Credit	0	0	0	0					
7. Balance End of Year (1+5+6)	21,268,200	3,737,255	0	305,811					
AS OF 12/31/98 CFC NO LONGER REQUIRES SECTIONS "G", "N" AND "P" DATA Those sections refer to data on, "Materials and Supplies" (G), "Annual Meeting and Board Data" (N), and Conservation Data" (P).									
PART II. SERVICE INTERRUPTIONS									
ITEM	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	TOTAL (e)				
	Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)					
1. Present Year	111.00	87.60	3.60	138.00	340.20				
2. Five-Year Average	45.52	97.56	5.33	178.80	327.21				
PART III. EMPLOYEE - HOUR AND PAYROLL STATISTICS									
1. Number of Full Time Employees	58	4. Payroll - Expensed			2,890,189				
2. Employee - Hours Worked - Regular Time	123,817	5. Payroll - Capitalized			841,688				
3. Employee - Hours Worked - Overtime	5,521	6. Payroll - Other			0				
PART IV. PATRONAGE CAPITAL			PART V. DUE FROM CONSUMERS FOR ELECTRIC SERVICE						
ITEM	THIS YEAR (a)	CUMULATIVE (b)	1. Amount Due Over 60 Days: 136,712						
1. General Retirement	1,310,103	6,764,267	2. Amount Written Off During Year: 79,668						
2. Special Retirements	126,654	937,688							
3. Total Retirements (1+2)	1,436,757	7,701,955							
4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	748,022								
5. Loans for Credit Extended to the Electric System	84,370								
6. Total Cash Received (4+5)	832,392								
PART VI. KWH PURCHASED AND TOTAL COST									
NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	RENEWABLE ENERGY PROGRAM NAME (c)	RENEWABLE FUEL TYPE (d)	KWH PURCHASED (e)	TOTAL COST (f)	INCLUDED IN TOTAL COST			
						AVERAGE COST PER KWH (cents) (g)	FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (i)	COMMENTS (j)
1. Wolverine Power Cooperative			0 None	333,441,562	24,882,356	7.46	665,559	1,968,015	Comments
2. Wolverine Power Cooperative			1 Wind	11,736,038	875,776	7.46	23,425	69,268	Comments
3.			0 None	0	0	0.00	0	0	Comments
4.			0 None	0	0	0.00	0	0	Comments
5. TOTALS				345,177,600	25,758,132	7.46	688,985	2,037,283	

PART I. KWH PURCHASED AND TOTAL COST (Continued)

Comments

- 1.
- 2.
- 3.
- 4.

CFC FINANCIAL AND STATISTICAL REPORT	BORROWER DESIGNATION	
	MI026	
	YEAR ENDING	12/31/2011

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

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

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

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

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY (e)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1.	National Rural Utilities Cooperative Finance Corporation	21,273,926	1,233,969	1,648,272	2,882,242	
2.	NCSC	0	0	0	0	
3.	Farmer Mac	21,693,023	600,836	210,507	811,342	
4.		0	0	0	0	
5.		0	0	0	0	
6.		0	0	0	0	
7.		0	0	0	0	
8.		0	0	0	0	
9.		0	0	0	0	
10.		0	0	0	0	
11.		0	0	0	0	
12.	TOTAL (Sum of 1 thru 11)	\$42,966,949	\$1,834,805	\$1,858,779	\$3,693,584	

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION					
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PART R. POWER REQUIREMENTS DATA BASE							
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	JANUARY (a)	FEBRUARY (b)	MARCH (c)	APRIL (d)	MAY (e)	JUNE (f)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	22,373	22,365	22,354	22,360	22,371	22,372
	b. KWH Sold	22,195,803	19,092,354	18,927,504	16,644,239	15,870,291	16,542,611
	c. Revenue	2,652,240	2,269,787	2,288,471	2,005,740	2,009,236	2,130,258
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	0	0	0	0	0	0
3. Irrigation Sales	a. No. Consumers Served	260	260	260	263	267	277
	b. KWH Sold	12,180	13,646	10,411	9,814	26,839	201,110
	c. Revenue	7,085	7,182	6,797	7,743	14,932	48,410
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	2,739	2,735	2,734	2,737	2,745	2,747
	b. KWH Sold	4,320,262	3,692,194	3,831,858	3,337,053	3,553,321	4,338,904
	c. Revenue	514,344	438,606	464,999	409,669	456,618	537,979
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	4	4	4	4	4	4
	b. KWH Sold	3,466,992	3,099,116	3,508,353	3,042,529	3,543,390	3,629,481
	c. Revenue	267,446	234,202	266,866	229,675	278,159	302,516
6. Public Street & Highway Lighting	a. No. Consumers Served	28	28	28	28	28	28
	b. KWH Sold	11,752	11,790	11,723	11,723	11,723	11,775
	c. Revenue	2,121	2,102	2,115	2,080	2,136	2,160
7. Other Sales to Public Authority	a. No. Consumers Served	127	127	125	125	125	125
	b. KWH Sold	374,586	356,975	379,032	319,732	371,246	351,060
	c. Revenue	43,149	39,355	42,878	36,244	43,070	42,699
8. Sales for Resales-REA Borrowers	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	0	0	0	0	0	0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	0	0	0	0	0	0
10. TOTAL No. of Consumers (lines 1a thru 9a)		25,531	25,519	25,505	25,517	25,540	25,553
11. TOTAL KWH Sold (lines 1b thru 9b)		30,381,575	26,266,075	26,668,881	23,365,090	23,376,810	25,074,941
12. TOTAL Revenue Received From Sales of Electric Energy (Line 1c thru 9c)		3,486,386	2,991,233	3,072,126	2,691,151	2,804,151	3,064,021
13. Transmission Revenue		0	0	0	0	0	0
14. Other Electric Revenue		34,227	62,876	54,939	54,023	68,223	62,269
15. KWH - Own Use		0	0	0	0	0	0
16. TOTAL KWH Purchased		32,293,800	27,911,400	28,327,800	24,817,800	24,799,800	26,612,400
17. TOTAL KWH Generated		0	0	0	0	0	0
18. Cost of Purchases and Generation		2,303,035	1,918,163	2,011,129	1,693,794	1,813,763	1,998,657
19. Interchange - KWH - Net		0	0	0	0	0	0
20. Peak - Sum All KW Input (Metered) Non-coincident X Coincident		61,822	59,734	50,452	50,469	59,533	73,173

CFC
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION

MI026

YEAR ENDING

12/31/2011

PART II. POWER REQUIREMENTS DATA BASE (Continued)

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

LINE ITEM NUMBER		JULY (g)	AUGUST (h)	SEPTEMBER (i)	OCTOBER (j)	NOVEMBER (k)	DECEMBER (l)	TOTAL (Column a thru l) (m)
1	a.	22,378	22,374	22,358	22,358	22,351	22,323	22,348
	b.	23,349,452	18,164,591	15,402,885	16,103,160	17,408,442	20,937,845	220,639,177
	c.	2,914,895	2,409,732	2,114,381	2,162,785	2,273,886	2,560,940	27,792,351
2	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	0	0	0	0	0	0	0
3	a.	281	282	282	282	282	282	271
	b.	2,458,009	2,171,150	772,530	238,766	120,037	137,629	6,172,121
	c.	322,861	286,181	131,689	57,301	39,322	27,090	956,590
4	a.	2,754	2,756	2,750	2,754	2,759	2,759	2,749
	b.	5,906,490	4,225,742	4,122,505	4,768,666	5,407,224	5,246,276	52,750,495
	c.	709,632	540,461	536,125	608,835	669,163	619,622	6,506,052
5	a.	4	4	4	4	4	4	4
	b.	4,185,992	3,662,285	3,380,617	3,349,566	3,486,576	3,770,544	42,125,441
	c.	338,054	309,343	290,459	292,084	293,584	283,476	3,385,864
6	a.	28	28	28	28	28	28	28
	b.	11,784	11,784	11,784	11,784	11,784	10,118	139,524
	c.	2,168	2,223	2,247	2,225	2,206	1,863	25,647
7	a.	125	125	125	125	125	125	126
	b.	371,718	250,422	266,560	396,540	378,237	411,046	4,227,154
	c.	43,896	31,979	36,695	50,223	46,927	46,685	503,800
8	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	0	0	0	0	0	0	0
9	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	0	0	0	0	0	0	0
10		25,570	25,569	25,547	25,551	25,549	25,521	25,526
11		36,283,445	28,485,974	23,956,881	24,868,482	26,812,300	30,513,458	326,053,912
12		4,331,506	3,579,917	3,111,595	3,173,453	3,325,089	3,539,676	39,170,305
13		0	0	0	0	0	0	0
14		50,347	53,992	53,759	61,166	52,863	131,198	739,881
15		0	0	0	0	0	0	0
16		38,572,200	30,246,000	25,423,800	26,408,400	28,478,400	31,285,800	345,177,600
17		0	0	0	0	0	0	0
18		2,915,646	2,414,666	2,081,523	2,115,359	2,230,631	2,261,769	25,758,132
19		0	0	0	0	0	0	0
20		86,017	74,911	66,916	56,316	59,099	58,104	86,017

CFC
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION

MI026

YEAR ENDING

12/31/2011

PART 5. ENERGY EFFICIENCY PROGRAMS

	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 (excluded seasonal)	25,097	\$0	563,780	25,097	\$0	2,947,006
2.	Residential Sales - Seasonal	0	\$0	0	0	\$0	0
3.	Irrigation Sales	0	\$0	0	0	\$0	0
4.	Commercial and Industrial <1000 KVA	429	\$0	1,152,012	429	\$0	2,853,122
5.	Commercial and Industrial >1000 KVA	0	\$0	0	0	\$0	0
6.	Public Street and Highway Lighting	0	\$0	0	0	\$0	0
7.	Other Sales to Public Authorities	0	\$0	0	0	\$0	0
8.	Sales for Resales - RUS Borrowers	0	\$0	0	0	\$0	0
9.	Sales for Resales - Other	0	\$0	0	0	\$0	0
10.	TOTALS	25,526	\$0	1,715,792	25,526	\$0	5,800,128

CFC INVESTMENTS, LOAN GUARANTEES AND LOANS - DISTRIBUTION (All investments refer to your most recent CFC Loan Agreement)		BORROWER DESIGNATION		
Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar.		M1026		
		BORROWER NAME		
		HomeWorks Tri-County Electric Cooperative		
		MONTH ENDING		
		12/31/11		
7a - PART I - INVESTMENTS				
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)	
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS				
5	See Attached Notes	7,426,985	24,237,653	376,941
6		0	0	0
7		0	0	0
8		0	0	0
Subtotal (Line 5 thru 8)		\$7,426,985	\$24,237,653	\$376,941
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS				
9		0	0	0
10		0	0	0
11		0	0	0
12		0	0	0
Subtotal (Line 9 thru 12)		\$0	\$0	\$0
4. OTHER INVESTMENTS				
13		0	0	0
14		0	0	0
15		0	0	0
16		0	0	0
Subtotal (Line 13 thru 16)		\$0	\$0	\$0
5. SPECIAL FUNDS				
17		0	0	0
18		0	0	0
19		0	0	0
20		0	0	0
Subtotal (Line 17 thru 20)		\$0	\$0	\$0
6. CASH - GENERAL				
21	Portland Federal Credit Union Accounts	2,174,907	250,000	0
22		0	0	0
23		0	0	0
24		0	0	0
Subtotal (Line 21 thru 24)		\$2,174,907	\$250,000	\$0
7. SPECIAL DEPOSITS				
25		0	0	0
26		0	0	0
27		0	0	0
28		0	0	0
Subtotal (Line 25 thru 28)		\$0	\$0	\$0
8. TEMPORARY INVESTMENTS				
29	Cash - Money Market Account	2,007,434	0	0
30		0	0	0
31		0	0	0
32		0	0	0
Subtotal (Line 29 thru 32)		\$2,007,434	\$0	\$0
9. ACCOUNTS & NOTES RECEIVABLE - NET				
33	NRUCFC Interest Receivable - CTC's	0	8,196	0
34	NRUCFC Interest Receivable - Capital Securities	0	16,875	0
35	Other Receivables	82,404	0	0
36	Notes Receivable - Water Heaters	213,809	0	0
Subtotal (Line 33 thru 36)		\$296,213	\$25,071	\$0
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED				
37		0	0	0
38		0	0	0
39		0	0	0
40		0	0	0
Subtotal (Line 37 thru 40)		0	0	0
Total		11,905,539	24,512,724	376,941

CFC INVESTMENTS, LOAN GUARANTEES AND LOANS - DISTRIBUTION (All investments refer to your most recent CFC Loan Agreement)	BORROWER DESIGNATION MI026
Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar.	BORROWER NAME HomeWorks Tri-County Electric Cooperative
	MONTH ENDING 12/31/2011

7a - PART II. LOAN GUARANTEES					
Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loans (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0

7a - PART III. LOANS					
Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1			0		0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0

7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES					
1	TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e)				11,905,539
2	LARGER OF (a) OR (b)				26,333,106
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			13,347,124	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)			26,333,106	

Part F.

Line 2.a. does not equal Part A., Line 12.b. because of amortization of insurance gain due to replacement of property lost in a fire on Jan. 13, 2004. This resulted in a reduction of \$28,773. to depreciation expense for 2011. The balance of this gain is shown as a liability in Part B., Line 49 "Deferred Credits".

Depreciation per Part F., Line 2.a.	2,658,492
Amortization of insurance gain	<u>(28,773)</u>
Depreciation per Part A., Line 12.b.	<u><u>2,629,719</u></u>

7a-Part 1-Investments

2. Investments in Associated Organizatons

	Description	Included	Excluded	Income
1	CFC Patronage		674,526	
2	Tri-Co Services-50,000 shrs common stock	50,000		
3	Tri-Co Services Subsidiary Investment	-		
4	Tri-Co Services Subsidiary Equity	7,088,240		376,941
5	NRUCFC Capital Term Cerificates		1,948,181	
6	NRUCFC Membership		1,000	
7	Cooperative Response Center-Membership	24,483		
8	Michigan Electric Coop Assoc, Building	34,477		
9	Michigan Electric Coop Assoc, Membership		1,000	
10	National Rural Telecom Coop-Patronage	21,962		
11	Wolverine Power Supply Coop-Patronage		21,564,628	
12	National Information Solutions Coop-Patronage	73,805		
13	Rural Electric Supply Coop-Patronage	46,086		
14	Co-Bank-Investment		1,000	
15	Co-Bank Patronage		47,318	
16	Federated Rural Insurance Coop-Stock	20,000		
17	Federated Rural Insurance Coop-Patronage	67,933		
Total		7,426,985	24,237,653	376,941

PRELIMINARY FINANCIAL & STATISTICAL RATIOS

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.

RATIO NO.	RATIO DESCRIPTION	ESTIMATED RATIO VALUE
121	5 Yr. Compound Growth in Total Capitalization (%)	8.44
122	TUP Investment per Total KWH Sold (Cents)	27.29
123	TUP Investment per Consumer (\$)	3,485.89
124	TUP Investment per Mile of Line (\$)	26,635.54
125	Average Consumers per Mile	7.64
126	Distribution Plant per Total KWH Sold (Mills)	244.47
127	Distribution Plant per Consumer (\$)	3,122.66
128	Distribution Plant per Employee (\$)	1,374,294.24
129	General Plant per Total KWH Sold (Mills)	14.17
130	General Plant per Consumer (\$)	180.96
131	General Plant per Employee (\$)	79,641.96
132	Headquarters Plant per Total KWH Sold (Mills)	11.45
133	Headquarters Plant per Consumer (\$)	146.24
134	Headquarters Plant per Employee (\$)	64,360.45
135	Transmission Plant per Total KWH Sold (Mills)	-
136	Transmission Plant per Consumer (\$)	-
137	Transmission Plant per Employee (\$)	-
138	Idle Services to Total Service (%)	4.89
139	Line Loss (%)	5.54
140	System Avg. Interruption Duration Index (SAIDI) - Power Supplier (Minutes)	111.00
141	System Avg. Interruption Duration Index (SAIDI) - Major Event (Minutes)	87.60
142	System Avg. Interruption Duration Index (SAIDI) - Planned (Minutes)	3.60
143	System Avg. Interruption Duration Index (SAIDI) - All Other (Minutes)	138.00
144	System Avg. Interruption Duration Index (SAIDI) - Total (Minutes)	340.20
145	Avg. Service Availability Index (ASAI) - Total (%)	99.94

PRELIMINARY FINANCIAL & STATISTICAL RATIOS

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

ITEM DESCRIPTION	ENTER DATA	RATIO NO.	RATIO DESCRIPTION	ESTIMATED RATIO VALUE
Invest. in Assoc. Org. - Pat Cap (for 2010)	21,675,317	1	Average Total Consumers Served	25,526
Billed Debt Services (2011)	3,693,584	2	Total KWH Sold (1,000)	326,054
Total KWH Sold (for 2010)	320,624,593	3	Total Utility Plant (1,000)	88,981
Avg. Total Number of Consumers (for 2010)	25,516	4	Total Number of Employees (Full Time Only)	58
Total Utility Plant (for 2010)	86,933,250	5	Total Miles of Line	3,341
Total Margins and Equities (for 2009)	49,053,002	6	TIER (estimated)	2.69
Total Margins and Equities (for 2010)	50,593,293	7	TIER (2 of 3 year High Average)	2.96
Total Long-Term Debt (for 2009)	26,833,758	8	OTIER	2.02
Total Long-Term Debt (for 2010)	39,499,589	9	OTIER (2 of 3 year High Average)	1.94
Total Margins and Equities (for 2006)	36,143,145	10	MDSC (estimated)	1.86
Total Long-Term Debt (for 2006)	27,627,340	11	MDSC (2 of 3 year High Average)	1.81
Current Maturities Long-Term Debt - Economic Development (2010)	-	12	Debt Service Coverage - DSC (estimated)	2.19
Current Maturities Long-Term Debt (2010)	1,871,038	13	DSC (2 of 3 year High Average)	2.27
TIER (2009)	3.24	14	ODSC	1.83
TIER (2010)	2.18	15	ODSC (2 of 3 year High Average)	1.77
TIER (2011)	2.69	16	Equity As A % of Assets	49.51
		17	Distribution Equity (excludes equity in Assoc. Org's Patronage Capital)	35.97
OTIER (2009)	1.82	18	Equity As A % of Total Capitalization	55.07
OTIER (2010)	1.85	19	Long-Term Debt As A % of Total Assets	40.39
OTIER (2011)	2.02	20	Long-Term Debt Per KWH Sold (Mills)	131.78
		21	Long-Term Debt Per Consumer (\$)	1,683.26
MDSC (2009)	1.67	22	Non-Government Debt As % of Total Long-Term Debt	100.00
MDSC (2010)	1.75	23	Blended Interest Rate (%)	4.75
MDSC (2011)	1.86	24	Annual Capital Credits Retired Per Total Equity (%)	2.73
		25	Long-Term Interest As A % of Revenue	5.11
DSC (2009)	2.34	26	Cumulative Patronage Capital Retired As A % of Total Patronage Capital	12.76
DSC (2010)	1.87	27	Rate of Return on Equity (%)	6.53
DSC (2011)	2.19	28	Rate of Return on Total Capitalization (%)	5.73
		29	Current Ratio	1.32
ODSC (2009)	1.63	30	General Funds Per TUP (%)	4.98
ODSC (2010)	1.71	31	Plant Revenue Ratio (PPR) One Year	6.29
ODSC (2011)	1.83	32	Investment in Subsidiaries to Total Assets (%)	7.06
2% of Total Margins & Equity	1,053,324	33	Total Operating Revenue per KWH Sold (Mills)	122.40
Total Long-Term Leases	0	34	Total Operating Revenue per TUP Investment (Cents)	44.85
1/3 of the Lease portion	(351,108)	35	Total Operating Revenue Per Consumer (\$)	1,563.51
Pat Cap (Cash) portion	851,311	36	Electric Revenue per KWH Sold (Mills)	120.13
		37	Electric Revenue per Consumer (\$)	1,534.53
		38	Residential Revenue per KWH Sold (Mills)	125.96
		39	Non-Residential Revenue per KWH Sold (Mills)	107.94
		40	Seasonal Revenue per KWH Sold (Mills)	#DIV/0!

PRELIMINARY FINANCIAL & STATISTICAL RATIOS

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.

RATIO NO.	RATIO DESCRIPTION	ESTIMATED RATIO VALUE	RATIO NO.	RATIO DESCRIPTION	ESTIMATED RATIO VALUE
41	Irrigation Revenue per KWH Sold (Mills)	154.99	81	Consumer Accounting Expenses per Consumer (\$)	31.61
42	Small Commercial Revenue per KWH Sold (Mills)	123.34	82	Customer Sales and Service Per Total KWH Sold (Mills)	3.70
43	Large Commercial Revenue Per KWH Sold (Mills)	80.38	83	Consumer Sales and Service per Consumer (\$)	47.32
44	Sale for Resale Revenue per KWH Sold (Mills)	#DIV/0!	84	A & G Expenses per Total KWH Sold (Mills)	5.59
45	Street & Highway Lighting Revenue per KWH Sold (Mills)	183.82	85	A & G Expenses per Consumer (\$)	71.41
46	Other Sales to Public Authorities Revenue Per KWH Sold (Mills)	119.18	86	Total Controllable Expenses per Total KWH Sold (Mills)	22.41
47	Operating Margins per KWH Sold (Mills)	3.83	87	Total Controllable Expenses per Consumer (\$)	286.28
48	Operating Margins per Consumer \$	48.91	88	Power Cost per KWH Purchased (Mills)	74.62
49	Non-Operating Margins per KWH Sold (Mills)	1.59	89	Power Cost per Total KWH Sold (Mills)	79.00
50	Non-Operating Margins per Consumer \$	20.31	90	Power Cost As A % of Revenue	64.54
51	Total Margins Less Allocations per KWH Sold (Mills)	5.42	91	Long-Term Interest Cost per Total KWH Sold (Mills)	6.25
52	Total Margins Less Allocations per Consumer \$	69.23	92	Long-Term Interest Cost As A % of TUP	2.29
53	Income (Loss) from Equity Investments per Consumer \$	14.77	93	Long-Term Interest Cost per Consumer (\$)	79.85
54	Associated Organization's Capital Credits Per KWH Sold (Mills)	5.12	94	Depreciation Expense per Total KWH Sold (Mills)	8.06
55	Associated Organization's Capital Credits Per Consumer (\$)	65.43	95	Depreciation Expense As A % of TUP	2.95
56	Total Margins per KWH Sold (Mills)	10.54	96	Depreciation Expense per Consumer (\$)	102.95
57	Total Margins per Consumer \$	134.66	97	Accumulative Depreciation As A % of Plant in Service	28.61
58	A/R Over 60 Days As A % of Operating Revenue	0.34	98	Total Tax Expense per Total KWH Sold (Mills)	3.09
59	Amount Write-Offs As A % of Operating Revenue	0.20	99	Total Tax Expense As A % of TUP	1.13
60	Total MWH Sold per Mile of Line	97.60	100	Total Tax Expense per Consumer (\$)	39.52
61	Average Residential KWH Usage per Month	822.74	101	Total Fixed Expenses per Total KWH Sold (Mills)	96.16
62	Average Seasonal KWH Usage per Month	#DIV/0!	102	Total Fixed Expenses per Consumer (\$)	1,228.32
63	Average Irrigation KWH Usage per Month	1,897.95	103	Total Operating Expenses per Total KWH Sold (Mills)	22.41
64	Average Small Commercial KWH Usage per Month	1,599.08	104	Total Operating Expenses per Consumer	286.28
65	Average Large Commercial KWH Usage per Month	877,613.35	105	Total Cost of Service (Minus Power Costs) per Total KWH Sold (Mills)	39.57
66	Average Street & Highway Lighting KWH Usage per Month	415.25	106	Total Cost of Electric Service per Total KWH Sold (Mills)	118.57
67	Average Sales for Resale KWH Usage per Month	#DIV/0!	107	Total Cost of Electric Service per Consumer (\$)	1,514.60
68	Average Sales to Public Authorities KWH Usage per Month	2,795.74	108	Average Wage Rate per Hour (\$)	28.85
69	Residential KWH Sold per Total KWH Sold (%)	67.67	109	Total Wages per Total KWH Sold (Mills)	11.45
70	Seasonal KWH Sold per Total KWH Sold (%)	-	110	Total Wages per Consumer (\$)	146.20
71	Irrigation KWH Sold per Total KWH Sold (%)	1.89	111	Overtime Hours/Total Hours (%)	4.27
72	Small Commercial KWH Sold per Total KWH Sold (%)	16.18	112	Capitalized Payroll/Total Payroll (%)	22.55
73	Large Commercial KWH Sold per Total KWH Sold (%)	12.92	113	Average Consumers per Employee	440.10
74	Street & Highway Lighting KWH Sold per Total KWH Sold (%)	0.84	114	Annual Growth in KWH Sold (%)	1.69
75	Sales for Resale KWH Sold per Total KWH Sold (%)	-	115	Annual Growth in Number of Consumers (%)	0.04
76	Sales to Public Authorities KWH Sold per Total KWH Sold (%)	1.30	116	Annual Growth in TUP Dollars (%)	2.36
77	O & M Expenses per Total KWH Sold (Mills)	10.64	117	Const. W.I.P. to Plant Additions (%)	9.69
78	O & M Expenses per Dollars of TUP (Mills)	39.00	118	Net New Services to Total Services (%)	0.02
79	O & M Expenses per Consumer (\$)	135.95	119	Annual Growth in Total Capitalization (%)	6.15
80	Consumer Accounting Expenses per Total KWH Sold (Mills)	2.47	120	2 Yr. Compound Growth in Total Capitalization (%)	12.26

MICHIGAN PUBLIC SERVICE COMMISSION

ADDITIONAL SCHEDULES FOR AN ELECTRIC UTILITY COOPERATIVE

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

Report submitted for year ending: December 31, 2011
Present name of respondent: HomeWorks Tri-County Electric Cooperative
Address of principal place of business: 7973 E Grand River Ave., Portland MI 48875
Utility representative to whom inquires regarding this report may be directed: Name: Patrick Simmer Title: Accounting Supervisor Address: 7973 E Grand River Ave City: Portland State: MI Zip: 48875 Direct Telephone, Include Area Code: 517-647-1287
If the utility name has been changed during the past year: Prior Name: Date of Change:
Two copies of the published annual report to stockholders: <input type="checkbox"/> were forwarded to the Commission <input checked="" type="checkbox"/> will be forwarded to the Commission on or about April 30, 2012
Annual reports to stockholders: <input checked="" type="checkbox"/> are published <input type="checkbox"/> are not published

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

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

DLARA/MPSC
Regulated Energy Division (Heather Cantin)
4300 W Saginaw
Lansing, MI 48917

Name of Respondent	This Report Is:	Date of Report	Year of Report
HomeWorks Tri-County Electric	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/20/2012	December 31, 2011

IMPORTANT CHANGES DURING THE YEAR

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

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

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/20/2012	Year of Report December 31, 2011
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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) SEE ATTACHED STATEMENT OF CASH FLOWS	Amounts (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative #s)	
2	Net Income (Line 72 (c) on page 117)	
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	
5	Amortization of (Specify)	
6	Intangible Plant	
7		
8	Deferred Income Taxes (Net)	
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	
11	Net (Increase) Decrease in Inventory	
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	
14	Net (Increase) Decrease in Other Regulatory Assets	
15	Net (Increase) Decrease in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other:	
19		
20		
21		
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/20/2012	Year of Report December 31, 2011
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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) Do not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on pages 122-123.</p>	<p>5. Codes used:</p> <p>(a) Net proceeds or payments.</p> <p>(b) Bonds, debentures and other long-term debt.</p> <p>(c) Include commercial paper.</p> <p>(d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>6. Enter on pages 122-123 clarifications and explanations.</p>
---	--

Line No.	Description (See instructions for Explanation of Codes) (a)	Amount (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	
53	Other:	
54		
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 55)	
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long Term Debt (b)	
62	Preferred Stock	
63	Common Stock	
64	Other:	
65		
66	Net Increase in Short-Term Debt (c)	
67	Other:	
68		
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	
71		
72	Payments for Retirement of:	
73	Long Term Debt (b)	
74	Preferred Stock	
75	Common Stock	
76	Other:	
77		
78	Net Decrease in Short-Term Debt (c)	
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	
87		
88	Cash and Cash Equivalents at Beginning of Year	
89		
90	Cash and Cash Equivalents at End of Year	

Tri-County Electric Cooperative, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2011 and 2010

	2011	2010
Operating Activities		
Net margins	\$ 3,437,378	\$ 1,904,898
Adjustments to reconcile net margins to net cash from operating activities		
Depreciation	2,906,136	2,764,793
Gain on disposition of plant, net	(8,723)	(15,958)
Income from subsidiary	(376,940)	(473,457)
Noncash patronage capital allocations	(1,670,288)	(216,328)
Deferred gain from insurance proceeds	(28,774)	(28,774)
Post-retirement and pension benefits	(5,743)	(60,718)
Changes in assets and liabilities		
Accounts receivable	526,714	(75,179)
Refunds payable to customers	(247,003)	372,703
Notes receivable	(14,070)	3,997
Prepaid expenses	32,252	25,204
Intangible asset	-	132,310
Interest receivable	372	-
Deferred debits	(14,080)	61,030
Accounts payable	308,722	(129,503)
Customer deposits	23,620	52,406
Accrued expenses and taxes	99,224	150,228
Deferred credits	307,094	38,570
Net Cash from Operating Activities	5,275,891	4,506,222
Investing Activities		
Additions to, and costs of retirements of, utility plant	(3,185,071)	(5,609,724)
Proceeds from sale of general plant	41,385	38,902
Cash received from other property and investments	881,552	134,445
Change in materials and supplies	(31,860)	66,893
Net Cash used for Investing Activities	(2,293,994)	(5,369,484)
Financing Activities		
Principle payments on long-term debt	(1,858,780)	(1,666,389)
Proceeds from issuance of long term debt	5,000,000	-
Net (payments) borrowings of line of credit	(900,000)	470,400
Return of paid in capital from subsidiary	-	936,525
Post-retirement benefits paid	(71,013)	(73,594)
Patronage capital retired	(1,436,756)	(468,316)
Memberships issued, net	11,722	12,930
Net Cash from (used for) Financing Activities	745,173	(788,444)

Tri-County Electric Cooperative, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2011 and 2010

	2011	2010
Net Change in Cash and Cash Equivalents	3,727,070	(1,651,706)
Cash and Cash Equivalents at Beginning of Year	705,271	2,356,977
Cash and Cash Equivalents at End of Year	\$ 4,432,341	\$ 705,271
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 1,852,179	\$ 1,879,784
Principle repayments of short term borrowings through proceeds from CFC long term debt	\$ -	\$ (14,000,000)

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NONUTILITY PROPERTY (Account 121)

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

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

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

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

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

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INVESTMENTS (Accounts 123, 124, 136)

1. Report below the investments in Accounts 123, *Investments in Associated Companies*, 124, *Other Investment*, and 136, *Temporary Cash Investments*.
 2. Provide a subheading for each account and list thereunder the information called for:
 (a) Investment in securities - List and describe each security owned, giving name of user, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, *Other Investments*), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, *Temporary Cash Investments*, also may be grouped by classes.
 (b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or an open account. Each note should be

Line No.	Description of Investment (a)	Book Cost at Beginning of Year <i>(If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)</i> (b)		Purchases or Additions During Year (c)
		Original Cost	Book Value	
1	See Attached Schedule			
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INVESTMENTS (Accounts 123, 124, 136) (Cont'd)

listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.

3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of

authorization, and case or docket number.

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

6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).

Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f)		Revenues for Year (g)	Gain of Loss from Improvement Disposed of (h)	Line No.
		Original Cost	Book Value			
Part of Page 222 (See Attached)						1
						2
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2011 Tri County Electric Cooperative
1.1.123. to 1.3.123.22

Account	Description	See Below	Balance @ 12/31/10	Form 7 Line 23	Form 7 Line 25	Form 7 Line 26	Form 7 Line 26	Form 7 Line 26	Cash Received	Balance @ 12/31/2011
				Income/Loss Equity Inv	Investment	G&T Cap Credits	Other Cap Credits	Revenue Acct Chgd		
Investments - Associated Organizations										
1.1.123.	CFC Memberships	C	1,000.00							1,000.00
1.1.123.	MECA Memberships	C	1,000.00							1,000.00
1.1.123.	Co-Bank Membership	C	1,000.00							1,000.00
1.1.123.	Total Investments - Associated Organizations		3,000.00	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00
1.1.123.10	CFC Patronage	A	608,832.96				131,385.22	1.1.424.	65,692.61	674,525.57
1.1.123.11	Tri-Co Services		7,138,240.12	376,941.24						7,515,181.36
1.1.123.22	CFC Subordinate Certificates	A	1,986,871.64						38,690.37	1,948,181.27
1.3.123.22	CRC Memberships/Patronage	C	16,035.95					1.1.424.	8,446.86	24,482.81
1.1.123.23	MECA Building and Property	C	34,477.00							34,477.00
1.1.123.24	NRTC	C	21,961.80					1.1.424.		21,961.80
1.1.123.30	Wolverine Capital Credits	B	20,841,195.32				1,471,728.01	1.1.423.	748,022.11	21,564,901.22
1.1.123.31	NISC - National Information Solutions Cooperative	B	65,545.13				8,851.05	1.1.424.	591.35	73,804.83
1.1.123.40	RESCO Capital Credits	C	40,089.59				8,188.00	1.1.424.	2,192.00	46,085.59
1.1.123.51	Co-Bank	C	37,260.53				28,734.25	1.1.424.	18,677.26	47,317.52
1.1.123.60	Federated Rural Electric	B	82,393.01				13,228.00	1.1.424.	7,688.00	87,933.01
Total Investments/Patronage Capital			30,875,903.05	376,941.24	0.00	0.00	1,662,114.53	0.00	8,446.86	32,041,851.98
							Total Other CC		1,670,561.39	

A - Confirmation available on line

B - Confirmation Letter Enclosed

C - Under \$50,000 - No Confirmation Requested

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

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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	N/A	0			0	
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25	TOTAL					

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report December 31, 2011
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ALLOWANCES

- | | |
|--|--|
| <p>1. Report below the details called for concerning allowances.
 2. Report all acquisitions of allowances at cost.
 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.
 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).
 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)

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
N/A								2-4
								5
								6-8
								9
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								41-43
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Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report December 31, 2011
LONG-TERM DEBT (Accounts 221, 222, 223 and 224)			
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p>			
Line No.	Class and Series of Obligation, Coupon Rate <i>(For new issue, give Commission Authorization numbers and dates)</i> (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)
1	HomeWorks Tri-County Electric has no advances or long term debt from Associated Companies. Attached is the Part O of the Form 7a which shows the long term debt balacnes for HomeWorks Tri-County Electric which are not related to Associated Companies.		
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22			
23			
24			
25	TOTAL		

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

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt-Discout and Expense, or credited to Account 429, *Amortization of Premium on Debt-Credit*.
12. In a footnote, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, *Interest on Long-Term Debt*, and Account 430, *Interest on Debt to Associated Companies*.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
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Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report December 31, 2011
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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	AR Other Tri-Co Services	(42,684)	7,048,719	7,038,308	(32,273)	
2						
3						
4						
5						
6						
7						
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11						
12						
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20						
21						
22						
23						
	TOTAL					

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report December 31, 2011
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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.	N/A	TOTAL AMOUNT
1	Utility net operating income (page 114 line 20)	
2	Allocations: Allowance for funds used during construction	
3	Interest expense	
4	Other (specify)	
5	Net income for the year (page 117 line 68)	
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	
8		
9	Total pre-tax income	
10		
11	Add: Taxable income not reported on books:	
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return	
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	
24		
25		
26	Federal taxable income for the year	

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report December 31, 2011
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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.
N/A		1
		2
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Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report December 31, 2011
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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	Various Equipment (5)	86,247		10,280.86	
4					
5	1998 Freightliner Truck	141,980		9,500.00	
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain	228,227		19,780.86	

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report December 31, 2011
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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	Various Equipment (3)	95,856			11,058.29
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss	95,856			11,058.29

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report December 31, 2011
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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

426.4, Expenditures for Certain civic, Political and Related Activities.)
 (a) Name and address of person or organization rendering services,
 (b) description of services received during year and project or case to which services relate,
 (c) basis of charges,
 (d) total charges for the year, detailing utility department and account charged.
 2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.
 3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
1	Michigan Electric Cooperative	Legal, Advertising,	Varies	923	425,171
2	Association	Legislative Services,			
3	2859 Jolly Rd	Training, Energy			
4	Okemos MI 48864	Optimization			
5					
6					
7					
8					
9	Eide Bailly	Auditors	Contract	923	29,575
10	4310 17th Ave S				
11	PO Box 2545				
12	Fargo, ND 58108-2545				
13					
14					
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16					
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Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report December 31, 2011
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Tri-Co Services	100%	Administrative	1.20.454.	94,032
2			Expense Reimburse		
3			Contract Employees		
4			Office/Facilities Rent		
5					
6					
7					
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30					
TOTAL					

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report 12/31/11
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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.
N/A						1
						2
						3
						4
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Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report 12/31/11
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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	N/A				
2					
3					
4					
5					
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30					
TOTAL					

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/20/12	Year of Report 12/31/11
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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.
N/A						1
						2
						3
						4
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Financial Statements
December 31, 2011 and 2010

Tri-County Electric Cooperative, Inc.

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Financial Statements	
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Independent Auditor's Report

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

We have audited the accompanying balance sheet of Tri-County Electric Cooperative, Inc., as of December 31, 2011 and 2010, and the related statements of operations and members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we do not express such an opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 5 to the financial statements, the Cooperative reports its investment in Tri-Co Services, Inc., a wholly owned subsidiary, on the equity method of accounting. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of Tri-Co Services, Inc. had been consolidated with those of Tri-County Electric Cooperative, Inc., total assets and total liabilities and equities would be increased by \$1,393,041 and \$1,914,830 as of December 31, 2011 and 2010, and revenues and expenses would be increased by \$5,261,311 and \$4,797,393 for the years then ended.

In our opinion, except for the effects of not consolidating Tri-Co Services, Inc., as discussed in the above paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Tri-County Electric Cooperative, Inc., as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Sallee LLP

Fargo, North Dakota
March 19, 2012

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	2011	2010
Assets		
Electric Plant		
In service	\$ 88,457,632	\$ 84,052,001
Under construction	523,191	2,881,249
Total electric plant	88,980,823	86,933,250
Less accumulated depreciation	25,311,265	23,538,739
Electric plant - net	63,669,558	63,394,511
Other Property and Investments		
Non utility property	3,300	3,300
Investments in associated organizations	24,526,399	23,737,664
Investment in subsidiary	7,515,181	7,138,239
Total other property and investments	32,044,880	30,879,203
Current Assets		
Cash and cash equivalents	4,432,341	705,271
Accounts receivable, less allowance for doubtful accounts of \$133,000 and \$157,563 in 2011 and 2010, respectively	2,606,803	2,979,451
Unbilled revenue	2,434,566	2,588,632
Notes receivable	213,809	199,739
Materials and supplies	794,736	762,876
Prepaid expenses	122,261	154,513
Interest receivable	25,071	25,443
Total current assets	10,629,587	7,415,925
Deferred Debits	37,406	23,326
	<u>\$ 106,381,431</u>	<u>\$ 101,712,965</u>

See Notes to Financial Statements

Tri-County Electric Cooperative, Inc.
Balance Sheets
December 31, 2011 and 2010

	2011	2010
Equities and Liabilities		
Equities		
Memberships	\$ 271,465	\$ 259,743
Patronage capital	42,287,009	40,663,327
Other equities	10,107,736	9,670,222
Total equities	52,666,210	50,593,292
Long-Term Debt, Less Current Portion	42,966,948	39,499,588
Other Noncurrent Liabilities		
Accrued post-retirement benefits	812,600	883,411
Accrued pension	11,890	17,835
Total other noncurrent liabilities	824,490	901,246
Current Liabilities		
Line of credit	-	900,000
Current portion of long-term debt	1,544,899	1,871,038
Current portion of post-retirement benefits	75,000	75,000
Accounts payable - purchased power	2,261,769	2,111,682
Accounts payable - other	894,609	735,974
Patronage capital credits payable	198,475	176,709
PSCR overcollection	916,115	1,163,118
Customer deposits	481,628	458,008
Accrued payroll and related items	699,784	682,986
Accrued taxes	572,358	625,606
Accrued interest	460,533	260,640
Other accrued liabilities	13,491	99,476
Total current liabilities	8,118,661	9,160,237
Deferred Credits	1,805,122	1,558,602
	\$ 106,381,431	\$ 101,712,965

Tri-County Electric Cooperative, Inc.
 Statements of Operations
 Years Ended December 31, 2011 and 2010

	2011	2010
Operating Revenues	\$ 39,910,184	\$ 38,304,576
Operating Expenses		
Cost of power	25,758,132	24,313,845
Distribution - operation	999,990	1,099,477
Distribution - maintenance	2,470,297	2,324,082
Customer accounts	806,754	840,677
Customer service	1,207,772	1,341,024
Administrative and general	1,822,689	1,736,470
Depreciation and amortization	2,627,916	2,487,878
Interest expense	1,959,280	1,848,704
Taxes - property	946,211	917,036
Taxes - other	62,540	115,651
	38,661,581	37,024,844
Operating Income Before Capital Credits	1,248,603	1,279,732
Generation and Transmission and Other Cooperative Capital Credits	1,670,288	216,328
Net Operating Margins	2,918,891	1,496,060
Nonoperating Margins		
Interest income	116,089	111,038
Income from subsidiary	376,940	473,457
Other (expense) income - net	25,458	(175,657)
	518,487	408,838
Net Margins	\$ 3,437,378	\$ 1,904,898

Tri-County Electric Cooperative, Inc.
 Statements of Members' Equity
 Years Ended December 31, 2011 and 2010

	Memberships	Patronage Capital	Other	Tri-Co Services	Total
Balance, December 31, 2009	\$ 246,813	\$ 39,700,202	\$ 2,491,200	\$ 6,614,784	\$ 49,052,999
Net margins	-	1,431,441	-	473,457	1,904,898
Capital credits retired	-	(468,316)	-	-	(468,316)
Donated capital credits	-	-	90,781	-	90,781
Memberships issued - net	12,930	-	-	-	12,930
Balance, December 31, 2010	259,743	40,663,327	2,581,981	7,088,241	50,593,292
Net margins	-	3,060,438	-	376,940	3,437,378
Capital credits retired	-	(1,436,756)	-	-	(1,436,756)
Donated capital credits	-	-	60,574	-	60,574
Memberships issued - net	11,722	-	-	-	11,722
Balance, December 31, 2011	<u>\$ 271,465</u>	<u>\$ 42,287,009</u>	<u>\$ 2,642,555</u>	<u>\$ 7,465,181</u>	<u>\$ 52,666,210</u>

Tri-County Electric Cooperative, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2011 and 2010

	2011	2010
Operating Activities		
Net margins	\$ 3,437,378	\$ 1,904,898
Adjustments to reconcile net margins to net cash from operating activities		
Depreciation	2,906,136	2,764,793
Gain on disposition of plant, net	(8,723)	(15,958)
Income from subsidiary	(376,940)	(473,457)
Noncash patronage capital allocations	(1,670,288)	(216,328)
Deferred gain from insurance proceeds	(28,774)	(28,774)
Post-retirement and pension benefits	(5,743)	(60,718)
Changes in assets and liabilities		
Accounts receivable	526,714	(75,179)
Refunds payable to customers	(247,003)	372,703
Notes receivable	(14,070)	3,997
Prepaid expenses	32,252	25,204
Intangible asset	-	132,310
Interest receivable	372	-
Deferred debits	(14,080)	61,030
Accounts payable	308,722	(129,503)
Customer deposits	23,620	52,406
Accrued expenses and taxes	99,224	150,228
Deferred credits	307,094	38,570
Net Cash from Operating Activities	5,275,891	4,506,222
Investing Activities		
Additions to, and costs of retirements of, utility plant	(3,185,071)	(5,609,724)
Proceeds from sale of general plant	41,385	38,902
Cash received from other property and investments	881,552	134,445
Change in materials and supplies	(31,860)	66,893
Net Cash used for Investing Activities	(2,293,994)	(5,369,484)
Financing Activities		
Principle payments on long-term debt	(1,858,780)	(1,666,389)
Proceeds from issuance of long term debt	5,000,000	-
Net (payments) borrowings of line of credit	(900,000)	470,400
Return of paid in capital from subsidiary	-	936,525
Post-retirement benefits paid	(71,013)	(73,594)
Patronage capital retired	(1,436,756)	(468,316)
Memberships issued, net	11,722	12,930
Net Cash from (used for) Financing Activities	745,173	(788,444)

Tri-County Electric Cooperative, Inc.
Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Net Change in Cash and Cash Equivalents	3,727,070	(1,651,706)
Cash and Cash Equivalents at Beginning of Year	<u>705,271</u>	<u>2,356,977</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,432,341</u>	<u>\$ 705,271</u>
 Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 1,852,179</u>	<u>\$ 1,879,784</u>
Principle repayments of short term borrowings through proceeds from CFC long term debt	<u>\$ -</u>	<u>\$ (14,000,000)</u>

Note 1 - Summary of Significant Accounting Policies

Principal Business Activity

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

Consolidation Policy and Preparation of Financial Statements

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

Regulation

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

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

Electric Plant and Retirements

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

Depreciation

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

Cash and Cash Equivalents

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

Investments

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

Receivables and Credit Policies

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

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

Materials and Supplies

Material and supplies are stated at average moving cost.

Deferred Debits

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

Patronage Capital

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

Revenue Recognition and Unbilled Revenues

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

Power Costs

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

Deferred Credits

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

Post-Retirement Benefits

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

Business and Credit Risk

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

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

Accounting Estimates

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

Sales Taxes

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

Fair Value Measurements

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

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

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

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

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

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

The Cooperative has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10, effective January 1, 2009. Implementation resulted in no cumulative effect adjustment to retained earnings as of the date of adoption. The Cooperative had no unrecognized tax benefits as of December 31, 2011 and 2010.

The Cooperative will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if such penalties and interest are incurred. Under normal circumstances, the Cooperative is no longer subject to Federal and State tax examinations by tax authorities for years before 2008.

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

Subsequent Events

The Cooperative has evaluated subsequent events through March 19, 2012, the date which the financial statements were available to be issued.

Note 2 - Electric Plant and Depreciation

Major classes of electric plant at December 31, 2011 and 2010 consist of the following:

	2011	2010
General plant	\$ 8,352,139	\$ 5,752,025
Distribution plant	79,709,066	77,965,648
Intangible plant	396,427	334,328
Electric plant in service	88,457,632	84,052,001
Construction in progress	523,191	2,881,249
Total electric plant	88,980,823	86,933,250
Less accumulated depreciation and amortization	25,311,265	23,538,739
Electric plant - net	\$ 63,669,558	\$ 63,394,511

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

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

Depreciation charges at December 31, 2011 and 2010 were as follows:

	2011	2010
Charged to operations		
Classified as depreciation and amortization	\$ 2,656,689	\$ 2,516,652
Classified in other operating expenses	34,888	35,220
	2,691,577	2,551,872
Charged to transportation	214,559	212,921
Total	\$ 2,906,136	\$ 2,764,793

Note 3 - Materials and Supplies

Materials and supplies at December 31, 2011 and 2010, consist of the following:

	2011	2010
Electric materials	\$ 778,442	\$ 730,002
Water heaters	16,294	32,874
	\$ 794,736	\$ 762,876

Note 4 - Investments in Associated Organizations

Investments in associated organizations at December 31, 2011 and 2010 consist of the following:

	2011	2010
Wolverine Power Supply Coop., Inc. - capital credits	\$ 21,564,628	\$ 20,841,196
National Rural Utilities Cooperative Finance Corporation		
Capital term certificates maturing at various times through		
October 1, 2080, at interest rates between 0% and 7.5%	1,948,181	1,986,872
Patronage capital credits	976,113	872,119
Other memberships and investments	37,477	37,477
	\$ 24,526,399	\$ 23,737,664

Note 5 - Investment in Subsidiary

The Cooperative reports its investment in its wholly owned subsidiary, Tri-Co Services, Inc., using the equity method. Accounting principles generally accepted in the United States of America require wholly owned subsidiaries to be consolidated. In arriving at the decision not to consolidate its subsidiary, management concluded that since the primary users of the statements are the Board of Directors, management and members, consolidation of the subsidiary's statements would tend to obscure the financial position and activities of the Cooperative. Inclusion of the following condensed financial information of the subsidiary as of and for the years ended December 31, 2011 and 2010 permits users of these statements to be more fully informed.

Financial information related to Tri-Co Services, Inc. at December 31, 2011 and 2010 is as follows:

	2011	2010
Balance Sheet		
Current assets	\$ 3,595,719	\$ 3,723,359
Investments and other assets	5,344,776	5,372,120
	\$ 8,940,495	\$ 9,095,479
Current liabilities	\$ 1,070,314	\$ 1,604,238
Long-term liabilities	355,000	353,000
Equity	7,515,181	7,138,241
	\$ 8,940,495	\$ 9,095,479
Operations		
Operating revenues	\$ 5,425,455	\$ 4,748,845
Operating expenses	(5,212,235)	(4,751,968)
Other revenue - net	163,720	476,580
Net income	\$ 376,940	\$ 473,457

As a result of not consolidating Tri-Co Services, Inc., the Cooperative's financial statements are understated as follows at December 31, 2011 and 2010:

	2011	2010
Assets and liabilities	\$ 1,393,041	\$ 1,914,830
Revenues and expenses	\$ 5,261,311	\$ 4,797,393

Note 6 - Restricted Cash/Power Supply Cost Recovery

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

Wolverine Power Supply Cooperative, Inc. and the member-distribution cooperatives including Tri-County Electric Cooperative, Inc. and Subsidiary were required to obtain authority to implement and apply PSCR clauses and monthly factors. Because the Cooperative became self-regulated as noted above, the PSCR clauses and monthly factors were approved by the Board of Directors. Tri-County's average monthly factor for residential customers was .0002 and (.00202) mills per KWH during 2011 and 2010, respectively.

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

Note 7 - Patronage Capital

Patronage capital balances at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Assignable	\$ 3,060,438	\$ 1,431,441
Assigned to date	46,928,525	45,497,084
Total	49,988,963	46,928,525
Retired to date	(7,701,954)	(6,265,198)
Balance	\$ 42,287,009	\$ 40,663,327

The mortgage provisions restrict the retirement of patronage capital unless, after retirement, the capital of the Cooperative equals at least 20% of the total assets of the Cooperative; provided, however, that retirements can be made if such distributions do not exceed 30% of the preceding year's margins. No distribution can be made if there is unpaid, when due, any installments of principal or interest on the notes or, if after giving effect to any distribution, the total current and accrued assets would be less than the total current and accrued liabilities. During 2011 and 2010, the Cooperative's capital exceeded 20% of total assets.

Note 8 - Other Equities

	2011	2010
Donated capital credits	\$ -	\$ -
Donated capital memberships	798,082	737,508
Retired capital credits - gain	241,262	241,262
Pre 1979 margins	1,603,211	1,603,211
	\$ 2,642,555	\$ 2,581,981

Note 9 - Long-Term Debt

Long-term debt at December 31, 2011 and 2010 is as follows:

	2011	2010
National Rural Utilities Cooperative Finance Corporation (CFC) notes bearing interest at 1.358% to 6.7% per annum. The notes are payable in installments and mature at various times through February 2045.	\$ 44,511,847	\$ 41,370,626
Less current maturities	(1,544,899)	(1,871,038)
Total long-term debt	\$ 42,966,948	\$ 39,499,588

Maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2012	\$ 1,544,899
2013	1,576,005
2014	1,615,609
2015	1,623,065
2016	1,668,183
Thereafter	36,484,086
	\$ 44,511,847

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

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

Note 10 - Lines of Credit

The Cooperative has executed a line of credit agreement with CoBank, ACB, providing it with short-term loans in the total amount of \$10,000,000 on a revolving basis with renewal every August. The lines have variable interest rates of 3.05% and 3.42% at December 31, 2011 and 2010, respectively. No balances were outstanding as of December 31, 2011 and 2010.

The Cooperative has executed a perpetual, variable rate (3.20% at December 31, 2011) line of credit with CFC, providing it with short-term loans in the total amount of \$5,000,000. There were no outstanding balances on the line at December 31, 2011 and 2010. During 2009, the Cooperative executed an additional variable rate (2.21% at December 31, 2011) line of credit with CFC, providing it with short-term loans in the total amount of \$10,000,000 maturing July 2012. The balance outstanding on the line totaled \$0 and \$900,000 at December 31, 2011 and 2010, respectively.

Note 11 - Retirement Plan

Retirement benefits for substantially all employees are provided through participation in the retirement and security program (defined benefit plan) and savings plan (cash or deferred arrangement) of the National Rural Electric Cooperative Association (NRECA). The multi employer retirement and security program provides benefits to employees based on years of service and the highest five years of compensation for the last ten years of employment. Contributions to the retirement and security program, which are determined by NRECA, were approximately \$825,000 and \$813,000 in 2011 and 2010, respectively. Contributions to the savings program which are based on a percentage of the employees' compensation were approximately \$114,000 and \$112,000 in 2011 and 2010, respectively.

Note 12 - Post-Retirement Benefits other than Pensions

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

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

	2011	2010
Change in post-retirement benefit obligation		
Accumulated post-retirement benefit obligation at beginning of year	\$ 958,411	\$ 1,086,778
Service cost	2,585	2,147
Interest cost	44,380	47,921
Actuarial (gain) loss	(46,763)	(104,841)
Benefits paid	(71,013)	(73,594)
Accumulated post-retirement benefit obligation at end of year	\$ 887,600	\$ 958,411

The plan is unfunded at December 31, 2011.

Weighted average assumptions as of December 31:

	2011	2010
Discount rate	4.55%	5.33%

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

	1% Point Increase	1% Point Decrease
Effect on total service and interest cost components	\$ 1,062	\$ (1,009)
Effect on post-retirement benefit obligation	\$ 21,247	\$ (20,175)

Note 13 - Deferred Credits

	2011	2010
Customer construction deposits	\$ 204,966	\$ 191,288
Consumer energy prepayments	308,213	261,502
Unamortized gain on reacquired debt	460,721	556,966
Regulatory liability for fire	179,569	208,342
Energy optimization accrual	313,788	188,615
Unclaimed capital credits	337,865	151,889
Total deferred credits	\$ 1,805,122	\$ 1,558,602

Note 14 - Related Party Transactions

The Cooperative provides Tri-Co Services, Inc. a wholly owned subsidiary, with personnel, office space, and other administrative support. Amounts reimbursed for these services during 2011 and 2010 totaled approximately \$928,475 and \$1,075,434, respectively. Amounts due (to) from Tri-Co Services, Inc. amounted to (\$32,273) and (\$42,684) at December 31, 2011 and 2010, respectively.

The Cooperative collects and remits voluntary contributions to the Tri-County Electric People Fund, Inc. (the Fund), a 501 (c)(3) nonprofit organization organized for charitable giving to individuals and organizations in the Cooperative's service area. The Cooperative reimburses the Fund for operating expenses which amounted to \$11,519 and \$11,587 for the years ended December 31, 2011 and 2010, respectively.

Note 15 - Commitments

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

Following is a summary of transactions with Wolverine for the years ended December 31, 2011 and 2010:

	2011	2010
Purchase of wholesale power	\$ 25,758,132	\$ 24,043,117
Accounts payable for purchased power at December 31	\$ 2,261,769	\$ 2,111,682
Capital credits allocated during the year	\$ 1,471,455	\$ -
Accumulated investment in patronage capital credits	\$ 21,564,629	\$ 20,841,195

Note 16 - Lease Agreements

The Cooperative leases various vehicles under operating lease agreements. Lease expense for years ending December 31, 2011 was \$52,352. The leases expire from October 2011 to August 2015. The minimum future lease payments for the vehicle leases are as follows:

Years ending December 31	Amount
2012	\$ 33,090
2013	6,843
2014	6,843
2015	4,562