

MICHIGAN PUBLIC SERVICE COMMISSION

ADDITIONAL SCHEDULES FOR AN ELECTRIC UTILITY COOPERATIVE

This form is authorized by Case No. U-12134, the Code of Conduct. Filing of this form is mandatory pursuant to PA 3 of 1939. Failure to provide this information will put you in violation of this act and the commission shall order such remedies and penalties as necessary.

Report submitted for year ending: December 31, 2018	
Present name of respondent: Cherryland Electric Cooperative	
Address of principal place of business: 5930 US 31 S., PO Box 298, Grawn, MI 49637	
Utility representative to whom inquires regarding this report may be directed:	
Name: Mark A. Wilson	Title: CFO
Address: PO Box 298	
City: Grawn	State: MI Zip: 49637
Direct Telephone, Include Area Code: 231-486-9246	
If the utility name has been changed during the past year:	
Prior Name:	
Date of Change:	
Two copies of the published annual report to stockholders:	
[]	were forwarded to the Commission
[X]	will be forwarded to the Commission
on or about April 17, 2019	
Annual reports to stockholders:	
[]	are published
[X]	are not published

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Jennifer Brooks) at
brooks.j10@michigan.gov OR forward correspondence to:

Michigan Public Service Commission
Regulated Energy Division
7109 W. Saginaw Hwy
PO Box 30221
Lansing, MI 48909

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/1/2019	Year of Report 12/31/2018
IMPORTANT CHANGES DURING THE YEAR			
<p>Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.</p>			
<ol style="list-style-type: none"> 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. 			
<p>Subsidiary, Cherryland Holdings, Inc. was dissolved on September 18, 2018.</p>			

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STATEMENT OF CASH FLOWS		
<p>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.</p>		<p>2. Under "Other" specify significant amounts and group others.</p> <p>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.</p>
Line No.	Description (See instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative #s)	
2	Net Income (Line 72 (c) on page 117	0
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	
5	Amortization of (Specify)	
6	Intangible Plant	
7		
8	Deferred Income Taxes (Net)	
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	
11	Net (Increase) Decrease in Inventory	
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	
14	Net (Increase) Decrease in Other Regulatory Assets	
15	Net (Increase) Decrease in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other:	
19		
20		
21		
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	0
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	(800)
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

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STATEMENT OF CASH FLOWS (Continued)				
4. Investing Activities (a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123. (b) 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.		5. Codes used: (a) Net proceeds or payments. (b) Bonds, debentures and other long-term debt. (c) Include commercial paper. (d) Identify separately such items as investments, fixed assets, intangibles, etc. 6. Enter on pages 122-123 clarifications and explanations.		
Line No.	Description (See instructions for Explanation of Codes) (a)	Amount (b)		
46	Loans Made or Purchased			
47	Collections on Loans			
48				
49	Net (Increase) Decrease in Receivables			
50	Net (Increase) Decrease in Inventory			
51	Net (Increase) Decrease in Allowances Held for Speculation			
52	Net Increase (Decrease) in Payables and Accrued Expenses			
53	Other:			
54				
55				
56	Net Cash Provided by (Used in) Investing Activities			
57	(Total of lines 34 thru 55)	(800)		
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)	(800)		
87				
88	Cash and Cash Equivalents at Beginning of Year	800		
89				
90	Cash and Cash Equivalents at End of Year	0		

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NONUTILITY PROPERTY (Account 121) - NONE				
1. Give a brief description and state the location of nonutility property included in Account 121. 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. 3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.		4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property. 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.		
Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales Transfers, etc. (c)	Balance at End of Year (d)
1				
2				
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4				
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17				
TOTAL				

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY (Account 122)		
Report below the information called for concerning depreciation and amortization of nonutility property.		
Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	

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INVESTMENTS (Accounts 123, 124, 136)			
<p>1. Report below the investments in Accounts 123, <i>Investments in Associated Companies</i>, 124, <i>Other Investment</i>, and 136, <i>Temporary Cash Investments</i>. 2. Provide a subheading for each account and list thereunder the information called for:</p> <p>(a) Investment in securities - List and describe each security owned, giving name of user, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included</p> <p>in Account 124, <i>Other Investments</i>), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, <i>Temporary Cash Investments</i>, also may be grouped by classes.</p> <p>(b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or an open account. Each note should be</p>			
Line No.	Description of Investment (a)	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (b) Original Cost Book Value	Purchases or Additions During Year (c)
1	Cherryland Holdings had no Investments		
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INVESTMENTS (Accounts 123, 124, 136) (Cont'd)					
<p>listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.</p> <p>3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.</p> <p>4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.</p> <p>5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.</p> <p>6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).</p>					
Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f) Original Cost Book Value	Revenues for Year (g)	Gain of Loss from Improvement Disposed of (h)	Line No.
was dissolved in 2018.					1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

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RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)			
1. Report particulars of notes and accounts receivable from associated companies* at end of year. 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. 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.		4. If any note was received in satisfaction of an open account, state the period covered by such open account. 5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year. 6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.	

* 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	NONE					
2						
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25	TOTAL					

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ALLOWANCES - NONE							
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				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.			
Line No.	Allowance Inventory (a)	Current Year		20____			
		No. (b)	Amt. (c)	No. (d)	Amt. (e)		
1	Balance - Beginning of Year						
2-4	Acquired During Year: Issued (Less Withheld Allow.)						
5	Returned by EPA						
6-8	Purchases/Transfers:						
9							
10							
11							
12							
13							
14							
15	Total						
16-18	Relinquished During Year: Charges to Acct. 509						
19	Other:						
20							
21-22	Cost of Sales/Transfers:						
23							
24							
25							
26							
27							
28	Total						
29	Balance - End of Year						
30-32	Sales:						
	Net Sales Proceeds (Assoc Co.)						
33	Net Sales Proceeds (Other)						
34	Gains						
35	Losses						
	Allowances Withheld						
36	Balance - Beginning of Year						
37	Add: Withheld by EPA						
38	Deduct: Returned by EPA						
39	Cost of Sales						
40	Balance - End of Year						
41-43	Sales:						
	Net Sales Proceeds (Assoc. Co.)						
44	Net Sales Proceeds (Other)						
45	Gains						
46	Losses						

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ALLOWANCES (Continued) - NONE								
6. Report on line 5 allowances returned by the EPA. Report on line 39 the EPA's sales of the withheld allowances. Report on lines 43-46 the net sales or auction of the withheld allowances. 7. Report on lines 8-14 the names of vendors/transfers of allowances acquired and identify associated companies (See "associated co." under "Definitions" in Uniform System of Accounts).				8. Report on lines 22-27 the names of purchasers/transfers of allowances disposed of and identify associated companies. 9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers. 10. Report on lines 32-35 & 43-46 the net sales proceeds and gains or losses from allowance sales.				
20____		20____		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
								1
								2-4
								5
								6-8
								9
								10
								11
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								16-18
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								45
								46

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LONG-TERM DEBT (Accounts 221, 222, 223 and 224)			
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p>			
Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give Commission Authorization numbers and dates) (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)
1	NONE		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
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22			
23			
24			
25	TOTAL		

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LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)						
<p>10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.</p> <p>11. Explain any debits and credits other than amortization debited to Account 428, <i>Amortization of Debt-Discount and Expense</i>, or credited to Account 429, <i>Amortization of Premium on Debt-Credit</i>.</p> <p>12. In a footnote, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.</p> <p>13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.</p> <p>14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.</p> <p>15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, <i>Interest on Long-Term Debt</i>, and Account 430, <i>Interest on Debt to Associated Companies</i>.</p> <p>16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.</p>						
Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
NONE						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
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PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)						
1. Report particulars of notes and accounts payable to associated companies at end of year. 2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to total for the combined accounts. 3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate. 4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year. 5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.						
*See definition on page 226B						
Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	NONE					
2						
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23						
	TOTAL					

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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES				
<p>1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.</p> <p>2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.</p>				
Line No.		TOTAL AMOUNT		
1	Utility net operating income (page 114 line 20)			
2	Allocations: Allowance for funds used during construction			
3	Interest expense			
4	Other (specify)			
5	Net income for the year (page 117 line 68)	0		
6	Allocation of Net income for the year			
7	Add: Federal income tax expenses			
8				
9	Total pre-tax income	0		
10				
11	Add: Taxable income not reported on books:			
12				
13				
14				
15	Add: Deductions recorded on books not deducted from return			
16				
17				
18				
19	Subtract: Income recorded on books not included in return:			
20				
21				
22				
23	Subtract: Deductions on return not charged against book income:			
24				
25				
26	Federal taxable income for the year	0		

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/01/19	Year of Report 12/31/2018
RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)			
3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2 4. A substitute page, designed to meet a particular need of a company, may be used as long as data is consistent and meets the requirements of the above instructions.			
Utility	Other	Line No.	
		1	
		2	
		3	
		4	
		5	
		6	
	NONE	7	
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		26	

Name of Respondent Cherryland Electric Cooperative		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/01/19	Year of Report 12/31/2018
GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421. 2)					
<p>1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility.</p> <p>2. Individual gains or losses relating to property with an original cost of less than \$100,000 may be grouped with the number of such transactions disclosed in column (a).</p> <p>3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)</p>					
Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of property:				
2					
3	NONE				
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain				

Name of Respondent Cherryland Electric Cooperative		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/01/19	Year of Report 12/31/2018
GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Continued)					
Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19					
20	NONE				
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss				

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/01/19	Year of Report 12/31/2018		
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES					
<p>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</p>			<p>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.</p>		
Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
1	NONE				
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Name of Respondent Cherryland Electric Cooperative		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/01/19	Year of Report 12/31/2018
SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES					
<p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.).</p> <p>3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).</p> <p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p>					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	NONE				
2					
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5					
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TOTAL					





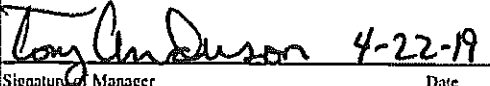
Name of Respondent Cherryland Electric Cooperative		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/01/19	Year of Report 12/31/2018	
SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)						
<p>5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.</p> <p>6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.</p> <p>7. In column (j) report the total.</p> <p>8. In column (k) indicate the pricing method (cost, per contract terms, etc.)</p>						
Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
	NONE					1
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Name of Respondent Cherryland Electric Cooperative		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/01/19	Year of Report 12/31/2018
SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES					
<p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.).</p> <p>3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).</p> <p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p>					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	NONE				
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29					
30					
TOTAL					

Name of Respondent Cherryland Electric Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/01/19	Year of Report 12/31/2018			
SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)						
<p>5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.</p> <p>6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.</p> <p>7. In column (j) report the total.</p> <p>8. In column (k) indicate the pricing method (cost, per contract terms, etc.)</p>						
Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
	NONE					1
						2
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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME Cherryland Electric Cooperative	
	BORROWER DESIGNATION MI044	
	ENDING DATE 12/31/2018	

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

CERTIFICATION		BALANCE CHECK RESULTS	AUTHORIZATION
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.		 Needs Attention  Correct  Major Error	NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? <input type="radio"/> YES <input type="radio"/> NO
 4-22-19 Signature of Office Manager or Accountant Date			
 4-22-19 Signature of Manager Date			

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			
	LAST YEAR	THIS YEAR	BUDGET	THIS MONTH
	(a)	(b)	(c)	(d)
1. Operating Revenue and Patronage Capital	50,606,631	51,391,539	50,042,895	4,685,328
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	33,492,710	33,210,384	32,187,740	2,421,182
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	1,310,199	1,404,648	1,414,300	100,994
7. Distribution Expense - Maintenance	2,870,545	3,259,931	3,322,357	210,005
8. Consumer Accounts Expense	1,039,982	1,078,051	1,140,950	25,985
9. Customer Service and Informational Expense	1,193,278	1,344,065	1,382,688	93,986
10. Sales Expense	275,483	273,343	315,870	25,060
11. Administrative and General Expense	2,484,908	2,621,190	2,877,751	101,592
12. Total Operation & Maintenance Expense (2 thru 11)	42,667,105	43,191,612	42,641,656	2,978,804
13. Depreciation & Amortization Expense	3,453,798	3,624,445	3,649,200	307,720
14. Tax Expense - Property & Gross Receipts	1,005,703	1,144,014	1,185,600	57,214
15. Tax Expense - Other	0	0	0	0
16. Interest on Long-Term Debt	2,306,586	2,510,665	2,393,866	220,893
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	193,305	234,147	201,833	8,642
19. Other Deductions	(19,886)	(48,784)	(20,000)	(5,450)
20. Total Cost of Electric Service (12 thru 19)	49,606,611	50,656,097	50,052,155	3,567,823
21. Patronage Capital & Operating Margins (1 minus 20)	1,000,020	735,442	(9,260)	1,117,505
22. Non Operating Margins - Interest	43,711	31,956	31,800	2,823
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0
25. Non Operating Margins - Other	232,645	157,181	150,000	144,745
26. Generation & Transmission Capital Credits	2,176,816	2,421,462	3,000,000	(328,537)
27. Other Capital Credits & Patronage Dividends	337,283	395,485	345,000	79,235
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	3,790,475	3,741,526	3,517,540	1,015,771

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
	(a)	(b)		(a)	(b)
1. New Services Connected	701	438	5. Miles Transmission	0	0
2. Services Retired	154	41	6. Miles Distribution Overhead	1,756	1,748
3. Total Services In Place	36,628	37,025	7. Miles Distribution Underground	1,354	1,389
4. Idle Services (Exclude Seasonal)	1,323	1,219	8. Total Miles Energized (5+6+7)	3,110	3,137

[illegible]

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT					BORROWER NAME BORROWER DESIGNATION ENDING DATE		Cherryland Elec MR44 12/31/2018
PART E. CHANGES IN UTILITY PLANT							
PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)		
1 Distribution Plant Subtotal	96,724,623	6,241,529	1,456,315	0	101,509,837		
2 General Plant Subtotal	4,602,945	378,569	123,028	0	4,858,486		
3 Headquarters Plant	5,164,659	93,849	7,397	0	5,251,111		
4 Intangibles	0	0	0	0	0		
5 Transmission Plant Subtotal	0	0	0	0	0		
6 Regional Transmission and Market Operation Plant	0	0	0	0	0		
7 Production Plant - Steam	0	0	0	0	0		
8 Production Plant - Nuclear	0	0	0	0	0		
9 Production Plant - Hydro	0	0	0	0	0		
10 Production Plant - Other	0	0	0	0	0		
11 All Other Utility Plant	0	0	0	0	0		
12 SUBTOTAL: (1 thru 11)	106,492,227	6,713,947	1,586,740	0	111,619,434		
13 Construction Work in Progress	2,433,746	(648,335)			1,785,411		
14 TOTAL UTILITY PLANT (12+13)	108,925,973	6,065,611	1,586,740	0	113,404,644		
CFC NO LONGER REQUIRES SECTIONS "F", "J", AND "M" DATA These sections refer to data on "Materials and Supplies" (F), "Energy Efficiency and Conservation Loan Program" (J), and "Annual Meeting and Board Data" (M).							
PART F. SERVICE INTERRUPTIONS							
ITEM	Avg. Minutes per Consumer by Cause (a)	Major Event (b)	Avg. Minutes per Consumer by Cause (c)	Phenomenon (d)	Avg. Minutes per Consumer by Cause		TOTAL (e)
					Power Supplier (a)	All Other (d)	
1 Present Year	54.20	42.78	2.58		101.34		201.00
2 Five-Year Average	17.36	102.97	1.80		79.57		201.79
PART G. EMPLOYEE - HOUR AND PAYROLL STATISTICS							
1 Number of Full Time Employees	58		4. Payroll - Expensed		3,121,983		
2 Employees - Hours Worked - Regular Time	120,405		5. Payroll - Capitalized		1,210,984		
3 Employees - Hours Worked - Overtime	6,232		6. Payroll - Other		590,662		
PART H. PATRONAGE CAPITAL							
ITEM	THIS YEAR (a)	CUMULATIVE (b)	PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE				
			1. Amount Due Over 60 Days:	2. Amount Written Off During Year:			
1 General Retirement	2,356,392	34,820,412	175,847				
2 Special Retirements	218,505	3,908,027	106,313				
3 Total Retirements (1+2)	2,574,897	37,728,439					
4 Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	2,214,255						
5 Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	189,201						
6 Total Cash Received (4+5)	2,403,456						

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT										BORROWER NAME	Cherryland Elec
										BORROWER DESIGNATION	MIB44
										ENDING DATE	12/31/2018
PART I: KWH PURCHASED AND TOTAL COST											
	NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	RENEWABLE ENERGY PROGRAM NAME (c)	RENEWABLE FUEL TYPE (d)	KWH PURCHASED (e)	TOTAL COST (f)	AVERAGE COST PER KWH (cents) (g)	FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (i)	COMMENTS (j)	
1	Wolverine Power Supply Cooperative			0 None	423,647,807	33,210,384	7.84	0	1,300,668	Comments	
2				0 None	0	0	0.00	0	0	Comments	
3				0 None	0	0	0.00	0	0	Comments	
4				0 None	0	0	0.00	0	0	Comments	
5				0 None	0	0	0.00	0	0	Comments	
6				0 None	0	0	0.00	0	0	Comments	
7				0 None	0	0	0.00	0	0	Comments	
8				0 None	0	0	0.00	0	0	Comments	
9				0 None	0	0	0.00	0	0	Comments	
10				0 None	0	0	0.00	0	0	Comments	
11				0 None	0	0	0.00	0	0	Comments	
12				0 None	0	0	0.00	0	0	Comments	
13				0 None	0	0	0.00	0	0	Comments	
14				0 None	0	0	0.00	0	0	Comments	
15				0 None	0	0	0.00	0	0	Comments	
16				0 None	0	0	0.00	0	0	Comments	
17				0 None	0	0	0.00	0	0	Comments	
18				0 None	0	0	0.00	0	0	Comments	
19				0 None	0	0	0.00	0	0	Comments	
20				0 None	0	0	0.00	0	0	Comments	
21	TOTALS				423,647,807	33,210,384	7.84	0	1,300,668		

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	MI044
	ENDING DATE	12/31/2018

PART L. KWH PURCHASED AND TOTAL COST (Continued)

COMMENTS

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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	MI044
	ENDING DATE	12/31/2018

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.			\$0
		TOTAL	\$0

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

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY (d)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1	National Rural Utilities Cooperative Finance Corporation	36,089,472	1,543,668	1,662,182	3,205,851	
2	NCSC	0	0	0	0	
3	Farmer Mac	8,698,310	394,780	271,233	666,013	
4	CoBank	11,434,749	520,464	765,017	1,285,481	
5		0	0	0	0	
6		0	0	0	0	
7		0	0	0	0	
8		0	0	0	0	
9		0	0	0	0	
10	Principal Payments Received from Ultimate Recipients of IRP Loans			0		
11	Principal Payments Received from Ultimate Recipients of REDL Loans			388,120		
12	TOTAL (Sum of 1 thru 9)	\$56,222,530	\$2,458,912	\$2,698,432	\$5,157,345	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME Cherryland Elec			
		BORROWER DESIGNATION MI044			
		ENDING DATE 12/31/2018			
PART R. POWER REQUIREMENTS DATABASE					
CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS (a)	DECEMBER CONSUMERS (b)	AVERAGE CONSUMERS (c)	TOTAL KWH SALES AND REVENUE (d)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	32,536	32,939	32,738	
	b. KWH Sold				281,509,047
	c. Revenue				39,974,635
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
3. Irrigation Sales	a. No. Consumers Served	126	126	126	
	b. KWH Sold				2,038,461
	c. Revenue				259,142
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	2,550	2,625	2,588	
	b. KWH Sold				86,603,893
	c. Revenue				9,514,745
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	4	4	4	
	b. KWH Sold				30,583,200
	c. Revenue				2,489,109
6. Public Street & Highway Lighting	a. No. Consumers Served	19	19	19	
	b. KWH Sold				514,322
	c. Revenue				100,030
7. Other Sales to Public Authority	a. No. Consumers Served	153	153	153	
	b. KWH Sold				6,196,050
	c. Revenue				661,610
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
10. TOTAL No. of Consumers (lines 1a thru 9a)		35,388	35,866	35,628	
11. TOTAL KWH Sold (lines 1b thru 9b)					407,444,973
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					52,999,271
13. Transmission Revenue					0
14. Other Electric Revenue					(1,607,732)
15. KWH - Own Use					406,417
16. TOTAL KWH Purchased					423,647,807
17. TOTAL KWH Generated					0
18. Cost of Purchases and Generation					33,210,384
19. Interchange - KWH - Net					0
20. Peak - Sum All KW Input (Metered)					859,659
<input type="radio"/> None <input type="radio"/> Non-coincident <input checked="" type="radio"/> Coincident					

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	MI044
	ENDING DATE	12/31/2018

PART 5. ENERGY EFFICIENCY PROGRAMS

Line #	Classification	Added This Year			Total To Date		
		Number of Consumers (a)	Amount Invested (b)	ESTIMATED MMBTU Savings (c)	Number of Consumers (d)	Amount Invested (e)	ESTIMATED MMBTU Savings (f)
1.	Residential Sales (excluding seasonal)	740	48,787	4,973	18,221	825,811	37,353
2.	Residential Sales - Seasonal	0	0	0	0	0	0
3.	Irrigation Sales	0	0	0	1	356	14
4.	Comm. and Ind. 1000 KVA or Less	26	46,048	5,310	323	732,009	38,873
5.	Comm. and Ind. Over 1000 KVA	9	35,621	2,391	48	381,371	26,543
6.	Public Street and Highway Lighting	0	0	0	3	7,249	282
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.	TOTAL	775	130,456	12,674	18,596	1,946,796	103,065

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME Cherryland Elec	
		BORROWER DESIGNATION M1044	
		ENDING DATE 12/31/2018	
(All investments refer to your most recent CFC Loan Agreement)			
7a - PART 1 - INVESTMENTS			
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS			
5 Wolverine Power Supply Cooperative		28,610,344	2,421,463
6 NRUCFC		1,818,710	138,922
7 RESCO		397,787	64,385
8 See Notes for Additional Information		324,959	192,177
Subtotal (Line 5 thru 8)	0	31,151,800	2,816,947
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS			
9 Rare Bird Brewery & Taproom		2,000	
10 Altus Brands		53,750	
11 G.T. Metro Emergency		191,667	
12 See Notes for Additional Information		802,577	
Subtotal (Line 9 thru 12)	0	1,049,994	0
4. OTHER INVESTMENTS			
13 Iron Fish Distillery LLC		15,830	
14			
15			
16			
Subtotal (Line 13 thru 16)	0	15,830	0
5. SPECIAL FUNDS			
17			
18			
19			
20			
Subtotal (Line 17 thru 20)	0	0	0
6. CASH - GENERAL			
21 PNC Bank - Restricted		173,900	
22 PNC Bank - Non-Restricted		3,100	
23 Petty Cash	2,255		
24			
Subtotal (Line 21 thru 24)	2,255	177,000	0
7. SPECIAL DEPOSITS			
25			
26			
27			
28			
Subtotal (Line 25 thru 28)	0	0	0
8. TEMPORARY INVESTMENTS			
29			
30			
31			
32			
Subtotal (Line 29 thru 32)	0	0	0
9. ACCOUNT & NOTES RECEIVABLE - NET			
33 Accounts Receivable - Other	64,821		
34 Accounts Receivable - Construction	43,360		
35 Accounts Receivable - State of Michigan	303,139		
36			
Subtotal (Line 33 thru 36)	411,320	0	0
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED			
37			
38			
39			
40			
Subtotal (Line 37 thru 40)	0	0	0
Total	413,575	32,394,624	2,816,947

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	M1044
	ENDING DATE	12/31/2018

(All investments refer to your most recent CFC Loan Agreement)

7a - PART II. LOAN GUARANTEES

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

7a - PART III. LOANS

Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1	Iron Fish Distillery, LLC	11/01/2027	15,950	15,830	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			15,950	15,830	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)				429,405
2	LARGER OF (a) OR (b)				24,565,100
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			17,010,697	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)			24,565,100	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME Chern Land Elec
BORROWER DESIGNATION		M1644
ENDING DATE		12/31/2018
PRELIMINARY FINANCIAL & STATISTICAL RATIOS		
<p>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.</p>		
ITEM DESCRIPTION	ENTER DATA	
2017 Part C: Balance Sheet, Line 8 - Invest. In Assoc. Orgs. - Pat Cap	32,743,899	
2018 Billed Debt Service	5,157,345	
2017 Part R: Power Req. Database, Line 11, Column (d) - Total NWHSold	385,994	
2017 Part R: Power Req. Database, Line 10, Column (c) - Average Number of Consumers	35,144	
2017 Part C: Balance Sheet, Line 3 - Total Utility Plant	108,936	
2016 Part C: Balance Sheet, Line 35 - Total Margins & Equities	-46,496,643	
2017 Part C: Balance Sheet, Line 35 - Total Margins & Equities	-48,182,191	
2016 Part C: Balance Sheet, Line 38 - Total Long-Term Debt	52,185,472	
2017 Part C: Balance Sheet, Line 38 - Total Long-Term Debt	53,200,360	
2013 Part C: Balance Sheet, Line 35 - Total Margins & Equities	-45,268,843	
2013 Part C: Balance Sheet, Line 38 - Total Long-Term Debt	39,082,457	
2017 Part C: Balance Sheet, Line 46 - Current Maturities Long-Term Debt - Economic Dev.	0	
2017 Part C: Balance Sheet, Line 45 - Current Maturities Long-Term Debt	2,684,911	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME	Cherryland Elec
		BORROWER DESIGNATION	MD44
		ENDING DATE	12/31/2018
2016 TIER		2.78	
2017 TIER		2.64	
2018 TIER		2.49	
2016 OTIER		2.84	
2017 OTIER		2.33	
2018 OTIER		2.25	
2016 MDSC		2.12	
2017 MDSC		1.85	
2018 MDSC		1.82	
2016 DSC		2.06	
2017 DSC		1.97	
2018 DSC		1.92	
2016 ODSC		2.08	
2017 ODSC		1.82	
2018 ODSC		1.80	
2% of Total Margins & Equity		982,604	
Total Long-Term Leases		-	
1/3 of the Lease portion		(327,535)	
Net Cap (Cash) portion		2,491,097	

RATIO No.	RATIO DESCRIPTION	KRTA 2013	KRTA 2014	KRTA 2015	KRTA 2016	KRTA 2017	ESTIMATED RATIOS FOR 2018	Budget 2019	25%
1	RATIO 1 -- AVERAGE TOTAL CONSUMERS SERVED	33,641	33,925	34,274	34,700	35,144	35,628	0	0
2	RATIO 2 -- TOTAL KWH SOLD (1,000)	383,041	390,264	386,042	387,572	385,984	407,415	0	0
3	RATIO 3 -- TOTAL UTILITY PLANT (1,000)	87,596	97,205	97,185	103,340	108,926	113,405	0	0
4	RATIO 4 -- TOTAL NUMBER OF EMPLOYEES (FULL TIME ONLY)	53	52	52	53	55	58	0	0
5	RATIO 5 -- TOTAL MILES OF LINE	3,019	3,038	3,052	3,080	3,110	3,137	0	0
6	RATIO 6 -- TIER	3.81	3.34	3.70	2.78	2.64	2.49	0.00	(0)
7	RATIO 7 -- TIER (3 OF 3 YEAR HIGH AVERAGE)	3.70	3.58	3.76	3.52	3.24	2.71	0.00	(0)
8	RATIO 8 -- OTHER	2.35	2.58	2.03	2.84	2.33	2.25	0.00	(0)
9	RATIO 9 -- OTHER (2 OF 3 YEAR HIGH AVERAGE)	2.56	2.46	2.46	2.71	2.58	2.59	0.00	0
10	RATIO 10 -- MODIFIED DSC (MDSC)	1.94	2.02	1.79	2.12	1.85	1.82	0.00	(0)
11	RATIO 11 -- MDSC (2 OF 3 YEAR HIGH AVERAGE)	2.20	1.98	1.98	2.07	1.99	1.99	0.00	(0)
12	RATIO 12 -- DEBT SERVICE COVERAGE (DSC)	2.64	2.35	2.52	2.06	1.97	1.92	0.00	(0)
13	RATIO 13 -- DSC (3 OF 3 YEAR HIGH AVERAGE)	2.78	2.63	2.58	2.43	2.29	2.02	0.00	(0)
14	RATIO 14 -- ODSC	1.92	1.99	1.76	2.08	1.82	1.80	0.00	(0)
15	RATIO 15 -- ODSC (2 OF 3 YEAR HIGH AVERAGE)	2.18	1.96	1.96	2.04	1.95	1.95	0.00	0
16	RATIO 16 -- EQUITY AS A % OF ASSETS	45.78	43.85	42.82	41.36	41.10	41.66	0.00	0
17	RATIO 17 -- DISTRIBUTION EQUITY (EXCLUDES EQUITY IN ASSOC. ORGS. PATRONAGE CAPITAL)	23.05	20.37	18.29	17.60	18.27	18.92	0.00	0
18	RATIO 18 -- EQUITY AS A % OF TOTAL CAPITALIZATION	53.67	54.90	52.85	47.12	47.53	46.63	0.00	(0)
19	RATIO 19 -- LONG TERM DEBT AS A % OF TOTAL ASSETS	39.52	36.03	38.30	46.42	45.38	47.67	0.00	0
20	RATIO 20 -- LONG TERM DEBT PER KWH SOLD (MILLS)	102.03	94.82	108.09	134.65	137.83	137.99	0.00	0
21	RATIO 21 -- LONG TERM DEBT PER CONSUMER (\$)	1,161.75	1,090.80	1,217.48	1,503.90	1,513.78	1,578.04	0.00	0
22	RATIO 22 -- NON-GOVERNMENT DEBT AS A % OF TOTAL LONG TERM DEBT	100.00	100.00	100.00	100.00	100.00	100.00	0.00	0
23	RATIO 23 -- BLENDED INTEREST RATE (%)	4.60	4.40	4.05	3.82	4.17	4.36	0.00	0
24	RATIO 24 -- ANNUAL CAPITAL CREDITS RETIRED PER TOTAL EQUITY (%)	8.06	10.37	6.24	7.29	4.82	5.24	0.00	0
25	RATIO 25 -- LONG-TERM INTEREST AS A % OF REVENUE	3.89	3.56	3.42	3.77	4.56	4.89	0.00	0
26	RATIO 26 -- CUMULATIVE PATRONAGE CAPITAL RETIRED AS A % OF TOTAL PATRONAGE CAPITAL	32.76	37.24	38.79	41.53	42.32	43.57	0.00	0
27	RATIO 27 -- RATE OF RETURN ON EQUITY (%)	11.74	9.17	9.74	7.23	7.87	7.62	0.00	(0)
28	RATIO 28 -- RATE OF RETURN ON TOTAL CAPITALIZATION (%)	8.54	7.18	7.05	5.32	6.01	5.93	0.00	(0)
29	RATIO 29 -- CURRENT RATIO	0.57	0.38	0.40	0.57	0.57	0.54	0.00	(0)
30	RATIO 30 -- GENERAL FUNDS PER TUP (%)	0.50	0.31	0.25	0.32	0.22	0.17	0.00	(0)
31	RATIO 31 -- PLANT REVENUE RATIO (PRR) ONE YEAR	5.68	6.06	5.96	6.17	6.26	6.24	0.00	(0)
32	RATIO 32 -- INVESTMENT IN SUBSIDIARIES TO TOTAL ASSETS (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	#DIV/0!
33	RATIO 33 -- TOTAL OPERATING REVENUE PER KWH SOLD (MILLS)	126.95	126.95	127.51	129.06	131.11	126.13	0.00	(0)

RATIO No.	RATIO DESCRIPTION	KRTA 2013	KRTA 2014	KRTA 2015	KRTA 2016	KRTA 2017	ESTIMATED RATIOS FOR 2018	Budget 2019	25%
34	RATIO 34 -- TOTAL OPERATING REVENUE PER TUP INVESTMENT (CENTS)	55.51	53.73	50.65	48.40	46.46	45.32	0.00	(0)
35	RATIO 35 -- TOTAL OPERATING REVENUE PER CONSUMER (\$)	1,445.41	1,460.45	1,436.21	1,441.48	1,439.98	1,442.45	0.00	0
36	RATIO 36 -- ELECTRIC REVENUE PER KWH SOLD (MILLS)	126.10	125.80	124.89	127.01	128.66	130.08	0.00	0
37	RATIO 37 -- ELECTRIC REVENUE PER CONSUMER (\$)	1,435.84	1,447.11	1,406.65	1,418.59	1,413.15	1,467.57	0.00	0
38	RATIO 38 -- RESIDENTIAL REVENUE PER KWH SOLD (MILLS)	135.86	134.85	135.73	137.75	139.49	142.00	0.00	0
39	RATIO 39 -- NON-RESIDENTIAL REVENUE PER KWH SOLD (MILLS)	105.38	106.18	101.80	103.62	105.11	103.42	0.00	(0)
40	RATIO 40 -- SEASONAL REVENUE PER KWH SOLD (MILLS)	#N/A	#N/A	#N/A	#N/A	#N/A	#DIV/0!	0.00	#DIV/0!
41	RATIO 41 -- IRRIGATION REVENUE PER KWH SOLD (MILLS)	130.71	134.34	130.03	129.17	137.13	127.13	0.00	(0)
42	RATIO 42 -- SMALL COMMERCIAL REVENUE PER KWH SOLD (MILLS)	113.68	112.65	107.48	109.53	111.44	109.87	0.00	(0)
43	RATIO 43 -- LARGE COMMERCIAL REVENUE PER KWH SOLD (MILLS)	79.40	84.73	81.81	83.63	84.00	81.39	0.00	(0)
44	RATIO 44 -- SALES FOR RESALE REVENUE PER KWH SOLD (MILLS)	#N/A	#N/A	#N/A	#N/A	#N/A	#DIV/0!	0.00	#DIV/0!
45	RATIO 45 -- STREET & HIGHWAY LIGHTING REVENUE PER KWH SOLD (MILLS)	173.09	172.72	176.17	180.15	191.10	194.49	0.00	0
46	RATIO 46 -- OTHER SALES TO PUBLIC AUTHORITIES REVENUE PER KWH SOLD (MILLS)	111.56	111.65	104.98	104.65	107.11	106.78	0.00	(0)
47	RATIO 47 -- OPERATING MARGINS PER KWH SOLD (MILLS)	5.08	3.69	3.11	3.04	2.59	1.81	0.00	(0)
48	RATIO 48 -- OPERATING MARGINS PER CONSUMER (\$)	57.85	42.42	35.03	33.95	28.45	20.64	0.00	(0)
49	RATIO 49 -- NON-OPERATING MARGINS PER KWH SOLD (MILLS)	0.73	0.53	0.60	0.46	0.72	0.46	0.00	(0)
50	RATIO 50 -- NON-OPERATING MARGINS PER CONSUMER (\$)	8.27	6.11	6.72	5.13	7.86	5.31	0.00	(0)
51	RATIO 51 -- TOTAL MARGINS LESS ALLOCATIONS PER KWH SOLD (MILLS)	5.81	4.22	3.71	3.50	3.27	3.31	0.00	(0)
52	RATIO 52 -- TOTAL MARGINS LESS ALLOCATIONS PER CONSUMER (\$)	66.12	48.53	41.75	39.07	36.32	25.95	0.00	(0)
53	RATIO 53 -- INCOME (LOSS) FROM EQUITY INVESTMENTS PER CONSUMER (\$)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00	0.00	#N/A
54	RATIO 54 -- ASSOCIATED ORGANIZATION'S CAPITAL CREDITS PER KWH SOLD (MILLS)	8.07	6.36	8.09	5.18	6.51	6.91	0.00	0
55	RATIO 55 -- ASSOCIATED ORGANIZATION'S CAPITAL CREDITS PER CONSUMER (\$)	91.83	73.15	91.15	57.83	71.54	79.07	0.00	0
56	RATIO 56 -- TOTAL MARGINS PER KWH SOLD (MILLS)	13.87	10.58	11.80	8.68	9.82	9.18	0.00	(0)
57	RATIO 57 -- TOTAL MARGINS PER CONSUMER (\$)	157.95	121.68	132.90	96.91	107.86	105.02	0.00	(0)
58	RATIO 58 -- A/R OVER 60 DAYS AS A % OF OPERATING REVENUE	0.33	0.33	0.37	0.32	0.36	0.34	0.00	(0)
59	RATIO 59 -- AMOUNT WRITTEN OFF AS A % OF OPERATING REVENUE	0.27	0.23	0.19	0.25	0.21	0.21	0.00	0
60	RATIO 60 -- TOTAL MWH SOLD PER MILE OF LINE	126.88	128.46	126.49	125.84	124.11	129.88	0.00	0
61	RATIO 61 -- AVERAGE RESIDENTIAL USAGE KWH PER MONTH	701.44	713.08	694.51	693.99	682.34	716.57	0.00	0
62	RATIO 62 -- AVERAGE SEASONAL KWH USAGE PER MONTH	#N/A	#N/A	#N/A	#N/A	#N/A	#DIV/0!	0.00	#DIV/0!
63	RATIO 63 -- AVERAGE IRRIGATION KWH USAGE PER MONTH	1,132.88	976.93	1,042.04	1,281.07	984.00	1,348.19	0.00	0
64	RATIO 64 -- AVERAGE LARGE COMMERCIAL KWH USAGE PER MONTH	2,890.02	2,910.90	2,906.30	2,786.06	2,740.14	2,788.64	0.00	0
65	RATIO 65 -- AVERAGE STREET & HIGHWAY LIGHTING KWH USAGE PER MONTH	646,500.00	635,979.17	611,791.67	615,520.83	625,791.67	637,150.00	0.00	0
66	RATIO 66 -- AVERAGE SALES FOR RESALE KWH USAGE PER MONTH	2,451.75	2,407.89	2,416.67	2,407.89	2,311.40	2,255.80	0.00	(0)
67	RATIO 67 -- AVERAGE SALES TO PUBLIC AUTHORITIES KWH USAGE PER MONTH	#N/A	#N/A	#N/A	#N/A	#N/A	#DIV/0!	0.00	#DIV/0!
68	RATIO 68 -- AVERAGE KWH SOLD PER TOTAL KWH SOLD (%)	3,230.24	3,209.94	3,372.33	3,319.08	3,165.03	3,374.75	0.00	0
69	RATIO 69 -- RESIDENTIAL KWH SOLD PER TOTAL KWH SOLD (%)	68.01	68.42	68.05	68.54	68.52	69.09	0.00	0
70	RATIO 70 -- SEASONAL KWH SOLD PER TOTAL KWH SOLD (%)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00	0.00	#N/A
71	RATIO 71 -- IRRIGATION KWH SOLD PER TOTAL KWH SOLD (%)	0.39	0.34	0.36	0.47	0.39	0.50	0.00	0
72	RATIO 72 -- SMALL COMMERCIAL KWH SOLD PER TOTAL KWH SOLD (%)	21.77	21.74	22.29	21.67	21.67	21.26	0.00	(0)
73	RATIO 73 -- LARGE COMMERCIAL KWH SOLD PER TOTAL KWH SOLD (%)	8.10	7.82	7.61	7.62	7.78	7.51	0.00	(0)

RATIO No.	RATIO DESCRIPTION	KRTA 2013	KRTA 2014	KRTA 2015	KRTA 2016	KRTA 2017	ESTIMATED RATIOS FOR 2018	Budget 2019	25%
74	RATIO 74 -- STREET & HIGHWAY LIGHTING KWH SOLD PER TOTAL KWH SOLD (%)	#N/A	0.14	0.14	#N/A	0.14	0.13	0.00	(0)
75	RATIO 75 -- SALES FOR RESALE PER TOTAL KWH SOLD (%)	#N/A	1.54	1.56	1.56	#N/A	0.00	0.00	#N/A
76	RATIO 76 -- SALES TO PUBLIC AUTHORITIES PER TOTAL KWH SOLD (%)	1.58	8.50	8.95	10.44	1.51	1.52	0.00	0
77	RATIO 77 -- O & M EXPENSES PER TOTAL KWH SOLD (MILLS)	37.16	37.87	44.69	40.64	38.38	11.45	0.00	0
78	RATIO 78 -- O & M EXPENSES PER DOLLARS OF TUP (MILLS)	96.75	102.93	126.71	121.03	118.96	41.13	0.00	0
79	RATIO 79 -- O & M EXPENSES PER CONSUMER (\$)	3.29	3.10	2.54	2.67	2.69	2.65	0.00	(0)
80	RATIO 80 -- CONSUMER ACCOUNTING EXPENSES PER TOTAL KWH SOLD (MILLS)	37.43	35.72	28.66	29.85	29.59	30.26	0.00	0
81	RATIO 81 -- CONSUMER ACCOUNTING EXPENSES PER CONSUMER (\$)	3.51	3.35	3.56	3.66	3.81	3.97	0.00	0
82	RATIO 82 -- CUSTOMER SALES AND SERVICE PER TOTAL KWH SOLD (MILLS)	39.92	38.59	40.13	40.93	41.79	45.40	0.00	0
83	RATIO 83 -- CUSTOMER SALES AND SERVICE PER CONSUMER (\$)	5.06	5.11	6.24	6.37	6.44	6.43	0.00	(0)
84	RATIO 84 -- A & G EXPENSES PER TOTAL KWH SOLD (MILLS)	57.63	58.75	70.24	71.15	70.71	73.57	0.00	0
85	RATIO 85 -- A & G EXPENSES PER CONSUMER (\$)	20.35	20.51	23.59	23.54	23.77	24.50	0.00	0
86	RATIO 86 -- TOTAL CONTROLLABLE EXPENSES PER TOTAL KWH SOLD (MILLS) (SAME AS RATIO #103)	231.72	235.99	265.75	262.97	261.05	280.15	0.00	0
87	RATIO 87 -- TOTAL CONTROLLABLE EXPENSES PER CONSUMER (\$)	82.11	84.26	81.52	81.36	82.50	78.39	0.00	(0)
88	RATIO 88 -- POWER COST PER TOTAL KWH SOLD (MILLS)	86.70	88.00	85.28	83.81	86.77	81.51	0.00	(0)
89	RATIO 89 -- POWER COST AS A % OF REVENUE	68.29	69.31	66.88	66.49	66.18	64.62	0.00	(0)
90	RATIO 90 -- LONG-TERM INTEREST COST PER TOTAL KWH SOLD (MILLS)	4.93	4.52	4.36	4.87	5.98	6.16	0.00	0
91	RATIO 91 -- LONG-TERM INTEREST COST AS A % OF TUP	2.16	1.91	1.73	2.12	2.12	2.21	0.00	0
92	RATIO 92 -- LONG-TERM INTEREST COST PER CONSUMER (\$)	56.18	51.95	49.14	54.35	65.63	70.47	0.00	0
93	RATIO 93 -- LONG-TERM INTEREST COST PER TOTAL KWH SOLD (MILLS)	7.53	7.62	8.07	8.42	8.95	8.90	0.00	(0)
94	RATIO 94 -- DEPRECIATION EXPENSE AS A % OF TUP	3.29	3.23	3.21	3.16	3.17	3.20	0.00	0
95	RATIO 95 -- DEPRECIATION EXPENSE PER CONSUMER (\$)	85.68	87.70	90.88	91.09	98.28	101.73	0.00	0
96	RATIO 96 -- ACCUMULATIVE DEPRECIATION AS A % OF PLANT IN SERVICE	33.70	34.38	34.44	33.72	33.92	34.00	0.00	0
97	RATIO 97 -- TOTAL TAX EXPENSE PER TOTAL KWH SOLD (MILLS)	2.30	2.46	2.53	2.67	2.61	2.81	0.00	0
98	RATIO 98 -- TOTAL TAX EXPENSE AS A % OF TUP	1.01	1.04	1.00	1.00	0.92	1.01	0.00	0
99	RATIO 99 -- TOTAL TAX EXPENSE PER CONSUMER (\$)	26.22	28.30	28.44	29.77	28.62	32.11	0.00	0
100	RATIO 100 -- TOTAL FIXED EXPENSES PER TOTAL KWH SOLD (MILLS)	101.51	102.75	100.81	102.48	104.75	99.83	0.00	(0)
101	RATIO 101 -- TOTAL FIXED EXPENSES PER CONSUMER (\$)	1,155.84	1,182.04	1,135.43	1,141.57	1,150.47	1,141.65	0.00	(0)
102	RATIO 102 -- TOTAL OPERATING EXPENSES PER TOTAL KWH SOLD (MILLS)	20.35	20.51	23.59	23.54	23.77	24.50	0.00	0
103	RATIO 103 -- TOTAL OPERATING EXPENSES PER CONSUMER (\$)	231.72	235.99	265.75	262.97	261.05	280.15	0.00	0
104	RATIO 104 -- TOTAL COST OF SERVICE (MINUS POWER COSTS) PER TOTAL KWH SOLD (MILLS)	35.17	35.27	39.12	40.21	41.75	42.82	0.00	0
105	RATIO 105 -- TOTAL COST OF ELECTRIC SERVICE PER TOTAL KWH SOLD (MILLS)	121.86	123.27	124.40	126.02	128.52	124.33	0.00	(0)
106	RATIO 106 -- AVERAGE WAGE RATE PER HOUR (\$)	1,387.56	1,418.03	1,401.18	1,407.53	1,411.52	1,421.81	0.00	0
107	RATIO 107 -- TOTAL WAGES PER TOTAL KWH SOLD (MILLS)	10.19	9.95	10.66	10.80	11.75	12.08	0.00	0
108	RATIO 108 -- TOTAL WAGES PER CONSUMER (\$)	116.02	114.47	120.08	120.66	129.10	138.19	0.00	0
109	RATIO 109 -- OVERTIME HOURS/TOTAL HOURS (%)	3.68	3.54	5.18	3.82	4.26	4.92	0.00	0
110	RATIO 110 -- CAPITALIZED PAYROLL / TOTAL PAYROLL (%)	25.63	29.27	25.54	24.87	24.71	24.59	0.00	(0)
111	RATIO 111 -- AVERAGE CONSUMERS PER EMPLOYEE	634.74	652.40	659.12	634.74	638.98	614.28	0.00	(0)
112	RATIO 112 -- ANNUAL GROWTH IN KWH SOLD (%)	1.53	1.89	(1.08)	0.40	(0.41)	5.56	0.00	(0)
113	RATIO 113 -- ANNUAL GROWTH IN NUMBER OF CONSUMERS (%)	0.64	0.84	1.03	1.24	1.28	1.38	0.00	0

RATIO No.	RATIO DESCRIPTION	KRTA 2013	KRTA 2014	KRTA 2015	KRTA 2016	KRTA 2017	ESTIMATED RATIOS FOR 2018	Budget 2019	25 %
116	RATIO 116 -- ANNUAL GROWTH IN TUP DOLLARS (%)	4.74	5.26	5.40	6.33	5.41	4.11	0.00	(0)
117	RATIO 117 -- CONST. W.I.P. TO PLANT ADDITIONS (%)	57.20	48.49	68.61	29.52	35.12	26.59	0.00	(0)
118	RATIO 118 -- NET NEW SERVICES TO TOTAL SERVICES (%)	0.68	0.72	0.53	1.16	1.49	1.07	0.00	(0)
119	RATIO 119 -- ANNUAL GROWTH IN TOTAL CAPITALIZATION (%)	2.71	(2.73)	7.86	11.51	2.74	3.92	0.00	(0)
120	RATIO 120 -- 2 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)	1.84	(0.05)	2.43	9.67	7.03	3.32	0.00	(0)
121	RATIO 121 -- 5 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)	6.36	4.98	4.61	3.94	4.30	4.55	0.00	(0)
122	RATIO 122 -- TUP INVESTMENTS PER TOTAL KWH SOLD (CENTS)	22.87	23.63	25.17	36.66	28.22	27.83	0.00	(0)
123	RATIO 123 -- TUP INVESTMENT PER CONSUMER (\$)	2,603.85	2,717.91	2,835.54	2,978.11	3,099.42	3,183.02	0.00	(0)
124	RATIO 124 -- TUP INVESTMENT PER MILE OF LINE (\$)	29,014.96	30,350.56	31,843.15	33,552.10	35,024.43	36,150.67	0.00	(0)
125	RATIO 125 -- AVERAGE CONSUMERS PER MILE	11.14	11.17	11.23	11.27	11.30	11.36	0.00	(0)
126	RATIO 126 -- DISTRIBUTION PLANT PER TOTAL KWH SOLD (MILLS)	203.31	209.71	221.73	235.51	250.59	249.14	0.00	(0)
127	RATIO 127 -- DISTRIBUTION PLANT PER CONSUMER (\$)	2,314.97	2,412.47	2,497.47	2,630.42	2,752.24	2,849.16	0.00	(0)
128	RATIO 128 -- DISTRIBUTION PLANT PER EMPLOYEE (\$)	1,469,393.49	1,573,903.94	1,646,121.33	1,722,181.21	1,758,629.51	1,750,169.60	0.00	(0)
129	RATIO 129 -- GENERAL PLANT PER TOTAL KWH SOLD (MILLS)	10.72	10.89	10.98	11.34	11.92	11.92	0.00	(0)
130	RATIO 130 -- GENERAL PLANT PER CONSUMER (\$)	123.09	125.30	123.70	126.66	130.97	136.37	0.00	(0)
131	RATIO 131 -- GENERAL PLANT PER EMPLOYEE (\$)	77,495.57	81,743.48	81,535.31	82,929.08	83,689.91	83,767.00	0.00	(0)
132	RATIO 132 -- HEADQUARTERS PLANT PER TOTAL KWH SOLD (MILLS)	9.42	9.35	9.54	13.20	13.38	12.89	0.00	(0)
133	RATIO 133 -- HEADQUARTERS PLANT PER CONSUMER (\$)	107.22	107.55	107.41	147.42	146.96	147.39	0.00	(0)
134	RATIO 134 -- HEADQUARTERS PLANT PER EMPLOYEE (\$)	68,054.04	70,164.25	70,797.92	96,521.45	93,902.89	90,536.39	0.00	(0)
135	RATIO 135 -- TRANSMISSION PLANT PER TOTAL KWH SOLD (MILLS)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00	0.00	#N/A
136	RATIO 136 -- TRANSMISSION PLANT PER CONSUMER (\$)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00	0.00	#N/A
137	RATIO 137 -- TRANSMISSION PLANT PER EMPLOYEE (\$)	#N/A	#N/A	#N/A	#N/A	#N/A	0.00	0.00	#N/A
138	RATIO 138 -- IDLE SERVICES TO TOTAL SERVICE (%)	4.50	4.18	3.59	3.44	3.61	3.29	0.00	(0)
139	RATIO 139 -- LINE LOSS (%)	5.18	4.14	4.31	5.10	4.82	3.73	0.00	(0)
140	RATIO 140 -- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - POWER SUPPLIER	1.20	8.16	2.94	21.42	0.00	54.30	0.00	#DIV/0!
141	RATIO 141 -- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - EXTREME STORM	0.00	0.00	435.06	0.00	37.02	42.78	0.00	(0)
142	RATIO 142 -- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - PREARRANGED	0.36	0.30	1.62	1.14	3.36	2.58	0.00	(0)
143	RATIO 143 -- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - ALL OTHER	86.10	75.66	77.88	74.28	68.70	101.34	0.00	(0)
144	RATIO 144 -- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - TOTAL	87.66	84.12	517.50	96.84	109.08	201.00	0.00	(0)
145	RATIO 145 -- AVG. SERVICE AVAILABILITY INDEX (ASAI) - TOTAL (%)	99.98	99.98	99.90	99.98	99.98	99.96	0.00	(0)

PAGE 3 - Part J. PATRONAGE CAPITAL			AFFECTED KRTA RATIOS
Item	This Year	Cumulative	
Line 1. General Retirements	2,356,392	34,020,412	<====Missing these line items will affect Ratios 24 & 26. <====Missing these line items will affect Ratios 24 & 26. <====Missing this line item will affect Ratios 8 & 14. <====Missing this line item will affect Ratios 8 & 14.
Line 2. Special Retirements	218,505	3,908,027	
Line 4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	2,214,255		
Line 5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	189,201		
PAGE 3 - Part K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE			<====Missing this line item will affect Ratio 58. <====Missing this line item will affect Ratio 59.
1. Amount Due Over 60 Days	172,847		
2. Amount Written Off During Year	106,313		

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

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	M1044
	ENDING DATE	12/31/2018

CFC FORM 7 DATA ERROR AND WARNING CHECKS

PART A. STATEMENT OF OPERATIONS

BALANCE CHECK RESULTS		1. Operating Revenue and Patronage Capital Part A, Line 10d, Page 1	Balance Check - Revenue	Comments
<div style="border: 1px solid black; padding: 5px; text-align: center;"> 0 Needs Attention </div>	<div style="border: 1px solid black; padding: 5px; text-align: center;"> 1 Minor </div>	12. TOTAL Revenue Received From Sales of Electric Energy Part B, Line 12d, Page 3	51391539	0
		13. Transmission Revenue Part B, Line 13d, Page 3	52992371	0
		14. Other Electric Revenue Part B, Line 14d, Page 3	0	0
		Total Lines 12d, 13d & 14d	-1607733	0
		Difference	51391539	0

BALANCE CHECK RESULTS		2. Power Production Expense Part A, Line 2b, Page 1	Balance Check - Cost of Purchases and Generation	Comments
<div style="border: 1px solid black; padding: 5px; text-align: center;"> 0 Needs Attention </div>	<div style="border: 1px solid black; padding: 5px; text-align: center;"> 1 Minor </div>	3. Cost of Purchased Power Part A, Line 3b, Page 1	33210384	0
		4. Transmission Expense Part A, Line 4b, Page 1	0	0
		5. Regional Market Operations Expense Part A, Line 5b, Page 1	0	0
		Total Lines 2b thru 5b	33210384	0
		18. Cost of Purchases and Generation Part B, Line 18d, Page 3	33210384	0
Difference	0	0	0	

BALANCE CHECK RESULTS		3. Cost of Purchased Power Part A, Line 3b, Page 1	Balance Check - Cost of Purchased Power	Comments
<div style="border: 1px solid black; padding: 5px; text-align: center;"> 0 Needs Attention </div>	<div style="border: 1px solid black; padding: 5px; text-align: center;"> 1 Minor </div>	TOTALS (Cost) Part L, Line 21d, Page 3	33210384	0
		Difference	33210384	0
		Difference	0	0

FORM 7 LINE ITEMS THAT SHOULD NOT EQUAL ZERO

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

PART C. BALANCE SHEET

BALANCE CHECK RESULTS		28. Total Assets & Other Debits (15+14+26+27) Part C, Line 28, Page 3	Balance Check - Balance Sheet	Comments
<div style="border: 1px solid black; padding: 5px; text-align: center;"> 0 Needs Attention </div>	<div style="border: 1px solid black; padding: 5px; text-align: center;"> 1 Minor </div>	51. Total Liabilities & Other Credits (35+38+41+49+50) Part C, Line 51, Page 3	117934141	0
		Difference	117934141	0
		Difference	0	0

CFC FORM 7 DATA ERROR AND WARNING CHECKS

Balance Check - Current Maturities Long-Term Debt		
38. Total Long-Term Debt		0
45. Current Maturities Long-Term Debt	2928471.19	0
46. Current Maturities Long-Term Debt Economic Dev	0	0

7. Investment in Subsidiary Companies		
Part C, Line 7, Page 2		Comments
8. Invest. In Assoc. Org. - Patronage Capital	0	0
Part C, Line 8, Page 2	33069748.61	0
9. Invest. In Assoc. Org. - Other - General Funds	0	0
Part C, Line 9, Page 2		
10. Invest In Assoc. Org. - Other - Nongeneral Funds	894998.03	0
Part C, Line 10, Page 2		
Total Lines 7, 8, 9 & 10	33968746.64	
7a - Part 1 - Investments in Associated Organizations		
Column (b) - Included (\$)		
Part I, Subtotal (b)	0	0
Column (c) - Excluded (\$)		
Part I, Subtotal (c)	31151799.99	0
Column (d) - Income or Loss		
Part I, Subtotal (d)	2816946.65	0
Total	33968746.64	
Difference		

11. Investments in Economic Development Projects		
Part C, Line 11, Page 2		Comments
7a - Part 1 - Investments in Economic Development Projects	1049994	0
Column (b) - Included (\$)		
Part I, Subtotal (b)	0	0
Column (c) - Excluded (\$)		
Part I, Subtotal (c)	1049994	0
Column (d) - Income or Loss		
Part I, Subtotal (d)	0	0
Total	1049994	
Difference		

12. Other Investments		
Part C, Line 12, Page 2		Comments
7a - Part 1 - Other Investments	15829.82	0
Column (b) - Included (\$)		
Part I, Subtotal (b)	0	0
Column (c) - Excluded (\$)		
Part I, Subtotal (c)	15830	0
Column (d) - Income or Loss		
Part I, Subtotal (d)	0	0
Total	15830	
Difference		

13. Special Funds		
Part C, Line 13, Page 2		Comments
7a - Part 1 - Special Funds	0	0
Column (b) - Included (\$)		
Part I, Subtotal (b)	0	0
Column (c) - Excluded (\$)		
Part I, Subtotal (c)	0	0
Column (d) - Income or Loss		
Part I, Subtotal (d)	0	0
Total	0	
Difference		

CFC FORM 7 DATA ERROR AND WARNING CHECKS

		15. Cash-General Funds Part C, Line 15, Page 2		Comments
BALANCE CHECK RESULTS			179254.87	C
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center;"> 0 1 </div>	7a - Part I - Cash - General			
	Column (b) - Included (\$)			
	Part I, Subtotal (b)		2255	D
	Column (c) - Excluded (\$)			
	Part I, Subtotal (c)		177000	D
	Column (d) - Income or Loss			
Part I, Subtotal (d)		0	0	
Total			179255	
Difference				
		17. Special Deposits Part C, Line 17, Page 2		Comments
BALANCE CHECK RESULTS			0	D
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center;"> 0 1 </div>	7a - Part I - Special Deposits			
	Column (b) - Included (\$)			
	Part I, Subtotal (b)		0	C
	Column (c) - Excluded (\$)			
	Part I, Subtotal (c)		0	C
	Column (d) - Income or Loss			
Part I, Subtotal (d)		0	0	
Total			0	
Difference			0	
		18. Temporary Investments Part C, Line 18, Page 2		Comments
BALANCE CHECK RESULTS			0	D
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center;"> 0 1 </div>	7a - Part I - Temporary Investments			
	Column (b) - Included (\$)			
	Part I, Subtotal (b)		0	0
	Column (c) - Excluded (\$)			
	Part I, Subtotal (c)		0	0
	Column (d) - Income or Loss			
Part I, Subtotal (d)		0	0	
Total			0	
Difference			0	
		19. Notes Receivable - Net Part C, Line 19, Page 2		Comments
BALANCE CHECK RESULTS			0	D
<div style="border: 1px solid black; padding: 5px; width: 40px; text-align: center;"> 0 1 </div>	21. Accounts Receivable - Net Other			
	Part C, Line 21, Page 2			
	Total Lines 19 & 21		411319.52	D
	7a - Part I - Account & Notes Receivable - Net			
	Column (b) - Included (\$)			
	Part I, Subtotal (b)		411320	C
Column (c) - Excluded (\$)				
Part I, Subtotal (c)		0	0	
Column (d) - Income or Loss				
Part I, Subtotal (d)		0	0	
Total			411320	
Difference			0	
Total Retirements (1+2)		Balance Check - Total Retirements		
Part J, Line 3b, Page 3		0		
Total Cash Received (4+5)		Balance Check - Total Cash Retirements		
Part J, Line 6, Page 3		0		
Number of Full Time Employees		Balance Check - Employee Hour		
Part I, Line 1, Page 3		54		

CFC FORM 7 DATA ERROR AND WARNING CHECKS

PART E. CHANGES IN UTILITY PLANT

BALANCE CHECK RESULTS		Balance Check - Changes in Utility Plant	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <div style="background-color: #cccccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">0</div> <div>Needs Attention</div> </div> <div style="border: 1px solid black; padding: 5px;"> <div style="background-color: #cccccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">1</div> <div>Matches</div> </div>	1. Total Utility Plant in Service Part C, Line 1, Page 2	111619133.5	Comments
	SUBTOTAL: (1 thru 11) Part E, Line 12(a), Page 3	111619433.8	
	Difference	0	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <div style="background-color: #cccccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">0</div> <div>Needs Attention</div> </div> <div style="border: 1px solid black; padding: 5px;"> <div style="background-color: #cccccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">1</div> <div>Matches</div> </div>	2. Construction Work in Progress Part C, Line 2, Page 2	1785210.4	Comments
	Construction Work in Progress Part E, Line 12(a), Page 3	1785210.42	
	Difference	0	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <div style="background-color: #cccccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">0</div> <div>Needs Attention</div> </div> <div style="border: 1px solid black; padding: 5px;"> <div style="background-color: #cccccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">1</div> <div>Matches</div> </div>	3. Total Utility Plant (1+2) Part C, Line 3, Page 2	113404644	Comments
	TOTAL UTILITY PLANT (12+13) Part E, Line 14(c), Page 3	113404644.3	
	Difference	0	

PART L. KWII PURCHASED AND TOTAL COST

BALANCE CHECK RESULTS		Balance Check - Total KWII Purchased	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <div style="background-color: #cccccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">0</div> <div>Needs Attention</div> </div> <div style="border: 1px solid black; padding: 5px;"> <div style="background-color: #cccccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">1</div> <div>Matches</div> </div>	TOTALS (KWII Purchased) Part L, Line 21(a), Page 3	423647807	Comments
	16. TOTAL KWII Purchased Part B, Line 16(a), Page 3	423647807	
	Difference	0	

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

BALANCE CHECK RESULTS		Balance Check - Long-Term Debt Service Requirements	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <div style="background-color: #cccccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">0</div> <div>Needs Attention</div> </div> <div style="border: 1px solid black; padding: 5px;"> <div style="background-color: #cccccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">1</div> <div>Matches</div> </div>	38. Total Long-Term Debt (36 + 37) Part C, Line 38, Page 2	56,222,530	Comments
	Total Balance End of Year Part O, Line 12, Page 4	56,222,530	
	Difference	0	

BALANCE CHECK - Data on Transmission and Distribution Plant	
8. Total Miles Energized (5+6+7) Part B, Line 57, Page 1	3,137

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Cherryland Elec
	BORROWER DESIGNATION	MI044
	ENDING DATE	12/31/2018
NOTES		

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

Included	Excluded	Income or Loss	
Federated Insurance		148,565	34,401
NISC		194,285	23,711
NRTC		4,422	0
CoBank		-22,313	134,065
Total		324,959	192,177

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

Included	Excluded	Income or Loss	
Solon-Centerville Township		37,539	
BAC Design Group, Inc.		40,000	
Great Lakes Potato Chip		16,557	
GT Metro Emergency		60,000	
Roaming Harvest, LLC		1,250	
Involved Citizens Enterprises, Inc.		92,500	
Up North Automotive		10,000	
HM East, LLC		9,167	
Endurance Evolution		3,667	
Alfie Embroidery		46,000	
Black Star Farms		8,039	
GT Bay YMCA (Loan 1)		25,000	
Kingsley Lumber		22,500	
H M Commissary, LLC		27,000	
Great Lakes Stainless		62,000	
Bay Motor Products		58,275	
Mo's Incredible Pizza		95,833	
Iron Fish Distillery		98,083	
GT Bay YMCA (Loan 2)		89,167	
Total		802,577	

Cherryland
Electric
Cooperative,
Inc. and
Subsidiary



Years Ended
December 31,
2018 and 2017

Consolidated
Financial
Statements

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

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CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Board of Directors

Board of Directors

Terry Lautner	President
Thomas Van Pelt	Senior Vice President
Melinda Lautner	Secretary
David Schweitzer	Treasurer
Jon Zickert	Director
John Olson	Director
Gabriel Schneider	Director



Rehmann Robson
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INDEPENDENT AUDITORS' REPORT

March 19, 2019

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

We have audited the accompanying consolidated financial statements of **Cherryland Electric Cooperative, Inc. and Subsidiary** (the "Cooperative"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of income and comprehensive income, changes in patron equities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ***Cherryland Electric Cooperative, Inc. and Subsidiary*** as of December 31, 2018 and 2017, and the consolidated results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rehmann Johnson LLC

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Consolidated Balance Sheets

LIABILITIES AND EQUITIES	December 31	
	2018	2017
Current liabilities		
Short-term borrowings	\$ 3,607,332	\$ 6,680,417
Checks issued against future deposits	477,550	555,059
Accounts payable:		
Purchased power	2,890,439	3,235,927
Other	611,333	556,106
Accrued expenses:		
Compensation	726,315	659,010
Property taxes	401,755	348,439
Interest	343,271	317,666
Other	12,356	86,566
Member deposits	226,036	239,745
Member advances for construction	383,770	348,953
Power supply cost recovery over collection	978,613	-
Current portion of long-term debt	2,928,422	2,684,912
Total current liabilities	13,587,192	15,712,800
Unamortized gain on early retirement of debt	218,000	283,400
Long-term debt, net of current portion	56,222,531	53,200,359
Total liabilities	70,027,723	69,196,559
Commitments and contingencies (Notes 6 and 7)		
Equities		
Patronage capital	50,987,086	49,820,457
Other equities - accumulated deficit	(1,543,049)	(1,481,883)
Accumulated other comprehensive loss	(313,833)	(156,483)
Total equities	49,130,204	48,182,091
Total liabilities and equities	\$ 119,157,927	\$ 117,378,650

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Consolidated Statements of Income and Comprehensive Income

	Year Ended December 31	
	2018	2017
Operating revenues	<u>\$ 51,391,541</u>	<u>\$ 50,606,630</u>
Operating expenses		
Cost of power	33,210,388	33,492,712
Depreciation and amortization	3,624,445	3,453,799
Distribution, maintenance	3,259,930	2,870,547
Administrative and general	2,621,198	2,484,901
Member service and information	1,617,408	1,468,762
Distribution, operations	1,404,646	1,310,201
Taxes - property and other	1,144,014	1,005,703
Member accounts	<u>1,078,051</u>	<u>1,039,983</u>
Total operating expenses	<u>47,960,080</u>	<u>47,126,608</u>
Operating margin	<u>3,431,461</u>	<u>3,480,022</u>
Other income (expense)		
Income from associated cooperatives	2,816,948	2,514,099
Interest income	31,956	43,711
Interest expense on long-term debt	(2,510,665)	(2,306,586)
Other interest expense	(234,147)	(193,305)
Other income	<u>205,973</u>	<u>252,531</u>
Other income, net	<u>310,065</u>	<u>310,450</u>
Net margins	<u>3,741,526</u>	<u>3,790,472</u>
Other comprehensive (loss) income		
Unrecognized change in postretirement benefit plans	<u>(157,350)</u>	<u>105,657</u>
Comprehensive income	<u><u>\$ 3,584,176</u></u>	<u><u>\$ 3,896,129</u></u>

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

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Patron Equities

	Patronage Capital	Other Equities - Accumulated Deficit	Accumulated Other Comprehensive (Loss)	Total Equities
Balances, January 1, 2017	\$ 48,351,282	\$ (1,592,499)	\$ (262,140)	\$ 46,496,643
Capital credits retired	(2,321,297)	143,640	-	(2,177,657)
Other equity transactions	-	(33,024)	-	(33,024)
Comprehensive income	3,790,472	-	105,657	3,896,129
Balances, December 31, 2017	49,820,457	(1,481,883)	(156,483)	48,182,091
Capital credits retired	(2,574,897)	200,265	-	(2,374,632)
Other equity transactions	-	(261,431)	-	(261,431)
Comprehensive income (loss)	3,741,526	-	(157,350)	3,584,176
Balances, December 31, 2018	<u>\$ 50,987,086</u>	<u>\$ (1,543,049)</u>	<u>\$ (313,833)</u>	<u>\$ 49,130,204</u>

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

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2018	2017
Cash flows from operating activities		
Net margins	\$ 3,741,526	\$ 3,790,472
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	3,624,445	3,453,799
Income from associated cooperatives, net of capital credits	(325,850)	(325,635)
Bad debt expense	30,988	58,393
Amortization of gain on early extinguishment of debt	(65,400)	(65,400)
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	171,178	(1,560,520)
Refundable Michigan sales tax	(156,051)	177,337
Power supply cost recovery	1,962,219	35,203
Inventory	(28,938)	(309)
Prepaid expenses and other current assets	(181,652)	15,085
Other assets	181,064	202,009
Checks issued against future deposits	(77,509)	(211,053)
Accounts payable	(290,261)	198,487
Accrued expenses	72,016	42,199
Member deposits	(13,709)	(11,082)
Member advances for construction	34,817	33,492
Post-retirement benefit, other than pensions	(111,338)	(210,505)
Net cash provided by operating activities	8,567,545	5,621,972
Cash flows from investing activities		
Purchases of property and equipment	(6,400,670)	(6,883,736)
Proceeds from sale of property and equipment	124,861	53,808
Collection (issuance) of notes receivable	72,290	(66,526)
Redemption of capital term certificates	14,998	20,079
Net cash used in investing activities	(6,188,521)	(6,876,375)
Cash flows from financing activities		
Net short-term borrowings	2,888,822	4,537,137
Proceeds from issuance of long-term debt	-	8,663,093
Repayments of long-term debt	(2,696,225)	(9,745,306)
Net patronage capital retirements and forfeitures	(2,636,063)	(2,210,681)
Net cash (used in) provided by financing activities	(2,443,466)	1,244,243
Net decrease in cash and cash equivalents	(64,442)	(10,160)
Cash and cash equivalents, beginning of year	243,697	253,857
Cash and cash equivalents, end of year	\$ 179,255	\$ 243,697
Reconciliation to consolidated balance sheets		
Cash and cash equivalents - unrestricted	\$ 5,355	\$ 157,917
Cash and cash equivalents - restricted	173,900	85,780
	\$ 179,255	\$ 243,697

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

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business and Concentration Risks

Cherryland Electric Cooperative, Inc. ("Cherryland") is a non-profit corporation located in Grawn, Michigan, principally engaged in providing electrical service to over 35,000 residential and commercial members located in Benzie, Grand Traverse, Kalkaska, Leelanau, Manistee and Wexford counties. As discussed in Note 7, Cherryland purchases all of the electrical power it sells from an affiliated cooperative, Wolverine Power Supply Cooperative, Inc.

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

Basis of Accounting

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

Consolidation

The accompanying consolidated financial statements include the accounts of Cherryland Electric Cooperative, Inc. and its wholly owned subsidiary, Cherryland Holdings, Inc. ("CHI") (collectively, the "Cooperative"). CHI dissolved on September 18, 2018. CHI had no income statement activity during 2018 or 2017 and its only assets consisted of cash of \$800 in 2017. Cherryland's investment in CHI of \$800 in 2017 has been eliminated in consolidation. There were no other intercompany accounts or transactions in 2018 or 2017 required to be eliminated in consolidation.

Regulation

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

Use of Estimates

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

Cash and Cash Equivalents

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

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Restricted Cash

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

Revenue Recognition

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

Accounts Receivable

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

Inventory

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

Property, Plant and Equipment and Depreciation

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

Investments in and Patronage Capital from Associated Cooperatives

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

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Capital Term Certificates

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

Member Advances for Construction

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

Gain on Early Extinguishment of Debt

In 2001, Cherryland prepaid certain of its Rural Utility Services notes. The prepayment was financed with notes issued by the National Rural Utilities Cooperative Finance Corporation. The early extinguishment of the debt resulted in a gain of \$1,439,498, which is being amortized over the 22 year repayment period of the new notes and is included in other income in the consolidated statements of income and comprehensive income. Amortization income amounted to \$65,400 in both 2018 and 2017, and is expected to be \$65,400 for each of the next four years.

Income Taxes

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

Cherryland analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions.

Cherryland has evaluated its income tax filing positions for fiscal years 2015 through 2018, the years which remain subject to examination as of December 31, 2018. Cherryland concluded that there are no significant uncertain tax positions requiring recognition in the consolidated financial statements. Cherryland does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. Cherryland does not have any amounts accrued for interest and penalties related to UTBs at December 31, 2018 or 2017, and is not aware of any claims for such amounts by federal or state income tax authorities.

Prior to dissolving in 2018, CHI was subject to federal income tax. Deferred income tax assets and liabilities were computed annually for differences between the financial statement and federal income tax bases of assets and liabilities that would result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences were expected to affect taxable income. Deferred income taxes arose from temporary basis differences principally related to net operating loss carryforwards. Valuation allowances were established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense was the tax payable or refundable for the year plus or minus the change during the year in deferred tax assets and liabilities.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

CHI had a net operating loss carryforward of approximately \$1,026,000 at December 31, 2017, which was not utilized prior to dissolving in 2018. CHI had recorded a deferred tax asset of approximately \$216,000 associated with the net operating loss carryforward. The Tax Cuts and Jobs Act ("the "Act") was enacted on December 22, 2017. The Act reduces the U. S. federal corporate tax rate from 34% to 21%, among other provisions. CHI remeasured certain deferred tax assets based on the rates at which they were expected to reverse in the future, which was generally 21%. The provisional amount recorded during 2017 related to the remeasurement of CHI's deferred tax balance was approximately \$133,000. However, CHI recorded a valuation allowance equal to the amount of the deferred asset since management anticipated that it was more likely than not that the net operating losses would be unused. Therefore, there was no impact on the accompanying consolidated statement of income and comprehensive income in 2017. CHI had no federal income tax expense or payments in 2018 or 2017.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2018, the most recent consolidated balance sheet presented herein, through March 19, 2019, the date these consolidated financial statements were available to be issued. No such significant events or transactions were identified other than the lease described in Note 9.

2. INVESTMENTS IN ASSOCIATED COOPERATIVES

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

	2018	2017
Wolverine Power Supply Cooperative, Inc.	\$ 31,031,807	\$ 30,824,599
National Rural Utilities Cooperative Finance Corporation	1,058,634	989,173
Rural Electric Supply Cooperative	462,172	461,574
National Information Solutions Cooperative	217,996	202,049
Federated Rural Electric Insurance Exchange	182,966	163,970
Other	116,174	102,534
Total	\$ 33,069,749	\$ 32,743,899

3. SHORT-TERM BORROWINGS

Cherryland has a \$5,000,000 revolving line of credit with a bank maturing August 30, 2019. Interest is charged at the daily London InterBank Offered Rate ("LIBOR") index rate plus 2.00% (effective rate of 4.50% at December 31, 2018). Outstanding borrowings were \$307,332 and \$3,080,417 at December 31, 2018 and 2017, respectively.

Cherryland also has a \$6,000,000 unsecured revolving line of credit with National Rural Utilities Cooperative Finance Corporation ("CFC"), expiring July 6, 2019. Interest is charged at the 7 day LIBOR index rate plus 1.95% (effective rate of 4.37% at December 31, 2018). There were no outstanding borrowings at December 31, 2018 or 2017.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Cherryland also has a \$5,000,000 unsecured perpetual revolving line of credit with CFC, automatically renewed annually unless notice of termination is given by either party. Interest is charged at a variable rate determined by CFC, not to exceed Prime plus 1% (effective rate of 3.35% as December 31, 2018). Outstanding borrowing were \$3,300,000 and \$3,600,000 at December 31, 2018 and 2017, respectively.

Additionally, Cherryland has a \$4,000,000 unsecured revolving line of credit with a bank maturing August 31, 2019. Interest is charged at a risk-based variable rate determined by the Bank (effective rate of 4.61% as December 31, 2018). There were no outstanding borrowings at December 31, 2018 and 2017.

4. LONG-TERM DEBT

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

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

	2018	2017
Notes payable to CFC, collateralized by substantially all assets, due in quarterly installments of up to \$868,175, including interest at rates from 3.05%-9.40%, maturing from 2019 to 2048.	\$ 37,958,966	\$ 33,659,239
Notes payable to Farmer Mac, collateralized by substantially all assets, due in semiannual installments of up to \$333,121 including interest at rates from 3.00%-5.15%, maturing from 2029 to 2045.	8,980,389	9,251,622
Notes payable to a bank, collateralized by substantially all assets, due in monthly installments on average of \$107,125, including interest at 2.06%-4.39%, maturing from 2019 to 2040.	12,211,598	12,974,410
Total long-term debt	59,150,953	55,885,271
Less current portion	(2,928,422)	(2,684,912)
Long-term debt, net of current portion	\$ 56,222,531	\$ 53,200,359

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Scheduled principal maturities of long-term debt for each of the five years succeeding December 31, 2018, and thereafter, are summarized as follows:

Year	Amount
2019	\$ 2,928,422
2020	2,978,598
2021	3,034,765
2022	2,533,259
2023	2,258,334
Thereafter	<u>45,417,575</u>
Total	<u>\$ 59,150,953</u>

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

5. PATRONAGE CAPITAL

Patronage capital consists of the following at December 31:

	2018	2017
Assignable margins	\$ 3,741,526	\$ 3,790,472
Assignable to date	<u>86,924,245</u>	<u>83,133,773</u>
	90,665,771	86,924,245
Less called for redemption to date	<u>(39,678,685)</u>	<u>(37,103,788)</u>
Total	<u>\$ 50,987,086</u>	<u>\$ 49,820,457</u>

Under the provisions of the Mortgage Agreements, patronage refunds to patrons or members may be made provided that total equity, after such refunds are made, remains greater than 20% of total assets. The equities and margins of Cherryland represent 41.2% and 41.0% of the total assets at December 31, 2018 and 2017, respectively.

Cherryland's bylaws provide that patronage capital be refunded upon the death of members. During 2018 and 2017, \$204,858 and \$293,959, respectively, were applied towards refunds of this nature. Patronage capital retirements are paid out of Cherryland's general fund.

Cherryland offers a program where members can receive their capital credit, at a discount, for qualifying energy efficient improvements made in conjunction with the State mandated Energy Waste Reduction program. The program is available to both residential and commercial members. Amounts retired under this program in 2018 and 2017 were \$13,647 and \$27,338, respectively.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Other equities consisted of the following at December 31:

	2018	2017
Forfeited patronage capital	\$ 3,527,123	\$ 3,588,289
ASC 715 (FAS 158) adjustment	337,593	337,593
Nonassignable deficits	(5,407,765)	(5,407,765)
Total	\$ (1,543,049)	\$ (1,481,883)

6. RETIREMENT PLAN

Multiemployer Defined Benefit Pension Plan

The National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers.

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

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

Cherryland's participation in the plan for the annual years ended December 31, 2018 and 2017, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2018 and 2017 is for the plan's year-end at January 1, 2017. The zone status is based on information that the Cooperative received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates whether the plan has a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plan is subject.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Cooperative Contributions		Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2017	2016		2018	2017		
NRECA RS Plan	53-0116145/ 333	Green as of 1/1/17	Green as of 1/1/16	No	\$761,251	\$687,994	N/A	10/1/2021

Cherryland was not listed in its plan's Form 5500 for the appropriate plan year ending in 2017 as providing more than 5 percent of the total contributions. The 2018 Form 5500 was not yet available at the time of issuance of this report.

RS Plan Prepayment Option

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15 year period. During 2013, Cherryland made a prepayment of \$1,912,340. The prepayment is recorded net of accumulated amortization of \$1,147,464 and \$956,220, during 2018 and 2017, respectively, and recorded in other assets on the consolidated balance sheets. Amortization expense was \$191,244 in both 2018 and 2017. Amortization expense is expected to be approximately \$191,000 during each of the next four years.

During 2018, the Cooperative established two deferred compensation plans under Section 457(b) of the Internal Revenue Code. The deferred compensation plans are for the benefit of certain key employees and the board of directors, and participation is strictly voluntary. All contributions to the deferred compensation plans will be employee and/or board member contributions only. Cherryland will not make any contributions to the benefit of those employees or board members who qualify for participation in these deferred compensation plans.

7. COMMITMENTS AND CONTINGENCIES

Power Supply Cost Recovery

State of Michigan Public Act 304 of 1982 created the Power Supply Cost Recovery Clause ("PSCR"), a power cost recovery mechanism. Wolverine Power Supply Cooperative, Inc. ("Wolverine") and the member-distribution cooperatives, including Cherryland, are authorized to apply PSCR clauses and monthly factors. Cherryland's maximum authorized monthly factor was .01880 mills per kilowatt-hour for 2018.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

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

Cherryland has a payable of \$978,613 due to member-consumers for over collections at December 31, 2018. At December 31, 2017, cumulative receivables due was \$983,606 for under collections from member-consumers.

Associated Cooperative Supply Agreement

Cherryland is committed under an agreement to purchase all of its power needs that Wolverine can provide through December 2050. Cherryland's total power purchases amounted to \$33,210,388 and \$33,492,712 in 2018 and 2017, respectively. Management anticipates that Wolverine will be able to satisfy Cherryland's power needs for the foreseeable future.

Litigation

Cherryland is periodically involved in litigation in the normal course of business and does not expect that the outcome of any ongoing litigation at December 31, 2018, will have a material impact on future operations.

Operating Leases

Cherryland leases trucks, heavy duty utility vehicles and office equipment under various long-term operating lease agreements. These leases were entered into between 2010 and 2018, and expire on various dates through May 1, 2026. The leases contain early buyout options where the purchase price is determined as a percentage of equipment cost.

Rental payments are charged to expense or to plant construction work in progress as they are paid. Total rental payments of \$424,749 and \$378,720 were made during 2018 and 2017, respectively.

Future minimum rental payments required under operating leases that have initial or remaining noncancelable terms in excess of one year for the five years succeeding December 31, 2018, and thereafter, are summarized as follows:

Year	Amount
2019	\$ 313,653
2020	213,003
2021	156,330
2022	77,958
2023	63,028
Thereafter	35,998
Total	<u>\$ 859,970</u>

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

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

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

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

	2018	2017
Service cost	\$ 48,394	\$ 47,252
Interest cost	71,781	78,570
Expected return on plan assets	(160,859)	(131,671)
Amortization of prior service cost	(87,541)	(87,541)
Recognition of net gain	16,887	32,310
Net periodic income	\$ (111,338)	\$ (61,080)

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

	2018	2017
Change in projected benefit obligation		
Benefit obligation at beginning of year	\$ 1,995,653	\$ 1,922,637
Service cost	48,394	47,252
Interest cost	71,781	78,570
Benefits paid	(138,277)	(149,425)
Actuarial loss	(164,299)	96,619
Projected benefit obligations at end of year	\$ 1,813,252	\$ 1,995,653
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 2,144,787	\$ 1,755,609
Actual return on plan assets	(90,136)	389,178
Employer contributions	-	149,425
Benefits paid	(138,277)	(149,425)
Fair value of plan assets at end of year	\$ 1,916,374	\$ 2,144,787
Recognized benefit asset	\$ 103,122	\$ 149,134

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Amounts recognized in accumulated other comprehensive loss, beginning	\$ (156,483)	\$ (262,140)
Net actuarial gains	16,887	32,310
Net prior service cost	(87,541)	(87,541)
Net current year (loss) income	(86,696)	160,888
Amounts recognized in accumulated other comprehensive loss, ending	<u>\$ (313,833)</u>	<u>\$ (156,483)</u>

The weighted-average discount rate was 3.75% and 4.25% at the beginning of 2018 and 2017, respectively. The expected long-term rate of return on assets was 7.50% for both 2018 and 2017.

The Cooperative assumes for measurement purposes a 9.00% annual rate of increase in the per capita cost of covered health care benefits for 2018. The rate was assumed to decrease by .50% per year to an ultimate rate of 5%, and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1 percentage point would increase the accumulated post-retirement obligation by \$83,262 and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost by \$11,667. Decreasing the assumed health care cost trend rates by 1 percentage point would decrease the accumulated post-retirement obligation by \$62,761 and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost for the year by \$8,359.

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

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Notes to Consolidated Financial Statements

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

The fair value of plan assets of \$1,916,374 and \$2,144,787 at December 31, 2018 and 2017, respectively, were held in mutual funds and considered Level 1. The shares held in the mutual funds are valued at quoted market prices based on the net asset value ("NAV") of shares held by the plan at year end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding.

Cherryland expects to contribute an amount equal to the expected benefit payment to its plan in 2019. Expected benefit payments for each of the five years succeeding December 31, 2018, and for the five years thereafter are estimated as follows:

Year	Amount
2019	\$ 164,513
2020	158,756
2021	139,664
2022	115,507
2023	110,853
2024-2028	587,789

The estimated net actuarial gain and prior service cost that will be amortized from accumulated other comprehensive loss into recognized net period pension cost in both 2018 and 2017 are approximately \$87,500.

9. SUBSEQUENT EVENT

In February 2019, the Cooperative entered into a four-year operating lease for a vehicle for a total cost of approximately \$113,000. Monthly rental payments of \$2,353 are due through the maturity date of April 1, 2023.

10. SUPPLEMENTAL CASH FLOWS INFORMATION

Non-Cash Investing and Financing Activities

During 2018, Cherryland converted a \$5 million line of credit with CFC, which was previously utilized for infrastructure purchases, to a long-term note payable, pursuant to the terms of the Loan Agreement with CFC. Interest is charged at a fixed rate of 4.85% with final maturity in August 2048.

During 2018, Cherryland converted a \$961,907 line of credit with CFC, which was previously utilized for infrastructure purchases, to a long-term note payable, pursuant to the terms of the Loan Agreement with CFC. Interest is charged at a fixed rate of 4.75% with final maturity in August 2045.

CHERRYLAND ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

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During 2017, Cherryland converted a \$1.25 million line of credit with CFC, which was previously utilized for infrastructure purchases, to a long-term note payable, pursuant to the terms of the Loan Agreement with CFC. Interest is charged at a fixed rate of 4.10% with final maturity in August 2045.

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

Other Cash Flows Information

Cash paid for interest amounted to \$2,719,207 and \$2,543,883 during 2018 and 2017, respectively.

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