

OVERTON POWER DISTRICT NO. 5

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014
AND
AUDITOR'S REPORT

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OVERTON POWER DISTRICT NO. 5

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Overton Power District No. 5
Overton, Nevada

We have audited the accompanying basic financial statements of Overton Power District No. 5 (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Emphasis of Matter Regarding Change in Accounting Principle

As described in Note 8 to the financial statements, in 2015 the District adopted new accounting guidance GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transitions for Contributions Made Subsequent to Measurement Date*. Our opinion is not modified with respect to this matter.

Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Overton Power District No. 5 as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hafen, Buckner, Everett & Graff, PC

Hafen, Buckner, Everett & Graff, PC

February 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Overton Power District No. 5's (the District) Basic Financial Statements presents management's discussion and analysis of the District's financial performance during the year ending December 31, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Independent Auditor's report.

Financial Highlights

- Net utility plant increased by \$13,798 during 2015 and decreased by \$499,295 during 2014.
- The District's net assets increased by \$2,119,897 during 2015 and increased \$1,973,368 during 2014.
- The District received contributions in aid of construction totaling \$537,743 during 2015 and \$424,280 during 2014.
- The District repaid \$2,004,826 of long term debt principal during 2015 and \$2,040,971 during 2014. \$16,805,034 was refinanced reducing the overall interest rate with a possible interest savings for the length of the loan of \$6,895,009.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These basic financial statements are comprised of two primary components:

1) financial statements, and 2) notes to the financial statements.

Financial Statements

The Statement of Net Assets presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenue, Expenses, and Changes in Net Assets presents information showing how the net assets of the District changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future periods.

The Statement of Cash Flows presents net cash flows for operating activities, investing activities, and capital and related financing activities. It also includes the net cash increase for the period, cash at the beginning of the period and the end of the period.

Notes to the Financial Statements

The notes provide additional information that is essential to fully understand the District's financial statements including significant accounting policies, commitments, obligations, risks, contingencies and other financial matters of the District.

Financial Analysis

Net Assets

As previously noted, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities by \$38.5m at the close of the fiscal year 2015. This represents an increase from the prior year figure of \$2.1m.

The largest assets of the District are the electrical plant in service (\$74.8m). The District uses these capital assets to provide electrical services to clients; consequently, these assets are not available for future spending. Although the District's investment in its capital assets reported net of related debt totals (\$74.8m), it should be noted that the resources needed to repay this debt must be provided from revenue sources, as the capital assets themselves cannot be used to liquidate these liabilities.

OVERTON POWER DISTRICT NO. 5's Net Assets (Condensed)

| | 12/31/2015 | 12/31/2014 | 12/31/2013 |
|--------------------------|--------------|--------------|--------------|
| Utility Plant | \$74,846,545 | \$74,832,747 | \$75,332,042 |
| Other Non-Current Assets | 6,713,742 | 4,723,436 | 4,525,008 |
| Current Assets | 13,108,651 | 11,926,781 | 11,780,216 |
| Total Assets | 94,668,938 | 91,482,963 | 91,637,267 |
| Current Liabilities | 7,321,169 | 5,702,503 | 5,660,584 |
| Non-Current Liabilities | 48,772,539 | 49,325,127 | 51,494,719 |
| Total Liabilities | 56,093,708 | 55,027,630 | 57,155,303 |
| Net Assets | \$38,575,229 | \$36,455,332 | \$34,481,964 |

OVERTON POWER DISTRICT NO. 5's Revenues, Expenses and Changes in Net Assets (Condensed)

| | 12/31/2015 | 12/31/2014 | 12/31/2013 |
|-----------------------------------|--------------|--------------|--------------|
| Total Operating Revenues | \$37,362,368 | \$36,366,208 | \$36,775,197 |
| Total Operating Expenses | 32,701,663 | 31,284,323 | 30,967,089 |
| Operating Income/(Loss) | 4,660,705 | 5,081,886 | 5,808,108 |
| Non-Operating Revenues/(Expenses) | (2,408,358) | (2,865,400) | (3,070,456) |
| Change in Net Assets | \$2,252,348 | \$2,216,486 | \$2,737,652 |

Utility Plant and Debt Administration and Pension

Net Utility Plant

The following table represents a summary of the District's net utility plant by type, and a comparison to prior year. Further details, by project, can be found in the footnotes to this financial statement.

| | 12/31/2015 | 12/31/2014 | Change 2015 less 2014 |
|--------------------------|--------------|--------------|--------------------------|
| Transmission Plant | \$22,372,367 | \$21,776,683 | \$595,684 |
| Distribution Plant | 69,325,427 | 68,135,193 | 1,190,234 |
| General Plant | 9,014,194 | 8,525,886 | 488,308 |
| Under Construction | 2,861,490 | 2,849,047 | (2,272,869) |
| Accumulated Depreciation | (28,726,932) | (26,454,063) | (2,272,869) |
| Total | \$74,846,546 | \$74,832,746 | \$13,800 |

Long Term Debt

The following table represents a summary of the District's long-term debt, by type, and a comparison to the prior year. Further details can be found in the footnotes to this financial statement:

| | 12/31/2015 | 12/31/2014 | Change 2015 less 2014 |
|-------------------------------|--------------|--------------|--------------------------|
| NRUCFC Loan Payable | \$34,126,683 | \$36,131,509 | \$(2,004,826) |
| Special Revenue Bonds Payable | 0 | 14,915,000 | (14,915,000) |
| NRUCFC Loan Payable 2015 | 16,805,035 | | 16,805,035 |
| Total | \$50,931,718 | \$51,046,509 | \$(114,791) |

Pension

The District adopted new accounting guidance, GASB Statement No. 68 *Accounting and Financial Report for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the District to recognize its proportionate share of the net pension liability, deferred outflows and deferred inflows of resources, and related expenses from the District's participation in the Public Employees' System of the State of Nevada (PERS). The effect of implementing these statements resulted in a restatement of beginning net position. The Deferred Inflows of Resources is \$1,651,867 and the Deferred Outflows of Resources are \$1,487,085 leaving a net Pension Cost of \$164,782.

Currently Known Facts, Decisions, and Conditions

A description of currently known facts, decisions, and conditions that are expected to have a significant effect on the future financial position or results of operations are as follows:

We are monitoring all financial data to ensure the District can meet all upcoming obligations and responsibilities.

Request for Information

This financial report is designed to provide interested parties with a general overview of the District's financial status. Questions concerning any of the reports and/or information contained in this financial audit, or requests for additional financial information, should be addressed to Terry Romero, Assistant General Manager/Manager of Finance and Administration, PO BOX 395 Overton, NV 89040.

OVERTON POWER DISTRICT NO. 5
Statements of Net Assets
December 31, 2015 and 2014

| | <u>Assets and Deferred Outflows of Resources</u> | |
|--|---|----------------------|
| | 2015 | 2014 |
| Utility Plant: | | |
| Electric plant in service | \$ 100,711,987 | \$ 98,437,761 |
| Under construction | 2,861,490 | 2,889,047 |
| Total | 103,573,477 | 101,326,809 |
| Less accumulated depreciation and amortization | (28,726,932) | (26,451,062) |
| Net Utility Plant | 74,846,545 | 74,875,747 |
| Other Non-Current Assets: | | |
| Restricted cash, cash equivalents, and investments | | |
| Revenue bond covenant accounts - Cash and cash equivalents | - | 1,511,400 |
| Revenue bond covenant accounts - Investments | - | 23,129 |
| Investments in associated organizations | 3,066,282 | 2,900,993 |
| Pension costs | 164,782 | 1,081,065 |
| Total Other Non-Current Assets | 3,231,064 | 5,516,587 |
| Current Assets: | | |
| Cash and cash equivalents | 8,514,896 | 7,584,540 |
| Temporary cash investments | | |
| Unrestricted | - | - |
| Accounts receivable - Principally customer (less allowance for doubtful accounts of \$3,423 in 2015 and \$1,034 in 2014) | 3,369,307 | 3,104,469 |
| Materials and supplies | 1,091,378 | 1,103,249 |
| Prepayments and other assets | 133,079 | 134,472 |
| Total Current Assets | 13,108,651 | 11,926,731 |
| Deferred Outflows of Resources: | | |
| Deferred charge on pensions | 1,487,085 | 570,802 |
| Deferred charges on refunding debt | 3,647,460 | 287,911 |
| Total deferred outflows of resources | 5,134,545 | 858,713 |
| Total Assets and Deferred Outflows of Resources | \$ 96,320,805 | \$ 93,134,810 |
| | <u>Liabilities, Net Assets, and Deferred Inflows of Resources</u> | |
| Current Liabilities: | | |
| Accounts payable | \$ 2,345,635 | \$ 2,512,257 |
| Customer deposits | 131,600 | 128,400 |
| Accrued expenses | 913,651 | 675,645 |
| Long-term debt due within one year | 2,414,777 | 2,143,632 |
| Deferred credits | 1,513,507 | 240,525 |
| Total Current Liabilities | 7,324,170 | 5,701,502 |
| Non-Current Liabilities: | | |
| Long-term portion of termination benefits payable | 230,979 | 197,927 |
| Long-term debt, less amount due within one year | 48,541,560 | 48,928,201 |
| Total Non-current Liabilities | 48,772,539 | 49,126,128 |
| Deferred Inflows of Resources: | | |
| Deferred charge on pensions | 1,651,867 | 1,651,867 |
| Total deferred inflows of resources | 1,651,867 | 1,651,867 |
| Net Assets: | | |
| Invested in utility plant, net of related debt | 74,821,925 | 59,892,421 |
| Restricted for | | |
| Debt service | - | 1,511,400 |
| Utility plant additions | - | 23,129 |
| Unrestricted | (36,246,698) | (24,971,629) |
| Total Net Assets | 38,575,229 | 36,455,321 |
| Total Liabilities, Net Assets and Deferred Inflows of Resources | \$ 96,320,805 | \$ 93,134,810 |

The accompanying notes are an integral part of the financial statements.

OVERTON POWER DISTRICT NO. 5
Statements of Revenues, Expenses, and Changes In Net Assets
December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| Operating Revenues | \$ 37,362,368 | \$ 36,366,208 |
| Operating Expenses: | | |
| Operation- | | |
| Power purchased | 25,117,157 | 23,851,659 |
| Distribution - Operation | 577,929 | 595,905 |
| Distribution - Maintenance | 1,375,209 | 1,423,778 |
| Transmission - Maintenance | 743,299 | 591,471 |
| Depreciation and amortization | 1,765,192 | 1,670,741 |
| General and administrative- | | |
| Customer accounts | 1,094,304 | 1,020,889 |
| Other | 2,028,573 | 2,129,880 |
| Total Operating Expenses | <u>32,701,663</u> | <u>31,284,323</u> |
| Operating Income / (Loss) | 4,660,705 | 5,081,886 |
| Non-Operating Revenues (Expenses): | | |
| Interest income | 26,486 | 24,416 |
| Interest expense | (2,525,184) | (2,996,829) |
| Gain/(loss) on sale of assets | (51,202) | (40,220) |
| Amortization | (70,129) | (72,137) |
| Patronage capital credits CFC | 211,672 | 219,370 |
| Total Non-Operating Revenues (Expenses) | <u>(2,408,358)</u> | <u>(2,865,400)</u> |
| Change in Net Assets | 2,252,348 | 2,216,486 |
| Total Net Assets - Beginning of Year | 36,455,331 | 34,481,963 |
| Contributions In Aid of Construction-net | <u>(132,450)</u> | <u>(243,117)</u> |
| Total Net Assets - End of Year | <u>\$ 38,575,229</u> | <u>\$ 36,455,331</u> |

The accompanying notes are an integral part of the
financial statements

OVERTON POWER DISTRICT NO. 5

Statements of Cash Flows

December 31, 2015 and 2014

| | 2015 | 2014 |
|---|----------------------|----------------------|
| Cash Flows From Operating Activities: | \$ 37,097,530 | \$ 36,680,501 |
| Cash paid to suppliers | (27,492,410) | (26,128,677) |
| Cash paid to employees | (3,527,395) | (3,434,610) |
| Cash Flows From Operating Activities | 6,077,725 | 7,117,214 |
| Cash Flows From Investing Activities: | | |
| Additions to utility plant | (1,778,990) | (1,171,442) |
| Proceeds from the sale of utility plant assets | (51,202) | (40,220) |
| Investment earnings | 26,486 | 24,416 |
| Patronage capital credits | 211,672 | 219,370 |
| Investment in related organization | (165,289) | (270,018) |
| Cash Flows From Investing Activities | (1,757,323) | (1,237,894) |
| Cash Flows From Financing Activities: | | |
| Proceeds from issuance of bonds | 16,805,035 | - |
| Repayment of principal on long-term debt | (20,350,209) | (2,042,027) |
| Interest paid | (2,525,184) | (2,996,829) |
| Contributions in aid of construction and customer advances | 1,140,532 | (370,103) |
| Customer deposits | 5,200 | (5,500) |
| Cash Flows From Financing Activities | (4,924,626) | (5,414,459) |
| Net Change in Cash and Cash Equivalents | (604,224) | 464,861 |
| Cash and Cash Equivalents including Restricted Cash, Beginning of Year | 9,119,120 | 8,654,259 |
| Cash and Cash Equivalents including Restricted Cash, End of Year | \$ 8,514,896 | \$ 9,119,120 |
| Reconciliation of Operating Income / (Loss) to Net Cash Flows from Operating Activities: | | |
| Operating income / (loss) | \$ 4,660,705 | \$ 5,081,886 |
| Adjustments to reconcile operating income / (loss) to cash flows from operating activities- | | |
| Depreciation and amortization | 1,765,192 | 1,670,741 |
| Changes in assets and liabilities- | | |
| (Increase)/decrease in accounts receivable | (264,838) | 314,293 |
| (Increase)/decrease in materials and supplies | 11,871 | 11,037 |
| (Increase)/decrease in prepayments and other assets | 1,402 | (7,580) |
| (Increase)/decrease in pension costs | 916,283 | (1,081,065) |
| (Increase)/decrease in deferred outflows | (916,283) | (570,802) |
| Increase/(decrease) in accounts payable | (167,622) | 246,083 |
| Increase/(decrease) in accrued expenses | 71,014 | (199,245) |
| Increase/(decrease) in deferred inflows | - | 1,651,867 |
| Cash Flows From Operating Activities | \$ 6,077,725 | \$ 7,117,214 |

Supplemental Schedule of Interest Paid and Non Cash Investing and Financing Activities:

Interest paid during the year amounted to \$2,525,184 in 2015, and \$2,996,829 in 2014.

The District disposed of equipment costing \$111,788 and \$285,174 less accumulated depreciation of \$60,586 and \$234,317, net of sales proceeds of \$-0- and \$10,637, resulting in a non-cash loss of \$51,202 and \$40,220 in 2015 and 2014 respectively.

The accompanying notes are an integral part of the financial statements.

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Nevada 4 Overton, Overton Power District No. 5 was organized in November of 1935 for the purpose of providing electric service to the rural areas of eastern Clark County, Nevada (the Muddy and Virgin River Valleys). The accounting records of the district conform to the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for Class A and B electric utilities borrowers of the Rural Utilities Service.

Regulation - The District's rates are determined by the Board of Directors, subject to certain restrictions. The District's accounting practices and policies are generally consistent with regulatory authorities and the accounting records are maintained in accordance with the Uniform System of Accounts prescribed by regulatory authorities.

Basis of Accounting and Presentation - The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accounting records are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC).

GASB Statement No. 20 requires that the District apply all GASB pronouncements as well as the pronouncements issued on or before November 30, 1989, by the Financial Accounting Standards Board (FASB) and its predecessor organizations, unless those pronouncements conflict with or contradict GASB pronouncements. As provided for in GASB Statement No. 20, the District has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

Application of Accounting Standards - Recognizing that the District is a governmental entity organized under Nevada Revised Statute 318, during 2007 the District adopted the accounting and financial reporting policies of the Governmental Accounting Standards Board which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

As prescribed by GASB 34, management's discussion and analysis is included as required supplementary information.

Utility Plant and Depreciation - Utility plant in service and under construction is stated at original cost. Cost includes labor, materials, and related indirect costs such as engineering, supervision, transportation, etc. The cost of units of property replaced or renewed, plus removal cost, less salvage, is charged to accumulated depreciation. Maintenance and repairs of utility property are charged to operation expenses. The District provides for depreciation on the straight-line basis for all property over the estimated useful lives of the related assets as follows:

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

| | <u>Annual Percentage Range</u> |
|--------------------------|--|
| Transmission Plant | 2.75 |
| Distribution Plant | 1.8 - 3.8 |
| General Plant: | |
| Buildings | 2 |
| Transportation | 15 |
| Communication | 5 |
| Power Operated Equipment | 11 |
| Other Equipment | 4 |

Revenues - The principal operating revenues of the District are charges to customers for the sale of electricity. Revenues are recognized as customers are billed. The District accrues revenues for energy delivered from the billing date to the end of the accounting period.

Materials and Supplies - Materials and supplies are stated generally at average cost which is not in excess of market.

Taxes on Income - The District is a State entity authorized by Nevada Revised Statute 318 and is not required to pay Federal income taxes.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand, cash in banks and cash temporarily invested in certificates of deposit, money market accounts, open-end mutual funds and cash restricted for debt service and construction.

Deposits and Investments - It is the policy of the District to invest their funds not immediately needed for operating or other purposes in a manner that will provide the greatest investment return consistent with maintaining maximum security. All investments will conform to the provisions of the Nevada Revised Statutes (NRS) and any direction by the governing board.

Pursuant to NRS and the District's investment policy the District may only invest in the following types of securities:

- U.S. Treasuries
- U.S. Agencies
- Money Market Mutual Funds
- Negotiable and Non-Negotiable Certificates of Deposit
- Repurchase Agreements

The following securities although authorized by State Statute shall not be part of the investment program of the District:

- Commercial Paper
- Bankers Acceptances

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

- Corporate Notes or Bonds
- Collateralized Mortgage Obligations
- Asset Backed Securities

Contributions in Aid of Construction - Contributions in aid of construction are charges to fund construction of the utility plant necessary to extend service to new customers. The payments are initially recorded as liabilities (customer advances for construction), then are reclassified to contributed capital when construction is completed. See note 8.

Estimates - Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Deposits

Deposits and investments of the District are governed by the Nevada Revised Statutes (NRS) except as described in Note 1. The following are discussions of the District's exposure to various risks related to its cash management activities.

Custodial Credit Risk

For deposits, this is the risk that in the event of a bank failure, the District's deposit may not be returned to it. The District does not have a formal policy for custodial credit risk. All of the District's deposits are covered by FDIC insurance or are collateralized.

Investments

The provisions of State law (NRS 355.170) govern the investment of public funds.

Temporary and restricted investments for the District consist of bond proceeds to be used for plant expansions, funds which are held in reserve in compliance with bond requirements, short term government securities, commercial paper and open-end mutual funds. All temporary and restricted investments are held in trust for the District and mutual funds are secured by U.S. Government securities or municipal bonds within the State of Nevada. The portion of temporary and restricted investments consisting of bond proceeds is restricted for plant expansion. Also the portion of temporary and restricted investments set aside for retirement of outstanding bonds and plant expansion is classified as restricted. All temporary and restricted investments are reported at fair value.

As of December 31, 2015 and 2014 the District had the following investments and maturities:

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

| 2015- | | Investment Maturities (in Years) | | | |
|----------------------------|------------|----------------------------------|------|------|--------------|
| Investment Type | Fair Value | Less than 1 | 1-5 | 6-10 | More than 10 |
| U.S. Government Securities | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Fair Value | \$ - | \$ - | \$ - | \$ - | \$ - |

| 2014- | | Investment Maturities (in Years) | | | |
|----------------------------|------------|----------------------------------|------|------|--------------|
| Investment Type | Fair Value | Less than 1 | 1-5 | 6-10 | More than 10 |
| U.S. Government Securities | \$ 23,129 | \$ 23,129 | \$ - | \$ - | \$ - |
| Total Fair Value | \$ 23,129 | \$ 23,129 | \$ - | \$ - | \$ - |

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (NRS 355.170).

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the provisions of State law (NRS 355.170).

As of December 31, 2015 and 2014 the District had the following investments and quality ratings:

| 2015- | | Quality Ratings | | | |
|----------------------------|------------|-----------------|------|------|---------|
| Investment Type | Fair Value | AAA | AA | A | Unrated |
| U.S. Government Securities | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Fair Value | \$ - | \$ - | \$ - | \$ - | \$ - |

| 2014- | | Quality Ratings | | | |
|----------------------------|------------|-----------------|------|------|---------|
| Investment Type | Fair Value | AAA | AA | A | Unrated |
| U.S. Government Securities | \$ 23,129 | \$ 23,129 | \$ - | \$ - | \$ - |
| Total Fair Value | \$ 23,129 | \$ 23,129 | \$ - | \$ - | \$ - |

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

3. UTILITY PLANT

During the years ended December 31, 2015 and 2014, the following changes occurred in the District's utility plant as follows:

| | Balance at 12/31/2014 | Additions | Deletions | Balance at 12/31/2015 |
|--------------------------|--------------------------|--------------|----------------|--------------------------|
| Transmission Plant | \$ 21,776,683 | \$ 601,953 | \$ (6,269) | \$ 22,372,367 |
| Distribution Plant | 68,135,193 | 1,437,851 | (247,617) | 69,325,427 |
| General Plant | 8,525,886 | 513,292 | (24,984) | 9,014,194 |
| Under construction | 2,849,047 | 1,475,935 | (1,463,492) | 2,861,490 |
| Subtotal | 101,286,809 | 4,029,031 | (1,742,362) | 103,573,478 |
| Accumulated depreciation | (26,454,062) | (2,522,132) | 249,262 | (28,726,932) |
| Net Utility Plant Assets | \$ 74,832,747 | \$ 1,506,899 | \$ (1,493,100) | \$ 74,846,546 |

| | Balance at 12/31/2013 | Additions | Deletions | Balance at 12/31/2014 |
|--------------------------|--------------------------|--------------|----------------|--------------------------|
| Transmission Plant | \$ 21,725,478 | \$ 56,290 | \$ (5,085) | \$ 21,776,683 |
| Distribution Plant | 64,472,421 | 3,970,311 | (307,539) | 68,135,193 |
| General Plant | 8,583,291 | 155,389 | (212,794) | 8,525,886 |
| Under construction | 5,105,367 | 1,361,046 | (3,617,566) | 2,849,047 |
| Subtotal | 99,886,757 | 5,543,036 | (4,142,984) | 101,286,809 |
| Accumulated depreciation | (24,554,715) | (2,787,639) | 888,292 | (26,454,062) |
| Net Utility Plant Assets | \$ 75,332,042 | \$ 2,755,397 | \$ (3,254,692) | \$ 74,832,747 |

4. INVESTMENTS IN ASSOCIATED ORGANIZATIONS

To join NRUCFC and establish eligibility to borrow, the District has executed an irrevocable agreement to subscribe for subscription certificates and loan certificates. The subscription certificates mature in 2085 and bear interest at 3% for the first fifteen years, 4% for the next seven years and 5% thereafter. The loan certificates mature and will be returned when the loans are paid off.

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

Investments in associated organizations consists of the following:

| | 2015 | 2014 |
|------------------------------------|---------------------|--------------------|
| NRUCFC Membership | \$ 1,000 | \$ 1,000 |
| NRUCFC Subscription Certificates | 143,600 | 143,600 |
| NRUCFC Loan Certificates | 1,180,000 | 1,180,000 |
| CFC Patronage Capital Certificates | 1,096,902 | 1,018,438 |
| CFC Patronage Capital Securities | 400,000 | 350,000 |
| SEDC Patronage Capital | 105,710 | 92,466 |
| FREIF Patronage Capital | 136,889 | 115,488 |
| Western Unit Patronage Capital | 2,181 | - |
| | <u>\$ 3,066,282</u> | <u>\$2,900,992</u> |

5. CONTRIBUTED CAPITAL

Contributed capital consists of contributions-in-aid to construction from customers. Contributed capital is amortized over the same estimated useful lives of the utility plant constructed with the contributed capital. Depreciation expense is reduced by the amount of contributed capital. The amount of contributed capital amortized during 2015 and 2014 was \$665,358 and \$635,015.

Utility plant in service constructed by the use of contributed capital and related accumulated amortization are summarized as follows:

| | As of 12/31/2015 | As of 12/31/2014 |
|--------------------------|----------------------|----------------------|
| Contributed Amount | \$ 26,302,100 | \$ 25,769,191 |
| Accumulated Amortization | (8,178,062) | (7,512,704) |
| Net | <u>\$ 18,124,038</u> | <u>\$ 18,256,487</u> |

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT

During the years ended December 31, 2015 and 2014, the following changes occurred in the District's long term debt:

| | Balance 12/31/2014 | Additions | Retirements | Balance 12/31/2015 | Current Portion |
|---|-----------------------|----------------------|------------------------|-----------------------|---------------------|
| NRUCFC Loans Payable | \$ 36,131,511 | \$ 16,805,035 | \$ (2,004,828) | \$ 50,931,718 | \$ 2,414,777 |
| Series 2008 Special Revenue Bonds Payable | 14,915,000 | - | (14,915,000) | - | - |
| Bond Premiums | 25,322 | - | (703) | 24,619 | - |
| Voluntary Termination Benefits | 423,191 | - | (163,135) | 260,056 | 29,077 |
| Total Long-Term Debt | <u>\$ 51,495,024</u> | <u>\$ 16,805,035</u> | <u>\$ (17,083,666)</u> | <u>\$ 51,216,393</u> | <u>\$ 2,443,854</u> |

| | Balance 12/31/2013 | Additions | Retirements | Balance 12/31/2014 | Current Portion |
|---|-----------------------|-----------------|-----------------------|-----------------------|---------------------|
| NRUCFC Loans Payable | \$ 37,942,481 | \$ - | \$ (1,810,972) | \$ 36,131,511 | \$ 1,898,632 |
| Series 2008 Special Revenue Bonds Payable | 15,145,000 | - | (230,000) | 14,915,000 | 245,000 |
| Bond Premiums | 26,378 | - | (1,056) | 25,322 | - |
| Voluntary Termination Benefits | 447,095 | 2,497 | (26,401) | 423,191 | 26,401 |
| Total Long-Term Debt | <u>\$ 53,560,956</u> | <u>\$ 2,497</u> | <u>\$ (2,068,429)</u> | <u>\$ 51,495,024</u> | <u>\$ 2,170,033</u> |

The current portion of voluntary benefits payable is included in accrued expenses on the statement of net assets.

Long-term debt consists of the following:

On December 29, 2003, the District borrowed \$59,000,000, from National Rural Utilities Cooperative Finance Corporation (NRUCFC) in the form of nine separate notes ranging from \$5,000,000 to \$7,000,000. The notes are payable quarterly with interest ranging from 3.25% to 5.95%. The notes were originally scheduled to mature on September 30, 2020. During 2009 the maturity dates of the notes were extended to 2028. Under the terms of the NRUCFC notes, all assets of the District are pledged as security. Proceeds from these notes were used to retire outstanding Special Obligation Bonds and a legal settlement.

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

| | 2015 | 2014 |
|--|---------------|---------------|
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.95%, | \$ 3,008,998 | \$ 3,162,606 |
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.95%, | 3,008,998 | 3,162,606 |
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.95%, | 4,235,371 | 4,451,585 |
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.23%, | 4,110,477 | 4,315,917 |
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.33%, | 4,100,501 | 4,303,893 |
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.25%, | 3,960,257 | 4,207,149 |
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.45%, | 3,841,485 | 4,077,736 |
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.80%, | 3,913,318 | 4,152,023 |
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.90%, | 4,049,197 | 4,297,994 |
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.60%, | 16,648,450 | - |
| Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.60%, | 54,666 | - |
| Special Obligation Revenue Bonds, Series 2008, due in annual principal and interest installments bearing interest at a rate ranging from 4.50% to 8.00%, maturing December 1, 2038 | - | 14,915,000 |
| Bond premiums on 2008 Special Obligation | 24,619 | 25,323 |
| Total long term debt | 50,956,337 | 51,071,832 |
| Less amounts due within one year | (2,414,777) | (2,143,632) |
| Long term debt, net of current portion | \$ 48,541,561 | \$ 48,928,201 |

The District obtained a perpetual line of credit from NRUCFC in the amount of \$5,000,000. The line of credit currently bears interest at the prime rate plus 1% and renews each year for another twelve months unless either party terminates the agreement by providing written notice. The outstanding balance at December 31, 2014 and 2013 was \$-0- and \$-0- respectively.

VERTON POWER DISTRICT NO. 5

OTES TO FINANCIAL STATEMENTS

To join NRUCFC and establish eligibility to borrow, the District has executed an irrevocable agreement to subscribe for subscription certificates and loan certificates. See Note 4.

Maturities of long term debt are as follows:

| Year Ended | 2015 | | Year Ended | 2014 | |
|---------------|---------------|---------------|---------------|---------------|---------------|
| | Principal | Interest | | Principal | Interest |
| 2016 | \$ 2,414,777 | \$ 2,389,719 | 2015 | \$ 2,143,632 | \$ 2,898,451 |
| 2017 | 2,530,892 | 2,273,603 | 2016 | 2,245,874 | 2,792,121 |
| 2018 | 2,652,982 | 2,151,513 | 2017 | 2,357,951 | 2,679,744 |
| 2019 | 2,781,371 | 2,023,124 | 2018 | 2,480,133 | 2,560,687 |
| 2020 | 2,916,404 | 1,888,092 | 2019 | 2,607,705 | 2,434,265 |
| 2021-2025 | 16,866,650 | 7,155,827 | 2020-2024 | 15,237,910 | 9,966,603 |
| 2026-2030 | 12,903,391 | 2,970,570 | 2025-2029 | 15,173,304 | 5,494,801 |
| 2031-2035 | 4,574,286 | 1,329,249 | 2030-2034 | 4,135,000 | 2,909,600 |
| Thereafter | 3,290,964 | 251,155 | Thereafter | 4,665,000 | 968,800 |
| Totals | \$ 50,931,717 | \$ 22,432,852 | | \$ 51,046,509 | \$ 32,705,072 |

Based on the borrowing rates currently available to the District for loans with similar term and average maturities, the fair value of long term debt is approximately \$50,931,717 and \$51,046,509 at December 31, 2015 and 2014 respectively.

During 2015, the District borrowed \$16,750,035 from NRUCFC. The proceeds plus additional cash in the amount of \$1,539,641 were deposited to an irrevocable escrow account with a third party trustee to effect an in substance defeasance of \$14,915,000 in existing Special Obligation Revenue Bonds. Debt service requirements for the old debt totals \$33,115,199; debt service for the new debt will be \$27,597,577, resulting in a cash flow savings of \$5,5517,622 less additional cash deposited by the District of \$1,413,472 of a net cash flow savings of \$4,104,150 and a net present value savings of \$1,757,558. Both the old and new debt are scheduled to mature in 2038.

7. DEFERRED CREDITS

Deferred credits consist of customer advances for construction which will be transferred to contributed capital when the construction is completed.

8. PENSION PLAN

Plan Description. The District contributes to the Public Employees Retirement System of the State of Nevada (PERS) which is a multiple-employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to public employees of the State of Nevada and participating entities. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

provisions may only be amended through legislation. The System issues a publicly available financial report. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599.

Benefits Provided. Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 2010. Benefit payments to which participants of their beneficiaries may be entitled under the plan included pension benefits, disability benefits, and survivor benefits. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575-.579.

Regular members are eligible for retirement at age 65 with five years of service, at 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or any age with thirty years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Funding Policy. Benefits for plan members are funded under the employer pay method. Under the employer pay contribution plan, the District is required to contribute all amounts due under the plan. PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. The contribution requirements of the Plan members and the District are established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The payroll for employees covered by PERS for the years ended December 31, 2015 and 2014 were \$3,441,845 and \$3,491,068 respectively. The District's total payroll for the years ended December 31, 2015 and 2014 were \$3,527,395 and \$3,598,966 respectively.

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

The District's contribution rates and amounts contributed for the last three years are as follows:

| Year | Contribution Rate Regular Members | Total Contributions |
|------|--------------------------------------|------------------------|
| 2015 | 25.75% - 28% | \$ 916,283 |
| 2014 | 25.75% | \$ 898,947 |
| 2013 | 23.75% - 25.75% | \$ 930,927 |

The actuarial funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2015, the District reported a liability of \$6,405,156, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net position liability was determined by an actuarial valuation as of that date. The District's allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014. At June 30, 2014, the District's proportion was 0.06146 percent.

For the year ended December 31, 2015, the District recognized pension expense of \$916,283. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual results | \$ - | \$ 306,522 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,345,345 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 57,614 | - |
| District contributions subsequent to measurement date | 1,429,471 | - |
| Total | <u>\$ 1,487,085</u> | <u>\$ 1,651,867</u> |

\$1,429,471, was reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

| Year ended December 31: | | |
|----------------------------|----|------------------|
| 2016 | \$ | 376,506 |
| 2017 | | 376,506 |
| 2018 | | 376,506 |
| 2019 | | 376,506 |
| 2020 | | 51,900 |
| 2021 | | 36,330 |
| | \$ | <u>1,594,254</u> |

Actuarial Assumptions. The System's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|--|
| Inflation rate | 3.50% |
| Payroll growth | 5.00%, including inflation |
| Investment rate of return | 8.00% |
| Productivity pay increase | 0.75% |
| | Regular: 4.6% to 9.75%, depending on service |
| | Police/Fire: 5.25% to 14.5%, depending on service |
| Projected salary increases | Rates include inflation and productivity increases |
| Consumer price index | 3.50% |

Mortality rates were based on the RP-2000 Combined Healthy Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience review completed in 2013. The System's policies which determine the investment portfolio target asset allocation are established by the Public Employees' Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs to the System.

The following is the Board adopted policy target asset allocation as of June 30, 2015:

| Asset Class | Target Allocation | Long-Term Geometric Expected Real Rate of Return* |
|-----------------------|----------------------|--|
| Domestic Equity | 42% | 5.50% |
| International Equity | 18% | 5.75% |
| Domestic Fixed Income | 30% | 0.25% |
| Private Markets | 10% | 0.68% |

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

*As of June 30, 2014, PERS' long-term inflation assumption was 3.5%.

Discount Rate. The discount rate used to measure the total pension liability was 8% as of June 30, 2014. The projections of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

Sensitivity of the District's proportionate share of the net pension liability to change in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent higher or lower than the current rate.

| | 1.0% Decrease (7.0%) | Discount Rate (8%) | 1.0% Increase (9.0%) |
|---|-------------------------|-----------------------|-------------------------|
| District's proportionate share of the net pension liability | \$ 9,961,017 | \$ 6,405,156 | \$ 3,449,682 |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Pension Contributions Payable. The District's accrued contributions payable at December 31, 2015 and 2014 were \$74,835 and \$67,324.

9. COMPENSATED ABSENCES

Included in accrued expenses is \$578,725 and \$530,880 which represents accrued but unpaid vacation and sick pay as of December 31, 2015 and 2014.

10. VOLUNTARY TERMINATION BENEFITS

In 2008 the State of Nevada offered an early retirement incentive to employees who would retire prior to August 31, 2008. The incentive provided health insurance benefits with coverage limited to the retired employee and their spouse (if applicable). The District as a political subdivision of the State of Nevada was obligated to offer the benefits to its qualifying employees. As of August 31, 2008 seven District employees opted to retire and receive the benefit.

In accordance with Statement No. 47 issued by the Governmental Accounting Standards Board, an employer should recognize a liability and expense for the voluntary termination benefits when the employees accept the offer and the amounts can be estimated. Measurement of the liability

OVERTON POWER DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

should be updated with any incremental liability and expense (positive or negative) to be recognized, as of the end of each subsequent reporting period.

The estimated liability for the benefits as of December 31, 2015 and 2014 are as follows:

| | |
|---|-------------------|
| Termination benefits payable as of 12/31/14 | \$ 423,191 |
| Incremental adjustment for 2015 | (163,135) |
| Termination benefits payable as of 12/31/15 | <u>\$ 260,056</u> |

II. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February 22, 2016, the date that the financial statements were available to be issued.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Overton Power District No. 5
Overton, NV

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements which collectively comprise the basic financial statements of Overton Power District No. 5 (the District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise The District's basic financial statements, and have issued our report thereon dated February 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hafen, Buckner, Everett, & Graff, PC

Hafen, Buckner, Everett, & Graff, PC

February 22, 2016

| | | |
|--|-----------------------------|------------------|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power II |
| | BORROWER DESIGNATION | NV004 |
| | ENDING DATE | 12/31/2017 |

PART C. BALANCE SHEET

| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | |
|---|-------------|---|-------------|
| 1. Total Utility Plant in Service | 107,566,044 | 29. Memberships | 0 |
| 2. Construction Work in Progress | 2,064,377 | 30. Patronage Capital | 0 |
| 3. Total Utility Plant (1+2) | 109,630,421 | 31. Operating Margins - Prior Years | 25,335,611 |
| 4. Accum. Provision for Depreciation and Amort | 32,904,080 | 32. Operating Margins - Current Year | 7,824,672 |
| 5. Net Utility Plant (3-4) | 76,726,341 | 33. Non-Operating Margins | 23,298 |
| 6. Nonutility Property - Net | 0 | 34. Other Margins & Equities | 17,674,208 |
| 7. Investment in Subsidiary Companies | 0 | 35. Total Margins & Equities (29 thru 34) | 50,859,789 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 2,929,427 | 36. Long-Term Debt CFC (Net) | 0 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | 37. Long-Term Debt - Other (Net) | 45,988,502 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 0 | 38. Total Long-Term Debt (36 + 37) | 45,988,502 |
| 11. Investments in Economic Development Projects | 0 | 39. Obligations Under Capital Leases - Non current | 0 |
| 12. Other Investments | 0 | 40. Accumulated Operating Provisions - Asset Retirement Obligations | 0 |
| 13. Special Funds | 0 | 41. Total Other Noncurrent Liabilities (39+40) | 0 |
| 14. Total Other Property & Investments (6 thru 13) | 2,929,427 | 42. Notes Payable | 0 |
| 15. Cash - General Funds | 11,188,645 | 43. Accounts Payable | 1,646,065 |
| 16. Cash - Construction Funds - Trustee | 0 | 44. Consumers Deposits | 123,750 |
| 17. Special Deposits | 0 | 45. Current Maturities Long-Term Debt | 0 |
| 18. Temporary Investments | 2,465,728 | 46. Current Maturities Long-Term Debt-Economic Dev. | 0 |
| 19. Notes Receivable - Net | 0 | 47. Current Maturities Capital Leases | 0 |
| 20. Accounts Receivable - Net Sales of Energy | 3,194,062 | 48. Other Current & Accrued Liabilities | 1,188,269 |
| 21. Accounts Receivable - Net Other | 34,676 | 49. Total Current & Accrued Liabilities (42 thru 48) | 2,958,084 |
| 22. Renewable Energy Credits | 0 | 50. Deferred Credits | 1,167,451 |
| 23. Materials & Supplies - Electric and Other | 1,294,843 | 51. Total Liabilities & Other Credits (35+38+41+49+50) | 101,173,827 |
| 24. Prepayments | 147,597 | ESTIMATED CONTRIBUTION IN AID OF CONSTRUCTION | |
| 25. Other Current & Accrued Assets | 0 | Balance Beginning of Year | 0 |
| 26. Total Current & Accrued Assets (15 thru 25) | 18,328,851 | Amounts Received This Year (Net) | 0 |
| 27. Deferred Debits | 3,192,508 | | |
| 28. Total Assets & Other Debits (5+14+26+27) | 101,173,827 | TOTAL Contributions-In-Aid-Of-Construction | 0 |

PART D. THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

| | | | |
|---|--|----------------------|-------------------|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION | | BORROWER NAME | Overton Power Co. |
| FINANCIAL AND STATISTICAL REPORT | | BORROWER DESIGNATION | NY004 |
| | | ENDING DATE | 12/31/2017 |

| PLANT ITEM | BALANCE BEGINNING OF YEAR (a) | ADDITIONS (b) | RETIREMENTS (c) | ADJUSTMENTS AND TRANSFER (d) | BALANCE END OF YEAR (e) |
|---|----------------------------------|------------------|--------------------|------------------------------------|----------------------------|
| 1 Distribution Plant Subtotal | 70,000,666 | 3,511,236 | 442,077 | 0 | 73,069,825 |
| 2 General Plant Subtotal | 3,633,317 | 460,258 | 188,803 | 0 | 4,104,772 |
| 3 Miscellaneous Plant | 3,496,144 | 13,877 | 1,224 | 0 | 5,984,787 |
| 4 Intangibles | 0 | 0 | 0 | 0 | 0 |
| 5 Transmission Plant Subtotal | 24,201,471 | 240,922 | 33,023 | 0 | 24,779,370 |
| 6 Regional Transmission and Market Operations 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: (Lines 1-11) | 103,644,567 | 4,584,297 | 665,120 | 0 | 107,563,744 |
| 13 Construction Work in Progress | 3,471,174 | 380,203 | 0 | 0 | 2,864,977 |
| 14 TOTAL UTILITY PLANT (12+13) | 107,115,741 | 4,964,500 | 665,120 | 0 | 109,428,721 |

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

| ITEM | Avg. Minutes per Consumer by Cause | | Avg. Minutes per Consumer by Cause Planned (b) | Avg. Minutes per Consumer by Cause All Other (b) | TOTAL (b) |
|---------------------|------------------------------------|------------------|---|---|-----------|
| | Power Supply (a) | Hours Excess (b) | | | |
| 1 Present Year | 0.00 | 6.50 | 1.44 | 21.90 | 29.34 |
| 2 Five-Year Average | 0.00 | 194.78 | 3.23 | 16.83 | 215.87 |

| ITEM | THIS YEAR | | CUMULATIVE | |
|---|-----------|--------|------------|------|
| | (a) | (b) | (c) | (d) |
| 1 General Retirement | 0 | 0 | 0 | 4.6% |
| 2 Special Retirement | 0 | 0 | 0 | 1.7% |
| 3 Total Retirement (1+2) | 0 | 0 | 0 | |
| 4 Cash Received from Retirement of Percentage Capital by Suppliers of Electric Power | 0 | 0 | 0 | |
| 5 Cash Received from Retirement of Percentage Capital by Lenders for Credit Extended in the Electric System | 98,400 | 98,400 | 98,400 | |
| 6 Total Cash Received (4+5) | 98,400 | 98,400 | 98,400 | |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | | | | | | | | | Borrower Name | | Division Power ID | |
|---|---|---|-------------------------------|-------------------------|-------------------|---|--------------------------------|---|------------------|----------------------|--|-------------------|--|
| | | | | | | | | | | Borrower Designation | | N0004 | |
| | | | | | | | | | | Ending Date | | 12/31/2017 | |
| PART I. RWH PURCHASED AND TOTAL COST | | | | | | | | | | | | | |
| NAME OF SUPPLIER (a) | CFC USE ONLY SUPPLIER CODE (b) | RENEWABLE ENERGY PROGRAM NAME (c) | RENEWABLE FUEL TYPE (d) | RWH PURCHASED (e) | TOTAL COST (f) | AVERAGE COST PER KWH (cents) (g) | INCLUDED IN TOTAL COST | | | COMMENTS (h) | | | |
| | | | | | | | FUEL COST ADJUSTMENT (i) | WHEELING & OTHER CHARGES (or Credits) (j) | | | | | |
| 1 Morgan Stanley | | | 0 None | 702,987,000 | 15,478,378 | 2.06 | 0 | 0 | 0 | Comments | | | |
| 2 Colorado River Commission | | | 0 None | 86,342,800 | 2,349,844 | 2.73 | 0 | 0 | 0 | Comments | | | |
| 3 NV Energy | | | 0 None | 5,063,128 | 1,811,428 | 35.72 | 0 | 0 | 1,558,270 | Comments | | | |
| 4 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 5 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 6 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 7 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 8 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 9 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 10 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 11 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 12 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 13 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 14 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 15 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 16 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 17 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 18 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 19 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| 20 | | | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | | | |
| TOTALS | | | | 295,344,818 | 19,649,746 | 4.37 | 0 | 0 | 1,558,270 | | | | |

| | | |
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| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power D |
| | BORROWER DESIGNATION | NV004 |
| | ENDING DATE | 12/31/2017 |

PART 1. KWH PURCHASED AND TOTAL COST (Continued)

| COMMENTS | |
|----------|--|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |
| 11 | |
| 12 | |
| 13 | |
| 14 | |
| 15 | |
| 16 | |
| 17 | |
| 18 | |
| 19 | |
| 20 | |

| | | |
|--|-----------------------------|-----------------|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power D |
| | BORROWER DESIGNATION | NV004 |
| | ENDING DATE | 12/31/2017 |

PART AL. 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 | | | \$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 | 43,988,502 | 2,062,287 | 2,089,272 | 4,151,560 | |
| 2 | NCSC | 0 | 0 | 0 | 0 | |
| 3 | Farmer Mac | 0 | 0 | 0 | 0 | |
| 4 | | 0 | 0 | 0 | 0 | |
| 5 | | 0 | 0 | 0 | 0 | |
| 6 | | 0 | 0 | 0 | 0 | |
| 7 | | 0 | 0 | 0 | 0 | |
| 8 | | 0 | 0 | 0 | 0 | |
| 9 | | 0 | 0 | 0 | 0 | |
| 10 | Principal Payments Received from Ultimate Recipients of BRP Loans | | | 0 | | |
| 11 | Principal Payments Received from Ultimate Recipients of REDL Loans | | | 0 | | |
| 12 | TOTAL (Sum of 1 thru 9) | 43,988,502 | 2,062,287 | 2,089,272 | 4,151,560 | |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | BORROWER NAME Civenton Power D | | | |
|---|--------------------------------------|-----------------------------------|------------------------------|-----------------------------|---------------------------------------|
| | | BORROWER DESIGNATION NV004 | | | |
| | | ENDING DATE 12/31/2017 | | | |
| PART B. 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 | 12,624 | 12,950 | 12,787 | |
| | b. KWH Sold | | | | 174,038,051 |
| | c. Revenue | | | | 18,793,753 |
| 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 | 43 | 41 | 42 | |
| | b. KWH Sold | | | | 898,933 |
| | c. Revenue | | | | 101,319 |
| 4. Comm and Ind 1000 KVA or Less | a. No. Consumers Served | 2,043 | 2,059 | 2,051 | |
| | b. KWH Sold | | | | 77,484,039 |
| | c. Revenue | | | | 7,784,967 |
| 5. Comm and Ind Over 1000 KVA | a. No. Consumers Served | 29 | 13 | 21 | |
| | b. KWH Sold | | | | 81,542,115 |
| | c. Revenue | | | | 6,891,786 |
| 6. Public Street & Highway Lighting | a. No. Consumers Served | 238 | 241 | 240 | |
| | b. KWH Sold | | | | 3,437,938 |
| | c. Revenue | | | | 359,026 |
| 7. Other Sales to Public Authority | a. No. Consumers Served | 239 | 238 | 239 | |
| | b. KWH Sold | | | | 31,970,989 |
| | c. Revenue | | | | 3,904,171 |
| 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) | | 18,215 | 18,542 | 18,339 | |
| 11. TOTAL KWH Sold (lines 1b thru 9b) | | | | | 369,392,087 |
| 12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c) | | | | | 36,834,974 |
| 13. Transmission Revenue | | | | | 0 |
| 14. Other Electric Revenue | | | | | 1,103,611 |
| 15. KWH - Own Use | | | | | 655,380 |
| 16. TOTAL KWH Purchased | | | | | 393,394,818 |
| 17. TOTAL KWH Generated | | | | | 0 |
| 18. Cost of Purchases and Generation | | | | | 19,859,718 |
| 19. Interchange - KWH - Net | | | | | 0 |
| 20. Peak - Sum All EW Input (Metered) | | | | | 98,124 |
| <input type="radio"/> None <input checked="" type="radio"/> Non-coincident <input type="radio"/> coincident | | | | | |

| | | |
|--|-----------------------------|-----------------|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power D |
| | BORROWER DESIGNATION | NV0001 |
| | ENDING DATE | 12/31/2017 |

PART K. 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) | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | Residential Sales - Seasonal | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Irrigation Sales | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Comm. and Ind. 1000 KVA or Less | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Comm. and Ind. Over 1000 KVA | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | Public Street and Highway Lighting | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | Other Sales to Public Authorities | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Sales for Rentals - RUS Borrowers | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Sales for Rentals - Other | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | BORROWER NAME BORROWER DESIGNATION ENDING DATE | | Overton Power D NV004 12/31/2017 | |
|---|-------------------------------|--|----------------------|--|----------|
| (All investments refer to your most recent CFC Loan Agreement) | | | | | |
| 7. PART I. INVESTMENTS | | | | | |
| DESCRIPTION (a) | | INCLUDED (\$) (b) | EXCLUDED (\$) (c) | INCOME OR LOSS (d) | |
| 8. INVESTMENTS IN ASSOCIATED ORGANIZATIONS | | | | | |
| 5 | CFC | | 2,615,756 | | |
| 6 | Federated | 178,403 | | | |
| 7 | SEFC | 117,164 | | | |
| 8 | Western United, Co-Bank, CRC | 18,103 | | | |
| Subtotal (Line 5 thru 8) | | 313,671 | 2,615,756 | | 0 |
| 9. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| Subtotal (Line 9 thru 12) | | 0 | 0 | | 0 |
| 10. OTHER INVESTMENTS | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| Subtotal (Line 13 thru 16) | | 0 | 0 | | 0 |
| 11. SPECIAL FUNDS | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| Subtotal (Line 17 thru 20) | | 0 | 0 | | 0 |
| 12. CASH GENERAL | | | | | |
| 21 | Bank of Nevada | 10,610,131 | | | |
| 22 | America First Credit Union | 576,814 | | | |
| 23 | Petty Cash | 1,709 | | | |
| 24 | | | | | |
| Subtotal (Line 21 thru 24) | | 11,188,645 | 0 | | 0 |
| 13. SPECIAL DEPOSITS | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
| Subtotal (Line 25 thru 28) | | 0 | 0 | | 0 |
| 14. TEMPORARY INVESTMENTS | | | | | |
| 29 | America First Credit Union | 1,355 | | | |
| 30 | CFC Member Capital Securities | | 450,000 | | |
| 31 | Bank of Nevada | 2,014,373 | | | |
| 32 | | | | | |
| Subtotal (Line 29 thru 32) | | 2,015,728 | 450,000 | | 0 |
| 15. ACCOUNTS & NOTES RECEIVABLE - NET | | | | | |
| 33 | Accounts Receivable | 34,676 | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| Subtotal (Line 33 thru 36) | | 34,676 | 0 | | 0 |
| 16. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED | | | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| 40 | | | | | |
| Subtotal (Line 37 thru 40) | | 0 | 0 | | 0 |
| Total | | 13,552,720 | 3,065,756 | | 0 |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | BORROWER NAME Overton Power D | | | |
|--|---|---|--------------------------|---|---|
| | | BORROWER DESIGNATION NV004 | | | |
| | | ENDING DATE 12/31/2017 | | | |
| (All investments refer to your most recent CFC Loan Agreement) | | | | | |
| 7a - PART II. LOAN GUARANTEES | | | | | |
| Line No. | Organization & Guarantee Beneficiary (a) | Maturity Date of Guarantee Obligation (b) | Original Amount (\$) (c) | Performance Guarantee Exposure or Loan Balance (\$) (d) | Available Loans (Covered by Guarantees) (e) |
| 1 | | | 0 | 0 | 0 |
| 2 | | | 0 | 0 | 0 |
| 3 | | | 0 | 0 | 0 |
| 4 | | | 0 | 0 | 0 |
| 5 | | | 0 | 0 | 0 |
| TOTALS (Line 1 thru 5) | | | 0 | 0 | 0 |
| 7a - PART III. LOANS | | | | | |
| Line No. | Name of Organization (a) | Maturity Date (b) | Original Amount (\$) (c) | Loan Balance (\$) (d) | Available Loans (e) |
| 1 | | | 0 | 0 | 0 |
| 2 | | | 0 | 0 | 0 |
| 3 | | | 0 | 0 | 0 |
| 4 | | | 0 | 0 | 0 |
| 5 | | | 0 | 0 | 0 |
| TOTALS (Line 1 thru 5) | | | 0 | 0 | 0 |
| 7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES | | | | | |
| 1 | TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e) | | | | 13,652,720 |
| 2 | LARGER OF (a) OR (b) | | | | 25,429,895 |
| | a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3) | | | | 16,444,563 |
| | b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35) | | | | 25,429,895 |

| | | |
|--|-----------------------------|------------------------------|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power District No. 5 |
| | BORROWER DESIGNATION | NV004 |
| | ENDING DATE | 12/31/2016 |

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

| | | |
|--|---|---|
| CERTIFICATION We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.  3/22/17 Signature of Office Manager or Accountant Date  3/22/17 Signature of Manager Date | BALANCE CHECK RESULTS  Needs Attention  Needs Attention  Matches | AUTHORIZATION CHOICES A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? <input checked="" type="radio"/> YES <input type="radio"/> NO B. Will you authorize CTC to share your data with other cooperatives? <input checked="" type="radio"/> YES <input type="radio"/> NO |
|--|---|---|

| PART A - STATEMENT OF OPERATIONS | | | | |
|--|------------------|------------------|---------------|------------|
| ITEM | YEAR-TO-DATE | | | THIS MONTH |
| | LAST YEAR (a) | THIS YEAR (b) | BUDGET (c) | |
| 1. Operating Revenue and Patronage Capital | 37,362,368 | 37,636,085 | 37,861,797 | 3,973,358 |
| 2. Power Production Expense | 0 | 0 | 0 | 0 |
| 3. Cost of Purchased Power | 23,117,137 | 23,294,687 | 23,093,347 | 1,744,461 |
| 4. Transmission Expense | 743,299 | 378,181 | 773,032 | 53,031 |
| 5. Regional Market Operations Expense | 0 | 0 | 0 | 0 |
| 6. Distribution Expense - Operation | 859,721 | 967,007 | 933,911 | 101,934 |
| 7. Distribution Expense - Maintenance | 1,375,209 | 1,534,738 | 1,400,867 | 111,161 |
| 8. Consumer Accounts Expense | 1,094,304 | 1,217,412 | 1,185,355 | 109,601 |
| 9. Customer Service and Informational Expense | 45,460 | 34,303 | 0 | 6,389 |
| 10. Sales Expense | 0 | 0 | 0 | 0 |
| 11. Administrative and General Expense | 1,691,772 | 2,202,603 | 1,983,782 | 172,638 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 30,936,471 | 28,868,934 | 31,371,194 | 2,299,176 |
| 13. Depreciation & Amortization Expense | 1,763,193 | 1,809,819 | 1,861,449 | 151,010 |
| 14. Tax Expense - Property & Gross Receipts | 0 | 0 | 0 | 0 |
| 15. Tax Expense - Other | 0 | 0 | 0 | 0 |
| 16. Interest on Long-Term Debt | 2,523,184 | 2,138,293 | 2,194,488 | 172,419 |
| 17. Interest Charged to Construction (Credit) | 0 | 0 | 0 | 0 |
| 18. Interest Expense - Other | 0 | 0 | 0 | 0 |
| 19. Other Deductions | 70,129 | 176,146 | 0 | 13,677 |
| 20. Total Cost of Electric Service (12 thru 19) | 35,396,976 | 33,088,894 | 38,630,131 | 2,639,312 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 3,065,392 | 4,627,492 | 2,731,666 | 284,046 |
| 22. Non-Operating Margins - Interest | 26,486 | 33,011 | 30,124 | 371 |
| 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 | (51,202) | (10,718) | (40,993) | 0 |
| 26. Generation & Transmission Capital Credits | 0 | 0 | 0 | 0 |
| 27. Other Capital Credits & Patronage Dividends | 211,673 | 234,035 | 230,000 | 0 |
| 28. Extraordinary Items | 0 | 0 | 0 | 0 |
| 29. Patronage Capital or Margins (21 thru 28) | 2,351,318 | 4,884,419 | 2,470,795 | 284,419 |

| PART B - DATA ON TRANSMISSION AND DISTRIBUTION PLANT | | | | | |
|--|------------------|------------------|-----------------------------------|------------------|------------------|
| ITEM | YEAR-TO-DATE | | ITEM | YEAR-TO-DATE | |
| | LAST YEAR (a) | THIS YEAR (b) | | LAST YEAR (a) | THIS YEAR (b) |
| 1. New Services Connected | 0 | 365 | 5. Miles Transmission | 93 | 93 |
| 2. Services Retired | 0 | 0 | 6. Miles Distribution Overhead | 336 | 336 |
| 3. Total Services in Place | 14,864 | 15,134 | 7. Miles Distribution Underground | 402 | 409 |
| 4. Mile Services (Exclude Seasonal) | 0 | 0 | 8. Total Miles Energized (5+6+7) | 831 | 838 |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | | | | | | BORROWER NAME | Overton Power Co |
|--|---|---|---|---|----------------------------|--|----------------------|------------------|
| | | | | | | | BORROWER DESIGNATION | NV004 |
| | | | | | | | ENDING DATE | 12/31/2016 |
| PART I - 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 | 69,325,427 | 1,508,258 | 431,956 | 0 | 70,399,649 | | | |
| 2 General Plant Subtotal | 3,343,581 | 332,499 | 22,721 | 0 | 3,653,359 | | | |
| 3 Headquarters Plant | 5,406,144 | 0 | 0 | 0 | 5,406,144 | | | |
| 4 Intangibles | 0 | 0 | 0 | 0 | 0 | | | |
| 5 Transmission Plant Subtotal | 22,172,167 | 1,874,131 | 3,127 | 0 | 24,000,411 | | | |
| 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 SUBTOTALS (1 thru 11) | 96,727,519 | 3,366,649 | 459,794 | 0 | 100,644,567 | | | |
| 13 Construction Work in Progress | 2,801,490 | 1,909,533 | 0 | 0 | 4,710,923 | | | |
| 14 TOTAL UTILITY PLANT (12+13) | 100,529,009 | 5,276,182 | 459,794 | 0 | 106,355,397 | | | |
| CFC HAS LONGER REQUIRES SECTIONS "E", "G", AND "H" DATA | | | | | | | | |
| These sections refer to data on "Analysis of Accumulated Provision for Depreciation" (F), "Materials and Supplies" (G), "Annual Meeting and Board Data" (H), and "Conservation Data" (I). | | | | | | | | |
| PART II - FINANCIAL INFORMATION | | | | | | | | |
| ITEM | Avg. Minutes per Consumer by Cause (a) | Avg. Minutes per Consumer by Cause (b) | Avg. Minutes per Consumer by Cause (c) | Avg. Minutes per Consumer by Cause (d) | TOTAL (e) | | | |
| 1 Present Year | 0.00 | 967.44 | 2.17 | 12.71 | 968.52 | | | |
| 2 Five-Year Average | 0.00 | 105.49 | 2.62 | 19.46 | 115.57 | | | |
| PART III - OTHER DATA, EMPLOYMENT, AND FINANCIAL STATEMENTS | | | | | | | | |
| 1 Number of Full Time Employees | 43 | 44 | Payroll - Expensed | | 3,574,910 | | | |
| 2 Employees - Hours Worked - Regular Time | 8,105 | 8,105 | Payroll - Capitalized | | 260,153 | | | |
| 3 Employees - Hours Worked - Overtime | 147 | 147 | Payroll - Other | | 0 | | | |
| PART IV - RETIREMENT CAPITAL | | | | | | | | |
| ITEM | THIS YEAR (a) | CUMULATIVE (b) | 1. Amount Due Over 60 Days: | | | | | |
| 1 General Retirement | 0 | 0 | 1. Amount Written Off During Year: | | 1,477 | | | |
| 2 Special Retirement | 0 | 0 | 2. Amount Written Off During Year: | | 14 | | | |
| 3 Total Retirement (1+2) | 0 | 0 | | | | | | |
| 4 Cash Received from Retirement of Pension Capital by Suppliers of Electric Power | 0 | 0 | | | | | | |
| 5 Cash Received from Retirement of Pension Capital by Lenders for Credit Extended to the Electric System | 95,555 | 95,555 | | | | | | |
| 6 Total Cash Received (4+5) | 95,555 | 95,555 | | | | | | |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | | | | | | | | | BORROWER NAME | Overseas Power ID |
|---|---|---|-------------------------------|-------------------------|-------------------|---|--------------------------------|--|-----------|----------------------|-------------------|
| | | | | | | | | | | BORROWER DESIGNATION | NY004 |
| | | | | | | | | | | ENDING DATE | 12/31/2016 |
| 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) | INCLUDED IN TOTAL COST | | | COMMENTS (i) | |
| | | | | | | | FUEL COST ADJUSTMENT (h) | WHEELING & OTHER CHARGES (see Circles) (j) | | | |
| 1 Colorado River Commission | | 0 None | 0 None | 94,366,603 | 2,464,214 | 2.55 | 0 | 0 | 0 | Comments | |
| 2 Arizona Public Service | | 0 None | 0 None | 192,840,000 | 12,083,760 | 6.27 | 0 | 0 | 0 | Comments | |
| 3 Morgan Stanley | | 0 None | 0 None | 98,393,000 | 4,613,428 | 4.69 | 0 | 0 | 0 | Comments | |
| 4 NV Energy | | 0 None | 0 None | 3,154,447 | 2,944,328 | 93.34 | 0 | 0 | 1,793,355 | Comments | |
| 5 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 6 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 7 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 8 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 9 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 10 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 11 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 12 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 13 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 14 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 15 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 16 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 17 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 18 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 19 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| 20 | | 0 None | 0 None | 0 | 0 | 0.00 | 0 | 0 | 0 | Comments | |
| TOTALS | | | | 386,744,050 | 22,846,009 | 5.87 | 0 | 0 | 1,793,355 | | |

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| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power D |
| | BORROWER DESIGNATION | NV004 |
| | ENDING DATE | 12/31/2016 |

PART I. RWU PURCHASED AND TOTAL COST (Continued)

| COMMENTS | |
|----------|--|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
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| 20 | |

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|---|--|----------------------|--|-----------------|--|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | BORROWER NAME | | Overton Power D | |
| | | BORROWER DESIGNATION | | NV004 | |
| | | ENDING DATE | | 12/31/2016 | |

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

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

| | NAME OF LESSOR | TYPE OF PROPERTY | RENTAL THIS YEAR |
|--------------|----------------|------------------|------------------|
| 1 | | | \$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 |
|----|--|---------------------|--------------------|--------------------|--------------------|--------------|
| | | | INTEREST (a) | PRINCIPAL (b) | TOTAL (c) | |
| 1 | National Rural Utilities Cooperative Finance Corporation | 48,516,941 | 2,158,291 | 2,414,777 | 4,573,070 | |
| 2 | HCSC | 0 | 0 | 0 | 0 | |
| 3 | Farmer Mac | 0 | 0 | 0 | 0 | |
| 4 | | 0 | 0 | 0 | 0 | |
| 5 | | 0 | 0 | 0 | 0 | |
| 6 | | 0 | 0 | 0 | 0 | |
| 7 | | 0 | 0 | 0 | 0 | |
| 8 | | 0 | 0 | 0 | 0 | |
| 9 | | 0 | 0 | 0 | 0 | |
| 10 | Principal Payments Received from Ultimate Recipients of HUD Loans | | | 0 | | |
| 11 | Principal Payments Received from Ultimate Recipients of RUDL Loans | | | 0 | | |
| 12 | TOTAL (Sum of 1 thru 9) | 548,516,941 | \$2,158,291 | \$2,414,777 | \$4,573,070 | |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | BORROWER NAME | | Overton Power D | |
|---|--------------------------------------|--------------------------|------------------------------|-----------------------------|---------------------------------------|
| | | BORROWER DESIGNATION | | NV004 | |
| | | ENDING DATE | | 12/31/2016 | |
| PART II - POWER REQUIREMENTS DATA BASE | | | | | |
| 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 | 12,309 | 12,398 | 12,454 | |
| | b. KWH Sold | | | | 169,911,056 |
| | c. Revenue | | | | 18,046,081 |
| 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 | 45 | 45 | 45 | |
| | b. KWH Sold | | | | 1,038,665 |
| | c. Revenue | | | | 114,139 |
| 4. Comm. and Ind. 1000 KVA or Less | a. No. Consumers Served | 2,091 | 2,034 | 2,058 | |
| | b. KWH Sold | | | | 80,433,843 |
| | c. Revenue | | | | 7,906,587 |
| 5. Comm. and Ind. Over 1000 KVA | a. No. Consumers Served | 33 | 37 | 30 | |
| | b. KWH Sold | | | | 76,845,794 |
| | c. Revenue | | | | 7,376,430 |
| 6. Public Street & Highway Lighting | a. No. Consumers Served | 217 | 218 | 213 | |
| | b. KWH Sold | | | | 3,109,173 |
| | c. Revenue | | | | 376,183 |
| 7. Other Sales to Public Authority | a. No. Consumers Served | 206 | 342 | 234 | |
| | b. KWH Sold | | | | 31,606,096 |
| | c. Revenue | | | | 2,991,860 |
| 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) | | 14,911 | 15,174 | 15,043 | |
| 11. TOTAL KWH Sold (lines 1b thru 9b) | | | | | 362,968,626 |
| 12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c) | | | | | 36,813,431 |
| 13. Transmission Revenue | | | | | 0 |
| 14. Other Electric Revenue | | | | | 822,662 |
| 15. KWH - Own Use | | | | | 625,979 |
| 16. TOTAL KWH Purchased | | | | | 188,744,050 |
| 17. TOTAL KWH Generated | | | | | 0 |
| 18. Cost of Purchases and Generation | | | | | 22,794,687 |
| 19. Interchange - KWH - Net | | | | | 0 |
| 20. Peak - Sum All KW Input (Metered) | | | | | 103,952 |
| <input type="radio"/> None <input checked="" type="radio"/> Non-coincident <input type="radio"/> Coincident | | | | | |

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| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power D |
| | BORROWER DESIGNATION | NV004 |
| | ENDING DATE | 12/31/2016 |

PART 8. 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) | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | Residential Sales - Seasonal | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Irrigation Sales | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Comm. and Ind. 1000 KVA or Less | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Comm. and Ind. Over 1000 KVA | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | Public Street and Highway Lighting | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | Other Sales to Public Authorities | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Sales for Reaches - RUS Borrowers | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Sales for Reaches - Other | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | BORROWER NAME Overton Power D | |
|---|-------------------|----------------------------------|-----------------------|
| | | BORROWER DESIGNATION NV004 | |
| | | ENDING DATE 12/31/2016 | |
| (All investments refer to your most recent CFC Loan Agreement) | | | |
| II. PART I - INVESTMENTS | | | |
| DESCRIPTION (a) | INCLUDED (b) | EXCLUDED (c) | INCOME OR LOSS (d) |
| I. INVESTMENTS IN ASSOCIATED ORGANIZATIONS | | | |
| 5 NRUCFC, Federated, SUDC | 287,156 | 2,517,057 | 0 |
| 6 | 0 | 0 | 0 |
| 7 | 0 | 0 | 0 |
| 8 | 0 | 0 | 0 |
| Subtotal (Line 5 thru 8) | 287,156 | 2,517,057 | 0 |
| II. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS | | | |
| 9 | 0 | 0 | 0 |
| 10 | 0 | 0 | 0 |
| 11 | 0 | 0 | 0 |
| 12 | 0 | 0 | 0 |
| Subtotal (Line 9 thru 12) | 0 | 0 | 0 |
| III. OTHER INVESTMENTS | | | |
| 13 | 0 | 0 | 0 |
| 14 | 0 | 0 | 0 |
| 15 | 0 | 0 | 0 |
| 16 | 0 | 0 | 0 |
| Subtotal (Line 13 thru 16) | 0 | 0 | 0 |
| IV. SPECIAL FUNDS | | | |
| 17 | 0 | 0 | 0 |
| 18 | 0 | 0 | 0 |
| 19 | 0 | 0 | 0 |
| 20 | 0 | 0 | 0 |
| Subtotal (Line 17 thru 20) | 0 | 0 | 0 |
| V. CASH - GENERAL | | | |
| 21 Bank of Nevada | 8,218,550 | 0 | 0 |
| 22 America First Credit Union | 582,550 | 0 | 0 |
| 23 Petty Cash | 1,700 | 0 | 0 |
| 24 | 0 | 0 | 0 |
| Subtotal (Line 21 thru 24) | 8,822,800 | 0 | 0 |
| VI. SPECIAL DEPOSITS | | | |
| 25 | 0 | 0 | 0 |
| 26 | 0 | 0 | 0 |
| 27 | 0 | 0 | 0 |
| 28 | 0 | 0 | 0 |
| Subtotal (Line 25 thru 28) | 0 | 0 | 0 |
| VII. TEMPORARY INVESTMENTS | | | |
| 29 America First Credit Union | 67 | 0 | 0 |
| 30 CFC Member Capital Securities | 400,000 | 0 | 0 |
| 31 Bank of Nevada | 2,010,331 | 0 | 0 |
| 32 | 0 | 0 | 0 |
| Subtotal (Line 29 thru 32) | 2,410,417 | 0 | 0 |
| VIII. ACCOUNTS & NOTES RECEIVABLE - NET | | | |
| 33 Accounts Receivable | (79,007) | 0 | 0 |
| 34 | 0 | 0 | 0 |
| 35 | 0 | 0 | 0 |
| 36 | 0 | 0 | 0 |
| Subtotal (Line 33 thru 36) | (79,007) | 0 | 0 |
| IX. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED | | | |
| 37 | 0 | 0 | 0 |
| 38 | 0 | 0 | 0 |
| 39 | 0 | 0 | 0 |
| 40 | 0 | 0 | 0 |
| Subtotal (Line 37 thru 40) | 0 | 0 | 0 |
| Total | 11,450,366 | 2,517,057 | 0 |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | BORROWER NAME Overton Power D | | | |
|---|---|--|-----------------------------|---|--|
| | | BORROWER DESIGNATION NV004 | | | |
| | | ENDING DATE 12/31/2016 | | | |
| (All investments refer to your most recent CFC Loan Agreement) | | | | | |
| 7a - PART II. LOAN GUARANTIES | | | | | |
| Line No. | Organization & Guarantee Beneficiary (a) | Maturity Date of Guarantee Obligation (b) | Original Amount (\$) (c) | Performance Guarantee Exposure or Loan Balance (\$) (d) | Available Loans (Covered by Guarantees) (e) |
| 1 | | | 0 | 0 | 0 |
| 2 | | | 0 | 0 | 0 |
| 3 | | | 0 | 0 | 0 |
| 4 | | | 0 | 0 | 0 |
| 5 | | | 0 | 0 | 0 |
| TOTALS (Line 1 thru 5) | | | 0 | 0 | 0 |
| 7a - PART III. LOANS | | | | | |
| Line No. | Name of Organization (a) | Maturity Date (b) | Original Amount (\$) (c) | Loan Balance (\$) (d) | Available Loans (e) |
| 1 | | | 0 | 0 | 0 |
| 2 | | | 0 | 0 | 0 |
| 3 | | | 0 | 0 | 0 |
| 4 | | | 0 | 0 | 0 |
| 5 | | | 0 | 0 | 0 |
| TOTALS (Line 1 thru 5) | | | 0 | 0 | 0 |
| 7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTIES | | | | | |
| 1 | TOTAL (Part I. Total - Column b + Part II. Totals - Column d + Column e + Part III. Totals - Column d + Column e) | | | | 11,450,366 |
| 2 | LARGER OF (a) OR (b) | | | | 21,578,439 |
| a | 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3) | | | | 15,767,961 |
| b | 50 percent of Total Equity (CFC Form 7, Part C, Line 33) | | | | 21,578,439 |

| | | | |
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| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | | Overton Power District No. 5 |
| | BORROWER DESIGNATION | | NA004 |
| | ENDING DATE | | 12/31/2015 |

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

| CERTIFICATION | BALANCE CHECK RESULTS | AUTHORIZATION CHOICES |
|---|-----------------------|---|
| We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. | | A. NREC 5 uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NREC AT? <input type="radio"/> Yes <input checked="" type="radio"/> No |
| Signature of Office Manager or Accountant: <u>[Signature]</u> 3/30/16 Date | | B. Will you authorize CFC to share your data with other cooperatives? <input type="radio"/> Yes <input checked="" type="radio"/> No |

PART A. STATEMENT OF OPERATIONS

| ITEM | YEAR-TO-DATE | | | THIS MONTH |
|--|------------------|------------------|---------------|------------|
| | LAST YEAR (a) | THIS YEAR (b) | BUDGET (c) | |
| 1. Operating Revenue and Patronage Capital | 16,366,308 | 17,362,868 | 17,017,278 | 2,860,159 |
| 2. Power Production Expense | 0 | 0 | 0 | 0 |
| 3. Cost of Purchased Power | 25,451,859 | 25,117,157 | 25,774,134 | 2,260,855 |
| 4. Transmission Expense | 591,471 | 743,299 | 615,130 | 62,576 |
| 5. Regional Market Operations Expense | 0 | 0 | 0 | 0 |
| 6. Distribution Expense - Operations | 876,615 | 869,771 | 950,963 | 93,160 |
| 7. Distribution Expense - Maintenance | 1,421,778 | 1,375,209 | 1,435,445 | 117,979 |
| 8. Customer Accounts Expense | 1,020,889 | 1,094,304 | 1,093,468 | 96,596 |
| 9. Customer Service and Informational Expense | 30,523 | 45,460 | 0 | 8,566 |
| 10. Sales Expense | 0 | 0 | 0 | 0 |
| 11. Administrative and General Expense | 1,818,647 | 1,671,272 | 1,891,393 | (24,610) |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 29,613,582 | 30,936,471 | 29,766,533 | 2,595,103 |
| 13. Depreciation & Amortization Expense | 1,670,741 | 1,765,192 | 1,787,693 | 149,354 |
| 14. Tax Expense - Property & Gross Receipts | 0 | 0 | 0 | 0 |
| 15. Tax Expense - Other | 0 | 0 | 0 | 0 |
| 16. Interest on Long-Term Debt | 2,996,829 | 2,525,184 | 2,898,151 | 211,434 |
| 17. Interest Charged to Construction (Credit) | 0 | 0 | 0 | 0 |
| 18. Interest Expense - Other | 0 | 0 | 0 | 0 |
| 19. Other Deductions | 72,137 | 50,129 | 72,135 | 12,426 |
| 20. Total Cost of Electric Service (12 thru 19) | 34,353,288 | 35,296,976 | 34,524,812 | 2,968,316 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 1,012,920 | 2,065,892 | 2,492,466 | (108,157) |
| 22. Non-Operating Margins - Interest | 24,416 | 26,480 | 21,123 | 372 |
| 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 | (40,220) | (31,282) | (40,000) | 0 |
| 26. Generation & Transmission Capital Credits | 0 | 0 | 0 | 0 |
| 27. Other Capital Credits & Patronage Dividends | 219,370 | 211,672 | 0 | 57,698 |
| 28. Extraordinary Item | 0 | 0 | 0 | 0 |
| 29. Patronage Capital or Margins (21 thru 28) | 2,216,496 | 2,252,340 | 2,473,589 | (70,889) |

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

| ITEM | YEAR-TO-DATE | | ITEM | YEAR-TO-DATE | |
|-------------------------------------|------------------|------------------|-----------------------------------|------------------|------------------|
| | LAST YEAR (a) | THIS YEAR (b) | | LAST YEAR (a) | THIS YEAR (b) |
| 1. New Services Connected | 0 | 246 | 5. Miles Transmission | 93 | 93 |
| 2. Services Retired | 0 | 0 | 6. Miles Distribution Overhead | 336 | 336 |
| 3. Total Services In Place | 14,619 | 14,864 | 7. Miles Distribution Underground | 108 | 402 |
| 4. Mile Services (Exclude Seasonal) | 0 | 0 | 8. Total Miles Energized (5+6+7) | 827 | 832 |

| | | |
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| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power D |
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| | ENDING DATE | 12/31/2015 |

| PART C. BALANCE SHEET | | | |
|--|-------------|---|------------|
| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | |
| 1. Total Utility Plant in Service | 100,711,987 | 29. Memberships | 0 |
| 2. Construction Work in Progress | 2,861,490 | 30. Patronage Capital | 0 |
| 3. Total Utility Plant (1+2) | 103,573,477 | 31. Operating Margins - Prior Years | 18,198,844 |
| 4. Accum. Provision for Depreciation and Amort | 28,726,932 | 32. Operating Margins - Current Year | 2,225,862 |
| 5. Net Utility Plant (3-4) | 74,846,545 | 33. Non-Operating Margins | 26,486 |
| 6. Nonutility Property - Net | 0 | 34. Other Margins & Equities | 18,124,038 |
| 7. Investment in Subsidiary Companies | 0 | 35. Total Margins & Equities (29 thru 34) | 38,575,229 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 2,666,282 | 36. Long-Term Debt CFC (Net) | 0 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | 37. Long-Term Debt - Other (Net) | 50,931,717 |
| 10. Invest in Assoc. Org. - Other - Nongeneral Funds | 0 | 38. Total Long-Term Debt (36 + 37) | 50,931,717 |
| 11. Investments in Economic Development Projects | 0 | 39. Obligations Under Capital Leases - Non current | 0 |
| 12. Other Investments | 0 | 40. Accumulated Operating Provisions - Asset Retirement Obligations | 0 |
| 13. Special Funds | 0 | 41. Total Other Noncurrent Liabilities (39+40) | 0 |
| 14. Total Other Property & Investments (6 thru 13) | 2,666,282 | 42. Notes Payable | 0 |
| 15. Cash-General Funds | 6,508,506 | 43. Accounts Payable | 2,345,635 |
| 16. Cash-Construction Funds-Trustee | 0 | 44. Consumers Deposits | 133,600 |
| 17. Special Deposits | 0 | 45. Current Maturities Long-Term Debt | 0 |
| 18. Temporary Investments | 2,406,390 | 46. Current Maturities Long-Term Debt-Economic Dev. | 0 |
| 19. Notes Receivable - Net | 0 | 47. Current Maturities Capital Leases | 0 |
| 20. Accounts Receivable - Net Sales of Energy | 3,145,574 | 48. Other Current & Accrued Liabilities | 1,144,629 |
| 21. Accounts Receivable - Net Other | 223,733 | 49. Total Current & Accrued Liabilities (42 thru 48) | 3,623,864 |
| 22. Renewable Energy Credits | 0 | 50. Deferred Credits | 3,165,374 |
| 23. Materials & Supplies - Electric and Other | 1,091,378 | 51. Total Liabilities & Other Credits (35+38+41+49+50) | 96,296,185 |
| 24. Prepayments | 133,070 | ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION | |
| 25. Other Current & Accrued Assets | 0 | Balance Beginning of Year | 0 |
| 26. Total Current & Accrued Assets (15 thru 25) | 13,508,651 | Amounts Received This Year (Net) | 0 |
| 27. Deferred Debits | 5,274,707 | | |
| 28. Total Assets & Other Debits (5+14+26+27) | 96,296,185 | TOTAL Contributions-In-Aid-Of-Construction | 0 |

PART D. THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

| | | | | | |
|--|--|--|--|---|--|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | | | BORROWER NAME Overton Power D | |
| | | | | BORROWER DESIGNATION NV004 | |
| | | | | ENDING DATE 12/31/2015 | |

| 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 | 68,135,193 | 1,437,851 | 247,617 | 0 | 69,325,427 |
| 2 | General Plant Subtotal | 3,055,273 | 513,292 | 24,984 | 0 | 3,543,581 |
| 3 | Headquarters Plant | 5,470,612 | 0 | 0 | 0 | 5,470,612 |
| 4 | Intangibles | 0 | 0 | 0 | 0 | 0 |
| 5 | Transmission Plant Subtotal | 21,776,683 | 601,953 | 6,269 | 0 | 22,372,367 |
| 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) | 98,437,761 | 2,553,096 | 278,870 | 0 | 100,711,987 |
| 13 | Construction Work in Progress | 2,849,047 | 12,443 | | | 2,861,490 |
| 14 | TOTAL UTILITY PLANT (12+13) | 101,286,808 | 2,565,539 | 278,870 | 0 | 103,573,477 |

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

| PART H. SERVICE INTERRUPTIONS | | | | | | |
|-------------------------------|-------------------|--|---|---|--|--------------|
| | ITEM | Avg. Minutes per Consumer by Cause Power Supplier (a) | Avg. Minutes per Consumer by Cause Major Event (b) | Avg. Minutes per Consumer by Cause Planned (c) | Avg. Minutes per Consumer by Cause All Other (d) | TOTAL (e) |
| 1. | Present Year | 0.00 | 0.00 | 5.22 | 21.45 | 26.67 |
| 2. | Five-Year Average | 0.00 | 0.00 | 2.33 | 18.94 | 21.27 |

| PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS | | | | |
|--|--|--------|--------------------------|-----------|
| 1. | Number of Full Time Employees | 45 | 4. Payroll - Expensed | 3,230,791 |
| 2. | Employee - Hours Worked - Regular Time | 80,901 | 5. Payroll - Capitalized | 296,605 |
| 3. | Employee - Hours Worked - Overtime | 171 | 6. Payroll - Other | 0 |

| PART J. PATRONAGE CAPITAL | | | PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE | |
|---------------------------|--|------------------|---|---|
| | ITEM | THIS YEAR (a) | CUMULATIVE (b) | 1. Amount Due Over 60 Days: 3,410 |
| 1. | General Retirement | 0 | 0 | |
| 2. | Special Retirements | 0 | 0 | |
| 3. | Total Retirements (1+2) | 0 | 0 | 2. Amount Written Off During Year: 6,384 |
| 4. | Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power | 0 | | |
| 5. | Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System | 78,462 | | |
| 6. | Total Cash Received (4+5) | 78,462 | | |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | | | | | | BORROWER NAME | | Overton Power D | |
|---|---------------------------|---|---|-------------------------------|-------------------------|-------------------|---|--------------------------------|---|-----------------|
| | | | | | | | BORROWER DESIGNATION | | NV004 | |
| | | | | | | | ENDING DATE | | 12/31/2015 | |
| PART L. KWH PURCHASED AND TOTAL COST | | | | | | | | | | |
| | NAME OF SUPPLIER (a) | CFC USE ONLY SUPPLIER CODE (b) | RENEWABLE ENERGY PROGRAM NAME (c) | RENEWABLE FUEL TYPE (d) | KWH PURCHASED (e) | TOTAL COST (f) | AVERAGE COST PER KWH (cents) (g) | INCLUDED IN TOTAL COST | | |
| | | | | | | | | FUEL COST ADJUSTMENT (h) | WHEELING & OTHER CHARGES (or Credits) (i) | COMMENTS (j) |
| 1 | Colorado River Commission | | | 0 None | 90,586,396 | 2,179,029 | 2.41 | 0 | 0 | Comments |
| 2 | Arizona Public Service | | | 0 None | 339,706,000 | 21,185,736 | 6.24 | 0 | 1,855,768 | Comments |
| 3 | NV Energy | | | 0 None | (38,517,201) | 1,550,562 | (4.03) | 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 | | | | 391,775,195 | 24,915,327 | 6.36 | 0 | 1,855,768 | |

| | | |
|--|-----------------------------|-----------------|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power D |
| | BORROWER DESIGNATION | NV004 |
| | ENDING DATE | 12/31/2015 |

PART L. KWH PURCHASED AND TOTAL COST (Continued)

| COMMENTS | |
|----------|--|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |
| 11 | |
| 12 | |
| 13 | |
| 14 | |
| 15 | |
| 16 | |
| 17 | |
| 18 | |
| 19 | |
| 20 | |

| | | |
|--|-----------------------------|-----------------|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power D |
| | BORROWER DESIGNATION | NV004 |
| | ENDING DATE | 12/31/2015 |

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 | RENTAL THIS YEAR |
| 1. | | \$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 |
|----|--|---------------------|--------------------|--------------------|--------------------|--------------|
| | | | INTEREST (a) | PRINCIPAL (b) | TOTAL (c) | |
| 1 | National Rural Utilities Cooperative Finance Corporation | 50,931,717 | 1,942,897 | 2,004,827 | 3,947,724 | |
| 2 | NCSC | 0 | 0 | 0 | 0 | |
| 3 | Farmer Mac | 0 | 0 | 0 | 0 | |
| 4 | | 0 | 0 | 0 | 0 | |
| 5 | Wells Fargo Bond Series 2008 | 0 | 582,303 | 0 | 582,303 | |
| 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 | | | 0 | | |
| 12 | TOTAL (Sum of 1 thru 9) | \$50,931,717 | \$2,525,200 | \$2,004,827 | \$4,530,027 | |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | | BORROWER NAME Overton Power D | | |
|---|--------------------------------------|---|----------------------------------|-----------------------------|---------------------------------------|
| | | | BORROWER DESIGNATION NV004 | | |
| | | | ENDING DATE 12/31/2015 | | |
| PART R. POWER REQUIREMENTS DATA BASE | | | | | |
| 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 | 12,074 | 12,274 | 12,174 | |
| | b. KWH Sold | | | | 164,077,057 |
| | c. Revenue | | | | 17,694,908 |
| 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 | 46 | 45 | 46 | |
| | b. KWH Sold | | | | 1,292,327 |
| | c. Revenue | | | | 129,619 |
| 4. Comm. and Ind. 1000 KVA or Less | a. No. Consumers Served | 1,488 | 1,500 | 1,494 | |
| | b. KWH Sold | | | | 139,455,460 |
| | c. Revenue | | | | 13,011,243 |
| 5. Comm. and Ind. Over 1000 KVA | a. No. Consumers Served | 615 | 613 | 614 | |
| | b. KWH Sold | | | | 20,328,327 |
| | c. Revenue | | | | 2,098,295 |
| 6. Public Street & Highway Lighting | a. No. Consumers Served | 221 | 226 | 224 | |
| | b. KWH Sold | | | | 3,011,201 |
| | c. Revenue | | | | 340,649 |
| 7. Other Sales to Public Authority | a. No. Consumers Served | 215 | 206 | 211 | |
| | b. KWH Sold | | | | 29,072,260 |
| | c. Revenue | | | | 2,829,109 |
| 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) | | 14,659 | 14,864 | 14,762 | 0 |
| 11. TOTAL KWH Sold (lines 1b thru 9b) | | | | | 357,236,632 |
| 12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c) | | | | | 36,103,823 |
| 13. Transmission Revenue | | | | | 0 |
| 14. Other Electric Revenue | | | | | 1,258,545 |
| 15. KWH - Own Use | | | | | 701,625 |
| 16. TOTAL KWH Purchased | | | | | 391,775,195 |
| 17. TOTAL KWH Generated | | | | | 0 |
| 18. Cost of Purchases and Generation | | | | | 25,117,157 |
| 19. Interchange - KWH - Net | | | | | 0 |
| 20. Peak - Sum All KW Input (Metered) | | | | | 89,909 |
| | | <input type="radio"/> None <input checked="" type="radio"/> Non-coincident <input type="radio"/> Coincident | | | |

| | | |
|--|-----------------------------|-----------------|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | BORROWER NAME | Overton Power D |
| | BORROWER DESIGNATION | NV004 |
| | ENDING DATE | 12/31/2015 |

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) | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. | Residential Sales - Seasonal | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. | Irrigation Sales | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. | Comm. and Ind. 1000 KVA or Less | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. | Comm. and Ind. Over 1000 KVA | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. | Public Street and Highway Lighting | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. | Other Sales to Public Authorities | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. | Sales for Resales - RUS Borrowers | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. | Sales for Resales - Other | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. | TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | BORROWER NAME BORROWER DESIGNATION ENDING DATE | | Overton Power D NV004 12/31/2015 | |
|---|-------------------------------|--|----------------------|--|--|
| (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 | NRUCFC, Federated, SEDC | 1,425,780 | 1,240,502 | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| Subtotal (Line 5 thru 8) | | 1,425,780 | 1,240,502 | 0 | |
| 3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| Subtotal (Line 9 thru 12) | | 0 | 0 | 0 | |
| 4. OTHER INVESTMENTS | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| Subtotal (Line 13 thru 16) | | 0 | 0 | 0 | |
| 5. SPECIAL FUNDS | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| Subtotal (Line 17 thru 20) | | 0 | 0 | 0 | |
| 6. CASH - GENERAL | | | | | |
| 21 | Bank of Nevada | 5,923,847 | | | |
| 22 | America First Credit Union | 582,959 | | | |
| 23 | Petty Cash | 1,700 | | | |
| 24 | | | | | |
| Subtotal (Line 21 thru 24) | | 6,508,506 | 0 | 0 | |
| 7. SPECIAL DEPOSITS | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
| Subtotal (Line 25 thru 28) | | 0 | 0 | 0 | |
| 8. TEMPORARY INVESTMENTS | | | | | |
| 29 | America First Credit Union | 67 | | | |
| 30 | CFC Member Capital Securities | 400,000 | | | |
| 31 | Bank of Nevada | 2,006,323 | | | |
| 32 | | | | | |
| Subtotal (Line 29 thru 32) | | 2,406,390 | 0 | 0 | |
| 9. ACCOUNT & NOTES RECEIVABLE - NET | | | | | |
| 33 | Accounts Receivable | 223,733 | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| Subtotal (Line 33 thru 36) | | 223,733 | 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 | | 10,564,409 | 1,240,502 | 0 | |

| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT | | | BORROWER NAME | | Overton Power D |
|--|---|--|-----------------------------|--|--|
| | | | BORROWER DESIGNATION | | NV004 |
| | | | ENDING DATE | | 12/31/2015 |
| (All investments refer to your most recent CFC Loan Agreement) | | | | | |
| 7a - PART II. LOAN GUARANTEES | | | | | |
| Line No. | Organization & Guarantee Beneficiary (a) | Maturity Date of Guarantee Obligation (b) | Original Amount (\$) (c) | Performance Guarantee Exposure or Loan Balance (\$) (d) | Available Loans (Covered by Guarantees) (e) |
| 1 | | | 0 | 0 | 0 |
| 2 | | | 0 | 0 | 0 |
| 3 | | | 0 | 0 | 0 |
| 4 | | | 0 | 0 | 0 |
| 5 | | | 0 | 0 | 0 |
| TOTALS (Line 1 thru 5) | | | 0 | 0 | 0 |
| 7a - PART III. LOANS | | | | | |
| Line No. | Name of Organization (a) | Maturity Date (b) | Original Amount (\$) (c) | Loan Balance (\$) (d) | Available Loans (e) |
| 1 | | | 0 | 0 | 0 |
| 2 | | | 0 | 0 | 0 |
| 3 | | | 0 | 0 | 0 |
| 4 | | | 0 | 0 | 0 |
| 5 | | | 0 | 0 | 0 |
| TOTALS (Line 1 thru 5) | | | 0 | 0 | 0 |
| 7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES | | | | | |
| 1 | TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e) | | | | 10,564,409 |
| 2 | LARGER OF (a) OR (b) | | | | 19,287,615 |
| | a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3) | | | 15,536,022 | |
| | b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35) | | | 19,287,615 | |

2015 AUDITOR'S CERTIFICATION REGARDING LOAN FUND EXPENDITURES

To the Board of Directors
Overton Power District No. 5
Overton, Nevada

We have audited the basic financial statements of Overton Power District No. 5 (the District) as of and for the year ended December 31, 2015, and issued our report thereon dated February 22, 2016.

During the period of this audit, the District received \$ -0-, in long-term loan fund advances from CFC on loans controlled by the CFC Loan Agreement and/or Mortgage or Security Agreement.

Hafen, Buckner, Everett & Graff, PC

Hafen, Buckner, Everett & Graff, PC
February 22, 2016



SERVICE | INTEGRITY | EXCELLENCE

Annual Engineer Certification

Calendar Year 2015

Borrower Overton Power District #5

I hereby certify that sufficient inspection has been made by me, or under my direction and control, of the materials and/or equipment constituting the electric plant of the Borrower to give me reasonable assurance that the materials, equipment, and construction conform to prudent utility practices and meet all applicable code requirements as to strength and safety.

Inspection performed by: Ricky L. Hansen

Signature of licensed engineer: Ricky L. Hansen

License number: 176486-2202

State: Utah

Dated: 2-23-2016

FITCH UPGRADES OVERTON POWER DIST. NO. 5, NV'S REVS TO 'A-'; OUTLOOK REVISED TO STABLE

Fitch Ratings-San Francisco-12 January 2017: Fitch Ratings has upgraded its rating on Overton Power District No. 5, Nevada's (OPD5) implied revenue bonds to 'A-' from 'BBB+',

OPD5's rating takes into account approximately \$48.5 million of secured debt privately held by National Rural Utilities Cooperative Finance Corp., but is assigned to implied obligations given that none of the outstanding debt is publically held.

The Rating Outlook is revised to Stable from Positive.

SECURITY

The district's obligations are payable from the electric system's net revenues.

KEY RATING DRIVERS

RELATIVELY SMALL DISTRIBUTION SYSTEM: OPD5 is a relatively small distribution system serving a largely residential customer base of approximately 14,800 in a rural service area northeast of Las Vegas. The utility's rate base is moderately concentrated with the top 10 customers accounting for approximately 21.3% of operating revenues in 2015.

POWER SUPPLY SECURED: The district's new power supply contract with Morgan Stanley Capital Group, Inc. took effect in June 2016 and extends to the end of 2024. The medium-term contract extends beyond the district's normal five-year agreements, and provides a lower cost of power compared with the previous arrangement.

IMPROVING FINANCIAL PERFORMANCE: The upgrade reflects Fitch's expectation that financial performance will materially improve as power costs are reduced under the new power supply contract. Projected debt service coverage from 2016-2020 is approximately 1.8x after adjusting for the revenue loss from an expected decrease in commercial rates.

SOUND LIQUIDITY: The district's adequate cash levels are expected to increase to approximately 130 days cash on hand in 2016 from 100 days in 2015 as higher financial margins improve the district's bottom line. Liquidity levels are further strengthened by a \$5 million line of credit with CFC.

STABILIZING SERVICE TERRITORY: The district's service territory was significantly affected by the recession, and its recovery has lagged the nation and surrounding metro areas. However, local conditions appear to have stabilized with a growing customer base, modest MWh sales growth, and on-going development in the area.

SIGNIFICANT FUTURE DEBT PLANS: The district's future debt plans are significant with a tentatively planned \$80 million issuance by 2022 to finance a cost-saving transmission project. Debt metrics would likely increase to well above the median for the 'A' rating category following the issuance.

RATING SENSITIVITIES

FINANCIAL PERFORMANCE: Financial performance from Overton Power District No. 5 that is materially weaker than current projections, which reflect debt service coverage of approximately 1.8x and over 100 days cash on hand, could lead to negative rating action.

FUTURE LEVERAGE: The significant increase in leverage expected by 2022 could also negatively pressure the rating if not offset by improved financial performance, which is expected to occur as a new transmission line funded with the proceeds should reduce power supply and transmission costs.

CREDIT PROFILE

OPD5 is located approximately 65 miles northeast of Las Vegas and provides electric service to a largely residential customer base of 14,763 (2015). OPD5's exclusive service territory is largely rural but includes the city of Mesquite, NV with an estimated population of approximately 18,000, which has been the focal point for most of OPD5's customer growth.

The local economy has generally stabilized after a slow recovery that lagged the nation and nearby metro areas. This improvement is apparent in the significantly higher customer growth rates over the past four years, which had slowed during and directly after the recession. In addition, the district's annual MWh sales increased in both 2015 and 2014 by 1.6% and 0.7%, respectively, following five consecutive years of decline.

OPD5's rate base is moderately concentrated with its top 10 customers accounting for approximately 21.3% of operating revenues in 2015.

MEDIUM-TERM POWER SUPPLY CONTRACT

The district secured a cost-effective power supply contract with Morgan Stanley Capital Group, Inc. that runs from June 2016 through the end of 2024. The new agreement replaced the pre-existing agreement that was set to expire at the end of 2017.

IMPROVED FINANCIAL PERFORMANCE

The district's financial performance is expected to improve significantly beginning in 2016 as the lower cost of power results in improved margins and higher debt service coverage. Based on actuals through November and management's projections for December, the district's debt service coverage ratio in 2016 is projected at 1.85x. Improved cash flow is expected to increase cash reserves with a total ending balance of approximately \$10.5 million or 130 days of projected expenses, up from \$8.5 million or 100 days cash at the end of 2015.

The improvement is notable given the district's financial performance over the past five years. Audited financial results were largely stable but below levels commensurate with an 'A' category rating from 2013 through 2015. Fitch calculated debt service coverage and coverage of full obligations averaged 1.38x and 1.15x, respectively, during the period.

Management's financial forecast through 2021 shows financial metrics generally consistent with the projected performance in 2016. Coverage levels remain close to 1.8x, assuming a modest decrease in commercial rates, and cash on hand exceeds 100 days through the forecast period. Projections include an assumed 1% annual increase in MWh sales.

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Additional information is available at 'www.fitchratings.com'.

Applicable Criteria
Revenue-Supported Rating Criteria (pub. 16 Jun 2014)
<https://www.fitchratings.com/site/re/750012>
U.S. Public Power Rating Criteria (pub. 18 May 2015)
<https://www.fitchratings.com/site/re/864007>

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