OVERTON POWER DISTRICT NO. 5

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016
AND
AUDITOR'S REPORT
****

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, 2017 and 2016, 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, an 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.

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, 2017 and 2016, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2018, on our consideration of Overton Power District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Overton Power District No. 5's internal control over financial reporting and compliance.

Hafen, Buckner, Everett, & Graff, PC

Hafen, Buckner, Everett & Graff, PC

February 15, 2018

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, 2017. 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 $2,392,868 in 2017 decreased by $513,073 during 2016.
- The District's net assets increased by $7,702,911 in 2017 and $4,581,649 during 2016.
- The District received contributions in aid of construction totaling $531,692 in 2017 and $392,473 during 2016.
- The District repaid $2,528,438 of long term debt principal during 2017 and $2,414,777 during 2016.
- The District has exceeded all coverage metrics required, reduced long term debt as a percentage of plant, and continued to save for future projects and debt reduction.

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 $44.5m at the close of the fiscal year 2017. This represents an increase from the prior year figure of $7.7m.

The largest assets of the District are the electrical plant in service ($76.7m). 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 ($76.7m), 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)

	12/31/2017	12/31/2016	12/31/2015
Utility Plant	$76,726,341	$74,333,473	$74,846,545
Other Non-Current Assets	3,288,575	2,884,652	3,231,064
Current Assets	17,876,535	15,400,392	13,108,651
Deferred Outflow Resource	5,783,357	5,071,460	5,134,545
Total Assets	103,674,808	97,689,977	96,320,805
Current Liabilities	6,935,600	6,829,394	7,321,169
Non-Current Liabilities	51,375,041	52,784,885	55,177,695
Deferred Inflow Resources	909,533	1,323,976	1,651,867
Total Liabilities	59,220,174	60,938,255	64,150,731
Net Assets	$44,454,633	$36,751,722	$32,170,074

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

	12/31/2017	12/31/2016	12/31/2015
Total Operating Revenues	$37,938,584	$37,636,085	$37,362,368
Total Operating Expenses	27,982,068	30,673,954	32,701,663
Operating Income/(Loss)	9,956,516	6,962,131	4,660,705
Non-Operating Revenues/(Expenses)	(2,106,546)	(2,077,712)	(2,408,358)
Change in Net Assets	$7,849,971	$4,884,419	$2,252,348

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.

	12/31/2017	12/31/2016	Change 2017 less 2016
Transmission Plant	$24,729,329	$24,201,411	$527,918
Distribution Plant	73,202,656	70,093,694	3,108,962
General Plant	9,564,059	9,349,462	214,597
Under Construction	2,134,377	1,475,174	659,203
Accumulated Depreciation	(32,904,080)	(30,786,268)	(2,117,812)
Total	$76,726,341	$74,333,473	$2,392,868

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:

	12/31/2017	12/31/2016	Change 2017 less 2016
NRUCFC Loan Payable	$30,144,084	$32,233,357	$(2,087,273)
NRUCFC Loan Payable 2015	15,844,417	16,283,584	(439,113)
Total	$45,988,501	$48,516,941	$(2,528,440)

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). By adopting this new accounting guidance, the District would be required to restate its beginning net position. The Deferred Inflows of Resources of $2,500,981 and Deferred Outflows of Resources are $909,533 leaving a net Pension Cost to be recorded of ($90,852).

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:
The District seeks to deliver strong and consistent business and financial results by providing the necessary services and constructing a well built and reliable power system that enables the District to sell electrical capacity and energy to its customers.

The District monitors all financial data to ensure that the District can achieve its core mission and meet all upcoming obligations and responsibilities.

As the District adds new customers, new facilities are required to serve new loads. Additional new facilities are required to add system reliability.

The District seeks to maintain this balance by utilizing its financial strength to achieve these goals.

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, 2017 and 2016

Assets

		2017		2016
Utility Plant:				
Electric plant in service	$	107,566,044	$	103,644,567
Under construction		2,064,377		1,475,174
Total		109,630,421		105,119,741
Less accumulated depreciation and amortization		(32,904,080)		(30,786,268)
Net Utility Plant		76,726,341		74,333,473
Other Non-Current Assets:				
Investments in associated organizations		3,379,427		3,204,213
Pension costs		(90,852)		(319,561)
Total Other Non-Current Assets		3,288,575		2,884,652
Current Assets:				
Cash and cash equivalents		13,204,373		10,833,217
Accounts receivable - Principally customer (less allowance for doubtful accounts of $3,431 in 2015 and $4,034 in 2014)		3,228,738		3,186,609
Materials and supplies		1,294,843		1,238,474
Prepayments and other assets		148,581		142,091
Total Current Assets		17,876,535		15,400,392
Deferred Outflows of Resources:				
Deferred charge on pensions		2,500,981		1,624,966
Deferred charges on refunding debt		3,282,376		3,446,494
Total deferred outflows of resources		5,783,357		5,071,460
Total Assets	$	103,674,808	$	97,689,977

Liabilities and Net Assets

		2017		2016
Current Liabilities:				
Accounts payable	$	1,646,065	$	1,944,906
Customer deposits		123,750		132,292
Accrued expenses		908,673		911,464
Long-term debt due within one year		2,644,029		2,530,892
Deferred credits		1,613,082		1,309,840
Total Current Liabilities		6,935,600		6,829,394
Non-Current Liabilities:				
Long-term portion of termination benefits payable		279,595		247,470
Long-term debt, less amount due within one year		43,344,473		45,986,049
Net pension liability		7,750,973		6,551,367
Total Non-current Liabilities		51,375,041		52,784,885
Deferred Inflows of Resources:				
Deferred charge on pensions		909,533		1,323,976
Total deferred outflows of resources		909,533		1,323,976
Net Assets:				
Invested in utility plant, net of related debt		76,726,341		74,333,473
Restricted for:				
Debt service		-		-
Utility plant additions		-		-
Unrestricted		(32,271,708)		(37,581,751)
Total Net Assets		44,454,633		36,751,722
Total Liabilities and Net Assets	$	103,674,808	$	97,689,977

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, 2017 and 2016

		2017		2016
Operating Revenues	$	37,938,584	$	37,636,085
Operating Expenses:				
Operation-				
Power purchased		19,859,718		22,294,687
Distribution - Operation		577,071		646,124
Distribution - Maintenance		1,226,602		1,554,738
Transmission - Maintenance		562,392		578,181
Depreciation and amortization		1,894,418		1,809,019
General and administrative-				
Customer accounts		1,230,715		1,213,412
Other		2,631,152		2,577,793
Total Operating Expenses		27,982,068		30,673,954
Operating Income / (Loss)		9,956,516		6,962,131
Non-Operating Revenues (Expenses):				
Interest income		25,298		33,611
Interest expense		(2,062,287)		(2,158,293)
Gain/(loss) on sale of assets		(143,087)		(10,718)
Amortization		(164,119)		(176,346)
Patronage capital credits CFC		237,650		234,035
Total Non-Operating Revenues (Expenses)		(2,106,546)		(2,077,712)
Change in Net Assets		7,849,971		4,884,419
Total Net Assets - Beginning of Year		36,751,722		32,170,073
Contributions In Aid of Construction-net		(147,059)		(302,771)
Total Net Assets - End of Year	$	44,454,633	$	36,751,722

The accompanying notes are an integral part of the financial statements

OVERTON POWER DISTRICT NO. 5
Statements of Cash Flows
December 31, 2017 and 2016

	2017	2016
Cash received from customers	$ 37,896,456	$ 37,818,782
Cash paid to suppliers	(23,083,813)	(25,582,941)
Cash paid to employees	(3,655,762)	(3,655,762)
Cash Flows From Operating Activities	11,156,881	8,580,080
Cash Flows From investing Activities:		
Additions to utility plant	(4,287,286)	(1,295,947)
Proceeds from the sale of utility plant assets	(143,087)	(10,718)
Investment earnings	25,298	33,611
Patronage capital credits	237,650	234,035
Investment in related organization	(175,214)	(137,931)
Cash Flows From Investing Activities	(4,342,639)	(1,176,951)
Cash Flows From Financing Activities:		
Proceeds from issuance of bonds	-	-
Repayment of principal on long-term debt	(2,528,438)	(2,414,777)
Interest paid	(2,062,287)	(2,158,293)
Contributions in aid of construction and customer advances	156,183	(506,438)
Customer deposits	(8,542)	(5,300)
Cash Flows From Financing Activities	(4,443,085)	(5,084,808)
Net Change in Cash and Cash Equivalents	2,371,156	2,318,321
Cash and Cash Equivalents including Restricted Cash, Beginning of Year	10,833,217	8,514,896
Cash and Cash Equivalents including Restricted Cash, End of Year	$ 13,204,373	$ 10,833,217
Reconcilation of Operating Income / (Loss) to Net Cash Flows from Operating Activities:		
Operating income / (loss)	$ 9,956,516	$ 6,962,131
Adjustments to reconcile operating income / (loss) to cash flows from operating activities-		
Depreciation and amortization	1,894,418	1,809,019
Changes in assets and liabilities-		
(Increase)/decrease in accounts receivable	(42,129)	182,698
(Increase)/decrease in materials and supplies	(56,369)	(147,096)
(Increase)/decrease in prepayments and other assets	(6,490)	(9,021)
(Increase)/decrease in pension costs	(228,709)	484,343
(Increase)/decrease in deferred charge in pensions	(876,015)	(137,881)
Increase/(decrease) in accounts payable	(298,841)	(400,729)
Increase/(decrease) in accrued expenses	29,336	18,296
Increase/(decrease) in net pension liability	1,199,606	146,211
Increase/(decrease) in deferred charge in pensions	(414,443)	(327,891)
Cash Flows From Operating Activities	$ 11,156,881	$ 8,580,080

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

Interest paid during the year amounted to $2,062,287 in 2017. and $2,158,293 in 2016.

The District disposed of equipment costing $377,773 and $51,738 less accumulated depreciation of $230,700 and $41,030, net of sales proceeds of $3,986 and $-0-, resulting in a non-cash loss of $143,087 and $10,718 in 2017 and 2016 respectively.

The accompanying notes are an integral part of the 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 Trustees, 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:

	Annual Percentage Range
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 Acceptanees

- 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.

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 it exposure to credit risk is to comply with the provisions of State law (NRS 355.170).

3. UTILITY PLANT

During the years ended December 31, 2017 and 2016, the following changes occurred in the District's utility plant as follows:

	Balance at 12/31/2016	Additions	Deletions	Balance at 12/31/2017
Transmission Plant	$ 24,201,411	$ 527,918	$ -	$ 24,729,329
Distribution Plant	70,093,694	3,551,039	(442,077)	73,202,656
General Plant	9,349,462	396,131	(181,534)	9,564,059
Under construction	1,475,174	659,203	-	2,134,377
Subtotal	105,119,741	5,134,291	(623,611)	109,630,421
Accumulated depreciation	(30,786,268)	(2,673,768)	555,956	(32,904,080)
Net Utility Plant Assets	$ 74,333,473	$ 2,460,523	$ (67,655)	$ 76,726,341

	Balance at 12/31/2015	Additions	Deletions	Balance at 12/31/2016
Transmission Plant	$ 22,372,367	$ 1,834,181	$ (5,137)	$ 24,201,411
Distribution Plant	69,325,427	1,200,216	(431,949)	70,093,694
General Plant	9,014,194	357,991	(22,723)	9,349,462
Under construction	2,861,490	-	(1,386,316)	1,475,174
Subtotal	103,573,478	3,392,388	(1,846,125)	105,119,741
Accumulated depreciation	(28,726,932)	(2,572,155)	512,819	(30,786,268)
Net Utility Plant Assets	$ 74,846,546	$ 820,233	$ (1,333,306)	$ 74,333,473

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.

Investments in associated organizations consists of the following:

	2017	2016
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	1,291,156	1,192,456
CFC Patronage Capital Securities	450,000	400,000
SEDC Patronage Capital	117,164	109,714
FREIE Patronage Capital	178,405	163,179
Western Unit Patronage Capital	7,296	3,264
Investment in Cobank	1,000	1,000
Investment in CRC	9,806	10,000
	$ 3,379,427	$3,204,213

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 2017 and 2016 was $672,763and $662,862.

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

	As of 12/31/2017	As of 12/31/2016
Contributed Amount	$ 27,187,895	$ 26,662,191
Accumulated Amortization	(9,513,687)	(8,840,924)
Net	$ 17,674,208	$ 17,821,267

6. LONG-TERM DEBT

During the years ended December 31, 2017 and 2016, the following changes occurred in the District's long-term debt:

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

	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017	Current Portion
NRUCFC Loans Payable	$ 48,516,942	$ -	$ (2,528,440)	$ 45,988,502	$ 2,530,892
Voluntary Termination Benefits	279,370	51,160	(25,580)	304,950	25,354
Total Long-Term Debt	$ 48,796,312	$ 51,160	$ (2,554,020)	$ 46,293,452	$ 2,556,246

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016	Current Portion
NRUCFC Loans Payable	$ 50,931,718	$ -	$ (2,414,776)	$ 48,516,942	$ 2,530,892
Bond Premiums	$ 24,619		$ (24,619)	-	
Voluntary Termination Benefits	260,056	48,391	(29,077)	279,370	31,900
Total Long-Term Debt	$ 51,216,393	$ 48,391	$ (2,468,472)	$ 48,796,312	$ 2,562,792

Long-term debt consists of the following:

	2017	2016
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.95%, maturing September	$ 2,673,175	$ 2,846,044
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.95%, maturing September	2,673,175	2,846,044
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.95%, maturing September	3,762,679	4,006,002
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.23%, maturing September	3,659,459	3,891,936
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.33%, maturing September	3,653,311	3,883,925
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.25%, maturing September	3,441,838	3,705,242
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.45%, maturing September	3,342,943	3,596,433
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.80%. maturing September	3,409,838	3,666,027
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.90%, maturing September	3,527,666	3,791,704
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.60%	15,792,561	16,230,291
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.60%	51,856	53,292
Total long term debt	45,988,501	48,516,940
Less amounts due within one year	(2,644,029)	(2,530,892)
Long term debt, net of current portion	$ 43,344,473	$ 45,986,049

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 6.33%. 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.

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, 2016 and 2015 was $-0- and $-0- respectively.

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	2017		Year	2016	
Ended	Principal	Interest	Ended	Principal	Interest
2018	$ 2,644,029	$ 2,174,019	2017	$ 2,530,892	$ 2,273,619
2019	2,773,890	2,044,160	2018	2,652,982	2,151,530
2020	2,910,519	1,907,531	2019	2,781,371	2,023,142
2021	3,054,288	1,763,763	2020	2,916,404	1,888,110
2022	3,205,589	1,612,463	2021	3,058,443	1,746,072
2023-2027	18,591,440	5,498,836	2022-2026	17,696,183	6,326,406
2028-2032	6,648,767	1,922,038	2027-2031	9,848,554	2,335,879
2033-2037	5,012,455	891,268	2032-2036	4,788,362	1,115,353
Thereafter	1,147,524	33,223	Thereafter	2,243,749	117,746
	-	-		-	-
Totals	$ 45,988,501	$ 17,847,301	Totals	$ 48,516,940	$ 19,977,857

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 $48,516,940 and $50,931,717 at December 31, 2017 and 2016 respectively.

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 PLANS AND RETIREMENT BENEFITS

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 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 pan 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 30 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, at age 62 with 10 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, 2017 and 2016 were $3,786,590 and $3,733,329 respectively. The District's total payroll for the years ended December 31, 2017 and 2016 were $3,718,342 and $3,655,761 respectively.

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

Year	Contribution Rate Regular Members	Total Contributions
2017	28.00%	$ 1,060,243
2016	28.00%	$ 1,046,030
2015	25.75% -28%	$ 916,283

The actuary 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, 2017, the District reported a liability of $7,750,973, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculated the net position liability was determined by an actuarial valuation as of that dated. 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, 2016. At June 30, 2016, the District's proportion was 0.05760 percent.

For the year ended December 31, 2016, the District recognized pension expense of $1,060,243. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension form the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual results	$ -	$ 519,025
Net difference between projected and actual earnings on pension plan investments	720,549	-
Changes in proportion and differences between District contributions and proportional share of contributions	188,004	390,508
District contributions subsequent to measurement date	1,592,428	-
Total	$ 2,500,981	$ 909,533

$1.592,428 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 position liability in the ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	
2018	$ (290)
2019	(290)
2020	1,242
2021	601
2022	(231)
2023	(51)
	$ 980

Actuarial Assumptions. The System's net pension liability was measured as of June 30, 2015, 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%
Projected salary increases	Regular: 4.6% to 9.75%, depending on service. Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer price index	3.50%
Other assumptions	Same as those used in the June 30, 2016 funding Actuarial valuation

Actuarial assumptions used in the June 30, 2016 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%	6.80%

*As of June 30, 2015 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, 2016. 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, 2015, 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 pm pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

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 in Discount Rate (7.00%)	Discount Rate (8.00%)	1.0 % Increase in Discount Rate (9.00%)
District's proportionatre share of the net pension liability	$11,361,903	$7,750,973	$4,747,337

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, 2017 and 2016 were $125,555 and $115,835.

9. COMPENSATED ABSENCES

Included in accrued expenses is $657,521 and $671,871 which represents accrued but unpaid vacation and sick pay as of December 31, 2017 and 2016.

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 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, 2017 and 2016 are as follows:

Termination benefits payable as of 12/31/16	$	279,370
Incremental adjustment for 2017		51,161
Termination benefits payable as of 12/31/17	$	330,531

11. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February 15, 2018, the date that the financial statements were available to be issued.

OVERTON POWER DISTRICT NO. 5
Schedule of the Proportionate Share of The Net Pension Liability
Public Employees Retirement Sysytem of Nevada
Last Three Fiscal Years

	Reporting Fiscal Year (Measurement Date)		
	2017 (2016)	2016 (2015)	2015 (2014)
District's portion of net pension liability (asset)	5.76000%	0.05717%	6.14600%
District's proportionate share of the net pension liability (asset)	$ 7,750,973	$ 6,551,367	$ 6,405,156
District's covered-employee payroll	$ 3,786,590	$ 3,733,329	$ 3,441,846
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	204.695%	175.483%	186.097%
Plan fiduciary net position as a percentage of the toal pension liability	72.20%	75.13%	76.31%

Schedule of Contributions
Public Employees Retirement Sysytem of Nevada
Last Two Fiscal Years

	Reporting Fiscal Year		
	2017	2016	2015
Statutorily required contribution	$ 1,060,243	$ 1,046,030	$ 916,283
Contributions in relation to the statutorily required contribution	1,060,243	1,046,030	916,283
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 3,786,590	$ 3,733,329	$ 3,441,846
Contributions as a percentage of covered-employee payroll	28.000%	28.019%	26.622%

Note: The pension schedules in the required supplementary incformation are intended to show information for ten years, and additional information will be displayed as it becomes available.

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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, 2017, 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 15, 2018.

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 15, 2018

OVERTON POWER DISTRICT NO. 5

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015
AND
AUDITOR'S REPORT
****

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, 2016 and 2015, 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, an 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.

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, 2016 and 2015, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2017, on our consideration of Overton Power District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Overton Power District No. 5's internal control over financial reporting and compliance.

Hafen, Buckner, Everett, & Graff, PC

Hafen, Buckner, Everett & Graff, PC

February 22, 2017

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, 2016. 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 decreased by $513,073 during 2016.
- The District's net assets increased by $4,581,649 during 2016.
- The District received contributions in aid of construction totaling $392,473 during 2016.
- The District repaid $2,414,777 of long term debt principal during 2016.

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 $43.1m at the close of the fiscal year 2016. This represents an increase from the prior year figure of $4.6m.

The largest assets of the District are the electrical plant in service ($74.3m). 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 ($74.3m), 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)

	12/31/2016	12/31/2015	12/31/2014
Utility Plant	$74,333,473	$74,846,545	$74,832,747
Other Non-Current Assets	2,884,652	3,231,064	5,516,587
Current Assets	15,400,392	13,108,651	11,926,781
Deferred Outflow Resource	5,071,460	5,134,545	858,715
Total Assets	97,689,977	96,320,805	93,134,830
Current Liabilities	6,829,394	7,321,169	5,701,502
Non-Current Liabilities	52,784,885	55,177,695	49,326,128
Deferred Inflow Resources	1,323,976	1,651,867	1,651,867
Total Liabilities	60,938,255	64,150,731	56,679,497
Net Assets	$36,751,722	$32,170,074	$36,455,332

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

	12/31/2016	12/31/2015	12/31/2014
Total Operating Revenues	$37,636,085	$37,362,368	$36,366,208
Total Operating Expenses	30,673,954	32,701,663	31,284,323
Operating Income/(Loss)	6,962,131	4,660,705	5,081,886
Non-Operating Revenues/(Expenses)	(2,077,712)	(2,408,358)	(2,865,400)
Change in Net Assets	$4,884,419	$2,252,348	$2,216,486

<u>Utility Plant and Debt Administration and Pension</u>

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.

	12/31/2016	12/31/2015	Change 2016 less 2015
Transmission Plant	$24,201,411	$22,372,367	$1,829,044
Distribution Plant	70,093,694	69,325,427	768,267
General Plant	9,349,462	9,014,194	335,268
Under Construction	1,475,174	2,861,490	(1,386,316)
Accumulated Depreciation	(30,786,268)	(28,726,932)	(2,059,336)
Total	$74,333,473	$74,846,546	($513,073)

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:

	12/31/2016	12/31/2015	Change 2016 less 2015
NRUCFC Loan Payable	$32,233,357	$34,126,683	$(1,893,326)
Special Revenue Bonds Payable	0	0	0
NRUCFC Loan Payable 2015	16,283,584	16,805,035	(521,451)
Total	$48,516,941	$50,931,718	$(2,414,777)

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 $1,624,966 and the Deferred Outflows of Resources are $1,323,976 leaving a net Pension Cost to be recorded of ($319,561).

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, 2016 and 2015

Assets

		2016		2015
Utility Plant:				
Electric plant in service	$	103,644,567	$	100,711,987
Under construction		1,475,174		2,861,490
Total		105,119,741		103,573,477
Less accumulated depreciation and amortization		(30,786,268)		(28,726,932)
Net Utility Plant		74,333,473		74,846,545
Other Non-Current Assets:				
Investments in associated organizations		3,204,213		3,066,282
Pension costs		(319,561)		164,782
Total Other Non-Current Assets		2,884,652		3,231,064
Current Assets:				
Cash and cash equivalents		10,833,217		8,514,896
Accounts receivable - Principally customer (less allowance for doubtful accounts of $3,431 in 2015 and $4,034 in 2014)		3,186,609		3,369,307
Materials and supplies		1,238,474		1,091,378
Prepayments and other assets		142,091		133,070
Total Current Assets		15,400,392		13,108,651
Deferred Outflows of Resources:				
Deferred charge on pensions		1,624,966		1,487,085
Deferred charges on refunding debt		3,446,494		3,647,460
Total deferred outflows of resources		5,071,460		5,134,545
Total Assets	$	97,689,977	$	96,320,805

Liabilities and Net Assets

		2016		2015
Current Liabilities:				
Accounts payable	$	1,944,906	$	2,345,635
Customer deposits		128,300		133,600
Accrued expenses		915,456		913,651
Long-term debt due within one year		2,530,892		2,414,777
Deferred credits		1,309,840		1,513,507
Total Current Liabilities		6,829,394		7,321,170
Non-Current Liabilities:				
Long-term portion of termination benefits payable		247,470		230,979
Long-term debt, less amount due within one year		45,986,049		48,541,560
Net pension liability		6,551,367		6,405,156
Total Non-current Liabilities		52,784,885		55,177,695
Deferred Inflows of Resources:				
Deferred charge on pensions		1,323,976		1,651,867
Total deferred outflows of resources		1,323,976		1,651,867
Net Assets:				
Invested in utility plant, net of related debt		74,333,473		74,821,925
Restricted for:				
Debt service		-		-
Utility plant additions		-		-
Unrestricted		(37,581,751)		(42,651,852)
Total Net Assets		36,751,722		32,170,073
Total Liabilities and Net Assets	$	97,689,977	$	96,320,805

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, 2016 and 2015

	2016	2015
Operating Revenues	$ 37,636,085	$ 37,362,368
Operating Expenses:		
Operation-		
Power purchased	22,294,687	25,117,157
Distribution - Operation	646,124	577,929
Distribution - Maintenance	1,554,738	1,375,209
Transmission - Maintenance	578,181	743,299
Depreciation and amortization	1,809,019	1,765,192
General and administrative-		
Customer accounts	1,213,412	1,094,304
Other	2,577,793	2,028,573
Total Operating Expenses	30,673,954	32,701,663
Operating Income / (Loss)	6,962,131	4,660,705
Non-Operating Revenues (Expenses):		
Interest income	33,611	26,486
Interest expense	(2,158,293)	(2,525,184)
Gain/(loss) on sale of assets	(10,718)	(51,202)
Amortization	(176,346)	(70,114)
Patronage capital credits CFC	234,035	211,672
Total Non-Operating Revenues (Expenses)	(2,077,712)	(2,408,342)
Change in Net Assets	4,884,419	2,252,363
Total Net Assets - Beginning of Year	32,170,073	30,050,160
Contributions In Aid of Construction-net	(302,771)	(132,450)
Total Net Assets - End of Year	$ 36,751,722	$ 32,170,073

The accompanying notes are an integral part of the financial statements

OVERTON POWER DISTRICT NO. 5
Statements of Cash Flows
December 31, 2016 and 2015

	2016	2015
Cash received from customers	$ 37,818,782	$ 37,097,530
Cash paid to suppliers	(25,582,941)	(27,492,409)
Cash paid to employees	(3,655,762)	(3,527,395)
Cash Flows From Operating Activities	8,580,080	6,077,726
Cash Flows From investing Activities:		
Additions to utility plant	(1,295,947)	(1,778,990)
Proceeds from the sale of utility plant assets	(10,718)	(51,202)
Investment earnings	33,611	26,486
Patronage capital credits	234,035	211,672
Investment in related organization	(137,931)	(165,289)
Cash Flows From Investing Activities	(1,176,951)	(1,757,323)
Cash Flows From Financing Activities:		
Proceeds from issuance of bonds	-	16,805,035
Repayment of principal on long-term debt	(2,414,777)	(20,350,209)
Interest paid	(2,158,293)	(2,525,184)
Contributions in aid of construction and customer advances	(506,438)	1,140,532
Customer deposits	(5,300)	5,200
Cash Flows From Financing Activities	(5,084,808)	(4,924,626)
Net Change in Cash and Cash Equivalents	2,318,321	(604,223)
Cash and Cash Equivalents including Restricted Cash, Beginning of Year	8,514,896	9,119,119
Cash and Cash Equivalents including Restricted Cash, End of Year	$ 10,833,217	$ 8,514,896
Reconciliation of Operating Income / (Loss) to Net Cash Flows from Operating Activities:		
Operating income / (loss)	$ 6,962,131	$ 4,660,705
Adjustments to reconcile operating income / (loss) to cash flows from operating activities-		
Depreciation and amortization	1,809,019	1,765,192
Changes in assets and liabilities-		
(Increase)/decrease in accounts receivable	182,698	(264,838)
(Increase)/decrease in materials and supplies	(147,096)	11,872
(Increase)/decrease in prepayments and other assets	(9,021)	1,402
(Increase)/decrease in pension costs	484,343	-
(Increase)/decrease in deferred charge in pensions	(137,881)	-
Increase/(decrease) in accounts payable	(400,729)	(167,622)
Increase/(decrease) in accrued expenses	18,296	71,014
Increase/(decrease) in net pension liability	146,211	-
Increase/(decrease) in deferred charge in pensions	(327,891)	-
Cash Flows From Operating Activities	$ 8,580,080	$ 6,077,726

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

Interest paid during the year amounted to $2,158,293 in 2016, and $2,525,184 in 2015.

The District disposed of equipment costing $51,738 and $111,788 less accumulated depreciation of $41,030 and $60,586, net of sales proceeds of $-0- and $-0-, resulting in a non-cash loss of $10,718 and $51,202 in 2016 and 2015 respectively.

The accompanying notes are an integral part of the 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 Trustees, 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:

	Annual Percentage Range
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

- 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.

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 it exposure to credit risk is to comply with the provisions of State law (NRS 355.170).

3. UTILITY PLANT

During the years ended December 31, 2016 and 2015, the following changes occurred in the District's utility plant as follows:

	Balance at 12/31/2015	Additions	Deletions	Balance at 12/31/2016
Transmission Plant	$ 22,372,367	$ 1,834,181	$ (5,137)	$ 24,201,411
Distribution Plant	69,325,427	1,200,216	(431,949)	70,093,694
General Plant	9,014,194	357,991	(22,723)	9,349,462
Under construction	2,861,490	-	(1,386,316)	1,475,174
Subtotal	103,573,478	3,392,388	(1,846,125)	105,119,741
Accumulated depreciation	(28,726,932)	(2,572,155)	512,819	(30,786,268)
Net Utility Plant Assets	$ 74,846,546	$ 820,233	$ (1,333,306)	$ 74,333,473

	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

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.

Investments in associated organizations consists of the following:

	2016	2015
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	1,192,456	1,096,902
CFC Patronage Capital Securities	400,000	400,000
SEDC Patronage Capital	109,714	105,710
FREIE Patronage Capital	163,179	136,889
Western Unit Patronage Capital	3,264	2,181
Investment in Cobank	1,000	-
Investment in CRC	10,000	-
	$ 3,204,213	$3,066,282

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 2016 and 2015 was $662,862and $665,358.

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

	As of 12/31/2016	As of 12/31/2015
Contributed Amount	$ 26,662,191	$ 26,302,100
Accumulated Amortization	(8,840,924)	(8,178,062)
Net	$ 17,821,267	$ 18,124,038

6. LONG-TERM DEBT

During the years ended December 31, 2016 and 2015, the following changes occurred in the District's long term debt:

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

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016	Current Portion
NRUCFC Loans Payable	$ 50,931,718	$ -	$ (2,414,776)	$ 48,516,942	$ 2,530,892
Bond Premiums	24,619	-	(24,619)	-	-
Voluntary Termination Benefits	260,056	48,391	(29,077)	279,370	31,900
Total Long-Term Debt	$ 51,216,393	$ 48,391	$ (2,468,472)	$ 48,796,312	$ 2,562,792

	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	$ 51,495,024	$ 16,805,035	$ (17,083,666)	$ 51,216,393	$ 2,443,854

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 6.33%. 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.

	2016	2015
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.95%, maturing September	$ 2,846,044	$ 3,008,998
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.95%, maturing September	2,846,044	3,008,998
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.95%, maturing September	4,006,002	4,235,371
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.23%, maturing September	3,891,936	4,110,477
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.33%, maturing September	3,883,925	4,100,501
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.25%, maturing September	3,705,242	3,960,257
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.45%, maturing September	3,596,433	3,841,485
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.80%. maturing September	3,666,027	3,913,318
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.90%, maturing September	3,791,704	4,049,197
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.60%	16,230,291	16,648,450
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.60%	53,292	54,666
Bond premiums on 2008 Special Obligation	-	24,619
Total long term debt	48,516,940	50,956,337
Less amounts due within one year	(2,530,892)	(2,414,777)
Long term debt, net of current portion	$ 45,986,049	$ 48,541,560

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, 2016 and 2015 was $-0- and $-0- respectively.

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	2016 Principal	2016 Interest	Year Ended	2015 Principal	2015 Interest
2017	$ 2,530,892	$ 2,273,619	2016	$ 2,414,777	$ 2,389,719
2018	2,652,982	2,151,530	2017	2,530,892	2,273,603
2019	2,781,371	2,023,142	2018	2,652,982	2,151,513
2020	2,916,404	1,888,110	2019	2,781,371	2,023,124
2021	3,058,443	1,746,072	2020	2,916,404	1,888,092
2022-2026	17,696,183	6,326,406	2021-2025	16,866,650	7,155,827
2027-2031	9,848,554	2,335,879	2026-2030	12,903,391	2,970,570
2032-2036	4,788,362	1,115,353	2031-2035	4,574,286	1,329,249
Thereafter	2,243,749	117,746	Thereafter	3,290,964	251,155
	-	-		-	-
Totals	$ 48,516,940	$ 19,977,857	Totals	$ 50,931,717	$ 22,432,852

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 $48,516,940 and $50,931,717 at December 31, 2016 and 2015 respectively.

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 PLANS AND RETIREMENT BENEFITS

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 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 pan 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 30 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, at age 62 with 10 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, 2016 and 2015 were $3,733,329 and $3,441,845 respectively. The District's total payroll for the years ended December 31, 2016 and 2015 were $3,655,761 and $3,527,395 respectively.

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

Year	Contribution Rate Regular Members	Total Contributions
2016	28.00%	$ 1,046,030
2015	25.75% -28%	$ 916,283
2014	25.75%	$ 898,947

The actuary 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, 2016, the District reported a liability of $6,551,367, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculated the net position liability was determined by an actuarial valuation as of that dated. 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, 2015. At June 30, 2015, the District's proportion was 0.05717 percent.

For the year ended December 31, 2016, the District recognized pension expense of $1,046,030. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pension form the following sources:

Differences between expected and actual results	$ -	$ 492,776
Net difference between projected and actual earnings on pension plan investments	-	354,866
Changes in proportion and differences between District contributions and proportional share of contributions	99,297	476,334
District contributions subsequent to measurement date	1,525,669	-
Total	$ 1,624,966	$ 1,323,976

$1,525,669 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 position liability in the 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:

2017	$ (263,383)
2018	(263,383)
2019	(263,383)
2020	49,486
2021	(81,443)
2022	(25,534)
	$ (847,640)

Actuarial Assumptions. The System's net pension liability was measured as of June 30, 2015, 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:

Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.6% to 9.75%, depending on service Poioce/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer price index	3.50%
Other assumptions	Same as those used in the June 30, 2015 funding Actuarial valuation

Actuarial assumptions used in the June 30, 2015 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-tenn 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%	6.80%

*As of June 30, 2015 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, 2015. 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, 2015, 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 pm pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

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 in Discount Rate (7.00%)	Discount Rate (8.00%)	1.0 % Increase in Discount Rate (9.00%)
District's proportionatre share of the net pension liability	$9,982,961	$6,551,360	$3,697,744

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, 2016 and 2015 were $115,835 and $74,835.

9. COMPENSATED ABSENCES

Included in accrued expenses is $674,871 and $530,880 which represents accrued but unpaid vacation and sick pay as of December 31, 2016 and 2015.

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 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, 2016 and 2015 are as follows:

Termination benefits payable as of 12/31/15	$	260,056
Incremental adjustment for 2016		19,314
Termination benefits payable as of 12/31/16	$	279,370

11. 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, 2017, the date that the financial statements were available to be issued.

OVERTON POWER DISTRICT NO. 5
Schedule of the Proportionate Share of The Net Pension Liability
Public Employees Retirement Sysytem of Nevada
Last Two Fiscal Years

	Reporting Fiscal Year (Measurement Date)	
	2016 (2015)	2015 (2014)
District's portion of net pension liability (asset)	0.05717%	6.14600%
District's proportionate share of the net pension liability (asset)	$ 6,551,367	$ 6,405,156
District's covered-employee payroll	$ 3,733,329	$ 3,441,846
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	175.483%	186.097%
Plan fiduciary net position as a percentage of the toal pension liability	75.13%	76.31%

Schedule of Contributions
Public Employees Retirement Sysytem of Nevzda
Last Two Fiscal Years

	Reporting Fiscal Year	
	2016	2015
Statutorily required contribution	$ 1,046,030	$ 916,283
Contributions in relation to the statutorily required contribution	1,046,030	916,283
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 3,733,329	$ 3,441,846
Contributions as a percentage of covered-employee payroll	28.019%	26.622%

Note: The pension schedules in the required supplementary incformation are intended to sbow information for ten years, and additional information will be displayed as it becomes available.

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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, 2016, 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, 2017.

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, 2017