REFUNDING ISSUE-- BOOK ENTRY ONLY | BANK QUALIFIED

Preliminary Official Statement Dated April 17, 2020

In the opinion of Bond Counsel, under existing laws, regulations and court decisions, interest on the Bonds is not includable in gross income for federal income taxes as to taxpayers generally and is exempt from Nebraska state income taxes. The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code. See "TAX EXEMPTION" and "TAX OPINION - STATE INCOME TAX."

$4,015,000*
NORTH CENTRAL PUBLIC POWER DISTRICT ELECTRIC SYSTEM REVENUE REFUNDING BONDS 2020 SERIES

Dated: Date of Delivery | Due: October 15, as shown below

The Electric System Revenue Refunding Bonds, 2020 Series (the "Bonds") are issuable as fully registered Bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchases of Bonds will be made in book-entry only form, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest is payable on October 15, 2020* and on each April 15 and October 15 thereafter. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal or redemption price of and interest on the Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. UMB Bank, N.A., located in Kansas City, Missouri, will act as Paying Agent and Registrar for the Bonds. For terms relating to payments made to DTC or its nominee or in the event that the use of book-entry form is discontinued, see "THE BONDS."

The Bonds are subject to optional redemption prior to maturity after the fifth anniversary of the date of original issue, at par plus accrued interest to the date of redemption, as described herein.

MATURITY SCHEDULE*

October 15 Maturity	Principal Amount	Interest Rate	Price	October 15 Maturity	Principal Amount	Interest Rate	Price
2020	$480,000	%	%	2025	$545,000	%	%
2021	500,000			2026	405,000		
2022	510,000			2027	405,000		
2023	525,000			2028	115,000		
2024	530,000						

The principal of and interest on the Bonds are payable solely from and secured by a pledge and assignment of the Revenues derived by the District from the ownership, operation, and management of its Electric System and other funds pledged under the Resolution and will be payable on parity as to lien upon the Revenues with the District's Outstanding Parity Bonds, and any Additional Bonds or any Additional RUS Indebtedness which may hereafter be issued pursuant to the Resolution (each as defined herein). The Bonds are not obligations of the State of Nebraska or any of its political subdivisions other than the District, nor shall said State or any other political subdivision thereof be obligated for the payment of the Bonds. THE DISTRICT HAS NO TAXING POWERS.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered in book-entry form, when, as and if issued and received by the Underwriter and subject to the approval of legality by Baird Holm LLP, Omaha, Nebraska, Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery through The Depository Trust Company, in New York, New York, on or about ___________, 2020.

AMERITAS INVESTMENT COMPANY, LLC

* Preliminary, subject to change

No dealer, broker, salesperson, or other person has been authorized by the District or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been furnished by the District and such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SECURITIES DESCRIBED HEREIN BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE THEREAFTER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OF THE SECURITIES DESCRIBED HEREIN SINCE THE DATE HEREOF.

SUCH SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY DOCUMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE TERMS OF THE OFFERING. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT OF
NORTH CENTRAL PUBLIC POWER DISTRICT
Relating To Its
$4,015,000*
ELECTRIC SYSTEM REVENUE REFUNDING BONDS
2020 SERIES

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, is furnished by North Central Public Power District, a public power district organized under the laws of the State of Nebraska (the "District"), to set forth information concerning the District and particularly the issuance of the District's $4,015,000* Electric System Revenue Refunding Bonds, 2020 Series (the "Bonds"), authorized by a resolution of the District adopted April 27, 2020 (the "Resolution"), pursuant to which UMB Bank, N.A. is designated to act as Paying Agent and Registrar.

The Bonds are to be issued in accordance with the Resolution and as specifically authorized by Chapter 70, Article 6, R.R.S. Neb. 2009, as amended (the "Act").

All terms used in this Official Statement which are not defined herein but which are defined in the Resolution, shall have the meanings specified in the Resolution. Reference is made both to the Resolution and to Appendix C - "DESCRIPTION OF CERTAIN PROVISIONS OF THE RESOLUTION—Definitions" herein for definitions of terms.

THE DISTRICT

The District is a Nebraska public power district organized and existing under Sections 70-601 et seq., R.R.S. Neb. 2009. Certain descriptive information concerning the District is set forth in Appendix "A" attached hereto. **The District has no taxing powers.**

PURPOSE

Pursuant to the Resolution, the District will use the proceeds from the sale of the Bonds (together with debt service reserve funds held for the Refunded Bonds) for the purpose of refunding the District's Electric System Revenue Bonds, 2013A Series, dated January 15, 2013, in the outstanding principal amount of $1,510,000 (the "2013A Bonds"), the District's Electric System Revenue Refunding Bonds, 2013B Series, dated April 23, 2013, in the outstanding principal amount of $1,055,000 (the "2013B Bonds") and the District's Electric System Revenue Refunding Bonds, Series 2014B, dated October 1, 2014, in the outstanding principal amount of $1,740,000 (the "2014B Bonds" and together with the 2013A Bonds and the 2013B Bonds, the "Refunded Bonds").

* Preliminary, subject to change

OUTSTANDING INDEBTEDNESS

Outstanding Parity Bonds

In addition to the Refunded Bonds, the District presently has outstanding the following bonded indebtedness (collectively, the "Outstanding Parity Bonds"):

> Electric System Revenue Refunding Bonds, 2016 Series, dated June 29, 2016, issued pursuant to a Resolution adopted by the Board of Directors on May 23, 2016 (the "2016 Resolution") in the original principal amount of $890,000, and presently outstanding in the principal amount of $645,000;

The resolutions authorizing the issuance of the Outstanding Parity Bonds are herein collectively referred to as the "Outstanding Parity Resolutions".

RUS/CFC Indebtedness

The District has in the past had outstanding certain obligations to the RUS and/or CFC (the "Prior RUS/CFC Indebtedness"), which indebtedness was secured by a pledge of the Revenues as well as by certain mortgage rights and security interests in favor of RUS and CFC (the "RUS Mortgage") in which the holders of the Outstanding Parity Bonds and any Additional Bonds, including the Bonds, are not entitled to share.

There is no Prior RUS/CFC Indebtedness outstanding; however, under the terms of the RUS Mortgage the District may from time to time incur additional indebtedness to RUS and/or CFC (as defined below, hereinafter referred to as "Additional RUS Indebtedness") which is secured by the RUS Mortgage.

CoBank Line of Credit

The District also has a revolving line of credit with CoBank, ACB ("CoBank"), in the maximum amount of $1,000,000 and as of the date of this Official Statement, no funds have been advanced. Other than CoBank's lien on the District's equity in CoBank, the line of credit is unsecured.

CFC Line of Credit

The District also has an unsecured revolving line of credit with the National Rural Utilities Cooperative Finance Corporation ("CFC") in the maximum amount of $1,000,000 and as of the date of this Official Statement, no funds have been advanced.

SECURITY

The Bonds are payable on a parity basis as to lien against the Revenues with the Outstanding Parity Bonds and any Additional Bonds and any Additional RUS Indebtedness which may be hereafter issued by the District as permitted by the Resolution, solely from and secured by a pledge of all the Revenues derived by the District from the ownership and operation of its Electric System, other monies pledged in the Resolution thereto and the respective debt reserve funds, if any, associated with such series of bonds, subject, however, to the prior payment of the operation and maintenance expenses of the District's Electric System, and subject to the rights of RUS and or/ CFC under the RUS Mortgage.

The Bonds shall not constitute a debt of the State of Nebraska or any of its political subdivisions, other than the District, nor shall the State of Nebraska or any of its political subdivisions, other than the District, be liable for payment of the Bonds. **The District has no taxing powers.**

THE BONDS

The Bonds will be issued in the aggregate principal amount of $4,015,000*, will bear interest (computed on the basis of a year of 360 days consisting of twelve thirty-day months) at the rates, payable on October 15, 2020*, and semiannually thereafter on April 15 and October 15 of each year (collectively, the "Interest Payment Dates"), and mature on the dates, all as set forth on the cover page of this Official Statement. The Bonds are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof. Initially, the Bonds will be issued using the services of The Depository Trust Company ("DTC") and will be registered in the name of Cede & Co. and will be made available to beneficial owners in book-entry only form, as described below.

General

The principal of, premium, if any, and interest on the Bonds due at maturity or upon redemption prior to maturity are payable at the office of UMB Bank, N.A., as Paying Agent and Registrar, in Kansas City, Missouri (the "Paying Agent") or at any successor paying agent appointed by the District as provided in the Resolution, upon presentation and surrender thereof. Interest on the Bonds due prior to maturity or earlier date of redemption will be paid to the registered owners thereof as of the close of business on the last day of the calendar month next preceding each Interest Payment Date (the "Record Date") and will be paid by wire transfer, check or draft drawn on the Paying Agent and mailed on each Interest Payment Date to the registered owners thereof at the addresses shown on the registration books maintained by the Paying Agent notwithstanding the cancellation of any such Bond upon any exchange or transfer thereof subsequent to the Record Date and prior to such Interest Payment Date. The principal of and interest on the Bonds will be paid in lawful money of the United States of America. The foregoing procedures and methods for payment will apply in the event that provisions for global book-entry Bonds as described below cease to be in effect and will apply to the holding and transfer of Bonds by DTC subject to certain modifications provided for in a Letter of Representations between the District, the Paying Agent and DTC.

Global Book-Entry Bonds

The Bonds will be available to the ultimate purchasers in global book-entry form only, in the principal amount of $5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased, except as described below.

The following description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of interest and other payments on the Bonds to Participants (as hereinafter defined) or Beneficial Owners (as hereinafter defined) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Participants and Beneficial Owners of the Bonds, is based solely on information furnished by DTC to the District for inclusion in this Official Statement. Accordingly, the District and the Registrar do not make any representations concerning these matters, and the Beneficial Owners of the Bonds should not rely on the following information with respect to such matters, but should instead confirm the same with the Participants from whom they purchased the Bonds.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each separate maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal

* Preliminary, subject to change

Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participant’s accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC us owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and at www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Registrar) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar (from funds provided by the District), disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered.

The information under this subcaption concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

The District and the Registrar will not have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant; (ii) the payment by DTC or any Direct Participant or Indirect Participant of any amount with respect to the principal or redemption price of or interest on the Bonds; (iii) any notice which is permitted or required to be given to bondholders under the Resolution; (iv) the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as bondholder.

The information included under this subcaption, other than in this paragraph, the preceding paragraph hereof and the first two full paragraphs under this subcaption, has been provided by DTC. No representation is made by the District or the Registrar as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof. The Beneficial Owners of the Bonds will rely on DTC Participants or Indirect Participants for timely payments and other notices and for otherwise making available to the Beneficial Owners the rights of a bondholder. No assurances can be given, in the event of the bankruptcy or insolvency of DTC or the Direct Participant or Indirect Participant through which a Beneficial Owner holds beneficial interest in the Bonds, that payment will be made by DTC, the Direct Participant or the Indirect Participant on a timely basis.

Notice to Bondholders

Notice of any proposed modification or amendment of the Resolution by means of a supplemental resolution that is to be effective with the consent of the registered owners of the Bonds as well as all notices of redemption will be mailed to DTC, as the registered owner of the Bonds then outstanding. No assurance can be given by the District or the Paying Agent that DTC will distribute to the Participants, or that the Participants will distribute to the Beneficial Owners, (i) payment of debt service on the Bonds paid to DTC, or its nominee, as the registered owner, or (ii) any redemption or other notices, or that DTC or the Participants will serve and act on a timely basis or in the manner described in this Official Statement.

Optional Redemption

The Bonds are subject to redemption at the option of the District prior to maturity at any time on or after the fifth anniversary of the date of original issue, at par plus accrued interest to the date of redemption, as described herein.

If less than all of the Bonds are to be so redeemed, the District may select the maturity or maturities to be redeemed. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds or portion of the Bonds of such maturity to be redeemed shall be selected at random by the Paying Agent in such manner as the Paying Agent in its discretion may deem fair and appropriate.

Redemption--Bonds Held by DTC

If the Bonds are being held by DTC under the book-entry system and less than all of such Bonds within a maturity are being redeemed, DTC's current practice is to determine by lot the amount of the interest of each Participant in such maturity to be called for redemption, and each Participant is to then select by lot the ownership interest in such maturity to be redeemed. See "THE BONDS - Global Book-Entry Bonds" herein.

Notice of Redemption; Effect of Redemption

Notice of call for redemption, identifying the Bonds or portions thereof to be redeemed shall be given by the Paying Agent by mail, sent to the registered owners of the Bonds to be redeemed (initially, Cede & Co.) at their registered addresses as shown on the registration books maintained by the Paying Agent, first class, postage prepaid, not less than thirty (30) prior to the date fixed for redemption. Failure to give notice to any registered owner or any defect in the notice shall not affect the validity of the proceedings calling the Bonds or the redemption of any Bonds for which proper notice has been given. The District shall have the right to direct further notice of redemption for any Bond for which defective notice has been given. After the date fixed for redemption, provided that funds have been deposited with the Paying Agent, interest on the Bonds called for redemption on such date shall cease to accrue.

Interchangeability

The Bonds, upon surrender thereof at the office of the Bond Paying Agent with a written instrument of transfer satisfactory to the Bond Paying Agent, duly executed by the registered owner or his duly authorized attorney, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and of any other authorized denominations.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the District shall execute and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. For every such exchange or transfer of Bonds, the District, or the Paying Agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, but may impose no other charge therefore. Neither the District nor the Paying Agent shall be required to transfer or exchange any Bond (a) for a period of 15 days next preceding an interest payment date or (b) during the 30 days next preceding any date fixed for redemption. Transfer of interest by Beneficial Owners, so long as there is a securities depository serving will be governed by the procedures described under "THE BONDS-Global Book-Entry Bonds" herein.

SOURCES AND APPLICATION OF FUNDS

Sources of Funds:	
Bond Proceeds	$
Transfer From Prior Issues Debt Service Reserve Funds	
Total	$
Application of Funds:	
Deposit to Refunding Account	$
Issuance Costs (including Underwriter's Discount)	
Rounding Amount	
Total	$

DEBT SERVICE REQUIREMENTS

The following table sets forth the aggregate debt service requirements for the District's Outstanding Parity Bonds and the Bonds for each of the fiscal years ending December 31:

Year	Outstanding Parity Bonds	Series 2020 Bonds	Total Principal and Interest
2020	$95,680.00		
2021	99.617.50		
2022	98,357.50		
2023	97,007.50		
2024	100,567.50		
2025	98,905.00		
2026	102,100.00		
2027			
2028			
Totals	$692,235.00	$	$

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

The Electric Utility Industry Generally

The electric utility industry has been, and in the future may be, affected by a number of factors which could impact the financial condition and competitiveness of electric utilities, such as the District. Such factors include, among others, (i) effects of compliance with rapidly changing environmental, safety and licensing requirements, (ii) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (iii) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and "strategic alliances" of competing electric (and gas) utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of producing low cost and/or renewable electricity, (iv) increased competition from independent power producers and marketers and brokers, (v) "self-generation" by certain industrial and commercial customers, (vi) issues relating to the ability to issue tax-exempt obligations, (vii) severe restrictions on the ability to sell to nongovernmental entities electricity from projects financed with outstanding tax-exempt obligations, (viii) changes from projected future load requirements, (ix) increases in costs, (x) shifts in the availability and relative costs of different fuels, (xi) continuing reliability of power service grids in light of increasing energy demands and other factors, and (xii) other federal, state and local legislative and regulatory changes. Any of these factors and the factors discussed below (as well as other factors) could have an adverse effect on the financial condition of the District.

The District and other electric utilities are subject to various federal and state laws requiring compliance with environmental rules and regulations. In addition, the District also is subject to various federal and state laws which affect the construction and operation of its facilities. Any such laws, rules or regulations whether now existing or adopted or mandated in the future, could have an adverse effect on the financial condition of the District.

Proposed Federal Deregulation Legislation

In past years, bills have been introduced into the United States House of Representatives and the United States Senate to deregulate the electric utility industry on the federal or state level. In general, many of the bills provide for open competition in the furnishing of electricity to all retail customers (i.e., retail wheeling). No prediction can be made as to whether these bills or any future proposed federal bills relating to the regulation or deregulation of the electric industry will become law or, if they become law, what their final form or effect would be.

Energy Policy Act of 2005

The Energy Policy Act of 2005 (the "Energy Policy Act") was signed into law on August 8, 2005. Among other things, the Energy Policy Act is intended to promote alternative and renewable energy sources and modernize the electricity grid. Title XII of the Energy Policy Act, referred to as the "Electricity Modernization Act of 2005," implements reliability standards and procedures relating to the siting of interstate electric transmission facilities under Sections 211, 212 and 213 of the Federal Power Act (the "FPA").

FERC's authority regarding the siting of interstate electric transmission facilities has been expanded. Every three years, the Secretary of Energy, in consultation with affected states, is required to conduct a study of electric transmission congestion and may designate any geographic area experiencing electric energy transmission capacity constraints or congestion as a National Interest Electric Transmission Corridor. FERC has been granted limited backstop authority to site electric transmission facilities in any National Interest Electric Transmission Corridors if the states cannot or will not do so. The District cannot predict what impact, if any, the reliability standards and FERC's authority to site electric transmission facilities will have on the District's operations, or whether such changes could have an adverse effect on the District.

Regarding reliability standards, FERC has been granted jurisdiction over the Electric Reliability Organization (the "ERO") certified by FERC, any regional entities, and all users, owners and operators of the bulk-power system, for purposes of approving reliability standards and enforcing compliance. In this context, the term "bulk-power system" means (A) facilities and control systems necessary for operating an interconnected electric energy transmission network (or any portion thereof); and (B) electric energy from generation facilities needed to maintain transmission system reliability (the term does not include facilities used in the local distribution of electric energy). FERC has certified the North American Electric Reliability Council ("NERC") as the nation's ERO. As the ERO, NERC is responsible for developing and enforcing mandatory electric reliability standards under the Commission's oversight. All users, owners and operators of the bulk-power system must comply with the reliability standards.

The Energy Policy Act also amended the Public Utility Regulatory Policies Act of 1978 ("PURPA"). As amended, PURPA now requires that:

> (i) each covered electric utility (utilities that had sales of electric energy for purposes other than resale which exceeded 500 million kilowatt-hours during any calendar year beginning after December 31, 1975 and before the immediately preceding calendar year) shall make available upon request net metering service to any electric consumer that the electric utility serves. The term "net metering service" means service to an electric consumer under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period;
>
> (ii) each covered electric utility shall offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. The time-based rate schedule shall enable the electric consumer to manage energy use and cost through advanced metering and communications technology; and
>
> (iii) each covered electric utility shall make available, upon request, interconnection service to any electric consumer that the electric utility serves. The term "interconnection service" means service to an electric consumer under which an on-site generating facility on the consumer's premises shall be connected to the local distribution facilities.

These requirements, as and to the extent they have a material adverse effect on covered electric utilities in the District's power supply chain, could have an adverse effect on the financial condition of the District.

The Energy Policy Act also repealed the Public Utility Holding Company Act of 1935 (the "1935 PUHCA"), replacing it with the Public Utility Holding Company Act of 2005 (the "2005 PUHCA"). The 1935 PUHCA had established a regulatory regime overseen by the Securities and Exchange Commission (the "Commission"). The 2005 PUHCA increases access to holding company books and records to assist FERC and state utility regulators in protecting customers of regulated utilities. In general, the term "holding company" means (i) any company that directly or indirectly owns, controls, or holds, with power to vote, 10 percent or more of the outstanding voting securities of a public-utility company or of a holding company of any public-utility company; and (ii) any person, determined by the Commission, after notice and opportunity for hearing, to exercise directly or indirectly (either alone or pursuant to an arrangement or understanding with one or more persons) such a controlling influence over the management or policies of any public-utility company or holding company as to make it necessary or appropriate for the rate protection of utility customers with respect to rates that such person be subject to the obligations, duties, and liabilities imposed by this subtitle upon holding companies. The term "public-utility company" means an electric utility company or a gas utility company. On December 8, 2005, FERC finalized the 2005 PUHCA implementation rules with the intent to reduce regulatory burdens by limiting filing requirements to those needed to protect against inappropriate cross-subsidization, and providing exemptions and waivers for persons and transactions not relevant to jurisdictional rates. The term "jurisdictional rates" means rates accepted or established by FERC for the transmission of electric energy in interstate commerce, the sale of electric energy at wholesale in interstate commerce, the transportation of natural gas in interstate commerce, and the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use. In a December 2005 FERC News Release, the Commission Chairman observed that the regulatory reforms will open the electricity and natural gas sectors to new sources of investment in necessary energy infrastructure development. Certain information relating to FERC may be accessed at http://www.ferc.gov.

The District is subject to FPA Section 221 which prohibits filing or reporting of false information to a federal agency related to the price of wholesale electricity or transmission capacity. The District is also subject to FPA Section 222 which prohibits fraud and market manipulation in the purchase or sale of electric energy or transmission service that is subject to FERC jurisdiction. Many of the electric industry provisions in the Energy Policy Act are subject to current FERC rulemaking proceedings.

The full text of the Energy Policy Act may be accessed through the following link:
http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_public_laws&docid=f:publ058.109.pdf

Energy Independence and Security Act of 2007

The Energy Independence and Security Act of 2007 (the "Energy Independence and Security Act") was signed into law on December 19, 2007. The Energy Independence and Security Act primarily aims to reduce the United States' dependence on oil, but also promotes the modernization of the electricity grid. Title XIII of the Energy Independence and Security Act promotes the development of a smart grid system through various research and development programs as well as initiatives promoting the installation of and investment in smart grid technology at both the state and federal level. The District cannot predict what, if any, programs will be implemented on the federal or state level or what, if any, adverse effect such programs will have on the District or utilities in the District's power supply chain. The text of the Energy Independence and Security Act is available at:
http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_bills&docid=f:h6enr.txt.pdf.

Nebraska Studies on Electric Utilities

In the 1990s, the Nebraska Legislature required a two-phase study of the electric utility industry in Nebraska, both of which have been completed. Section 70-1003, R.R.S. Neb., 2009, as amended, permits the Nebraska Power Review Board (the "Board") to hold public hearings concerning the conditions that may indicate that retail competition in the electric industry would be beneficial and what, if any, steps should be taken for such purpose. The Board may, at a time deemed beneficial by the Board, also submit to the Governor and the Legislature a report concerning regional transmission, wholesale electricity markets, unbundling of retail rates, comparative information concerning wholesale prices and other information relating to deregulation, as such factors related to Nebraska's electric utility industry. The Board may establish working groups of interested persons to assist the Board in its reporting and evaluation. The Board has established a working group which is continuing to study the conditions in both the national and Nebraska state electric industry. Any similar laws, rules or regulations whether now existing or adopted or mandated in the future, may have a material adverse effect on the financial condition of the District. Additional information concerning electric deregulation activities in Nebraska can be found at www.nprb.state.ne.us/deregulation.html.

Competitive Environment in Nebraska

Competition may increase in the electric utility business generally and in the wholesale electric utility business in particular. Any such increase in competition could be due to, among other factors, deregulation initiated by the Energy Policy Act and the FERC orders to promote competition in the wholesale power area; surplus generating capacity in the Mid-Continent Area Power Pool region, and growth of power marketers, power brokers, and independent power producers.

While competition may increase in the future, there exists today in Nebraska a statutory prohibition which precludes competition for customers served at retail without the prior approval of the Board. Pursuant to state statutes, retail suppliers of electricity have exclusive rights to serve customers at retail in their respective service territories. Any transfer of retail customers or service territories between retail electric suppliers may be done only upon agreement of the respective retail electric suppliers or pursuant to an order of the Board. The District is solely a retail electric system.

Cap and Trade and/or Emission Controls

There have been various proposals for the implementation of a carbon emissions credit trading system (often referred to as "Cap and Trade"), as well as other restrictions, caps, taxes, or other controls on emissions of pollutants ("Emission Controls") from generating stations. The United States House of Representatives passed The American Clean Energy and Security Act of 2009 (H.R. 2454) relating, among other things, to Cap and Trade and Emission Controls; however, no final legislation was signed into law. In July of 2011 the United States Environmental Protection Agency ("EPA") issued a final Cross State Air Pollution Rule ("CSAPR") under existing Clean Air Act legislation that imposed stringent reduction levels of sulfur dioxide and nitrogen oxides by coal-fired power plants. To meet the CSAPR limitations, the District's power supplier, Nebraska Public Power District ("NPPD"), would either have to purchase additional emission allowances from other utilities, if available, or would have to implement new emission control equipment, such as scrubbers and selective catalytic reduction, at a capital cost estimated to be in excess of $1.5 billion. NPPD projects it would need to increase its electric rates to the District by at least 25 percent to cover the capital costs of such equipment. Implementation of CSAPR was vacated by reason of litigation instituted by the State of Nebraska and several other states in the U.S. Circuit Court of Appeals in the District of Columbia. Due to a pending rehearing motion and possible appeal, the ultimate outcome of this litigation is uncertain at this time. Other administrative action in furtherance of the implementation of Cap and Trade and/or of enhanced Emission Controls is also under consideration. Any form of legislation or administrative action implementing Cap and Trade and/or additional Emission Controls is expected to substantially increase the costs of generating power through the use of fossil fuels such as coal and natural gas. Because a large portion of the power purchased by the District for resale to its customers is generated by coal-fired and/or natural gas-fired power generating stations, such legislation or administrative action, if implemented, is expected to substantially increase the District's cost of purchased power and, in turn, substantially increase the rates and charges that the District will be required to charge its customers. Such an increase in customer rates and charges could result in decreased demand, either through reduced power usage or the use of power from alternative sources. It cannot be predicted whether any form of legislation or administrative action implementing Cap and Trade and/or Emission Controls will become law, and if so, what its ultimate form and impact will be. Such legislation or administrative action in any form, however, has the potential to have a material adverse effect on the financial conditions and/or operations of the District.

Reference to Specific Provisions

The foregoing discussions under the heading "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY" do not purport to be comprehensive discussions of all applicable legislation or all provisions contained in the referenced legislation and related materials. Reference should be made to the specific legislation and related materials. Such legislation and related materials, including any other or future enactments or amendments, could have an adverse effect on financial conditions or operations of the District, including, without limitation, the costs paid by the District to purchase power.

BONDHOLDER'S RISKS

Prospective investors should carefully consider the risk factors set forth below and the other information included in this Official Statement. The risks described below are not the only risks that the District faces. Additional risks and uncertainties not currently known to the District or that it currently believes are immaterial may also impair its operations. Any of these risks may have a material adverse effect on the District's financial condition. In such a case, bondholders may lose all or part of their investment in the Bonds. Among the factors affecting an investment in the Bonds, the following items should be considered by prospective investors:

1. Limited Obligations. The Bonds are payable solely from the Revenues of the District's Electric System, after, however, the District pays the operation and maintenance expenses of the District's Electric System. The District has no taxing powers, and no property of the District, other than the Revenues of the District's Electric System and other funds (if any) pledged under the Resolution, has been pledged for the payment of the Bonds.

2. Limitation of Rights Upon Insolvency. The State of Nebraska has authorized its political subdivisions to seek relief under the United States Bankruptcy Code by statute. The United States Bankruptcy Code enables debtors which are insolvent to obtain relief through petition and plan which may result in the modification or delay of payments to creditors, including bondholders. In the event of any insolvency upon the part of the District, the holders of the Bonds would be limited to payment from the pledged Revenues of the Electric System. Procedures under the Bankruptcy Code or other insolvency laws could result in delays in or impairment of payment even if Revenues of the Electric System remained sufficient to make payments of principal and interest as the same fall due.

3. Term of Power Supply Contract. The District's wholesale power supply contract (the "Power Supply Contract") with the Nebraska Electric Generation and Transmission Cooperative, Inc. (the "Nebraska G&T"), expires in 2036. Rates for the purchase of power are subject to review and revision on a periodic basis. The Power Supply Contract includes terms which provide for the termination or amendment of the Power Supply Contract under certain circumstances. Because the District obtains all of its wholesale power requirements from the Nebraska G&T under the Power Supply Contract, termination or amendment of the Power Supply Contract (or expiration without renewal) could have a material adverse effect on the financial condition of the District and its ability to satisfy its obligations with respect to the Bonds. Because the Nebraska G&T, in turn, obtains all of its power requirements from the Nebraska Public Power District ("NPPD") under an all-requirements contract with NPPD, the Nebraska G&T's ability to provide power to the District is subject to the terms and risks presented by the Nebraska G&T's contract with NPPD as well as risks presented by NPPD's ability to generate and/or otherwise provide power for delivery to the Nebraska G&T. (See, for example, "CERTAIN FACTORS RELATED TO THE ELECTRIC UTILITY INDUSTRY – Cap and Trade and/or Emissions Controls" herein.) Certain direct and indirect purchasers of wholesale power from NPPD currently are negotiating renewals of their respective power purchase contracts with NPPD; however several Nebraska public utilities have elected not to renew their NPPD contracts and to obtain wholesale power from other sources. The impact of the non-renewal of these agreements (and possibly others) cannot be predicted but could have an adverse effect on the District's cost of purchased power. The power supply industry as a whole is undergoing significant changes in structure in view of changes in federal regulation and deregulation. Any such changes could materially affect the terms to be established in the future with respect to the supply of energy for the District.

4. Agricultural Economy, Weather. The District's Electric System is a rural distribution system and its future revenues are contingent upon weather or climatic conditions and the agricultural economy. See "SUMMARY OF HISTORIAL OPERATING RESULTS" in Appendix A.

5. Insurance. Insurance is unavailable for coverage for repair and replacement of certain portions of the properties of the District such as power lines, poles and other equipment damaged by severe weather.

6. Recent Developments Relating to Water. The State of Nebraska and its local natural resource districts have imposed monitoring requirements and, in some cases, pumping allocations and acreage restrictions on irrigators. Additional limitations or prohibitions on ground water use are possible. The extent of such prohibitions or limitations (and any corresponding reduction in the Revenues) cannot be predicted, but could have a material adverse effect on the operations of the District.

7. Debt Service and Reserve Funds. While the Resolution requires the establishment of the Series 2020 Debt Service Fund and the Series 2020 Debt Reserve Fund and requires the District to set aside certain amounts to be deposited into such funds to be held and pledged for the payment of the Bonds, the Series 2020 Debt Service Fund and the Series 2020 Debt Reserve Fund may be established only in the books and records of the District. As such, the District may not establish separate blocked accounts to hold the funds to be deposited into the Series 2020 Debt Service Fund and the Series 2020 Debt Reserve Fund. Accordingly, it may not be possible to independently verify that the appropriate amounts have been deposited into the Series 2020 Debt Service Fund or the Series 2020 Debt Reserve Fund and that the amounts so deposited will remain segregated from the District's other funds and available to make payments on the Bonds. **Although the amount to be deposited in the Series 2020 Debt Reserve Fund has been set at zero dollars ($0.00), the 2020 Debt Service Fund is expected by the District to contain sufficient sums to meet the payments required by the Paying Agent with respect to the Bonds.**

8. Other Changes in Law. Federal and State laws relating to the electric utility industry in general and public power specifically may be modified, and such modifications may have a material adverse effect on the financial condition and operations of the District. See, for example, "CERTAIN MATTERS AFFECTING THE ELECTRIC UTILITY INDUSTRY" and "TAX EXEMPTION" herein.

9. Additional Bonds. The Resolution permits the District to issue Additional Bonds and Additional RUS Indebtedness that may be secured equally and ratably with the Bonds Such issuances and obligations would also increase the District's debt service and repayment requirements, and could adversely affect debt service coverage on the Bonds. See "SECURITY" and Appendix C – "DESCRIPTION OF CERTAIN PROVISIONS OF THE RESOLUTION".

10. Impacts from Environmental Regulation. The District and those in its power supply chain are subject to environmental regulation in varying degrees at federal, state and local levels. Such regulation may be modified, and such modifications may have a material adverse effect on the financial condition and operations of the District.

11. Other Matters. Reference is made to the further information contained in Appendix A relating to the business and operations of the District and a further explanation of some of the risks attributable thereto.

12. Infectious Disease Outbreak. On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The District may experience disruptions related to COVID-19 and the national, state and local response. Such disruptions include changes in the time and manner in which key services are offered by the District, the ability of District employees to work on District matters and projects, and the ability of the District's customers to pay outstanding amounts due to the District. As the federal, state, and local governments continue efforts to contain and limit the spread COVID-19 disease, future revenue collections may deviate from historical or anticipated collections and may have an adverse impact on the financial position and operations of the District and its ability to fund debt obligations, including the Bonds in accordance with its terms. The District is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the District or its financial position.

NO REPRESNTATION OR ASSURANCE CAN BE MADE OR GIVEN THAT REVENUES WLL BE REALIZED BY THE DISTRICT IN AMOUNTS NECESSARY TO MAKE THE PAYMENTS IN AMOUNTS SUFFICIENT TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INEREST ON THE BONDS.

TAX EXEMPTION

Under the Internal Revenue Code of 1986, as amended, (the "Code") interest on the Bonds will not be includable in gross income for purposes of determining federal income taxes. Certain features of the Code with respect to interest on the Bonds are described in the following paragraphs.

1. The Bonds are not Private Activity Bonds. The Bonds are being issued for essential governmental purposes and will not be "private activity bonds" as described in the Code. In connection with the issuance of the Bonds, the District will certify that none of the proceeds of the Bonds will be used to acquire property for which any persons will be a user other than as a member of the general public under the terms of the Code. The District will also certify that none of the proceeds of the Bonds will be used to make or finance loans to any person. Because the Bonds will not be "private activity bonds", as described in the Code, they will not be subject to the alternative minimum tax for individuals.

2. The Bonds will not be Arbitrage Bonds under the Terms of the Code. In connection with the issuance of the Bonds, the District will certify certain of its expectations and anticipations with respect to the Bonds. Under certain circumstances, failure to pay rebate on a timely basis can result in a retroactive loss of tax-exempt status for the Bonds. Although the Code provides that the determination of whether or not a bond is an arbitrage bond is to be based upon reasonable expectations at the time of issuance, it also contains language which indicates that a bond is to be treated as an arbitrage bond "if the District intentionally uses any portion of the proceeds of the issue" to acquire higher yielding investments or replace funds which were used directly or indirectly to acquire such higher yielding investments. The Resolution will include a covenant on the part of the District to take all actions necessary to preserve the tax-exempt status of interest on the Bonds under the Code.

3. Tax Consequences for Tax-Exempt Interest Income Under Certain Other Provisions of Federal Tax Laws. Under the Code, while interest on the Bonds is exempt as to taxpayers generally, such income may be taken into consideration for purposes of computing certain other taxes imposed. Investors with social security or railroad retirement income may have a tax imposed upon such social security or railroad retirement income depending upon whether or not they have received tax-exempt income such as interest on the Bonds. Casualty

and insurance companies will be required to take into consideration tax-exempt interest income in determining losses for certain purposes. Foreign corporations may be required to take into account interest on the Bonds in computing the branch profits tax under Section 884 of the Code. Certain S Corporations may also be required to take interest on the Bonds into consideration for certain federal income tax purposes. Taxpayers with social security and railroad retirement income, casualty and insurance companies, foreign corporations and S Corporations should consult with their own tax advisors concerning the consequences of investment in the Bonds.

4. Financial Institutions--Deductibility of Attributable Interest. Under the Code, financial institutions are not allowed to deduct any portion of the interest expense allocable to the acquisition or carrying of certain tax-exempt bonds acquired after August 7, 1986, unless such bonds have been designated by the District (or are "deemed designated") as “qualified tax-exempt obligations” under the provisions of Section 265 of the Code. Financial institutions considering a purchase of the Bonds are advised that the Bonds have been designated or deemed designated as “qualified tax-exempt obligations” under Section 265 of the Code.

5. Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. Litigation or regulatory action concerning such matters may also occur. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

6. Proposed Tax Legislation. Proposals affecting tax-exempt interest are considered from time to time which could subject interest on tax-exempt bonds to federal income tax. It is not possible to predict whether these proposals, or other proposals with similar effects, will be enacted into law. If enacted into law, such proposals could affect the value or marketability of tax-exempt bonds (including the Bonds) and bondholders’ tax liability. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds.

TAX OPINION--STATE INCOME TAX

Baird Holm LLP will render their opinion concerning the tax-exempt status of interest payable on the Bonds. Under existing laws, interest on the Bonds is not subject to the Nebraska state income tax except to the extent that such interest is subject to federal income taxes.

LITIGATION

There is no litigation pending against the District or, to the knowledge of its officers, threatened, which questions or affects the validity of the Bonds or any proceedings or transactions relating to the issuance, sale and delivery thereof.

UNDERWRITING

The Underwriter has agreed, subject to certain customary conditions to closing, to purchase the Bonds from the District at the aggregate purchase price of $__________ (which amount takes into consideration underwriter's discount of $__________). The Underwriter intends to offer the Bonds to the public initially at the offering prices or yields as set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers at prices lower than the public offering prices, and the public offering prices may be changed, from time to time, by the Underwriter.

While the Underwriter expects, insofar as possible, to maintain a secondary market for the Bonds, no assurance can be given concerning the future maintenance of such a market by the Underwriter or others, and prospective purchasers of the Bonds should therefore be prepared to hold their Bonds to their maturity.

CONTINUING DISCLOSURE UNDERTAKING

Undertaking

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District being the only "obligated person" with respect to the Bonds, and being an "obligated person" with respect to no more than $10,000,000 in aggregate amount of outstanding municipal securities (including the Bonds), agrees that it will provide the following continuing disclosure information to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB:

(a) not later than nine (9) months after the end of the District's fiscal year, financial information or operating data for the District which is customarily prepared by the District and is publicly available, consisting of the District's audited financial statements;

(b) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of the holders of the Bonds, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar events of the District (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);

(13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; or

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

The District has not undertaken to provide notice of the occurrence of any other event, except the events listed above.

The District agrees that all documents provided to the MSRB under the terms of this continuing disclosure undertaking shall be in such electronic format and accompanied by such identifying information as shall be prescribed by the MSRB. The District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information or the accounting methods in accordance with which such information is presented, to the extent necessary or appropriate in the judgment of the District, consistent with the Rule. The District agrees that such covenants are for the benefit of the registered owners of the Bonds (including Beneficial Owners) and that such covenants may be enforced by any registered owner or Beneficial Owner, provided that any such right to enforcement shall be limited to specific enforcement of such undertaking and any failure shall not constitute an event of default under the Resolution. The continuing disclosure obligations of the District, as described above, shall cease when none of the Bonds remain outstanding. The name, address and telephone number of the person from whom the foregoing information, data and notices can be obtained is:

Doyle Hazen, General Manager
North Central Public Power District
1409 Main Street

Creighton, Nebraska 68729
Phone: (402) 358-5112

Compliance with Existing Continuing Disclosure Undertakings

During the past five years, the Issuer has not failed to comply, in all material respects, with any previous undertakings it has entered into with respect to the Rule.

Any failure to comply with the District's continuing disclosure undertakings must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Baird Holm LLP, Omaha, Nebraska, Bond Counsel. The legal opinion of bond counsel will be provided to the purchaser at the time of delivery. Bond Counsel has examined a transcript of the District's proceedings and relied thereon without undertaking to verify the same by independent investigation. The legal opinion of bond counsel does not address the sufficiency of this Official Statement or any of the information contained herein, and Bond Counsel undertakes no responsibility therefor.

FINANCIAL STATEMENTS

The District's Financial Statements were audited by Schmidt & Company, Certified Public Accountants, for the fiscal year ended December 31, 2014 and Eide Bailly, CPAs, for December 31, 2015, 2016, 2017 and 2018. Copies of such financial statements are available in full upon request from the District. The District's financial statement for the fiscal year ended December 31, 2018 is shown in Appendix "B" to this Official Statement.

MISCELLANEOUS

The information contained in this Official Statement, including the appendices attached hereto, has been compiled or prepared from information obtained from the District and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Such information should not be construed as representing all of the conditions affecting the District or the Bonds. All estimates and assumptions herein have been made on the basis of the best information available and are current or will be realized. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The delivery and use of this Official Statement have been duly authorized by the District as of the date shown on the cover hereof.

NORTH CENTRAL PUBLIC POWER DISTRICT

APPENDIX A

NORTH CENTRAL PUBLIC POWER DISTRICT

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THE DISTRICT

North Central Public Power District was organized May 10,1945 and is a public and political subdivision of the State of Nebraska. The District serves approximately 6,600 customers in the Counties of Knox, Antelope, Pierce and Holt.

Under the provisions of Sections 70-601 et seq., R.R.S. 2009, as amended (the "Act"), the District is specifically authorized to borrow money and incur indebtedness for any corporate use or purpose, provided the moneys so borrowed shall be payable solely from the revenues, income, receipts and profits derived by the District from its ownership, operation and management of its Electric System or from the proceeds of the sale of its properties. The District is specifically authorized to pledge all or any part of its revenues for the payment of the principal and interest of its obligations and may specify that all or part of the revenues may be paid into a special fund with special depositaries for such funds.

The District has no generation facilities. Its Electric System is a retail distribution system.

Management

All corporate powers of the District are vested in and exercised by a Board of Directors consisting of seven members, each serving staggered terms of not more than six years. Directors are elected by qualified voters within the District. The present membership of the Board of Directors is as follows:

Director	Residence
President Gordon W. Fulton	Creighton, NE
Secretary Gregory W. Walmer	Royal, NE
Vice President Terry Strope	Orchard, NE
Director Mary Ketelsen	Center, NE
Treasurer Wm. L. Jedlicka	Verdigre, NE
Director Curt Zimmerer	Verdigre, NE
Director Brent Stagemeyer	Page, NE

Doyle Hazen, as General Manager has responsibility for the day-to-day operations of the District. The District has 21 employees.

Assisting in the operation of the District are the following:

Brent Eggerling	Mgr Fin. & Admin. & Credit Union Rep.
Todd Zimmerer	Operations Manager

Electric System

The District's Electric System is a transmission and distribution system. The Electric System consists of 126 miles of transmission lines, 1,562 miles of overhead distribution lines and 63 miles of underground distribution lines for a total of 1,751 miles of line.

The District's 80,000 kVA capacity Electric System is arranged to interconnect between the major delivery points to provide for reliability of power supply and flexibility of system operation. All customer services are metered. In the opinion of the District, the properties of the Electric System are well maintained and repairs, renewals and replacements are being made on a regular basis to ensure continuity of service to the District's 6,600 metered service connections.

Electric Rates

The District has consistently fixed, set and maintained rates and charges sufficient in amount to provide for the payment of the District's operation and maintenance expenses, payment of the principal of and interest on its outstanding bonds and adequate reserves and working capital. A cost of service study was completed and new rates took effect January 1, 2020. Copies of the District's current rate schedules are available at the District's headquarters in Creighton, Nebraska. The District's rates are based upon charges made by Nebraska G&T, Municipal Energy Agency of Nebraska, and Western Area Power Administration and include automatic adjustments for certain changes in fuel costs as to larger customers.

Power Supply

The District does not have any generating capacity. The District purchases all of its power from NPPD through Nebraska G&T under the terms and provisions of a long-term "all requirements" wholesale power supply contract which expires January 1, 2036.

The City of Plainview, Nebraska ("Plainview") has a power contract with the Municipal Energy Agency ofNebraska ("MEAN"). The District has an agreement with MEAN to act only as a billing agent for Plainview and will pay the power costs directly to MEAN as long as the District acts as Plainview's electric service provider. As a billing agent, the District is not purchasing the power from MEAN because Plainview is contractually obligated to MEAN for the purchase of wholesale electricity. The District also similarly purchases some power from Western Area Power Administration on Plainview's behalf as paying agent. A new cost of service study was performed, and new rates were developed for Plainview exclusively.

SUMMARY OF HISTORICAL OPERATING RESULTS

The following table summarizes the District's historical operating results for the 12 months ended December 31, 2015, 2016, 2017, 2018, 2019. The District's audited financial statement, including footnotes, for the fiscal year ended December 31, 2018 is included herein as Appendix B.

Summary Statement of Revenues and Expenses and Debt Service Coverage
Fiscal Years Ended December 31

	2015	2016	2017	2018	2019
Operating Revenues	13,913,955	15,049,909	14,992,317	13,360,752	16,351,114
Operating Expenses	10,840,087	11,578,229	11,877,688	10,932,180	12,330,065
Net Operating Income	3,073,868	3,471,680	3,114,629	2,428,572	4,021,049

These figures include interest income and other revenues.
These figures exclude depreciation and amortization.

Electric System Revenue Refunding Bonds Series 2020 (this issue)	$4,015,000*
Electric System Revenue Refunding Bonds Series 2016	645,000
Total Long-Term Debt (Including this issue)	$4,660,000

Average Annual Debt Service all 2020 Bonds and Outstanding Parity Bonds $654,563*

	2015	2016	2017	2018	2019
Debt Service Coverage	4.70	5.30	4.76	3.71	6.14
Net Operating Income/Yearly bond payments					

Ten Largest Users

The following table shows the ten largest users of the District's power during the fiscal year ended December 31, 2015, 2016, 2017, 2018 and 2019:

* Preliminary, subject to change

2019		**User**	**KWH Used**
	1.	J E Meuret Grain	3,249,614
	2.	Ohiya Casino & Resort	2,519,200
	3.	Central Valley Ag	1,660,004
	4.	Brozek & Sons	1,326,248
	5.	H Corporation	1,271,680
	6.	Niobrara Public School	1,074,141
	7.	Agricultural Services Inc.	809,971
	8.	Santee Health Center	769,136
	9.	City of Plainview	768,800
	10.	Alpine Village	686,167

2018		User	KWH Used
	1.	Ohiya Casino & Resort	2,572,280
	2.	J E Meuret Grain	2,082,807
	3.	Central Valley Ag	1,817,687
	4.	Niobrara Public School	1,087,773
	5.	Brozek & Sons	982,017
	6.	H Corporation	879,043
	7.	Santee Health Center	828,500
	8.	David Troester	742,608
	9.	Agricultural Services Inc.	706,183
	10.	Alpine Village	703,148

2017		User	KWH Used
	1.	Ohiya Casino & Resort	2,447,160
	2.	J E Meuret Grain	2,217,222
	3.	H Corporation	1,598,678
	4.	Brozek & Sons	1,457,021
	5.	Central Valley Ag	1,449,943
	6.	Niobrara Public School	1,023,988
	7.	Gayle, Gary, & Greg Johnson	965,835
	8.	David Troester	937,497
	9.	Terry Sorensen	914,393
	10.	J E M Farms LLC	887,388

2016		User	KWH Used
	1.	Ohiya Casino & Resort	2,680,400
	2.	J E Meuret Grain	2,259,756
	3.	Central Valley Ag	1,617,416
	4.	Brozek & Sons	1,465,025
	5.	Agricultural Services Inc.	1,064,121
	6.	Niobrara Public School	994,713
	7.	Gayle, Gary, & Greg Johnson	977,517
	8.	J E M Farms LLC	977,275
	9.	David Troester	942,958
	10.	H Corporation	824,140

2015	User	KWH Used
1.	Ohiya Casino & Resort	2,260,040
2.	J E Meuret Grain	2,084,576
3.	Central Valley Ag	1,241,317
4.	Brozek & Sons	1,147,212
5.	Agricultural Services Inc.	830,819
6.	J E M Farms LLC	797,198
7.	H Corporation	763,227
8.	David Troester	757,273
9.	Niobrara Public School	695,835
10.	Hoffman & Sons Inc.	658,526

Total Usage and Peak Demand Usage

The following table shows the total usage and peak demand usage for each of the last five years of the District.

Fiscal Year	Peak Demand (Month)	Total Usage (Sales)	Revenues
2019	58,250 (July)	125,572,219	$16,060,784.30
2018	52,431 (August)	98,425,420	$13,027,987.96
2017	64,598 (July)	121,252,451	$14,775,614.98
2016	63,257 (July)	118,979,477	$14,686,393.72
2015	56,651 (July)	107,441,922	$13,705,650.32

The following table shows the number of customers and total usage for the District's principal classes of customers for the fiscal years ended December 2019, 2018, 2017, 2016, and 2015.

Year	Class	No. of Customers	Total Kilowatts
2019	Residential Sales (excluding seasonal)	3,024	49,783,892
	Residential Sales Seasonal	1,045	1,345,379
	Irrigation	1,216	33,718,008
	Commercial & Industrial	1,310	40,098,095
	Public Street & Highway Lighting	32	626,845

Year	Class	No. of Customers	Total Kilowatts
2018	Residential Sales (excluding seasonal)	2,428	43,294,242
	Residential Sales Seasonal	1,061	1,295,700
	Irrigation	1,162	21,567,769
	Commercial & Industrial	1,136	31,773,393
	Public Street & Highway Lighting	27	494,316

Year	Class	No. of Customers	Total Kilowatts
2017	Residential Sales (excluding seasonal)	2,383	39,738,818
	Residential Sales Seasonal	1,064	1,279,006
	Irrigation	1,143	48,862,256
	Commercial & Industrial	1,102	30,863,910
	Public Street & Highway Lighting	27	508,461

Year	Class	No. of Customers	Total Kilowatts
2016	Residential Sales (excluding seasonal)	2,413	39,727,041
	Residential Sales Seasonal	1,064	1,285,812

Year	Class	No. of Customers	Total Kilowatts
	Irrigation	1,132	47,684,226
	Commercial & Industrial	1,065	29,764,503
	Public Street & Highway Lighting	27	517,895

Year	Class	No. of Customers	Total Kilowatts
2015	Residential Sales (excluding seasonal)	2,413	39,481,379
	Residential Sales Seasonal	1,093	1,499,339
	Irrigation	1,093	38,128,017
	Commercial & Industrial	1.017	27,810,981
	Public Street & Highway Lighting	28	522,206

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APPENDIX B

NORTH CENTRAL PUBLIC POWER DISTRICT
CREIGHTON, NEBRASKA
REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Financial Statements
December 31, 2018 and 2017

North Central Public Power District

EideBailly

eidebailly.com

Name	Position	Address
Brent M. Stagemeyer	President	Page, Nebraska
Gordon W. Fulton	Vice President	Creighton, Nebraska
Terry Strope	Treasurer	Orchard, Nebraska
Gregory W. Walmer	Secretary	Royal, Nebraska
Curt J. Zimmerer	President	Verdigre, Nebraska
Mary Ketelsen	Director	Center, Nebraska
William L. Jedlicka	Director	Verdigre, Nebraska
Keith E. Harvey	General Manager	Creighton, Nebraska

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
North Central Public Power District
Creighton, Nebraska

Report on the Financial Statements
We have audited the accompanying financial statements of North Central Public Power District (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the 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 District'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 District'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 opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Central Public Power District as of December 31, 2018 and 2017, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

200 E. 10th St., Ste. 500 | P.O. Box 5125 | Sioux Falls, SD 57117-5125 | T 605.339.1999 | F 605.339.1306 | EOE

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and a schedule of the employer's required contributions to a pension plan on pages 28 and 29 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The listing of board of directors and general manager on page 1 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The listing of board of directors and general manager has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this listing.

Report Issued in Accordance with Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 22, 2019 on our consideration of North Central Public Power District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 North Central Public Power District's internal control over financial reporting and compliance.

Eide Bailly LLP

Sioux Falls, South Dakota
April 22, 2019

This discussion and analysis presents an overview of the financial activities and financial position for North Central Public Power District for the years ended December 31, 2018 and 2017. The information presented in this section should be considered in conjunction with the basic financial statements and notes to the financial statements.

Overview

North Central Public Power District (the District) is an electric distribution utility serving approximately 6,600 meters in parts of Antelope, Pierce, Holt, and Knox counties in northeast Nebraska. Additionally, the District serves ten villages and one city within its service territory with the Niobrara, Santee, and Verdigre electric systems being owned by the District, whereas the villages of Bazile Mills, Brunswick, Center, Orchard, Page, Royal, and Winnetoon are operated under Professional Retail Operations (PRO) agreements with the villages maintaining ownership of the electric systems. All of the leased villages with the exception of Orchard have signed 25-year PRO agreements. The Village of Orchard signed a new 10-year PRO Agreement with the District in 2013. Effective December 1, 2018, the city of Plainview has signed a 15-year PRO Agreement with the District. All corporate powers are vested in a board of directors consisting of seven members representing five specific areas within the District and two board members are elected at large. The economy of the service territory is based heavily on agriculture and is stable although heavily dependent on commodity prices and weather. The wholesale power supply in 2015 was secured by a 20-year, all requirements contract with the Nebraska Electric Generation and Transmission Cooperative, Inc. that was set to expire on January l, 2022. However, on November 24, 2015 the District executed a new 20-year all-requirements power contract with the Nebraska Electric Generation and Transmission Cooperative, Inc. effective January 1, 2016 and termination on January 1, 2036. This new contract completely replaces the previous one. Corporate headquarters are in Creighton, NE and all operations are conducted from this location. No retail rate increase has been implemented since January 1, 2013, and that was mainly the result of a 3.75% increase in wholesale power costs.

The city of Plainview has a power contract with the Municipal Energy Agency of Nebraska (MEAN). The District has an agreement with MEAN to act only as a billing agent for Plainview and will pay the power costs directly to MEAN as long as the District acts as Plainview's electric service provider. As a billing agent, the District is not purchasing the power from MEAN as Plainview is contractually obligated to MEAN for the purchase of wholesale electricity. A new cost of service study was performed, and new rates were developed for Plainview exclusively.

The District owns and maintains 1,751 miles of energized line with 63 miles of underground line, 126 miles of 34,500V/69,000V sub-transmission line and 1,562 miles of 7,200/12,470 volt distribution line. The District wheels power at the sub-transmission level to the town of Plainview, the rural Osmond Substation, and the Husker Ag ethanol plant. Three substations in the western part of the District are fed from Nebraska Public Power District (NPPD) substations and wheeling charges are paid to NPPD by the District. All transformers comprising the District's rural distribution system have been tested for the presence of PCBs and those found to be contaminated were replaced. A pole-testing program is in place with anywhere from 1,000 to 2,000 poles tested annually and rejected poles are changed. Currently the entire system is being mapped with GPS coordinates to prepare for the district moving to more sophisticated mapping and outage-response systems.

With the addition of 19 irrigation wells this year, the District is seeing the effects of the slowing agriculture economy and the accompanying slowdown in capital projects by those involved in agriculture. The District will take this time to do maintenance and to build necessary tie-lines and other upgrades to enhance system reliability.

Reliability, power quality and exceptional service that lead to customer satisfaction is the primary focus of this power district. Delivering on this focus at the lowest possible cost to our customers is the number one priority of all of the employees of the District. The implementation of Advanced Metering Infrastructure, a new, more powerful load control software system and the mapping of the distribution system will help the employees of the District react more quickly and efficiently to customer needs and requests. The 2018 through 2021 work plan that has been approved by the Board of Directors will include the removal, replacement and conductor upgrade of 6.5 miles of 69 kV sub-transmission line that will reduce line losses and prepare for a 115 kV substation transformer upgrade for the Nebraska Public Power District in the 2022 to 2023 time frame. Additionally, under this new work plan the District will construct a new 34.5 kV, 10.5 MVA substation in the southwestern part of its service territory and will construct 10 miles of 7.2 kV, three phase distribution line forming two circuits fed by the new substation and tying two other substations together. This project is to serve agricultural customers with a need for three phase power and will increase voltage reliability in the distribution system.

The following tables summarize the net position as of December 31, 2018, 2017, and 2016 of the District for each of the years then ended.

	2018	2017	2016
Assets			
Current assets	$ 6,360,526	$ 8,003,030	$ 7,833,063
Noncurrent assets	3,514,290	4,017,811	3,402,123
Capital assets, net	28,761,993	26,079,985	25,328,350
Total assets	38,636,809	38,100,826	36,563,536
Deferred outflows of resources	307,495	395,167	502,415
Total assets and deferred outflows of resources	$ 38,944,304	$ 38,495,993	$ 37,065,951
Liabilities and Net Position			
Current liabilities	$ 1,897,002	$ 1,726,878	$ 1,951,809
Deferred inflows of resources	149,535	499,759	479,524
Noncurrent liabilities	4,950,000	5,520,000	6,100,000
Total liabilities and deferred inflows of resources	6,996,537	7,746,637	8,531,333
Net position			
Net investment in capital assets	23,241,993	19,979,985	18,428,350
Restricted	535,198	545,575	790,265
Unrestricted	8,170,576	10,223,796	9,316,003
Total net position	31,947,767	30,749,356	28,534,618
Total liabilities, deferred inflows and net position	$ 38,944,304	$ 38,495,993	$ 37,065,951

The following tables summarize the financial position as of December 31, 2018, 2017, and 2016 and changes in financial position of the District for each of the years then ended.

	2018	2017	2016
Revenues, Expenses, and Changes in Net Position			
Operating revenues	$ 13,183,382	$ 14,868,925	$ 14,844,870
Operating expenses			
Cost of power	7,608,219	8,672,259	8,458,114
Other operating expenses	4,437,760	4,282,268	4,040,551
Total operating expenses	12,045,979	12,954,527	12,498,665
Operating income before capital credits	1,137,403	1,914,398	2,346,205
Generation and transmission and other capital credits	22,001	324,461	20,100
Operating income	1,159,404	2,238,859	2,366,305
Nonoperating revenues (expenses)			
Interest expense	(138,363)	(147,513)	(153,346)
Interest and dividend income	139,144	104,246	62,203
Other nonoperating revenues, net	38,226	19,146	46,142
Total nonoperating revenues (expenses)	39,007	(24,121)	(45,001)
Change in net position	1,198,411	2,214,738	2,321,304
Net position - beginning of year	30,749,356	28,534,618	26,213,314
Net position - end of year	$ 31,947,767	$ 30,749,356	$ 28,534,618

Operating Revenues

Operating revenues decreased in 2018 by approximately 11.3% to $13.18 million from $14.87 million in 2017. The revenues per kilowatt hour increased in 2018 to 13.24 cents/kWh sold (8.65%) as compared to 2017. However, kilowatt hours sold decreased by about 22.8 million compared to 2017.

Cost of Power

The cost of power in 2018 decreased $1,064,039 as compared to 2017 which amounts to a 12.3% decrease in total cost of power. The most significant factor affecting this increase correlates to the decrease in kilowatt hours sold. The District purchased approximately 25.3 million fewer kilowatt hours from NPPD compared to 2017.

Other Operating Expenses

The District's other operating expenses were $155,492 greater than 2017 (3.63%) due to increased labor attributable to job surveying and estimates and increased general maintenance costs.

Non-operating Revenues and Expenses

Non-operating revenues less expenses were $39,007 in 2018 as compared to ($24,121) in 2017. This is a difference of $63,128 more in 2018 or 261.7% increase in net non-operating income. The big difference was a $35,000 increase in total interest income related to a significant increase in investments balance during 2018.

Capital Assets

Total utility plant increased in 2018 by $2,109,934 less retirements of $351,260 which amounted to a 4.24% increase in the value of electric plant in service. The largest portion of this investment in plant was directed into the distribution plant at $1,854,041.

Long-Term Debt

The long-term debt payments by the District in 2018 were $715,878 with $580,000 being principal and approximately $136,000 being the interest component. The 2018 year-end balance for this long-term debt which is all in the form of tax-free revenue bonds was $5,520,000.

See Footnote 6 for disclosure.

Debt Service Coverage Ratio

The Debt Service Coverage (DSC) ratio is used to ensure that the District is generating enough funds to cover all of the cash requirements of its long-term debt service. A ratio of 1.00 indicates that the District generated only enough cash to cover its principal and interest on the long-term debt. The District had a DSC of 3.32 in 2018, which means that this District could have covered its long-term debt service requirements almost 3.32 times. This is a healthy DSC.

Number of Meters

At the conclusion of 2018 North Central Public Power District was providing electricity distribution and services to 6,583 meters.

Contacting North Central Public Power District's Management

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the North Central Public Power District, at PO Box 90, Creighton, NE 68729.

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	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	$ 1,527,928	$ 3,703,318
Accounts receivable, net	1,062,414	1,227,691
Materials and supplies	711,399	490,155
Prepaid expenses	80,587	98,914
Other investments	2,643,000	2,289,500
Restricted investments	335,198	193,452
Total current assets	6,360,526	8,003,030
Noncurrent Assets		
Investments in associated organizations	824,790	822,688
Other investments	2,489,500	2,843,000
Restricted investments	200,000	352,123
Total noncurrent assets	3,514,290	4,017,811
Capital Assets		
In service	43,489,410	41,731,149
Under construction	1,892,882	101,757
Total electric plant	45,382,292	41,832,906
Less accumulated depreciation	16,620,299	15,752,921
Capital assets, net	28,761,993	26,079,985
Deferred Outflows of Resources		
Deferred debits	307,495	395,167
Total assets and deferred outflows of resources	$ 38,944,304	$ 38,495,993

See Notes to Financial Statements

	2018	2017
Liabilities and Net Position		
Current Liabilities		
Current maturities of long-term debt	$ 570,000	$ 580,000
Accounts payable	788,412	618,887
Customer deposits	123,346	136,624
Taxes accrued	235,014	223,175
Other current liabilities	180,230	168,192
Total current liabilities	1,897,002	1,726,878
Long-Term Debt, Less Current Maturities	4,950,000	5,520,000
Deferred Inflows of Resources		
Deferred credits	149,535	499,759
Net Position		
Net investment in capital assets	23,241,993	19,979,985
Restricted	535,198	545,575
Unrestricted	8,170,576	10,223,796
Total net position	31,947,767	30,749,356
Total liabilities, deferred inflows of resources and net position	$ 38,944,304	$ 38,495,993

	2018	2017
Operating Revenues		
Electric energy revenue	$ 12,992,299	$ 14,731,090
Miscellaneous electric revenue	191,083	137,835
Total operating revenues	13,183,382	14,868,925
Operating Expenses		
Cost of power	7,608,219	8,672,259
Transmission - operations	152,544	134,012
Distribution - operations	785,973	759,991
Distribution - maintenance	654,803	769,010
Accounting and collection expenses	287,839	278,045
Other customer expenses	147,811	154,158
Administrative and general	1,126,381	950,973
Depreciation	1,113,799	1,076,839
Taxes	168,610	159,240
Total operating expenses	12,045,979	12,954,527
Operating Income Before Capital Credits	1,137,403	1,914,398
Generation and Transmission and Other Capital Credits	22,001	324,461
Operating Income	1,159,404	2,238,859
Nonoperating Revenues (Expenses)		
Interest and dividend income	139,144	104,246
Other nonoperating income, net	38,226	19,146
Total nonoperating revenues (expenses)	177,370	123,392
Interest Expense	138,363	147,513
Change in Net Position	1,198,411	2,214,738
Net Position, Beginning of Year	30,749,356	28,534,618
Net Position, End of Year	$ 31,947,767	$ 30,749,356

See Notes to Financial Statements

North Central Public Power District
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Operating Activities		
Receipts from customers and others	$ 13,348,659	$ 14,899,949
Payments to employees	(1,818,370)	(1,665,374)
Payments to suppliers and vendors	(9,042,243)	(10,045,163)
Net Cash Provided by Operating Activities	2,488,046	3,189,412
Investing Activities		
Interest and dividends received	139,144	104,246
Change in other investments	10,377	(258,496)
Payments from associated organizations	19,899	18,459
Other nonoperating income, net	38,226	19,146
Net Cash Provided by (Used in) Investing Activities	207,646	(116,645)
Capital and Related Financing Activities		
Investments in plant, net	(3,933,960)	(1,957,441)
Change in materials and supplies	(221,244)	10,156
Principal payments on long-term debt	(580,000)	(800,000)
Interest payment on long-term debt	(135,878)	(143,578)
Net Cash Used in Capital and Related Financing Activities	(4,871,082)	(2,890,863)
Net Change in Cash and Cash Equivalents	(2,175,390)	181,904
Cash and Cash Equivalents, Beginning of Year	3,703,318	3,521,414
Cash and Cash Equivalents, End of Year	$ 1,527,928	$ 3,703,318

	2018	2017
Reconciliation of Operating Income to Cash Provided by Operating Activities		
Operating income	$ 1,159,404	$ 2,238,859
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,251,952	1,205,806
Amortization of prepaid pension costs	75,586	75,586
Generation and transmission and other capital credits	(22,001)	(324,461)
Change in assets and liabilities		
Accounts receivable	165,277	31,024
Prepaid expenses	18,327	(80,433)
Deferred debits	12,086	31,662
Accounts payable	169,525	23,635
Accrued liabilities	21,392	(24,334)
Customer deposits	(13,278)	(8,167)
Deferred credits	(350,224)	20,235
Net Cash Provided by Operating Activities	$ 2,488,046	$ 3,189,412

Note 1 - Summary of Significant Accounting Policies

General

North Central Public Power District (the District) is a public corporation and a political subdivision of the state of Nebraska, and operates an electric utility system which distributes electric power to its customers. The control of the District and its operations is vested in a Board of Directors that are popularly elected from districts comprising subdivisions of the District's chartered territory. The headquarters is located in Creighton, Nebraska.

Basis of Accounting

The financial statements of the District have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting records of the District are maintained in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission. The significant accounting and reporting policies and practices used by the District are described below.

Regulatory Accounting

The District's accounting policies and the accompanying financial statements conforms to generally accepted accounting principles applicable to rate-regulated enterprises and reflect the effects of the ratemaking process.

As a result of the ratemaking process, the District applies GASB No. 62, paragraphs 476-500, *Regulated Operations*. The application of this generally accepted accounting principle by the District differs in certain respects from the application by non-regulated businesses as a result of applying GASB No. 62. The provisions allow the District to defer certain expenses or revenues that would otherwise be recognized when incurred to the extent that the ratemaking entity is recovering or expects to recover such amounts in rates charges to its customers.

Proprietary Fund

An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net position is appropriate. All operations of North Central Public Power District are reported in the Proprietary Fund.

Accounting Estimates

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

Revenue

The District is required under the Revenue Bond Resolution to charge rates for electric services so that revenues will be at least sufficient to pay operating expenses, aggregate debt service on the revenues bonds, amounts to be paid into the debt reserve fund, and all other charges or liens payable out of revenues.

Revenue and Expense Recognition

Electric energy revenues and purchased power costs are recorded in the period in which services are rendered. Revenues and expenses related to providing electric energy services as part of the District's ongoing operations are classified as operating. All other revenues and expenses are classified as nonoperating and reported as nonoperating income in the statements of revenues, expenses, and changes in net position.

Capital Assets

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

Depreciation

Depreciation is computed by applying a composite rate of 2.75% to the monthly balances of transmission and distribution plant. General plant depreciation rates are based on a straight-line unit method at rates which will depreciate the assets over their estimated useful lives.

Recoverability of Long-Term Assets

The District reviews the carrying value of electric plant for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. An impairment loss is recognized when estimated undiscounted cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset are less than the carrying value of the asset. Management has determined that no impairment exists at December 31, 2018.

Cash and Cash Equivalents

For purposes of reporting cash flows, the District considers all commercial paper and money market funds with an original maturity of three months or less to be cash equivalents.

Investments

Investments are stated at cost and investments in other Districts include allocated patronage capital.

Restricted Investments

Restricted investments include investments set aside as required by the District's revenue refunding bond agreements for the debt service and debt reserve funds.

A reserve fund that consists of funds that have been imposed by debt covenants to be held in separate accounts for debt service and debt reserve. It is to be maintained by the District apart from its other funds and to be available by mutual agreement only for the purposes of holding funds for debt service and debt reserve. The funds have been invested in interest-bearing accounts.

Accounts Receivable

Accounts receivable are un-collateralized customer obligations due under normal trade terms requiring payments within 30 days from the invoice date. The District requires deposits from customers with poor credit history. Accounts receivable are stated at the amount billed to the customer plus any accrued late fees. Payments of accounts receivable are allocated to the specific customer's remittance advice or, if unspecified, are applied to the oldest outstanding balance.

The carrying amount of accounts receivable is reduced by an amount that reflects management's best estimate of amounts that will not be collected. Management individually reviews accounts receivable balances that exceed 90 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. As of December 31, 2018 and 2017 the allowance was $-0-.

Materials and Supplies

Materials and supplies are stated at the lower of cost or market based on an average cost method.

Net Position

The net position of the District is presented in the following components:

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted – Consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

It is the District's policy to first use restricted components of net position prior to the use of unrestricted components of net position when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

Operating Revenues and Expenses

The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing electric services to customers, the District's principal activity. Operating expenses include the cost of purchased power, depreciation, and all other expenses in providing electric services to customers. Revenues and expenses not meeting the criteria as operating are reported as nonoperating revenues.

Compensated Absences

District employees earn vacation days at specific rates during their employment. Upon termination, an employee is reimbursed for accumulated vacation time up to a maximum allowed accumulation of no more than 30 days or 240 hours. The District expenses compensated absences at the time it is earned by the employees.

Business Credit Risk

The District provides electrical service on account to its members which are located in several counties in the north eastern area of Nebraska.

The District maintains its cash accounts in a financial institution located in the area. All funds of the District that are deposited with the financial institution are secured by the Federal Deposit Insurance Corporation or secured with pledged securities unless otherwise approved by the Board of Directors. At times during the years ended December 31, 2018 and 2017, the District's balances exceeded the insurance limit of the Federal Deposit Insurance Corporation.

Sales Taxes

The District has customers in Nebraska and in municipalities in which those governmental units impose a sales tax on certain sales. The District collects those sales taxes from its customers and remits the entire amount to the various governmental units. The District's accounting policy is to exclude the tax collected and remitted from revenue and cost of revenue.

Income Taxes

The District as a political subdivision of the state of Nebraska is exempt from federal and state income taxes.

Comparative Data and Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net position.

Note 2 - Capital Assets

A summary of changes in capital assets for the year ended December 31, 2018 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 244,617	$ -	$ (413)	$ 244,204
Construction work in progress	101,757	3,199,612	(1,408,487)	1,892,882
Intangible plant	673	-	-	673
Total capital assets not being depreciated	347,047	3,199,612	(1,408,900)	2,137,759
Capital Assets Being Depreciated				
Transmission plant	4,112,465	8,794	(1,604)	4,119,655
Distribution plant	31,937,574	1,854,041	(270,198)	33,521,417
General plant	5,435,820	247,099	(79,458)	5,603,461
Total capital assets being depreciated	41,485,859	2,109,934	(351,260)	43,244,533
Less Accumulated Depreciation				
Transmission plant	(2,148,411)	(113,044)	-	(2,261,455)
Distribution plant	(10,506,998)	(893,072)	333,582	(11,066,488)
General plant	(3,104,585)	(245,836)	50,607	(3,299,814)
Retirement work in progress	7,074	-	384	7,458
Total accumulated depreciation	(15,752,920)	(1,251,952)	384,573	(16,620,299)
Total capital assets, net	$ 26,079,986	$ 4,057,594	$ (1,375,587)	$ 28,761,993

A summary of changes in capital assets for the year ended December 31, 2017 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 224,617	$ 20,000	$ -	$ 244,617
Construction work in progress	26,677	886,466	(811,386)	101,757
Intangible plant	673	-	-	673
Total capital assets not being depreciated	251,967	906,466	(811,386)	347,047
Capital Assets Being Depreciated				
Transmission plant	4,111,932	533	-	4,112,465
Distribution plant	31,175,632	960,459	(198,517)	31,937,574
General plant	4,736,666	852,368	(153,214)	5,435,820
Total capital assets being depreciated	40,024,230	1,813,360	(351,731)	41,485,859
Less Accumulated Depreciation				
Transmission plant	(2,035,405)	(113,006)	-	(2,148,411)
Distribution plant	(9,894,691)	(867,942)	255,634	(10,506,999)
General plant	(3,032,941)	(224,858)	153,214	(3,104,585)
Retirement work in progress	15,190	(8,116)	-	7,074
Total accumulated depreciation	(14,947,847)	(1,213,922)	408,848	(15,752,921)
Total capital assets, net	$ 25,328,350	$ 1,505,904	$ (754,269)	$ 26,079,985

The provisions for depreciation are as follows:

	2018	2017
Charged to depreciation expense	$ 1,113,799	$ 1,076,839
Charged to clearing accounts	138,153	128,967
	$ 1,251,952	$ 1,205,806

Note 3 - Investments in Associated Organizations

	2018	2017
Nebraska Electric G&T Cooperative, Inc.		
Membership	$ 1,000	$ 1,000
Patronage capital credits	38,817	37,163
	39,817	38,163
National Rural Utilities Cooperative Finance Corporation		
Membership	1,000	1,000
Capital term certificates, 5.00% maturing through 2080	283,206	283,206
Long term certificates, 3.00% maturing through 2020	2,350	2,350
Patronage capital credits	694	694
	287,250	287,250
Southeastern Data Cooperative		
Patronage capital credits	73,564	73,377
Federated Rural Electric Insurance Corporation		
Patronage capital credits	86,108	72,141
National Rural Telecommunications Cooperative		
Patronage capital credits	281,121	294,037
Other patronage investments	56,930	57,720
Total investments in associated organizations	$ 824,790	$ 822,688

Note 4 - Cash and Investments

Deposits

State statutes require banks to either give a bond or pledge government securities to the District in the amount of the District's deposits. The statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA). Cash deposits, primarily interest-bearing, are covered by federal depository insurance or pledged collateral of unregistered U.S. government securities held by various depositories.

Investments

The District may invest in U.S. Government securities and agencies, federal instrumentalities, repurchase agreements, corporate issues, money market mutual funds, interest bearing time deposits or savings accounts, state and/or local government taxable and/or tax-exempt debt and other fixed term investments as designated by state law.

At December 31, 2018 and 2017, the District had the following investments and maturities, all of which were held in the name of North Central Public Power District:

		Investments Maturities (in Years)			
	Carrrying Amount	Less Than 1	1 - 5	6 - 10	10 +
December 31, 2018					
CFC member capital securities	$ 285,556	$ -	$ 2,350	$ -	$ 283,206
December 31, 2017					
CFC member capital securities	$ 285,556	$ -	$ 2,350	$ -	$ 283,206

The carrying values of deposits and investments shown below are included in the statements of net position at December 31, 2018 and 2017, as follows:

	2018	2017
Carrying value		
Deposits		
Checking and savings accounts	$ 1,863,126	$ 3,896,770
Certificates of deposit	5,332,500	5,484,623
	7,195,626	9,381,393
Investments	285,556	285,556
	$ 7,481,182	$ 9,666,949

The following are included in the statements of net position captions:

	2018	2017
Current Assets		
Cash and cash equivalents	$ 1,527,928	$ 3,703,318
Restricted investments	335,198	193,452
Other investments	2,643,000	2,289,500
	4,506,126	6,186,270
Noncurrent Assets		
Investments in associated organizations	285,556	285,556
Other investments	2,489,500	2,843,000
Restricted investments	200,000	352,123
	2,975,056	3,480,679
	$ 7,481,182	$ 9,666,949

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. It is the District's policy to only invest its funds in authorized investments as that term is defined by the laws of the State of Nebraska and as further limited by the District's bond covenants as a means of managing its exposure to fair value losses.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the District's policy to only invest in highly rated fixed income securities, or fixed income instruments guaranteed as to principal and interest. As of December 31, 2018 and 2017, the District's investments in National Rural Utilities Cooperative Finance Corporation (CFC) Member Capital Securities were rate A by Standard & Poor's.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District would not be able to recover the value of its investment securities that are in the possession of an outside party. As of December 31, 2018 and 2017, the District's deposits were either fully insured or properly collateralized, and have no custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with the amount of investments the District has with any one issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government are excluded from this requirement. The District's investment policy places no limit that may be invested at any one issuer.

Restricted Investments

	2018	2017
Bond debt service funds	$ 179,883	$ 177,162
Bond reserve funds	339,523	352,123
Other restricted funds	15,792	16,290
Total restricted investments	$ 535,198	$ 545,575

Restricted investments are comprised of cash and cash equivalents and certificates of deposit for the years ended December 31, 2018 and 2017. Certificates of deposits are carried at cost plus any accrued interest, which approximates fair value. The bond reserve and bond debt service funds, as established under board resolution, consists of amounts to be used for the future payment of principal and interest on the Series 2013-2016 Electric System Revenue Refunding Bonds.

Fair Value Measurements

The District has determined the fair value of certain investments in accordance with generally accepted accounting principles, which provides a framework for measuring fair value. A hierarchy of valuation classifications considers whether the inputs used in valuation techniques are observable or unobservable. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy prioritizes the valuation inputs into the following three broad levels:

> Level 1 – Unadjusted quoted prices for identical instruments in active markets that the reporting entity has the ability to access at the measurement date.
>
> Level 2 – Quoted prices for similar investments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are directly or indirectly observable. Examples would be matrix pricing, market corroborated pricing and inputs such as yield curves and indices.
>
> Level 3 – Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable and may rely on the reporting entity's own assumptions, but the market participant's assumptions may be used in pricing the asset.

The District's investments in money market funds, certificates of deposit, and CFC member securities are carried at cost, and thus are not included within the fair value hierarchy.

Note 5 - Deferred Debits

	2018	2017
Advanced funding of defined benefit pension plan (Note 9)	$ 308,645	$ 384,231
Miscellaneous	(1,150)	10,936
Total deferred debits	$ 307,495	$ 395,167

During the year ended December 31, 2013, the District made an accelerated funding payment of $755,864 under NRECA's Retirement and Security (RS) Plan voluntary prepayment option. Participation in the RS prepayment option will reduce the District's RS billing rates by approximately 25% effective March 1, 2013, lower ongoing contributions, and minimize the likelihood and impact of any future Deficit Reduction Contributions. The prepayment is included in deferred debits and will be written off over 10 years at approximately $75,000 each year. Amortization expense during the years ended December 31, 2018 and 2017 was $75,586.

Note 6 - Long - Term Debt

A summary of the changes in long-term debt for the year ended December 31, 2018, is as follows:

	2017	Advances	Payments	2018	Estimated Principal Due in 2019
Electric System Revenue Refunding Bonds					
Series 2013A, 1.00% - 3.00%	$ 1,840,000	$ -	$ (165,000)	$ 1,675,000	$ 165,000
Series 2013B, 0.35% - 3.35%	1,260,000	-	(105,000)	1,155,000	100,000
Series 2014B, 0.45% - 3.15%	2,195,000	-	(230,000)	1,965,000	225,000
Series 2016, 0.60% - 2.10%	805,000	-	(80,000)	725,000	80,000
Total	6,100,000	$ -	$ (580,000)	5,520,000	$ 570,000
Less current maturities	(580,000)			(570,000)	
	$ 5,520,000			$ 4,950,000	

A summary of the changes in long-term debt for the year ended December 31, 2017, is as follows:

	2016	Advances	Payments	2017	Estimated Principal Due in 2018
Electric System Revenue Refunding Bonds					
Series 2013A, 1.00% - 3.00%	2,000,000	-	(160,000)	1,840,000	165,000
Series 2013B, 0.35% - 3.35%	1,360,000	-	(100,000)	1,260,000	105,000
Series 2014A, 0.30% - 1.00%	240,000	-	(240,000)	-	-
Series 2014B, 0.45% - 3.15%	2,420,000	-	(225,000)	2,195,000	230,000
Series 2016, 0.60% - 2.10%	880,000	-	(75,000)	805,000	80,000
Total	6,900,000	$ -	$ (800,000)	6,100,000	$ 580,000
Less current maturities	(800,000)			(580,000)	
	$ 6,100,000			$ 5,520,000	

In June 2016, the District redeemed the Electric System Revenue Refunding Bonds, Series 2011 bonds and reissued the Electric System Revenue Refunding Bonds, Series 2016. The total par amount for the Series 2016 bonds was $890,000. The net interest rate over the life of the bonds was 1.66%. The total debt service savings over the life of the bonds $92,056, resulting in a net present value savings of $84,139. The present value percentage savings of the refunded bonds was 9.00%.

Long-term debt as of December 31, 2018 and 2017 is comprised of the following:

	2018	2017
Electric System Revenue Refunding Bonds, 2013A due in varying amounts through October 2027; interest payable semiannually on April 15 and October 15, interest rates varying from 1.00% to 3.00% depending on length of time to maturity	$ 1,675,000	$ 1,840,000
Electric System Revenue Refunding Bonds, 2013B due in varying amounts through October 2028; interest payable semiannually on April 15 and October 15, interest rates varying from 0.35% to 3.35% depending on length of time to maturity	1,155,000	1,260,000
Electric System Revenue Refunding Bonds, 2014B due in varying amounts through October 2027; interest payable semiannually on April 15 and October 15, interest rates varying from 0.45% to 3.15% depending on length of time to maturity	1,965,000	2,195,000
Electric System Revenue Refunding Bonds, 2016 due in varying amounts through October 2026; interest payable semiannually on April 15 and October 15, interest rates varying from 0.60% to 2.10% depending on length of time to maturity	725,000	805,000
Total long-term debt	5,520,000	6,100,000
Less current maturities of long-term debt	(570,000)	(580,000)
Long-term debt, less current maturities	$ 4,950,000	$ 5,520,000

It is estimated that principal and interest repayments on the above debt for the succeeding years will be as follows:

	Principal	Interest	Total
2019	$ 570,000	$ 112,200	$ 682,200
2020	595,000	104,768	699,768
2021	605,000	95,523	700,523
2022	620,000	84,876	704,876
2023	640,000	72,496	712,496
2024-2028	2,490,000	151,554	2,641,554
	$ 5,520,000	$ 621,417	$ 6,141,417

Substantially all assets are pledged as security on the revenue refunding bonds. All revenues are pledged to secure the revenue bonds. Covenant provisions apply to the revenue bonds. Management believes the District is in compliance with all debt covenants as of December 31, 2018 and 2017.

Note 7 - Line of Credit Agreements

The District has executed a line of credit agreement with the National Rural Utilities Cooperative Finance Corporation (NRUCFC) providing the District with short-term loans in the total amount of $1,000,000 on a revolving basis that is renewable annually. Interest on unpaid principal is payable quarterly at rates established by CFC, which are not to exceed the lowest prime rate as published in the "Money Rates" column of "The Wall Street Journal" plus 1% per annum (3.75% at December 31, 2018). There was $-0- outstanding on this line-of-credit for the years ended December 31, 2018 and 2017.

The District also has a line of credit agreement with CoBank, ACB providing the District with short-term loans in the total amount of $1,000,000 through October 31, 2019. Interest on unpaid principal is payable monthly at rates established by CoBank. All assets are pledged as security on the line of credit. There was $-0- outstanding on this line-of-credit for the years ended December 31, 2018 and 2017.

Note 8 - Deferred Credits

	2018	2017
Advance billings	$ (47,844)	$ 177,625
Consumer energy prepayments	191,203	316,189
Other deferred credits	6,176	5,945
Total deferred credits	$ 149,535	$ 499,759

Note 9 - Pension Plan

Pension Plan

The District participates in the Retirement Security Plan (RS Plan) sponsored and administered by the National Rural Electric District Association (NRECA). The RS Plan is a cost-sharing defined benefit pension plan that has the characteristics described in paragraph 2 of GASB Statement No. 78. The RS Plan is intended to be qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. The plan is a multiemployer plan under accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

The RS Plan must file annual reports with the U.S. Department of Labor (Form 5500) that include a copy of the RS Plan annual financial statements. An electronic copy of Form 5500, and the plan's annual financial statements, can be obtained by going to www.efast.dol.gov and using the search tool (EIN 530116145; PN 333). Copies of the RS Plan's annual financial statements are also available to district representatives by calling NRECA's Member Contact Center at 866.673.2299.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

In February 2013, the District made an accelerated funding payment of $755,864 under NRECA's new Retirement and Security (RS) Plan voluntary prepayment option. Participation in the RS prepayment option will reduce the District's RS billing rates by approximately 25% effective March 1, 2013, lower ongoing contributions and minimize the likelihood and impact of any future Deficit Reduction Contributions. The prepayment is included in deferred debits and will be written off over 10 years. The payment was financed with funds from the District's operations.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Retirement Security Plan was over 80 percent funded on January 1, 2018 and 2017 based on the PPA funding target and PPA actuarial value of assets on those dates. Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience

The District's contributions to the plan in 2018 and 2017 represent less than 5% of the total contributions made to the plan by all participating employers. Contributions to the plan for the years ended December 31, 2018 and 2017 were approximately $312,600 and $290,500, respectively.

Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

At December 31, 2018, the District has 21 employees covered under the RS Plan. The RS Plan is a defined benefit pension plan. The District may amend certain terms of the plan, including benefit levels provided for each year of service, normal retirement age, cost-of-living (COLA) adjustments to retiree annuity payments, eligibility for participation, and required employee contributions to the plan. Other plan terms, such as vesting periods, forms of payment, and factors used to reduce benefits for early retirement and conversion of benefits to optional forms of payment, are governed at the overall plan level and cannot be adjusted by individual employers (such provisions require approval by the NRECA board of directors).

The total annual contribution is determined actuarially to be sufficient in funding the benefits of the RS Plan as a level percentage of covered payroll over the average expected remaining working lifetime of its participants. The amount is determined annually. This total annual contribution is allocated based on each employer's RS Plan provisions and participant demographics (in particular, the average age of participants and each participant's pay level).

The District must contribute annually in accordance with the terms of the RS Plan. The District may amend certain benefit provisions, changing the corresponding contribution level after the effective date of the amendment.

The required contribution rate of the employer and employee is 19.94% and 0%, respectively. The RS Plan must meet minimum funding requirements under ERISA, as determined by Internal Revenue Service regulations. The District can choose to withdraw from the RS Plan, subject to plan provisions that require the District to fully fund its share of RS Plan liabilities before withdrawing.

Defined Contribution Plan

The District also participates in the SelectRE Pension Plan, which is a defined contribution, multi-employer plan qualified under Section 401(k) of the Internal Revenue Code. For employees hired before January 1, 2014, the District provides a matching contribution of 0-4% of the participant's annual base salary. For employees hired after January 1, 2014, the District contributes 8% of annual base salary for each participates and provides a matching contribution of 0-4% of the participant's annual base salary. The SelectRE pension expense was approximately $89,200 and $68,000 in 2018 and 2017, respectively.

Note 10 - Commitment

Wholesale Power Agreement

The District is committed under a long-term wholesale power agreement whereby it is to purchase its electric power and energy requirements from Nebraska Electric Generation and Transmission Cooperative, Inc., until January 1, 2036. The rates paid are subject to periodic review.

Construction Contracts

The District entered into two contracts for the construction of transmission and distribution line within its service area as well as the construction of a substation. The amount of these construction contracts are $924,180 and $405,052 with remaining commitments at December 31, 2018 of $205,833 and $189,851, respectively. The projects are expected to be completed during 2019.

Note 11 - Related Party Transactions

The District is a member of and purchases its wholesale power from Nebraska Electric Generation and Transmission Cooperative, Inc. Following is a summary of material transactions with Nebraska Electric Generation and Transmission Cooperative, Inc. for the years ended December 31, 2018 and 2017.

	2018	2017
Cost of power purchased	$ 7,608,219	$ 8,672,259
Accounts payable for purchased power	$ 535,628	$ 582,788
Patronage capital credits allocated (total)	$ 39,817	$ 38,163
Allocated patronage capital credits received (current year)	$ 1,654	$ 600

Required Supplemental Information
December 31, 2018 and 2017

North Central Public Power District

Schedule of Employer's Required Contributions

The District's approximate required contributions for each of the 10 most recent fiscal years are presented below:

	Defined Benefit Plan Contributions
2008	$ 183,300
2009	201,700
2010	277,900
2011	289,600
2012	262,100
2013	982,700
2014	235,500
2015	252,000
2016	269,100
2017	290,500
2018	312,600

Notes to the Schedule of Employer's Required Contributions

The District should review its historical information on changes in plan provisions as well as the size and compensation levels of its participant population in explaining significant changes in contribution patterns in its 10-year contribution history. Below is a table of plan-level adjustments to base contribution rates that are applicable to all plans, along with an explanation of significant increases.

	Proportional Increase Compared With Prior Year	Primary reason for increase
2008	2%	See Note 1 below
2009	11%	Actual 2007 investment return was lower than the expected return
2010	35%	Actual 2008 investment return was lower than the expected return
2011	0%	
2012	0%	
2013	8%	Actual 2011 investment return was lower than the expected return
2014	0%	
2015	0%	
2016	3%	Employee wages have increased
2017	3%	Employee wages have increased
2018	2.5%	Employee wages have increased

Note 1: Base billing rates were lower than current rates because the plan was overfunded. Increases during this period were primarily the result of a gradual reduction of the plan's surplus. Over time, as surplus assets available to pay contributions diminished, employer contributions were raised.

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*

The Board of Directors
North Central Public Power District
Creighton, Nebraska

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 of North Central Public Power District, which comprise the statement of net position as of December 31, 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2019.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered North Central Public Power 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Central Public Power 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 the 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 over financial reporting 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as Finding 2018-A and 2018-B as discussed below, that we consider to be significant deficiencies.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether North Central Public Power 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*.

North Central Public Power District's Response to Findings
North Central Public Power District's response to the findings identified in our audit is described in the accompanying schedule of audit findings. North Central Public Power District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Sioux Falls, South Dakota
April 22, 2019

Finding 2018-A – Preparation of Full Disclosure Financial Statements and Audit Adjustments

Criteria: Proper controls over financial reporting include the ability to prepare financial statements with accompanying notes to the financial statements and include all required disclosures.

Condition: The District does not have an internal control system designed to provide for the preparation of the full disclosure financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause: The District has limited staff. They cannot justify incurring the costs necessary for preparing the financial statements with accompanying notes to the financial statements.

Effect: Inadequate controls over financial reporting of the District could result in the likelihood that the District would not be able to draft the financial statements with accompanying notes to the financial statements that are correct without the assistance of the auditors.

Recommendation: While we recognize that this condition is not unusual for an organization of your size, it is important that you be aware of this condition for financial reporting purposes.

Management's Response: Since it is not cost effective for an organization of our size to prepare audit ready financial statements, we have chosen to hire Eide Bailly, a public accounting firm, to prepare our full disclosure financial statements as part of the annual audit. We have designated a member of management to review the propriety of the draft financial statements and accompanying notes to the financial statements.

Finding 2018-B – Lack of Proper Segregation of Duties

Criteria: In order to achieve a high level of internal control, the functions of executing transactions, recording transactions and maintaining accountability for assets should be performed by different employees or be maintained under dual control.

Condition: The District does not currently have an internal control system to allow for proper segregation of duties in certain areas of the accounting function.

Cause: The District has limited staff and cannot justify hiring an additional individual in order to better segregate accounting duties.

Effect: Proper segregation of duties helps to minimize the chance of undetected errors or defalcations, since the work of one person serves as a "check" on the work of another.

Recommendation: Due to the small size of the office, the District is limited in the options available to them. Under this situation, the most effective control is management and the board's oversight and knowledge of matters relating to the operations of the District.

Management's Response: We have evaluated the segregation of duties and have segregated duties to the extent possible with our available staff. Management and the board of directors will continue to exercise oversight of the accounting functions, which we believe mitigates the risk of material misstatement to a low level. Due to the District's size and other cost considerations, we believe the cost of any further controls would outweigh the related benefit.

April 22, 2019

To the Board of Directors
North Central Public Power District
Creighton, Nebraska

We have audited the financial statements of North Central Public Power District as of and for the year ended December 31, 2018, and have issued our report thereon dated April 22, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our engagement letter dated January 23, 2018, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of North Central Public Power District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding our identification of deficiencies in internal control during our audit in our 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* dated April 22, 2019.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by North Central Public Power District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements was:

> *Depreciation Expense* – The District utilizes composite depreciation methods for each distribution and transmission plant account. The rates are determined based on management's estimate of the average useful life of the assets along with future cost of removal and salvage factor estimates. Industry guidelines are also utilized to assist with determining the appropriate rates. General plant assets are depreciated on the unit basis based on management's best estimate of the useful life of the assets and also include estimates for salvage and cost of removal, if applicable.

We evaluated the key factors and assumptions used to develop the above estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to accumulate all known and likely misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The following misstatements were detected as a result of our audit procedures and have been corrected by management:

> Adjustment for the classification of consumer energy prepayments between accounts receivable and deferred credits. The adjustment increased accounts receivable and deferred credits by approximately $191,000 in the statement of net position as of December 31, 2018. The adjustment resulted in no change to the net position of the District.

The following summarizes an uncorrected financial misstatement whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

> A payment in the amount of approximately $48,000 made for 2019 membership dues was recorded as a reduction of liabilities rather than a prepaid asset. The uncorrected misstatement resulted in an understatement of current assets by approximately $48,000 and an understatement of current liabilities of approximately $48,000.

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended December 31, 2018, resulted in no change to the District's unrestricted net position.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated April 22, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with North Central Public Power District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as North Central Public Power District's auditors.

This report is intended solely for the information and use of the Board of Directors, and management of North Central Public Power District and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Sioux Falls, South Dakota

EideBailly

CPAs & BUSINESS ADVISORS

April 22, 2019

To the Board of Directors
North Central Public Power District
Creighton, Nebraska

We have audited the financial statements of North Central Public Power District as of and for the year ended December 31, 2018, and have issued our report thereon dated April 22, 2019. Professional standards require that we advise you of the following matters relating to our audit.

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Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of North Central Public Power District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

200 E. 10th St., Ste. 500 | P.O. Box 5125 | Sioux Falls, SD 57117-5125 | T 605.339.1999 | F 605.339.1306 | EOE

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Eide Bailly LLP

Sioux Falls, South Dakota

APPENDIX C

DESCRIPTION OF CERTAIN PROVISIONS OF THE RESOLUTION

This Appendix includes a general summary of certain provisions of the Resolution. The summary is not to be considered a full statement of the terms of the Resolution, and, accordingly, is qualified by reference to the Resolution and is subject to the full text thereof. Copies of the Resolution may be obtained from the District upon request. The section references are to particular sections of the Resolution

Definitions

Unless the context shall clearly indicate otherwise, the following terms shall have the following meanings when used in the Resolution:

a) "2020 Debt Reserve Fund" shall mean the Electric System 2020 Debt Reserve Fund established for the Bonds pursuant to Section 11 of the Resolution;

b) "2020 Debt Service Fund" shall mean the Electric System 2020 Debt Service Fund established for the Bonds pursuant to Section 11 of the Resolution;

c) "Additional Bonds" shall mean any bond, including refunding bonds, authorized and issued pursuant to the provisions of Section 16 of the Resolution and the applicable sections of the respective Outstanding Parity Resolutions at any time outstanding, which are payable on a parity with respect to lien against the Revenues with the bonds herein authorized, the Outstanding Parity Bonds, any Additional Bonds, and any Additional RUS Indebtedness then outstanding and equally and ratably secured therewith by a pledge of the Revenues as provided in the Resolution;

d) "Additional RUS Indebtedness" shall mean any indebtedness of the District to the RUS or CFC incurred as permitted under the terms of Section 16 of the Resolution and the applicable sections of the respective Outstanding Parity Resolutions, which is entitled to the same priority of lien upon the Revenues as the bonds herein authorized, the Outstanding Parity Bonds, any Additional Bonds, and any Additional RUS Indebtedness then outstanding and equally and ratably secured therewith and may further be secured by the RUS Mortgage;

e) "CFC" means the National Rural Utilities Cooperative Finance Corporation, its successors and assigns;

f) "District" shall mean the North Central Public Power District of Creighton, Nebraska;

g) "Electric System" shall mean (i) all electric utility properties and assets (A) to which legal title is vested in the District and (B) all renewals and replacements, additions and expansions and improvements thereto, now owned or hereafter acquired; (ii) all electric utility properties and assets being acquired by the District pursuant to any lease-purchase or other similar arrangement, (iii) all of the District's interest, whether as lessor or as lessee, under any lease or other similar arrangement with respect to any electric utility properties and assets; and (iv) all of the District's interest under any agreements relating to the management of any electric utility properties and assets;

h) "Government Securities" shall mean direct obligations of the United States of America (including obligations in book entry form) and obligations the timely payment of principal of and interest on which is fully guaranteed by the United States of America;

i) "Outstanding Debt Service Funds" shall mean the debt service funds established for the Outstanding Parity Bonds pursuant to the applicable sections of the respective Outstanding Parity Resolutions;

j) "Outstanding Debt Reserve Funds" shall mean the debt reserve funds established for the Outstanding Parity Bonds pursuant to the applicable sections of the respective Outstanding Parity Resolutions;

k) “Permitted Investments” shall mean Government Securities, and, to the extent permitted by law:

(i) Investments in U.S. dollar denominated deposit accounts, federal funds, bankers acceptances, and certificates of deposit of any bank whose short term debt obligations are rated “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 calendar days after the date of purchase (holding company ratings are not considered as ratings of a bank);

(ii) Certificates of deposit of any bank, which certificates are fully insured by the Federal Deposit Insurance Corporation (“FDIC”);

(iii) Investments in money market funds rated “AAAm” or “AAAm-G” by S&P;

(iv) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s Inc. and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase; or

(v) Municipal obligations rated “Aaa/AAA” or general obligations of States with a rating of “A1/A+” or higher by both Moody’s and S&P;

l) “Revenues” shall mean all revenues derived and to be derived by the District from the sale of electric energy, storage of water, water furnished for irrigation or other service rendered or furnished by the District, and also all other revenues, income, receipts and profits of the District which, at any time hereafter, the District may be permitted by law to pledge as security for indebtedness incurred by it, after deducting therefrom the actual cost of the operation and maintenance of the properties of the District from which such revenues shall be derived, provided, however, that there shall not at any time be included in such cost of operation and maintenance any amount to pay or make provisions for the payment of the principal of or interest on any indebtedness of the District maturing more than (1) year after the date of the incurrence thereof, or any allowance for depreciation or obsolescence; and

m) “RUS” shall mean the United States of America, acting through the Administrator of the Rural Utilities Service.

Terms elsewhere in the Resolution defined by parentheses or otherwise shall have the meanings indicated by such definition.

Special Obligations

In the Resolution, the District declares the Bonds to be its special obligations payable from the Revenues, the 2020 Debt Service Fund and the 2020 Debt Reserve Fund. The Revenues are pledged for the payment of the principal and interest of the Bonds on an equal and ratable basis as to priority of lien upon said Revenues with the Outstanding Parity Bonds and any Additional Bonds and Additional RUS Indebtedness. So long as the Revenues are sufficient to make all required payments with respect to the Bonds, the Outstanding Parity Bonds, any Additional Bonds, and any Additional RUS Indebtedness, such payments shall be made in full. In the event that the Revenues are insufficient to meet such required payments, the Revenues shall be allocated to the required payments with respect to the Bonds, the Outstanding Parity Bonds, any Additional Bonds, and any Additional RUS Indebtedness, pro rata in accordance with the respective unpaid principal amounts outstanding. The pledge of the Revenues of the District’s Electric System in favor of the Bonds is expressly made subject to the rights in favor of any Additional RUS Indebtedness as provided for in any existing or future mortgage or mortgages (which may be amended, supplemented or restated from time to time) and to any such rights which may hereafter be provided for any Additional RUS Indebtedness. Each holder of a Bond shall be conclusively deemed to have consented to any and all such prior mortgage rights in favor of the any Additional RUS Indebtedness.

Rates and Charges

The District agrees in the Resolution that it will maintain and collect rates and charges for the sale of the electric power and energy from the Electric System adequate to produce Revenues sufficient at all times:

(a) to provide for the payment of interest on and principal of the Bonds, the Outstanding Parity Bonds, and any other indebtedness of the District now or hereafter incurred, as such interest and principal become due;

(b) to pay all reasonable costs of operation and maintenance of the Electric System, including adequate insurance as provided by the Resolution, and the Outstanding Parity Resolutions, and to pay for the necessary and reasonable repairs, replacements and extensions for the Electric System;

(c) to maintain the 2020 Debt Service Fund and 2020 Debt Reserve Fund as hereinafter set forth;

(d) to meet all contractual obligations of the District pursuant to or provided for in the Bonds, the Outstanding Parity Bonds, any Additional Bonds, and any Additional RUS Indebtedness all as then outstanding.

The District further agrees that it will maintain and collect rates and charges for the sale of electric power and energy from the Electric System adequate to produce Revenues in each fiscal year at least equal to 1.25 times the amount of principal and interest falling due during the fiscal year next ensuing with respect to the Bonds, the Outstanding Parity Bonds, any Additional RUS Indebtedness and any Additional Bonds as may be outstanding from time to time.

Funds and Accounts

Under the Resolution there are established in the books and accounts of the District the "2020 Debt Service Fund" and the "2020 Debt Reserve Fund". The 2020 Debt Service Fund and the 2020 Debt Reserve Fund shall be held separate and apart from all other funds and accounts of the District by the District Treasurer. Monies set aside and held in the 2020 Debt Reserve Fund shall be held exclusively for the payment of the Bonds and are pledged therefor. The District agrees that so long as the Bonds remain outstanding, the District shall set aside monies each month from the Revenues for the 2020 Debt Service Fund and the 2020 Debt Reserve Fund in accordance with the following:

A. <u>2020 Debt Service Fund</u>. Out of the Revenues from the Electric System there shall be deposited to the 2020 Debt Service Fund on or before the fifteenth day of each month the following amounts for the periods indicated:

(1) Commencing with the 15th day of the month following the month in which the date of delivery of the Bonds occurs (the "Initial Deposit Date"), and continuing on the Corresponding day of each month thereafter, equal amounts prior to the next falling Interest Payment Date which, when combined, will be sufficient to provide funds to pay the installment of interest due on the next falling Interest Payment Date with respect to the Bonds.

(2) Commencing with the Initial Deposit Date, and continuing on the Corresponding day of each month thereafter, equal amounts during the period prior to the next principal maturity date of the bonds which, when combined, will be sufficient to provide funds to pay the maturing principal amount (or make mandatory sinking fund redemption payment, if applicable) on the bonds (or mandatory sinking fund redemption date, if applicable).

All such deposits to the 2020 Debt Service Fund shall be made in such amounts and at such times so that there will be sufficient sums in such fund to meet the payments required to be made by the Paying Agent and Registrar with respect to the Bonds on each interest and principal payment date.

B. 2020 Debt Reserve Fund. The District agrees that it shall deposit to the 2020 Debt Reserve Fund the sum of $-0-, which amount shall be maintained as the required balance in such fund so long as the Bonds remain outstanding.

All payments required to be made to the 2020 Debt Service Fund and 2020 Debt Reserve Fund shall be made from the Revenues, depending upon the sufficiency of funds, in accordance with the provisions of Section 11 of the Resolution.

Monies on deposit in the 2020 Debt Service Fund may to the extent practicable and reasonable be invested in Permitted Investments maturing at such times and in such amounts as shall be required to provide monies to make the payments to be made from said fund. Monies credited the 2020 Debt Reserve Fund shall be invested in any Permitted Investments maturing or redeemable at stated fixed prices at the option of the holder not more than five years from the date of such investment. All monies and income from investments made from monies deposited to the 2020 Debt Service Fund and the 2020 Debt Reserve Fund shall, when realized and collected, be credited to the respective fund from which such investments were made, unless there shall then be credited thereto the respective full amounts then required by Subsections A and B of Section 11 of the Resolution, in which event such interest and income shall be treated as other Revenues from the Electric System. All investments held for the credit of any such fund may be sold when required to make the payments to be made from such fund. Any monies credited to any such fund which are not invested shall be deposited and secured in the manner provided by law for deposits of public funds.

Accounting

The District shall keep proper books of record and account, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Electric System and the registered owners of any of the Bonds or any duly authorized agent or agents of such owners shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the Electric System or any part thereof. Within ninety (90) days following the close of each fiscal year the District shall cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the District, and such audit will be available for inspection by the registered owners of any of the Bonds. Each such audit, in addition to whatever matters may be required by law or thought proper by the accountant to be included therein, shall include the following:

(1) A statement in detail of the income and expenditures of the Electric System for such fiscal year.

(2) A balance sheet as of the end of such fiscal year.

(3) The accountant's comment regarding the manner in which the District has carried out the requirements of the Resolution, and the accountant's recommendation for any changes or improvements in the operation of the Electric System.

(4) A list of the insurance policies in force at the end of the fiscal year, setting out as to each policy the amount of the policy and risks covered, the name of the insurer and the expiration date of the policy.

All expenses incurred in the making of the audits required by Section 12 of the Resolution shall be regarded and paid as a maintenance and operation expense. The District shall furnish a copy of each audit to the original purchaser of the Bonds, and, upon request, to any registered owner of 10% or more in principal amount of the Bonds, promptly after receipt thereof, and said purchaser or purchasers or any such registered owner shall have the right to discuss with the accountant making the audit the contents of the audit and to ask for such additional information as each may require.

Insurance

The District agrees to maintain insurance on the Electric System in accordance with all instruments to which the District and RUS and /or CFC are parties, including, without limitation, the instruments governing any Additional RUS Indebtedness (such documents are hereinafter referred to as the "RUS Debt Instruments") with proceeds of such insurance to be applied in accordance with the requirements imposed by RUS Debt Instruments. Subject to the provisions of the RUS Debt Instruments, the District agrees to carry and maintain a reasonable amount of all-risk insurance upon all of the properties forming a part of the Electric System insofar as the same are of an insurable nature, such insurance to be of the character and coverage and in an amount as would normally be carried by a private corporation engaged in a similar type of business, and in the event of loss or damage, the District will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or, if such reconstruction or replacement be unnecessary, then in improving, extending or enlarging the Electric System. The District further agrees that in operating the Electric System it shall also carry and maintain public liability and workers' compensation insurance in such amounts as would normally be maintained by a private corporation engaged in a similar type of business, and the proceeds derived from such insurance shall be used in paying the claims on account of which such proceeds were received.

Sale of Property

The District will maintain the Electric System in good condition and operate the same in an efficient manner and at a reasonable cost. The District agrees with the holders from time to time of the Bonds that the District will continue to own and will adequately maintain and efficiently operate the Electric System, provided however, the District may dispose of property which is recommended for disposal by its manager or superintendent of the utilities, or an independent consulting engineer and which is determined as a matter of record by the Board of Directors to have become obsolete, non-productive or otherwise unusable to the advantage of the District, provided that no such disposition shall be permitted if such disposition would cause the District to be in default under the terms of any of the RUS Debt Instruments.

Mortgages; Additional Indebtedness

It is expressly recognized that certain of the physical properties of the District constituting part or all of the Electric System may have been mortgaged pursuant to Section 70-644, R.R.S. Neb. 2009, as amended, to secure prior outstanding indebtedness to RUS and/or CFC and may be further so mortgaged to secure any Additional RUS Indebtedness. In addition the District and the RUS shall be permitted to execute, amend, modify or restate from time to time any mortgage securing any Additional RUS Indebtedness. Except for the indebtedness currently evidenced by any Additional RUS Indebtedness, the District agrees that it will not incur any further indebtedness, other than to the RUS or CFC, which is secured by any mortgage or other encumbrance upon any physical assets of the District which constitute a part or all of the Electric System. The District reserves the right to incur further indebtedness to RUS or CFC which shall have the same priority of lien upon the Revenues as the pledge and lien in favor of the Bonds, the Outstanding Parity Bonds, any Additional Bonds and any Additional RUS Indebtedness upon such terms and conditions as shall be prescribed by the RUS or CFC. (All such additional indebtedness is referred to in this Resolution as "Additional RUS Indebtedness".) The District further agrees that it shall not incur any indebtedness for which the Revenues are pledged which in any way constitutes a lien or claim upon the Revenues prior or superior to the pledge created by the Resolution in favor of the Bonds, the pledges created by Outstanding Parity Resolutions in favor of the Outstanding Parity Bonds, and the pledge of Revenues in favor of any Additional RUS Indebtedness. The District shall retain the right to issue Additional Bonds of equal priority of lien with the Bonds, the Outstanding Parity Bonds, and any Additional Bonds and Additional RUS Indebtedness, provided, however, that before any such Additional Bonds are actually issued, the Revenues of the Electric System for the fiscal year next preceding the date of the authorization of such Additional Bonds (after deducting therefrom all costs of operation and maintenance of the Electric System for such fiscal year and before deduction of depreciation or interest) as based on a certified public accountant's report shall have been at least equal to 1.25 times the average annual debt service requirement of the Bonds, the Outstanding Parity Bonds, any Additional RUS Indebtedness, and any Additional Bonds, all as then outstanding, and the Additional Bonds proposed to be issued, or such Revenues would have met such test by applying the provisions of the second paragraph of Section 16 of the Resolution. For such purpose the average annual debt service requirement shall be determined by adding all of the principal and interest which will become due when computed to the absolute maturity of the Bonds, the Outstanding Parity Bonds, any Additional RUS Indebtedness, and Additional Bonds, if any, then outstanding and all of the principal and interest of the Additional Bonds proposed to be issued, and dividing such total by the number of years remaining that the longest bond of any issue of bonds or indebtedness (including the Additional Bonds to be issued) has to run to maturity (treating bonds due as term bonds as maturing in accordance with any applicable schedule of mandatory redemptions). In the event of the issuance of any Additional Bonds payable from the Revenues, the District shall be required to establish a separate debt service fund and debt reserve fund for each such issue of Additional Bonds into which payments from the Revenues may be made on an equal, ratable and proportionate basis with the Bonds, the Outstanding Parity Bonds, any Additional RUS Indebtedness, and any Additional Bonds then outstanding in accordance with the provisions of Section 11 of the Resolution. The provision made for any debt reserve fund for any issue of Additional Bonds shall be established at the discretion of the District, and may be zero dollars ($0.00), but shall not exceed an amount equal to 1.1 times the average annual debt service requirement for such issue of Additional Bonds (with such requirement to be separately calculated in the manner set forth above).

In the event any change in the rates, rentals and charges for the use and service of the Electric System has been made during the preceding fiscal year or during the interval between the end of such fiscal year and the issuance of such Additional Bonds, or in the event the District shall covenant in the resolution authorizing the issuance of such Additional Bonds to impose, effective upon the issuance of such Additional Bonds, higher rates, rentals and charges for such use and service, compliance with the provisions of Section 16 of the Resolution may be evidenced by a certificate of an independent consulting engineer or firm of engineers or certified public accountant or independent certified public accountants to be filed with the District's Secretary prior to the issuance of any such Additional Bonds. Such certificate shall state fully the facts upon which such certificate is based, and if it is a certificate of the consulting engineer or firm of consulting engineers shall have attached thereto the certified financial statement for the fiscal year next preceding the date of authorization of such Additional Bonds used by the engineer or firm of engineers in arriving at the conclusion stated in said certificate. The consulting engineer or independent certified public accountant of the District shall, in determining the earnings for such fiscal year adjust the collections to reflect the result as if such changed rates, rentals and charges, or such higher rates, rentals and charges had been in existence for such entire preceding fiscal year period, and the amount of such net collections and adjusted earnings as aforesaid shall be conclusive evidence and the only evidence required to show compliance with the provisions and requirements of Section 16 of the Resolution.

The District may issue refunding bonds, which shall qualify as Additional Bonds equal in lien to the Bonds and the Outstanding Parity Bonds without limitation for purposes of refunding, in whole, any Additional RUS Indebtedness. None of the conditions or limitations required for refunding bonds in the following two paragraphs of Section 16 of the Resolution shall apply to any such issue of refunding bonds for such purposes.

The District may issue refunding bonds, which shall qualify as Additional Bonds equal as to priority of lien with the Bonds, the Outstanding Parity Bonds and other Additional Bonds then outstanding, provided that, if any Bonds, Outstanding Parity Bonds or Additional Bonds then outstanding are to remain outstanding after the issuance of such refunding bonds, the principal payments due in any calendar year in which those bonds which are to remain outstanding mature shall not be increased over the amount of such principal payments which would have been due in such calendar years immediately prior to such refunding. Refunding bonds issued in accordance with this paragraph of Section 16 may be issued as Additional Bonds without compliance with the conditions set forth in the first two paragraphs of Section 16 of the Resolution.

The District may also issue refunding bonds which shall qualify as Additional Bonds equal as to priority of lien with the Bonds, the Outstanding Parity Bonds, any Additional RUS Indebtedness, or any Additional Bonds, all as then outstanding, to refund any Bonds, Outstanding Parity Bonds or Additional Bonds then outstanding provided that if any Bonds, Outstanding Parity Bonds or Additional Bonds then outstanding are to remain outstanding after the application of the proceeds of the refunding bonds to the payment of the bonds which are to be refunded, such issuance must comply with the requirements for issuance of Additional Bonds set forth in the first paragraph of Section 16 and, if the proceeds of such refunding bonds are not to be applied immediately to the satisfaction of the bonds which are to be refunded, then such refunding bonds must provide by their terms that they shall be junior in lien to all Bonds, all Outstanding Parity Bonds and Additional Bonds outstanding at the time of issuance of such refunding bonds until the time of application of their proceeds to the satisfaction of the bonds which are to be refunded. In computing the average annual debt service requirement for purposes of showing compliance with the requirements of the first paragraph of Section 16 for such refunding bonds, all payments of principal and interest due on such refunding bonds from the time of their issuance to the time of application of the proceeds of such refunding bonds to the satisfaction of the bonds which are to be refunded shall be excluded from such computation to the extent that such principal and interest payments are payable from sources other than the Revenues of the Electric System (such as bond proceeds or earnings on bond proceeds held in escrow) and all payments of principal and interest due on the bonds which are to be refunded from and after the time of such application shall also be excluded. For purposes of this paragraph of Section 16, the time of application of the proceeds of the refunding bonds to the satisfaction of the bonds which are to be refunded shall be the time of any irrevocable deposit with the paying agent for such bonds which are to be refunded or the time when such bonds which are to be refunded under the terms of their authorizing resolution or resolutions are no longer deemed to be outstanding, whichever occurs sooner.

No refunding bonds having equal priority and status with any Additional RUS Indebtedness, shall be issued as Additional Bonds under this Section 16 without the consent of RUS.

Anything in Section 16 pertaining to the issuance of Additional Bonds notwithstanding, the requirement that Revenues shall have been at least equal to 1.25 times the average annual debt service requirement of the Bonds, the Outstanding Parity Bonds, any Additional RUS Indebtedness, and any Additional Bonds shall not apply to the issuance of additional indebtedness by the District to RUS if the Administrator of the RUS consents.

Bills for Service

While any of the Bonds are outstanding, the District will promptly render bills to its customers for electric service and shall take all lawful steps necessary to collect all amounts owed for electric services provided, subject to any limitation provided under state and federal law with respect to discontinuance of electric utility service.

Amendments or Supplements

Except for amendments which are required for the correction of language to cure any ambiguity or defective or inconsistent provisions, omission or mistake or manifest error contained herein, no changes, additions or alterations of any kind shall be made by the District in the provisions of the Resolution in any manner; provided, however, that from time to time the registered owners of sixty percent (60%) or more in principal amount of the Bonds outstanding authorized under the Resolution (not including any of said Bonds credited to any of the funds set out in Section 11 of the Resolution or any other of said Bonds owned or controlled directly or indirectly by the District) by an instrument or instruments in writing signed by such owners and filed with the Secretary shall have the power to assent to and authorize any modification of the rights and obligations of the District and of the registered owners of the Bonds and the provisions of the Resolution that shall be proposed by the District, and any action authorized to be taken with the assent and authority given as aforesaid of the registered owners of sixty percent (60%) or more in principal amount of said bonds shall be binding upon all holders of said Bonds at the time outstanding hereunder and upon the District as fully as though such action were specifically and expressly authorized by the terms of the Resolution; provided, always, that no such modification shall be made which will (a) extend the time of payment of the principal of or interest on any of said Bonds or reduce the principal amount thereof or the rate of interest thereon; or (b) give to any of said Bonds secured by the Resolution any preference over any other of said Bond or Bonds; or (c) authorize the creation of any additional lien or charge prior to the pledge of the Revenues afforded by the Resolution for the Bonds or (d) reduce the percentage in principal amount of said Bonds required to assent to or authorize any such modification or (e) modify any of the rights of RUS under the Resolution without the consent of RUS so long as any Additional RUS Indebtedness remains outstanding. Any modification of the provisions of the Resolution made as aforesaid shall be set forth in a supplemental resolution to be adopted by the President and Board of Directors of said District.

Events of Default

So long as any of the Bonds are outstanding, each of the obligations, duties, limitations and restraints imposed upon the District by the Resolution shall be deemed to be a covenant between the District and every registered owner of said Bonds, and the Resolution and every provision and covenant thereof shall constitute a contract of the District with every registered owner from time to time of said Bonds. Any registered owner of a Bond may by mandamus or other appropriate action or proceedings at law or in equity in any court of competent jurisdiction enforce and compel performance of the Resolution and every provision and covenant thereof, including without limiting the generality of the foregoing, the enforcement of the performance of all duties required by the District by the Resolution and the applicable laws of the State of Nebraska, including in such duties the making and collecting of sufficient rates, rentals, fees or charges for the use and service provided by the Electric System, the segregation of the Revenues of the Electric System, and the application thereof to the Bonds, the Outstanding Parity Bonds, or any Additional RUS Indebtedness, the respective funds referred to and described in Section 11 of the Resolution, the debt service and reserve funds described in the Outstanding Parity Resolutions and the debt service and reserve funds described in any resolution authorizing the issuance of Additional Bonds.

The District further has agreed in the Resolution that in the event of default in the payment of interest on or principal of the Bonds, the registered owner or registered owners of such Bonds shall be entitled, as a matter of right, subject to the rights of any parties, including RUS, under any mortgages or other instruments securing or any Additional RUS Indebtedness upon application to a court of competent jurisdiction, to have a receiver appointed for the Electric System and the Revenues, which receiver shall have such powers as are prescribed by law, including but not limited to all powers described in Section 70-648, R.R.S. Neb. 2009, as now or hereafter amended.

In the event of any default in payment of principal or interest on the Bonds, the registered owners of 50% or more in principal amount of the Bonds shall, by an instrument or concurrent instruments in writing, have the right to appoint a trustee to represent the interests of the registered owners of the Bonds in any action or proceedings affecting the District or the Electric System, with such trustee to serve under such terms and conditions as shall be specified in the instrument or instruments making such appointment.

Defeasance of Bonds

The District's obligations under the Resolution and the liens, pledges, dedications, covenants and agreements of the District therein made or provided for shall be fully discharged and satisfied as to any Bonds issued thereunder, and said Bonds shall no longer be deemed outstanding thereunder if such Bonds shall have been purchased and cancelled by the District, or as to any of such Bonds not theretofore purchased and cancelled by the District, when payment of the principal of and any applicable redemption premium, if any, on such Bonds plus interest thereon, to the respective dates of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof; or (b) shall have been provided for by depositing with a state or national bank having trust powers or trust company in trust for such payment (i) sufficient monies to make such payment and/or (ii) Government Securities in such amount and bearing interest payable and maturing or redeemable at stated fixed prices at the option of the holder as to principal, at such time or times, as will insure the availability of sufficient monies to make such payment, and such Bonds shall cease to draw interest from the date fixed for their redemption or maturity and, except for the purposes of such payment, (which payment of principal and interest shall thereafter be payable solely from the said deposit of monies or Government Securities deposited with the state or national bank having trust powers or trust company), shall no longer be entitled to the benefits of the Resolution; provided that, with respect to any Bonds called or to be called for redemption, the District shall have duly given notice of redemption, or made irrevocable provision for giving such notice. Any such monies so deposited with such bank or trust company as provided in Section 21 of the Resolution may be invested and reinvested in Government Securities at the direction of the District, and all interest and income from all such Government Securities in the hands of such bank or trust company which is not required for payment of the Bonds or interest for which the deposit was made shall be paid to the District as and when realized and collected.

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