

Lower Valley Energy, Inc.

balance sheets

December 31, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
NON-CURRENT ASSETS		
Net utility plant	\$126,128,356	\$127,448,921
Other Assets and Investments	8,976,124	4,865,868
Prepaid power, to be amortized after one year	125,378,868	133,270,603
Total non-current assets	<u>260,483,348</u>	<u>265,585,392</u>
CURRENT ASSETS		
Cash and cash equivalents	1,399,099	—
Restricted cash and cash equivalents	1,282,644	1,123,737
Accounts receivable, net	6,478,210	5,948,281
Materials and supplies inventory	1,655,081	1,482,948
Other current assets	3,102,702	2,924,453
Prepaid power, to be amortized within one year	7,891,736	7,540,913
Total current assets	<u>21,809,472</u>	<u>19,020,332</u>
Deferred charges	<u>3,564,673</u>	<u>6,055,390</u>
Total assets	<u><u>\$285,857,493</u></u>	<u><u>\$290,661,114</u></u>
MEMBERS' EQUITY AND LIABILITIES		
MEMBERS' EQUITY		
Patronage capital	\$61,016,170	\$57,524,325
Other equities	<u>16,787,445</u>	<u>16,283,003</u>
Total members' equity	<u>77,803,615</u>	<u>73,807,328</u>
NON-CURRENT LIABILITIES		
Long-term debt, due after one year	<u>183,058,142</u>	<u>193,995,060</u>
Total non-current liabilities	<u>183,058,142</u>	<u>193,995,060</u>
CURRENT LIABILITIES		
Long-term debt, due within one year	11,616,665	10,529,572
Line of credit	—	2,533,186
Accounts payable	3,077,697	3,172,956
Consumer deposits	601,947	557,727
Other current and accrued liabilities	<u>3,552,854</u>	<u>3,168,934</u>
Total current liabilities	<u>18,849,163</u>	<u>19,962,375</u>
Deferred credits	<u>6,146,573</u>	<u>2,896,351</u>
Total members' equity and liabilities	<u><u>\$285,857,493</u></u>	<u><u>\$290,661,114</u></u>

Lower Valley Energy, Inc.

statements of revenues and margins

for the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUE		
Electric operating revenue	\$43,541,931	\$42,950,671
Gas operating revenue	9,082,037	11,540,020
Total operating revenues	<u>52,623,969</u>	<u>54,490,691</u>
OPERATING EXPENSES		
Cost of Purchased Power and Gas	24,411,746	26,626,083
Transmission Expense - Operation and Maintenance	857,443	649,200
Distribution Expense - Operation	3,377,788	3,469,265
Distribution Expense - Maintenance	1,449,541	1,458,307
Consumer Accounts Expense	840,696	900,556
Customer Service and Information	333,974	336,564
Administration and General Expense	2,582,925	2,817,268
Depreciation Expense	5,972,836	5,834,014
Taxes - Property and Gross Revenue	691,019	733,139
Total operating expenses	<u>40,517,968</u>	<u>42,824,396</u>
Operating margins before finance charges	<u>12,106,001</u>	<u>11,666,295</u>
FINANCE CHARGES		
Interest on long-term debt	6,394,084	7,122,899
Other interest expense	16,153	34,375
Total finance charges	<u>6,410,237</u>	<u>7,157,274</u>
Net operating margins	<u>5,695,764</u>	<u>4,509,021</u>
NON-OPERATING MARGINS		
Investment Income	115,818	97,630
Gain or Loss on Sale of General Plant	(367,934)	44,397
Patronage Capital Credits from Other Cooperatives	636,440	1,040,586
Other Non-Operating Margins, Net	178,947	(956,330)
Total Non-Operating Margins	<u>563,271</u>	<u>226,283</u>
Net Margins	<u>\$6,259,035</u>	<u>\$4,735,304</u>

Your cooperative continues to grow and remain financially strong. Net margins exceeded \$6.2 million and were used for system improvements, repayment of debt principal, and retirement of patronage capital.

A complete copy of our audited financial statements can be obtained from either of our offices.