

ANNUAL REPORT

Of

Company Name: Navopache Electric
1878 W. White Mountain Blvd.
0
Mailing Address: Lakeside AZ
85929
Docket No.: E-01787A
For the Year Ended: 12/31/2022

ELECTRIC

To

Arizona Corporation Commission

Due on April 15th

Email: Util-Compliance@azcc.gov, mail or deliver the completed Annual Report to:
Arizona Corporation Commission
Compliance Section - Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Application Type: Original Filing
Application Date: 4/12/2023

ARIZONA CORPORATION COMMISSION
 ELECTRIC UTILITIY ANNUAL REPORT
 COMPANY INFORMATION

For the Calendar Year Ended: 12/31/2022

Company/Business Name:	Navopache Electric			
Mailing Address:	1878 W. White Mountain Blvd			
City:	Lakeside	State:	Arizona	Zip Code: 85929
Telephone Number:	928-368-5118	Fax Number:	None	
Email:	jadams@navopache.org			

Regulatory and Management Contact				
Name:	Joshua W Adams			
Title:	Chief Financial Officer			
Telephone No. :	928-368-5118			
Address:	1878 W. White Mountain Blvd			
City:	Lakeside	State:	Arizona	Zip Code: 85929
Email:	jadams@navopache.org			

On-Site Manager				
Name:	Charles R Moore			
Title:	Preseident & Chief Executive Officer			
Telephone No. :	928-368-5118			
Address:	1878 W. White Mountain Blvd			
City:	Lakeside	State:	Arizona	Zip Code: 85929
Email:	cmoore@navopache.org			

Statutory Agent				
Name:	Debbie Gomes			
Title:	Exeutive Assistant			
Telephone No. :	928-368-5118			
Address:	1878 W. White Mountain Blvd			
City:	Lakeside	State:	Arizona	Zip Code: 85929
Email:	dgomes@navopache.org			

Attorney				
Name:	Michael Patten, Snell & Willmer			
Title:	Attorney			
Telephone No. :	602-382-6339			
Address:	400 E Van Buren, Suite 1900			
City:	Phoenix	State:	Arizona	Zip Code: 85026
Email:	mpatten@swlaw.com			

Ownership: Association/Co-op (A)

Counties Served: Navajo

Important changes during the year	
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No	For those companies not subject to the affiliated interest rules, has there been a change in ownership or direct control during the year?
	If yes, please provide specific details in the box below.
	In reference to "Counties Served" on prior page: NEC serves Navajo, Apache, Gila & Greenlee. The drop down only allows one selection

No	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance?
	If yes, please provide specific details in the box below.
	None

SERVICES AUTHORIZED TO PROVIDE

Yes	Electric
No	Investor Owned Electric
Yes	Rural Electric Cooperative
No	Utility Distributed Company
N/A	Electric Service Provider
N/A	Transmission Service Provider
N/A	Meter Service Provider
N/A	Meter Reading Service Provider
N/A	Billing and Collection
N/A	Ancillary Services
N/A	Generation Provider
N/A	Aggregator/Broker

N/A Other (Specify)

STATISTICAL INFORMATION

Retail Information		
	Number of Arizona Customers	Number of kWh Sold in Arizona
Residential	38,337	279,490,582
Commercial	3,316	75,109,854
Industrial	309	98,688,711
Public Street and Highway Lighting	108	941,706
Irrigation	174	11,278,294
Total Retail	42,244	465,509,147

Wholesale Information		
	Number of Customers	Number of kWh Sold
Resale	0	0
Short-term Sales (duration of less than one-year)	0	0
Total Wholesale	0	0

Total Sold	465,509,147	KW
Maximum Peak Load	98	MW
Distribution System Losses	34,513,003	KW
Distribution Losses	7.40%	
Transmission Losses	0.00%	
System Average Interruption Duration Index (SAIDI)	171	
Distribution System Losses	0	
Customer Average Interruption Duration Index (CAIDI)	356	
System Average Interruption Frequency Index (SAIFI)	2	

VERIFICATION AND SWORN STATEMENT (INTRASTATE REVENUE ONLY)

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Navajo
Name (owner or official) title: Joshua W. Adams, Chief Financial Officer
Company name: Navopache Electric

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/2022

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$62,424,654
(The amount in the box above includes
\$4,529,590 in sales taxes
billed or collected)

Joshua W. Adams
signature of owner/official

928-368-5118
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

THIS 12th DAY OF April 2023
(month) and (year)

MY COMMISSION EXPIRES 08-09-2024
(date)

Paula Whipple
Notary Public
Navajo County, Arizona
My Comm. Expires 08-09-24
Commission No. 589648

Paula Whipple
(signature of notary public)

VERIFICATION AND SWORN STATEMENT (RESIDENTIAL REVENUE)

Verification:

State of Arizona, the undersigned of the
(state name)

County of (county name): Navajo
Name (owner or official) title: Joshua W. Adams, Chief Financial Officer
Company name: Navopache Electric

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/2022

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$40,877,661

(The amount in the box above includes

\$2,966,121 in sales taxes
billed or collected)

Joshua W. Adams
signature of owner/official

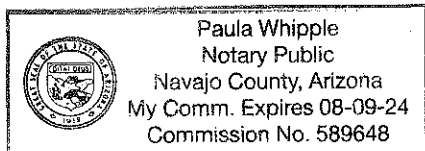
928-368-5118
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

Navajo
(county name)

THIS 12th DAY OF April 2023
(month) and (year)

MY COMMISSION EXPIRES 08-09-2024
(date)



Paula Whipple
(signature of notary public)

Navopache Electric
 ELECTRIC UTILITIY ANNUAL REPORT
 UTILITY SHUTOFFS / DISCONNECTS
 12/31/2022

UTILITY SHUTOFFS / DISCONNECTS			
Month	Termination without Notice R14-2-211.B	Termination with Notice R14-2- 211.C	Other
January	0	69	0
February	0	68	0
March	0	102	0
April	0	61	0
May	0	9	0
June	0	13	0
July	0	16	0
August	0	23	0
September	0	18	0
October	0	30	0
November	0	30	0
December	0	28	0
Total	0	467	0


Other (description):

N/A

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Electric Cooperative, Inc.
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2022

Submit electronic copy only. Enter names below, no signatures necessary. Round all numbers to the nearest dollar.

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION
<p>By submitting this Form 7 to CFC, we certify that the entries in this report have been reviewed and approved by the CEO or CFO and, are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</p> <p>Joshua Adams Name of CFO/Office Manager Date</p> <p>Charles Moore Name of General Manager/CEO Date</p> <p>Joshua Adams Name of person submitting Form 7 *New Date</p>		<p>AUTHORIZATION</p> <p>NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?</p> <p><input checked="" type="radio"/> YES <input type="radio"/> NO</p>

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	59,006,880	68,023,562	63,306,083	7,967,650
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	28,083,669	35,355,384	31,276,382	3,713,745
4. Transmission Expense	312,634	268,932	181,092	20,708
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	4,368,757	4,595,449	4,659,797	402,745
7. Distribution Expense - Maintenance	3,814,021	4,802,737	4,168,800	305,574
8. Consumer Accounts Expense	2,057,368	2,170,080	2,417,053	293,651
9. Customer Service and Informational Expense	213,264	167,702	214,561	8,539
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	6,465,375	6,753,243	7,354,124	469,133
12. Total Operation & Maintenance Expense (2 thru 11)	45,315,088	54,113,527	50,271,809	5,214,095
13. Depreciation & Amortization Expense	6,310,566	6,712,919	6,614,329	581,317
14. Tax Expense - Property & Gross Receipts	0	0	0	0
15. Tax Expense - Other	(43,938)	22,652	2,508	2,473
16. Interest on Long-Term Debt	3,092,914	3,497,412	3,284,336	404,344
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	9,388	2,197	7,061	118
19. Other Deductions	170,959	222,941	167,644	71,991
20. Total Cost of Electric Service (12 thru 19)	54,854,977	64,571,648	60,347,687	6,274,338
21. Patronage Capital & Operating Margins (1 minus 20)	4,151,903	3,451,914	2,958,396	1,693,312
22. Non Operating Margins - Interest	64,819	79,231	68,747	14,230
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0
25. Non Operating Margins - Other	173,154	33,406	17,572	1,684
26. Generation & Transmission Capital Credits	0	0	0	0
27. Other Capital Credits & Patronage Dividends	552,614	775,280	145,270	275,269
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	4,942,490	4,339,831	3,189,985	1,984,495

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	666	669	5. Miles Transmission	264	264
2. Services Retired	137	106	6. Miles Distribution Overhead	2,632	2,635
3. Total Services In Place	45,536	46,098	7. Miles Distribution Underground	638	667
4. Idle Services (Exclude Seasonal)	2,191	2,166	8. Total Miles Energized (5+6+7)	3,534	3,566

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT				BORROWER NAME		Navopache Elect
				BORROWER DESIGNATION		AZ013
				ENDING DATE		12/31/2022
PART E. CHANGES IN UTILITY PLANT						
	PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)
1	Distribution Plant Subtotal	142,664,285	10,037,058	916,980	(10,514)	151,773,849
2	General Plant Subtotal	26,928,129	3,233,556	50,021	0	30,111,664
3	Headquarters Plant	12,909,189	1,126,541	19,552	(140,000)	13,876,178
4	Intangibles	228,075	0	0	0	228,075
5	Transmission Plant Subtotal	15,829,020	61,530	2,495	140,000	16,028,055
6	Regional Transmission and Market Operation Plant	0	0	0	0	0
7	Production Plant - Steam	0	0	0	0	0
8	Production Plant - Nuclear	0	0	0	0	0
9	Production Plant - Hydro	0	0	0	0	0
10	Production Plant - Other	0	0	0	0	0
11	All Other Utility Plant	1,009,465	0	0	0	1,009,465
12	SUBTOTAL: (1 thru 11)	199,568,163	14,458,685	989,048	(10,514)	213,027,286
13	Construction Work in Progress	15,570,552	489,987			16,060,539
14	TOTAL UTILITY PLANT (12+13)	215,138,715	14,948,672	989,048	(10,514)	229,087,825
CFC NO LONGER REQUIRES SECTIONS "F", "J", AND "M" DATA Those sections refer to data on "Materials and Supplies" (F), "Energy Efficiency and Conservation Loan Program" (J), and "Annual Meeting and Board Data" (M).						
PART H. SERVICE INTERRUPTIONS						
	ITEM	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	TOTAL (e)
		Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)	
1.	Present Year	2.40	0.00	6.20	161.80	170.40
2.	Five-Year Average	2.54	136.30	10.02	248.88	397.74
PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS						
1.	Number of Full Time Employees		95	4. Payroll - Expensed		5,643,446
2.	Employee - Hours Worked - Regular Time		203,569	5. Payroll - Capitalized		1,486,059
3.	Employee - Hours Worked - Overtime		7,656	6. Payroll - Other		2,045,241
PART J. PATRONAGE CAPITAL				PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE		
	ITEM	THIS YEAR (a)	CUMULATIVE (b)	1. Amount Due Over 60 Days:		
1.	General Retirement	1,767,079	6,973,462	129,820		
2.	Special Retirements	407,978	4,532,969	2. Amount Written Off During Year:		
3.	Total Retirements (1+2)	2,175,057	11,506,431	87,823		
4.	Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	0				
5.	Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	133,626				
6.	Total Cash Received (4+5)	133,626				

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT						BORROWER NAME		Navopache Elect		
						BORROWER DESIGNATION		AZ013		
						ENDING DATE		12/31/2022		
PART L. KWH PURCHASED AND TOTAL COST										
	NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	RENEWABLE ENERGY PROGRAM NAME (c)	RENEWABLE FUEL TYPE (d)	KWH PURCHASED (e)	TOTAL COST (f)	AVERAGE COST PER KWH (cents) (g)	INCLUDED IN TOTAL COST		
								FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (i)	COMMENTS (j)
1	Tucson Electric Power				485,367,993	33,977,607	7.00			Comments
2	Western Area Power Administration				16,614,761	646,358	3.89			Comments
3	Arizona Electric Power Coop Inc				6,740,000	613,807	9.11			Comments
4	Arizona Power Authority				3,166,000	117,611	3.71			Comments
5							0.00			Comments
6							0.00			Comments
7							0.00			Comments
8							0.00			Comments
9							0.00			Comments
10							0.00			Comments
11							0.00			Comments
12							0.00			Comments
13							0.00			Comments
14							0.00			Comments
15							0.00			Comments
16							0.00			Comments
17							0.00			Comments
18							0.00			Comments
19							0.00			Comments
20							0.00			Comments
21	TOTALS				511,888,754	35,355,384	6.91	0	0	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Elect
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2022

PART L. KWH PURCHASED AND TOTAL COST (Continued)

COMMENTS	
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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Elect
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2022

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

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

	NAME OF LESSOR	TYPE OF PROPERTY	RENTAL THIS YEAR
1.	Arizona State Land Department & Bureau of Land Management	Land - ROWs & Easements	\$23,863
2.	Magnum Family Trust, J Albert Brown Ranches, & Swapp Land & Cattle Co	Land	\$29,572
3.	TOTAL		\$53,434

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

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1	National Rural Utilities Cooperative Finance Corporation	96,794,626	3,272,383	4,533,209	7,805,593	
2	NCSC	0	0	0	0	
3	Farmer Mac	0	0	0	0	
4		0	0	0	0	
5		0	0	0	0	
6		0	0	0	0	
7		0	0	0	0	
8		0	0	0	0	
9		0	0	0	0	
10	Principal Payments Received from Ultimate Recipients of IRP Loans			0		
11	Principal Payments Received from Ultimate Recipients of REDL Loans			0		
12	TOTAL (Sum of 1 thru 9)	\$96,794,626	\$3,272,383	\$4,533,209	\$7,805,593	

COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Elect
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2022

PART R. POWER REQUIREMENTS DATABASE

CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS	DECEMBER CONSUMERS	AVERAGE CONSUMERS	TOTAL KWH SALES AND REVENUE
		(a)	(b)	(c)	
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	39,180	39,731	39,456	
	b. KWH Sold				287,122,364
	c. Revenue				43,518,991
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
3. Irrigation Sales	a. No. Consumers Served	173	176	175	
	b. KWH Sold				11,322,410
	c. Revenue				1,584,255
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	3,778	3,524	3,651	
	b. KWH Sold				77,801,687
	c. Revenue				10,090,927
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	26	313	170	
	b. KWH Sold				99,061,051
	c. Revenue				11,102,856
6. Public Street & Highway Lighting	a. No. Consumers Served	115	115	115	
	b. KWH Sold				944,970
	c. Revenue				132,159
7. Other Sales to Public Authority	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served	0	0	0	
	b. KWH Sold				
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	
	b. KWH Sold				
	c. Revenue				
10. TOTAL No. of Consumers (lines 1a thru 9a)		43,272	43,859	43,567	
11. TOTAL KWH Sold (lines 1b thru 9b)					476,252,482
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					66,429,188
13. Transmission Revenue					0
14. Other Electric Revenue					1,594,374
15. KWH - Own Use					1,827,660
16. TOTAL KWH Purchased					511,888,754
17. TOTAL KWH Generated					0
18. Cost of Purchases and Generation					35,355,384
19. Interchange - KWH - Net					0
20. Peak - Sum All KW Input (Metered)					98,065

None
 Non-coincident
 Coincident

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Elect
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2022

PART S. ENERGY EFFICIENCY PROGRAMS

Line #	Classification	Added This Year			Total To Date		
		Number of Consumers (a)	Amount Invested (b)	ESTIMATED MMBTU Savings (c)	Number of Consumers (d)	Amount Invested (e)	ESTIMATED MMBTU Savings (f)
1.	Residential Sales (excluding seasonal)	0	0	0	0	0	0
2.	Residential Sales - Seasonal	0	0	0	0	0	0
3.	Irrigation Sales	0	0	0	0	0	0
4.	Comm. and Ind. 1000 KVA or Less	0	0	0	0	0	0
5.	Comm. and Ind. Over 1000 KVA	0	0	0	0	0	0
6.	Public Street and Highway Lighting	0	0	0	0	0	0
7.	Other Sales to Public Authorities	0	0	0	0	0	0
8.	Sales for Resales - RUS Borrowers	0	0	0	0	0	0
9.	Sales for Resales - Other	0	0	0	0	0	0
10.	TOTAL	0	0	0	0	0	0

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Elect
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2022

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

7a - PART 1 - INVESTMENTS			
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS			
5	Various Industry Cooperatives	1,640,520	508,029
6	GCSECA Membership	100	0
7	CFC	1,992,562	61,276
8		0	0
Subtotal (Line 5 thru 8)		1,640,620	569,305
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS			
9		0	0
10		0	0
11		0	0
12		0	0
Subtotal (Line 9 thru 12)		0	0
4. OTHER INVESTMENTS			
13		0	0
14		0	0
15		0	0
16		0	0
Subtotal (Line 13 thru 16)		0	0
5. SPECIAL FUNDS			
17		0	0
18		0	0
19		0	0
20		0	0
Subtotal (Line 17 thru 20)		0	0
6. CASH - GENERAL			
21	Cash	847,637	0
22		250,000	0
23		0	0
24		0	0
Subtotal (Line 21 thru 24)		847,637	0
7. SPECIAL DEPOSITS			
25	Renewables - ACC Surcharge	81,678	0
26		0	0
27		0	0
28		0	0
Subtotal (Line 25 thru 28)		81,678	0
8. TEMPORARY INVESTMENTS			
29		0	0
30		0	0
31		0	0
32		0	0
Subtotal (Line 29 thru 32)		0	0
9. ACCOUNT & NOTES RECEIVABLE - NET			
33	Other	369,251	0
34		0	0
35		0	0
36		0	0
Subtotal (Line 33 thru 36)		369,251	0
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED			
37		0	0
38		0	0
39		0	0
40		0	0
Subtotal (Line 37 thru 40)		0	0
Total		2,939,186	569,305

NATIONAL RURAL UTILITIES			BORROWER NAME		Navopache Elect
COOPERATIVE FINANCE CORPORATION			BORROWER DESIGNATION		AZ013
FINANCIAL AND STATISTICAL REPORT			ENDING DATE		12/31/2022
(All investments refer to your most recent CFC Loan Agreement)					
7a - PART II. LOAN GUARANTEES					
Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loans (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART III. LOANS					
Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES					
1	TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e)				2,939,186
2	LARGER OF (a) OR (b)				34,363,174
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			34,363,174	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)			23,420,491	

NAVOPACHE ELECTRIC COOPERATIVE, INC.

FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2022 AND 2021



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**NAVOPACHE ELECTRIC COOPERATIVE, INC.
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YEARS ENDED APRIL 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Navopache Electric Cooperative, Inc.
Lakeside, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Navopache Electric Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of April 30, 2022 and 2021, and the related statements of operations and patronage capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of April 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cooperative and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

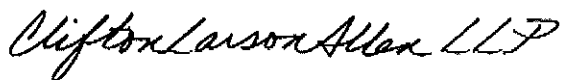
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Phoenix, Arizona
July 25, 2022

NAVOPACHE ELECTRIC COOPERATIVE, INC.
BALANCE SHEETS
APRIL 30, 2022 AND 2021

	2022	2021
ASSETS		
UTILITY PLANT		
Electric Plant in Service	\$ 206,115,080	\$ 189,827,016
Construction Work in Progress	16,078,019	19,194,905
Electric Plant Acquisition Adjustment	<u>(1,543,661)</u>	<u>(1,543,661)</u>
Total	220,649,438	207,478,260
Less: Accumulated Provision for Depreciation	<u>(87,575,213)</u>	<u>(81,710,171)</u>
Net Utility Plant	133,074,225	125,768,089
OTHER ASSETS AND INVESTMENTS		
Investments in Associated Organizations	3,192,647	2,915,195
Notes Receivable	<u>240</u>	<u>1,245</u>
Total Other Assets and Investments	3,192,887	2,916,440
CURRENT ASSETS		
Cash and Cash Equivalents	1,833,683	1,275,873
Accounts Receivable, Net	7,397,749	7,310,842
Materials and Supplies Inventory	4,543,723	4,810,222
Prepayments	613,515	580,961
Rent and Interest Receivable	<u>197,281</u>	<u>354,139</u>
Total Current Assets	14,585,951	14,332,037
DEFERRED DEBITS		
Total Assets	<u>\$ 157,141,834</u>	<u>\$ 147,657,311</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Patronage Capital	\$ 51,606,414	\$ 49,742,830
Memberships	180,415	177,765
Other Equities (Deficit)	(9,919,882)	(10,311,637)
Accumulated Other Comprehensive Income	<u>638,926</u>	<u>684,402</u>
Total Equities	42,505,873	40,293,360
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
	91,147,804	89,754,372
ACCUMULATED PROVISION FOR POSTRETIREMENT BENEFITS		
	697,645	711,850
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	3,185,100	4,152,480
Current Portion of Postretirement Benefit Obligation	46,563	28,756
Notes Payable	6,899,999	3,200,000
Accounts Payable	6,154,019	3,989,003
Consumer Deposits	1,253,419	1,371,120
Accrued Interest Payable	255,746	235,190
Other Current and Accrued Liabilities	<u>2,421,283</u>	<u>2,311,547</u>
Total Current Liabilities	20,216,129	15,288,096
DEFERRED CREDITS		
Total Equities and Liabilities	<u>\$ 157,141,834</u>	<u>\$ 147,657,311</u>

See accompanying Notes to Financial Statements.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
STATEMENTS OF OPERATIONS AND PATRONAGE CAPITAL
YEARS ENDED APRIL 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Electric	\$ 62,010,683	\$ 53,726,769
Other	531,114	1,984,115
Total Operating Revenues	62,541,797	55,710,884
OPERATING EXPENSES		
Cost of Power	31,207,286	23,314,666
Transmission Expense	329,770	156,109
Distribution Expense - Operations	4,377,969	4,338,946
Distribution Expense - Maintenance	4,279,628	3,620,393
Consumer Account Expense	2,069,307	2,041,300
Consumer Service and Informational Expense	234,993	181,619
Administrative and General Expense	6,658,028	5,753,433
Depreciation	6,457,234	6,030,125
Taxes	(18,970)	(32,183)
Other Interest	7,146	21,219
Other Deductions	13,643	9,582
Total Operating Expenses	55,616,034	45,435,209
OPERATING MARGINS BEFORE FIXED CHARGES	6,925,763	10,275,675
INTEREST ON LONG-TERM DEBT	3,306,839	3,140,861
OPERATING MARGINS AFTER FIXED CHARGES	3,618,924	7,134,814
CAPITAL CREDITS	572,783	282,033
NET OPERATING MARGINS	4,191,707	7,416,847
NONOPERATING MARGINS		
Interest Income	64,544	66,665
Gain on Disposition of Assets	25,764	9,750
Other Nonoperating Gain	22,306	158,405
Total Nonoperating Margins	112,614	234,820
NET MARGINS	4,304,321	7,651,667
OTHER COMPREHENSIVE MARGINS		
Change in Postretirement Benefit Obligation	(45,476)	(122,483)
Other Comprehensive Margins	4,258,845	7,529,184
PATRONAGE CAPITAL - BEGINNING OF YEAR	49,742,830	45,081,955
Postretirement Benefit Obligation Adjustment	45,476	122,483
Transfer to Other Equities	(186,345)	(107,606)
Capital Credits Retired	(2,254,392)	(2,883,186)
PATRONAGE CAPITAL - END OF YEAR	\$ 51,606,414	\$ 49,742,830

See accompanying Notes to Financial Statements.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ 4,304,321	\$ 7,651,667
Adjustments to Reconcile Net Margins to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	7,064,726	6,566,075
Capital Credits	(572,783)	(282,033)
Gain on Disposition of Assets	(25,764)	(9,750)
Provision for Postretirement Benefits Charged to Operations	3,602	49,221
(Increase) Decrease in Assets:		
Accounts Receivable	(86,907)	(1,095,971)
Materials and Supplies Inventory	266,499	(727,907)
Other Current and Accrued Assets	(32,554)	(8,587)
Deferred Debits	(1,491,168)	155,671
Increase (Decrease) in Liabilities:		
Accounts Payable	2,165,016	514,746
Other Current and Accrued Liabilities	130,292	198,572
Consumer Deposits	(117,701)	129,299
Deferred Credits	964,750	(594,297)
Net Cash Provided by Operating Activities	12,572,329	12,546,706
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction and Acquisition of Plant	(13,600,105)	(15,584,952)
Plant Removal Costs, Net of Salvage	(744,993)	(744,993)
Proceeds from Capital Credit Retirements	361,896	361,896
Change in Other Assets and Investments	(66,565)	40,196
Issuance of Notes Receivable	-	(1,145)
Principal Payments on Notes Receivable	1,005	392
Net Cash Used by Investing Activities	(14,048,762)	(15,928,606)
CASH FLOWS FROM FINANCING ACTIVITIES		
Retirement of Capital Credits	(2,254,392)	(2,883,186)
Increase in Memberships and Other Equities	162,584	34,138
Proceeds from Issuance of Long-Term Debt	11,811,531	9,823,730
Principal Payments on Long-Term Debt	(7,685,480)	(4,621,679)
Net Cash Provided by Financing Activities	2,034,243	2,353,003
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	557,810	(1,028,897)
Cash and Cash Equivalents - Beginning of Year	1,275,873	2,304,770
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,833,683	\$ 1,275,873
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	\$ 3,286,283	\$ 3,142,181

See accompanying Notes to Financial Statements.

**NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal Business Activity

Navopache Electric Cooperative, Inc. (the Cooperative) is an electric cooperative nonprofit membership corporation headquartered in Lakeside, Arizona. The primary purpose of the Cooperative is to provide electricity to its members in eastern Arizona and western New Mexico through purchase of electricity from wholesale providers and the subsequent distribution of these services to its member consumers. The governing body consists of a board of directors elected by the members of the Cooperative.

Basis of Accounting

The Cooperative follows the Federal Energy Regulatory Commission's Uniform System of Accounts prescribed for Class A and B Electric Utilities as modified by the Rural Utilities Service (RUS). The accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied in the case of regulated electric utilities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Electric Plant and Depreciation Procedures

Plant, property, and equipment are stated at cost. Major improvements and betterments to existing plant equipment are capitalized in accordance with generally accepted electric utility accounting procedures. Expenditures for maintenance and repairs that do not extend the life of the applicable assets are charged to expense as incurred.

The distribution and transmission plant is depreciated using composite straight-line methods and the general plant is depreciated using straight-line methods on an item basis. When distribution plant assets are sold or retired, the original cost is removed from the accounts and charged, together with any cost of removal, to the accumulated provision for depreciation. Any salvage realized is credited to the same accumulated provision. When general plant assets are sold or retired, the original cost and accumulated provision for depreciation are removed from the accounts and any gain or loss is recognized in operations.

The following is a summary of depreciation and amortization presented in the statements of cash flows for the years ended April 30:

	2022	2021
Depreciation Expense per Statement of Operations	\$ 6,457,234	\$ 6,030,125
Depreciation Expense Allocated to Other Accounts	607,492	535,950
Depreciation Expense per Statement of Cash Flows	<u>\$ 7,064,726</u>	<u>\$ 6,566,075</u>

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Associated Organizations

Investments in Associated Organizations include patronage capital and National Rural Utilities Cooperative Finance Corporation (NRUCFC) term certificates. Patronage capital is recorded at cost plus undistributed patronage capital allocations. NRUCFC term certificates are carried at cost.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Cooperative considers short-term investments with original maturities of three months or less to be cash equivalents. The following is a summary of these items at April 30:

	2022	2021
Cash in Checking	\$ 1,230,429	\$ 239,618
Cash on Hand	3,254	3,255
CFC Commercial Paper and Select Notes	600,000	1,033,000
Total	\$ 1,833,683	\$ 1,275,873

The Cooperative maintains cash and investments in deposit accounts at financial institutions approved by the board of directors. Accumulated deposits at these financial institutions, at times, may exceed federally insured limits.

Accounts Receivable

The Cooperative provides for an allowance for bad debts using the allowance method based on management's judgment. Services are sold on an unsecured basis. Payment is generally required within 30 days after the date of billing. Accounts past due are individually analyzed for collectability. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. The Cooperative writes-off accounts on a monthly basis, as approved by the board of directors. Accounts written off are assigned to a third party for collection. At April 30, 2022 and 2021, the allowance for uncollectible accounts was \$218,643 and \$145,789, respectively.

Inventories

Materials and supplies inventory is valued at the lower of cost or net realizable value using the average unit cost method.

Patronage Capital

The Cooperative operates on a nonprofit basis. Amounts received from the furnishing of electric energy in excess of operating costs and expenses are assigned to members on a patronage basis. All other amounts received by the Cooperative from its operations in excess of costs and expenses are also allocated to its members on a patronage basis to the extent they are not needed to offset current or prior deficits.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Power Costs

Cost of power is billed to the Cooperative on a calendar month basis and recognized as expense through the end of the accounting period.

Income Taxes

The Cooperative is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code (IRC).

The Cooperative evaluated its tax positions and determined it has no uncertain tax positions as of April 30, 2022 and 2021.

Sales Taxes

The Cooperative does business in various jurisdictions which impose sales taxes on the Cooperative's sales to nonexempt consumers. The Cooperative collects that sales tax from consumers and remits the entire amount to the various jurisdictions. The Cooperative's accounting policy is to exclude the tax collected and remitted to the jurisdictions from revenues and cost of sales.

Revenue from Contracts with Customers

The Cooperative primarily generates revenue from the distribution and sale of electricity to members. The Cooperative satisfies the performance obligation when the energy is delivered to the member. The Cooperative recognizes revenue from energy sales based on meter readings of the member's usage for seven different billing cycles. Meters are read on the last day of the billing cycle; bills are sent and due in the subsequent month. Rates charged to members are based on rates approved by the Arizona Corporation Commission and the New Mexico Public Regulatory Commission. The Cooperative has elected to use the Invoice Practical Expedient allowing the Cooperative to recognize revenue in the amount that directly corresponds to the value transferred to the customer.

The Purchased Power and Fuel Cost Adjustor (PPFCA) changes quarterly. It is not due to a change in electric rates, but due to the changing costs of the fuel used to generate the electricity that customers use. The Cooperative does not make any extra revenue from this item as it is a pass-through cost.

The following table presents the Cooperative's revenues disaggregated by revenue class at April 30:

	<u>2022</u>	<u>2021</u>
Residential	\$ 39,376,241	\$ 35,929,724
Irrigation	1,398,013	1,371,948
Commercial and Industrial - Small	13,627,723	12,323,499
Commercial and Industrial - Large	4,936,025	3,599,829
Public Street and Highway Lighting	121,632	114,278
Electric Sales Power Cost Adjustment	2,551,049	387,491
Total Revenue	<u>\$ 62,010,683</u>	<u>\$ 53,726,769</u>

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Cooperative has evaluated events and transactions for potential recognition or disclosure through July 25, 2022, the date the financial statements were available to be issued.

Reclassifications

Certain amounts for the year ended April 30, 2022, were reclassified to conform to 2021 presentation. These reclassifications did not affect the Cooperative's equities or net margins.

NOTE 2 ASSETS PLEDGED

Substantially all assets are pledged as security for the long-term debt to NRUCFC.

NOTE 3 UTILITY PLANT IN SERVICE

The following are the major classes of the Utility Plant in Service as of April 30:

	2022	2021
Intangible Plant	\$ 298	\$ 298
Generation Plant	2,780,902	2,780,902
Transmission Plant	15,975,982	15,951,625
Distribution Plant	147,006,831	133,576,680
General Plant	40,351,067	37,517,511
Total Electric Plant in Service	206,115,080	189,827,016
Construction Work in Progress	16,078,019	19,194,905
Electric Plant Acquisition Adjustment	(1,543,661)	(1,543,661)
Total Utility Plant in Service	\$ 220,649,438	\$ 207,478,260

Depreciation of utility plant is provided on the straight-line method using rates based on estimated average service lives as follows:

Transmission Plant	2.75%
Distribution Plant	3.24 - 6.72%
Structures and Improvements	3.33 - 33.30%
Office Furniture and Fixtures	6.67 - 33.30%
Transportation Equipment	6.67 - 33.30%
Store Equipment	6.67 - 33.30%
Tools, Shop, and Garage Equipment	6.67 - 33.30%
Laboratory Equipment	5.00 - 20.00%
Power Operated Equipment	5.00 - 20.00%
Communication Equipment	1.59 - 20.00%
Miscellaneous	10.00 - 20.00%

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 4 INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations as of April 30 are as follows:

	<u>2022</u>	<u>2021</u>
NRUCFC		
Term Certificates	\$ 1,233,654	\$ 1,241,044
Patronage Capital	539,817	424,159
Member Capital Securities	100,000	100,000
Membership	1,000	1,000
Subtotal	<u>1,874,471</u>	<u>1,766,203</u>
ERMCO	123,973	130,561
Federated Rural Insurance Exchange	529,319	494,744
National Information Solutions Cooperative	253,605	240,306
Western United Supply Corporation	409,514	281,517
Other Patronage Capital and Memberships	1,765	1,864
Total	<u>\$ 3,192,647</u>	<u>\$ 2,915,195</u>

Term certificates include investments in NRUCFC capital term certificates and loan term certificates. Capital term certificates bear interest at 5% and begin maturing in the year 2070 and loan term certificates bear interest at 3% and begin maturing in the year 2025.

NOTE 5 DEFERRED DEBITS

Deferred debits consist of the following at April 30:

	<u>2022</u>	<u>2021</u>
SRP Transmission Connection Deposit	\$ 277,500	\$ 277,500
RUS and FFB Prepayment Premium	3,746,131	3,903,862
Accumulated Power Cost Adjustment	1,803,513	-
Other	461,627	459,383
Total	<u>\$ 6,288,771</u>	<u>\$ 4,640,745</u>

In October 2019, the Cooperative issued \$77,653,565 of NRUCFC loans to payoff \$25,429,296 of RUS debt and \$52,224,269 of FFB debt. A prepayment premium of \$4,153,605 was included in the payoff of the FFB debt and was recorded as a deferred debit. This deferred debit is being amortized monthly over the remaining life of the debt.

NOTE 6 PATRONAGE CAPITAL

The following is a summary of patronage capital assignable and assigned at April 30:

	<u>2022</u>	<u>2021</u>
Assignable	\$ 4,304,321	\$ 7,651,667
Assigned	47,302,093	42,091,163
Total	<u>\$ 51,606,414</u>	<u>\$ 49,742,830</u>

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 6 PATRONAGE CAPITAL (CONTINUED)

The mortgage provisions restrict the retirement of patronage capital unless after retirement, the capital of the Cooperative equals at least 20% of the total assets of the Cooperative. If, after taking into account the effect of the retirement, the capital of the Cooperative will be less than 20% of the total assets of the Cooperative, then retirements can still be made if such distributions do not exceed 30% of the preceding year's margins. No distribution can be made if there are any past due installments of principal and interest on the notes.

As of April 30, 2022, the Cooperative's capital to total assets equaled 30.10%.

Distributions to estates are made at the request of the estates' administrators. As of April 2022, capital credits prior to 1986 have been retired.

NOTE 7 OTHER EQUITIES (DEFICIT)

Other equities (deficit) consist of the following at April 30:

	<u>2022</u>	<u>2021</u>
Gain on Retired Estate Capital Credits	\$ 1,493,472	\$ 1,341,312
Donated Capital	630,525	628,903
Accumulated Losses	<u>(12,043,879)</u>	<u>(12,281,852)</u>
Total	<u>\$ (9,919,882)</u>	<u>\$ (10,311,637)</u>

NOTE 8 LONG-TERM DEBT

The following is a summary of outstanding long-term debt as of April 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
NRUCFC Mortgage Notes; 2.96% to 5.05% Fixed Rate Notes; Maturing through 2046	<u>\$ 94,332,904</u>	<u>\$ 93,906,852</u>
Total Long-Term Debt	94,332,904	93,906,852
Less: Current Maturities	<u>(3,185,100)</u>	<u>(4,152,480)</u>
Long-Term Debt, Net of Current Maturities	<u>\$ 91,147,804</u>	<u>\$ 89,754,372</u>

The Cooperative came to a new loan agreement with NRUCFC on February 3, 2022 and now have unadvanced loan funds of \$10,600,000 through NRUCFC as of April 30, 2022.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 8 LONG-TERM DEBT (CONTINUED)

The aggregate five-year maturities of long-term debt are as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2023	\$ 3,185,100
2024	4,383,578
2025	4,481,613
2026	4,660,026
2027	4,806,328
Thereafter	72,816,259
Total	<u>\$ 94,332,904</u>

NOTE 9 NOTES PAYABLE

The Cooperative has available an \$8,000,000 line of credit with NRUCFC at a variable interest rate. At April 30, 2022 and 2021, the interest rate on this line of credit was 2.25% and 2.85%, respectively. The line of credit is scheduled to expire on April 18, 2023. The Cooperative had \$6,899,999 and \$3,200,000 outstanding balance on the line of credit as of April 30, 2022 and 2021, respectively.

The Cooperative has available a guaranteed letter of credit with NRUCFC for \$93,600 as of April 30, 2022 and 2021. The line of credit is set to expire on February 7, 2023. The Cooperative had \$-0- outstanding balance on the letter of credit as of April 30, 2022 and 2021, respectively.

NOTE 10 DEFERRED CREDITS

Deferred credits at April 30 are as follows:

	<u>2022</u>	<u>2021</u>
Unclaimed Checks	\$ 2,003,277	\$ 8,985
Accrued Consumer Deposit Interest	126,617	164,144
Environmental Portfolio	415,126	674,229
Accumulated Power Cost Adjustment	-	747,536
Other	29,363	14,739
Total	<u>\$ 2,574,383</u>	<u>\$ 1,609,633</u>

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 11 EMPLOYEE BENEFIT PLANS

Narrative Description

The Retirement Security Plan (RS Plan), sponsored by the National Rural Electric Cooperative Association (NRECA), is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the IRC. It is considered a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

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.

Plan Information

The Cooperative's contributions to the RS Plan in 2022 and in 2021 represented less than 5% of the total contributions made to the plan by all participating employers. Contributions to the plan for the years ended April 30, 2022 and 2021 were \$1,950,766 and \$1,569,292 respectively. There have been no significant changes that affect the comparability of 2022 and 2021 contributions.

For 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 RS Plan was over 80% funded on January 1, 2020 and 2019 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.

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, changes in interest rates, asset returns, and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15-year period.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 11 EMPLOYEE BENEFIT PLANS (CONTINUED)

Plan Information (Continued)

In addition to the above retirement plan, the Cooperative has adopted a 401(k) Employees Savings Plan. Employees completing one year of service with the Cooperative are eligible to receive the Cooperative contribution. The Cooperative will match up to 5.9% of the effective base salary of employees covered under the International Brotherhood of Electrical Workers collective bargaining agreement and 8.5% of the effective base salary for all other employees. The Cooperative's contributions to the plan were \$580,091 and \$532,807 for 2022 and 2021, respectively.

NOTE 12 ACCRUED POSTRETIREMENT BENEFITS

The Cooperative provides postretirement benefits for eligible employees and directors through a PPO plan with Blue Cross Blue Shield of Arizona. The plan is available to all union employees who have reached age 55 with at least seven years of continuous service, as well as directors elected or appointed prior to January 1, 1996, retiring with 10 or more years continuous service. The percentage of benefit paid will be based on the year of retirement.

The method used to account for this plan is the projected unit credit cost method as described in GAAP.

	2022	2021
Obligations and Funded Status:		
Accumulated Postretirement Benefit Obligation	\$ 744,208	\$ 740,606
Funded Status	\$ 744,208	\$ 740,606
Employer Contributions	\$ 44,083	\$ 23,029
Net Benefits Paid	\$ 44,083	\$ 23,029
Amounts Recognized in the Balance Sheet in Accumulated Provisions for Pension and Benefits	\$ 744,208	\$ 740,606
Components of Net Postretirement Benefit Cost and Other Amounts Recognized in Other Comprehensive Income:		
Service and Interest Cost	\$ 73,500	\$ 62,993
Amortization of Net Gain	(30,993)	(47,126)
Amortization of Prior Service Cost	(44,400)	(66,100)
Change in Net Gain Recognized in Other Comprehensive Margins	106,470	122,483
Net Periodic Benefit Costs	\$ 104,577	\$ 72,250
Assumptions Used to Determine the Net Postretirement Benefit Cost:		
Weighted Average Discount Rate for Obligations	4.20%	3.60%
Health Care Cost Trend Rate Assumed for Next Year	6.88%	6.60%
Rate to Which the Cost Trend Rate is Assumed to Decline	5.00%	5.00%
Year that the Rate Reaches the Ultimate Trend Rate	2029	2028

**NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 12 ACCRUED POSTRETIREMENT BENEFITS (CONTINUED)

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows (benefit payments are in future year dollars):

<u>Year Ending April 30,</u>	<u>Amount</u>
2023	\$ 46,563
2024	56,213
2025	46,151
2026	35,503
2027	41,046
2028 - 2032	202,758
Total	<u>\$ 428,234</u>

The Cooperative has unrecognized actuarial gains totaling \$638,926 included in accumulated other comprehensive loss at April 30, 2022. The estimated related net gain that will be amortized over the next fiscal year is \$46,563.

NOTE 13 COMMITMENTS AND CONTINGENCIES

GAAP requires disclosure of information about certain significant estimates and current vulnerabilities due to certain concentrations.

Purchase Commitment

Under its wholesale power agreement, the Cooperative is committed to purchase its electric power and energy requirements from Tucson Electric Power Company through January 1, 2042.

Concentration of Credit

The Cooperative extends credit to its consumers on terms no more favorable than the standard terms of the industry it serves. The Cooperative's consumers are located in eastern Arizona and western New Mexico, in a designated service territory. The Cooperative's credit risks have been anticipated and management believes that adequate provision has been made for doubtful accounts.



INDEPENDENT AUDITORS' REPORT ON LOAN FUND EXPENDITURES

Board of Directors
Navopache Electric Cooperative, Inc.
Lakeside, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Navopache Electric Cooperative, Inc. (the Cooperative), which comprise the balance sheet as of April 30, 2022, and the related statements of operations and patronage capital, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 25, 2022.

During the year ended April 30, 2022, the Cooperative received \$4,911,532 in advances from National Rural Utilities Cooperative Finance Corporation (NRUCFC) on loans controlled by the NRUCFC Loan Agreement and/or Mortgage or Security Agreements. In connection with our audit, nothing came to our attention that caused us to believe that the Cooperative was not in compliance with the intended purpose of the loan funds as contemplated in the Loan Agreement. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Cooperative's noncompliance with the above referenced agreements, insofar as they relate to accounting matters.

This report is intended for the information and use of the board of directors, management, and the NRUCFC, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
July 25, 2022



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