

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: 12/31/2021

RECEIVED BY EMAIL
3/30/2022, 1:31 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

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: 3/30/2022

ARIZONA CORPORATION COMMISSION
 ELECTRIC UTILITIY ANNUAL REPORT
 COMPANY INFORMATION

For the Calendar Year Ended: 12/31/2021

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:	ttanner@navopache.org			

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

On-Site Manager				
Name:	Charles R Moore			
Title:	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:	Elizabeth Neal			
Title:	Executive Administrative Assistant			
Telephone No. :	928-368-5118			
Address:	1878 W. White Mountain Blvd			
City:	Lakeside	State:	Arizona	Zip Code: 85929
Email:	eneal@navopache.org			

Attorney				
Name:	Raymond Heyman, Snell & Willmer			
Title:	Attorney			
Telephone No. :	602-382-6000			
Address:	400 E Van Buren, Suite 1900			
City:	Phoenix	State:	Arizona	Zip Code: 85929
Email:	rheyman@swlaw.com			

Ownership: Association/Co-op (A)

Counties Served: Navajo

Important changes during the year	
--	--

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	37,780	271,993,946
Commercial	3,567	119,224,979
Industrial	26	47,280,788
Public Street and Highway Lighting	108	942,297
Irrigation	172	11,115,440
Total Retail	41,653	450,557,450

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	450,557,450	KW
Maximum Peak Load	92	MW
Distribution System Losses	23,467,575	KW
Distribution Losses	4.80%	
Transmission Losses	0.00%	
System Average Interruption Duration Index (SAIDI)	165	
Distribution System Losses	0	
Customer Average Interruption Duration Index (CAIDI)	340	
System Average Interruption Frequency Index (SAIFI)	3	

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: Tyler M. Tanner, 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: 12/31/2021

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:

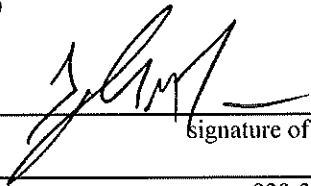
Arizona Intrastate Gross Operating Revenues Only (\$)

\$58,613,930

(The amount in the box above includes

\$3,970,557 in sales taxes


billed or collected)

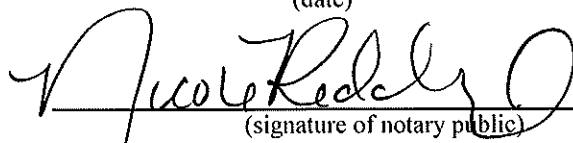

signature of owner/official
928-368-5118
telephone no.

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

THIS 30th DAY OF Navajo
(month) and (year) March 2022
(county name)

MY COMMISSION EXPIRES 8/09/24
(date)

 Nicole Redding
Notary Public
Navajo County, Arizona
My Comm. Expires 08-09-24
Commission No. 589764


(signature of notary public)

VERIFICATION AND SWORN STATEMENT (RESIDENTIAL REVENUE)

Verification:

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

County of (county name): Navajo
Name (owner or official) title: Tyler M. Tanner, 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: 12/31/2021

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:

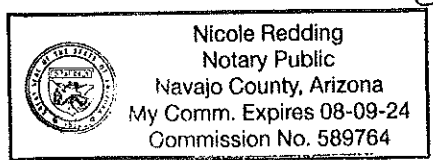
Arizona Intrastate Gross Operating Revenues Only (\$)
\$38,795,109
(The amount in the box above includes
\$2,628,013 in sales taxes
billed or collected)

Tyler M. Tanner
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 30th DAY OF March 2022
(month) and (year)

MY COMMISSION EXPIRES 8/09/24
(date)



Nicole Redding
(signature of notary public)

Navopache Electric
 ELECTRIC UTILITIY ANNUAL REPORT
 UTILITY SHUTOFFS / DISCONNECTS
 12/31/2021

UTILITY SHUTOFFS / DISCONNECTS			
Month	Termination without Notice R14-2-211.B	Termination with Notice R14-2- 211.C	Other
January	0	42	0
February	0	70	0
March	0	52	0
April	0	31	0
May	0	33	0
June	0	53	0
July	0	29	0
August	0	26	0
September	0	51	0
October	0	40	0
November	0	51	0
December	0	47	0
Total	0	525	0

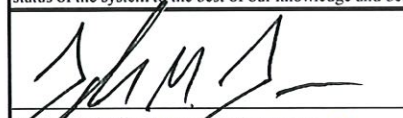
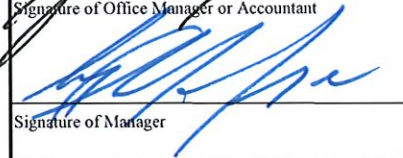
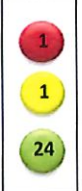
Other (description):

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	12/31/2021

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

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.  Signature of Office Manager or Accountant 3/30/2022 Date  Signature of Manager 3/30/2022 Date	 Needs Attention Please Review Matches	NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? <input checked="" type="radio"/> YES <input type="radio"/> NO

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	56,646,831	59,006,880	57,586,518	6,380,691
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	23,324,587	28,083,669	26,682,297	2,702,641
4. Transmission Expense	173,747	312,634	194,228	139,308
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	4,250,808	4,368,757	4,391,070	352,315
7. Distribution Expense - Maintenance	3,583,865	3,814,021	3,891,997	295,093
8. Consumer Accounts Expense	2,029,568	2,057,368	2,513,035	168,583
9. Customer Service and Informational Expense	146,025	213,264	150,155	16,768
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	5,741,317	6,465,375	7,484,006	585,519
12. Total Operation & Maintenance Expense (2 thru 11)	39,249,917	45,315,088	45,306,788	4,260,227
13. Depreciation & Amortization Expense	5,952,823	6,310,566	6,486,701	536,048
14. Tax Expense - Property & Gross Receipts	0	0	0	0
15. Tax Expense - Other	(9,030)	(43,938)	9,459	3,703
16. Interest on Long-Term Debt	2,966,803	3,092,914	3,166,507	284,266
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	27,451	9,388	26,877	720
19. Other Deductions	167,118	170,959	164,787	14,763
20. Total Cost of Electric Service (12 thru 19)	48,355,082	54,854,977	55,161,119	5,099,727
21. Patronage Capital & Operating Margins (1 minus 20)	8,291,749	4,151,903	2,425,399	1,280,964
22. Non Operating Margins - Interest	71,177	64,819	104,559	5,519
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	36,429	173,154	22,607	2,760
26. Generation & Transmission Capital Credits	0	0	0	0
27. Other Capital Credits & Patronage Dividends	262,783	552,614	195,096	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	8,662,138	4,942,490	2,747,661	1,289,243

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	449	666	5. Miles Transmission	264	264
2. Services Retired	152	137	6. Miles Distribution Overhead	2,632	2,632
3. Total Services In Place	45,005	45,536	7. Miles Distribution Underground	638	638
4. Idle Services (Exclude Seasonal)	2,366	2,191	8. Total Miles Energized (5+6+7)	3,534	3,534

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT						BORROWER NAME	Navapacke Elect
						BORROWER DESIGNATION	AZ013
						ENDING DATE	12/31/2021
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	131,509,983	11,891,410	737,109	0	142,664,284		
2 General Plant Subtotal	24,578,379	2,539,323	189,573	0	26,928,129		
3 Headquarters Plant	12,676,834	236,199	3,844	0	12,909,189		
4 Intangibles	228,075	0	0	0	228,075		
5 Transmission Plant Subtotal	15,416,448	441,866	29,294	0	15,829,020		
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)	185,419,184	15,108,798	959,820	0	199,568,162		
13 Construction Work in Progress	17,223,498	(1,652,946)	0	0	15,570,552		
14 TOTAL UTILITY PLANT (12+13)	202,642,682	13,455,852	959,820	0	215,138,714		
CFC NO LONGER REQUIRES SECTIONS "F", "J", AND "M" DATA These 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		TOTAL (e)
	Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)			
1. Present Year	2.30	1.70	7.40	176.10			187.50
2. Five-Year Average	2.06	136.30	9.30	266.98			414.64
PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS							
1. Number of Full Time Employees	97		4. Payroll - Expensed				5,479,571
2. Employee - Hours Worked - Regular Time	206,891		5. Payroll - Capitalized				1,641,142
3. Employee - Hours Worked - Overtime	7,553		6. Payroll - Other				1,931,443
PART J. PATRONAGE CAPITAL							
ITEM	THIS YEAR		CUMULATIVE		PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE		
	(a)	(b)	(c)	(d)	1. Amount Due Over 60 Days:		
1. General Retirement	2,551,021	5,205,902	57,855				
2. Special Retirements	412,354	4,125,472	76,117				
3. Total Retirements (1+2)	2,963,375	9,331,374					
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	131,542						
6. Total Cash Received (4+5)	131,542						

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT										BORROWER NAME	Navapache Elect
										BORROWER DESIGNATION	AZ013
										ENDING DATE	12/31/2021
PART L. KWH PURCHASED AND TOTAL COST										INCLUDED IN 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)	FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (i)	COMMENTS (j)		
1 Tucson Electric power				454,311,000	26,903,127	5.92			Comments		
2 Western Area Power Administration				22,954,774	673,649	2.93			Comments		
3 Arizona Electric Power Coop Inc				6,764,000	380,212	5.62			Comments		
4 Arizona Power Authority				3,491,000	126,681	3.63			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				487,520,774	28,083,669	5.76	0	0	Comments		
TOTALS										0	0

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Elect
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2021

PART L. KWH PURCHASED AND TOTAL COST (Continued)

COMMENTS	
1	
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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Elect
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2021

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	\$22,492
2.	Magnum Family Trust, J Albert Brown Ranches & Swapp Land & Cattle Co	Land	\$52,744
3.		TOTAL	\$75,236

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

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY (d)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1	National Rural Utilities Cooperative Finance Corporation	91,148,335	3,040,025	4,582,967	7,622,991	
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)	\$91,148,335	\$3,040,025	\$4,582,967	\$7,622,991	

COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME			Navopache Elect
		BORROWER DESIGNATION			AZ013
		ENDING DATE			12/31/2021
PART R. POWER REQUIREMENTS DATABASE					
CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS (a)	DECEMBER CONSUMERS (b)	AVERAGE CONSUMERS (c)	TOTAL KWH SALES AND REVENUE (d)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	38,542	39,180	38,861	
	b. KWH Sold				279,620,017
	c. Revenue				38,779,478
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	170	173	172	
	b. KWH Sold				11,180,933
	c. Revenue				1,421,434
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	3,708	3,778	3,743	
	b. KWH Sold				122,507,202
	c. Revenue				14,059,237
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	32	26	29	
	b. KWH Sold				47,280,788
	c. Revenue				4,261,474
6. Public Street & Highway Lighting	a. No. Consumers Served	115	115	115	
	b. KWH Sold				945,561
	c. Revenue				123,256
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				0
	c. Revenue				
10. TOTAL No. of Consumers (lines 1a thru 9a)		42,567	43,272	42,920	
11. TOTAL KWH Sold (lines 1b thru 9b)					461,534,501
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					58,644,879
13. Transmission Revenue					0
14. Other Electric Revenue					362,001
15. KWH - Own Use					1,914,553
16. TOTAL KWH Purchased					487,520,774
17. TOTAL KWH Generated					0
18. Cost of Purchases and Generation					28,083,669
19. Interchange - KWH - Net					0
20. Peak - Sum All KW Input (Metered)					92,000
<input type="radio"/> None <input checked="" type="radio"/> Non-coincident <input type="radio"/> Coincident					

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Elect
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2021

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		12/31/2021
(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	1,289,218		75,311
6	GCSECA Membership	100	0	0
7	CFC		1,881,861	61,406
8			0	0
Subtotal (Line 5 thru 8)		1,289,318	1,881,861	136,717
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS				
9	None		0	0
10			0	0
11			0	0
12			0	0
Subtotal (Line 9 thru 12)		0	0	0
4. OTHER INVESTMENTS				
13	None		0	0
14			0	0
15			0	0
16			0	0
Subtotal (Line 13 thru 16)		0	0	0
5. SPECIAL FUNDS				
17	None		0	0
18			0	0
19			0	0
20			0	0
Subtotal (Line 17 thru 20)		0	0	0
6. CASH - GENERAL				
21	Cash	444,368	250,000	0
22			0	0
23			0	0
24			0	0
Subtotal (Line 21 thru 24)		444,368	250,000	0
7. SPECIAL DEPOSITS				
25	Renewables - ACC Surcharge	214,614	0	0
26			0	0
27			0	0
28			0	0
Subtotal (Line 25 thru 28)		214,614	0	0
8. TEMPORARY INVESTMENTS				
29	CFC		150,000	0
30			0	0
31			0	0
32			0	0
Subtotal (Line 29 thru 32)		0	150,000	0
9. ACCOUNT & NOTES RECEIVABLE - NET				
33	Other	389,340	0	0
34			0	0
35			0	0
36			0	0
Subtotal (Line 33 thru 36)		389,340	0	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	0
Total		2,337,640	2,281,861	136,717

NATIONAL RURAL UTILITIES		BORROWER NAME		Navopache Elect	
COOPERATIVE FINANCE CORPORATION		BORROWER DESIGNATION		AZ013	
FINANCIAL AND STATISTICAL REPORT		ENDING DATE		12/31/2021	
(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)				2,337,640
2	LARGER OF (a) OR (b)				32,270,807
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)				32,270,807
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)				21,693,535

NAVOPACHE ELECTRIC COOPERATIVE, INC.
FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2021 AND 2020



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**NAVOPACHE ELECTRIC COOPERATIVE, INC.
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YEARS ENDED APRIL 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Navopache Electric Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of April 30, 2021 and 2020, 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require 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 auditors' 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 Cooperative'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 Cooperative'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Navopache Electric Cooperative, Inc.

Opinion

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, 2021 and 2020, and the changes in its operations and patronage capital and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
July 16, 2021

NAVOPACHE ELECTRIC COOPERATIVE, INC.
BALANCE SHEETS
APRIL 30, 2021 AND 2020

	2021	2020
ASSETS		
UTILITY PLANT		
Electric Plant in Service	\$ 189,827,016	\$ 182,753,362
Construction Work in Progress	19,194,905	11,154,500
Electric Plant Acquisition Adjustment	<u>(1,543,661)</u>	<u>(1,543,661)</u>
Total	207,478,260	192,364,201
Less: Accumulated Provision for Depreciation	<u>(81,710,171)</u>	<u>(76,369,732)</u>
Net Utility Plant	125,768,089	115,994,469
OTHER ASSETS AND INVESTMENTS		
Investments in Associated Organizations	2,915,195	3,035,254
Notes Receivable	<u>1,245</u>	<u>492</u>
Total Other Assets and Investments	2,916,440	3,035,746
CURRENT ASSETS		
Cash and Cash Equivalents	1,275,873	2,304,770
Accounts Receivable, Net	7,310,842	6,214,871
Materials and Supplies Inventory	4,810,222	4,082,315
Prepayments	580,961	572,374
Rent and Interest Receivable	<u>354,139</u>	<u>182,113</u>
Total Current Assets	14,332,037	13,356,443
DEFERRED DEBITS		
	<u>4,640,745</u>	<u>4,968,442</u>
Total Assets	<u>\$ 147,657,311</u>	<u>\$ 137,355,100</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Patronage Capital	\$ 49,742,830	\$ 45,081,955
Memberships	177,765	174,340
Other Equities (Deficit)	(10,311,637)	(10,572,439)
Accumulated Other Comprehensive Income	<u>684,402</u>	<u>806,885</u>
Total Equities	40,293,360	35,490,741
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
	89,754,372	86,853,330
ACCUMULATED PROVISION FOR POSTRETIREMENT BENEFITS		
	711,850	668,356
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	4,152,480	1,914,200
Current Portion of Postretirement Benefit Obligation	28,756	23,029
Notes Payable	3,200,000	3,137,271
Accounts Payable	3,989,003	3,474,257
Consumer Deposits	1,371,120	1,241,821
Accrued Interest Payable	235,190	236,510
Accumulated Power Cost Adjustment	747,536	1,135,027
Other Current and Accrued Liabilities	<u>2,311,547</u>	<u>2,111,655</u>
Total Current Liabilities	16,035,632	13,273,770
DEFERRED CREDITS		
	<u>862,097</u>	<u>1,068,903</u>
Total Equities and Liabilities	<u>\$ 147,657,311</u>	<u>\$ 137,355,100</u>

See accompanying Notes to Financial Statements.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
STATEMENTS OF OPERATIONS AND PATRONAGE CAPITAL
YEARS ENDED APRIL 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Electric	\$ 53,726,769	\$ 51,914,175
Other	1,984,115	1,476,791
Total Operating Revenues	55,710,884	53,390,966
OPERATING EXPENSES		
Cost of Power	23,314,666	22,860,196
Transmission Expense	156,109	213,540
Distribution Expense - Operations	4,338,946	3,961,990
Distribution Expense - Maintenance	3,620,393	3,547,603
Consumer Account Expense	2,041,300	1,974,848
Consumer Service and Informational Expense	181,619	155,049
Administrative and General Expense	5,753,433	6,100,621
Depreciation	6,030,125	5,824,494
Taxes	(32,183)	17,286
Other Interest	21,219	30,140
Other Deductions	9,582	8,058
Total Operating Expenses	45,435,209	44,693,825
OPERATING MARGINS BEFORE FIXED CHARGES	10,275,675	8,697,141
INTEREST ON LONG-TERM DEBT	3,140,861	2,923,566
OPERATING MARGINS AFTER FIXED CHARGES	7,134,814	5,773,575
CAPITAL CREDITS	282,033	181,989
NET OPERATING MARGINS	7,416,847	5,955,564
NONOPERATING MARGINS		
Interest Income	66,665	114,717
Gain on Disposition of Assets	9,750	14,200
Other Nonoperating Gain	158,405	11,099
Total Nonoperating Margins	234,820	140,016
NET MARGINS	7,651,667	6,095,580
OTHER COMPREHENSIVE MARGINS		
Change in Postretirement Benefit Obligation	(122,483)	(145,123)
Other Comprehensive Margins	\$ 7,529,184	\$ 5,950,457
PATRONAGE CAPITAL - BEGINNING OF YEAR	\$ 45,081,955	\$ 39,382,435
Postretirement Benefit Obligation Adjustment	122,483	145,123
Transfer to Other Equities	(107,606)	(197,036)
Capital Credits Retired	(2,883,186)	(199,024)
PATRONAGE CAPITAL - END OF YEAR	\$ 49,742,830	\$ 45,081,955

See accompanying Notes to Financial Statements.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ 7,651,667	\$ 6,095,580
Adjustments to Reconcile Net Margins to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	6,566,075	6,328,193
Capital Credits	(282,033)	(181,989)
Gain on Disposition of Assets	(9,750)	(14,200)
Provision for Postretirement Benefits Charged to Operations	49,221	(82,677)
(Increase) Decrease in Assets:		
Accounts Receivable	(1,095,971)	(61,189)
Materials and Supplies Inventory	(727,907)	(216,766)
Other Current and Accrued Assets	(8,587)	10,369
Deferred Debits	155,671	(4,422,685)
Increase (Decrease) in Liabilities:		
Accounts Payable	514,746	940,987
Accumulated Power Cost Adjustment	(387,491)	(1,429,303)
Other Current and Accrued Liabilities	198,572	252,971
Consumer Deposits	129,299	(40,177)
Deferred Credits	(206,806)	(278,450)
Net Cash Provided by Operating Activities	12,546,706	6,900,664
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction and Acquisition of Plant	(15,584,952)	(12,452,624)
Plant Removal Costs, Net of Salvage	(744,993)	(621,029)
Proceeds from Capital Credit Retirements	361,896	52,678
Change in Other Assets and Investments	40,196	60,575
Issuance of Notes Receivable	(1,145)	-
Principal Payments on Notes Receivable	392	1,311
Net Cash Used by Investing Activities	(15,928,606)	(12,959,089)
CASH FLOWS FROM FINANCING ACTIVITIES		
Retirement of Capital Credits	(2,883,186)	(105,600)
Increase in Memberships and Other Equities	34,138	4,245
Proceeds from Issuance of Long-Term Debt	9,823,730	6,662,895
Principal Payments on Long-Term Debt	(4,621,679)	(2,211,652)
Net Cash Provided by Financing Activities	2,353,003	4,349,888
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,028,897)	(1,708,537)
Cash and Cash Equivalents - Beginning of Year	2,304,770	4,013,307
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,275,873	\$ 2,304,770
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	\$ 3,142,181	\$ 2,828,005
NONCASH FINANCING ACTIVITY		
Refinancing of RUS & FFB Long-Term Debt with NRUCFC	\$ -	\$ 77,653,565

See accompanying Notes to Financial Statements.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020

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 as applied in the case of regulated electric utilities.

Use of 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 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.

**NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Electric Plant and Depreciation Procedures (Continued)

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

	<u>2021</u>	<u>2020</u>
Depreciation Expense per Statement of Operations	\$ 6,030,125	\$ 5,824,494
Depreciation Expense Allocated to Other Accounts	535,950	503,699
Depreciation Expense per Statement of Cash Flows	<u>\$ 6,566,075</u>	<u>\$ 6,328,193</u>

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:

	<u>2021</u>	<u>2020</u>
Cash in Checking	\$ 239,618	\$ 1,306,420
Cash on Hand	3,255	4,119
CFC Commercial Paper and Select Notes	1,033,000	994,231
Total	<u>\$ 1,275,873</u>	<u>\$ 2,304,770</u>

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, 2021 and 2020, the allowance for uncollectible accounts was \$145,789 and \$43,448, respectively.

Inventories

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

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021 and 2020.

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.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers (Continued)

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

	<u>2021</u>	<u>2020</u>
Residential	\$ 35,929,724	\$ 33,516,047
Irrigation	1,371,948	1,250,663
Commercial & Industrial - Small	12,323,499	12,321,925
Commercial & Industrial - Large	3,599,829	3,282,598
Public Street & Highway Lighting	114,278	113,639
Electric Sales Power Cost Adjustment	387,491	1,429,303
Total Revenue	<u>\$ 53,726,769</u>	<u>\$ 51,914,175</u>

Subsequent Events

In preparing these financial statements, the Cooperative has evaluated events and transactions for potential recognition or disclosure through July 16, 2021, the date the financial statements were available to be issued.

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:

	<u>2021</u>	<u>2020</u>
Intangible Plant	\$ 298	\$ 298
Generation Plant	2,780,902	2,780,902
Transmission Plant	15,951,625	15,331,321
Distribution Plant	133,576,680	128,745,879
General Plant	37,517,511	35,894,962
Total Electric Plant in Service	<u>189,827,016</u>	<u>182,753,362</u>
Construction Work in Progress	19,194,905	11,154,500
Electric Plant Acquisition Adjustment	(1,543,661)	(1,543,661)
Total Utility Plant in Service	<u>\$ 207,478,260</u>	<u>\$ 192,364,201</u>

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020

NOTE 3 UTILITY PLANT IN SERVICE (CONTINUED)

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%

NOTE 4 INVESTMENTS IN ASSOCIATED ORGANIZATIONS

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

	2021	2020
NRUCFC		
Term Certificates	\$ 1,241,044	\$ 1,281,240
Patronage Capital	424,159	344,702
Member Capital Securities	100,000	100,000
Membership	1,000	1,000
Subtotal	1,766,203	1,726,942
ERMCO	130,561	134,723
Federated Rural Insurance Exchange	494,744	467,150
National Information Solutions Cooperative	240,306	236,052
Western United Supply Corporation	281,517	333,181
Other Patronage Capital and Memberships	1,864	137,206
Total	\$ 2,915,195	\$ 3,035,254

Term certificates include investments in NRUCFC capital term certificates, loan term certificates, and zero term certificates. Capital term certificates bear interest at 5% and begin maturing in the year 2070, loan term certificates bear interest at 3% and begin maturing in the year 2025, and zero term certificates bear interest of 0% and begin maturing in the year 2022.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020

NOTE 5 DEFERRED DEBITS

Deferred debits consist of the following at April 30:

	2021	2020
R&S Deferral	\$ -	\$ 284,162
SRP Transmission Connection Deposit	277,500	277,500
RUS & FFB Prepayment Premium	3,903,862	4,061,594
Other	459,383	345,186
Total	\$ 4,640,745	\$ 4,968,442

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. The payoff of the RUS and FFB loans represents a noncash financing activity on the 2020 statement of cash flows. 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:

	2021	2020
Assignable	\$ 7,651,667	\$ 6,095,580
Assigned	42,091,163	38,986,375
Total	\$ 49,742,830	\$ 45,081,955

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, 2021, the Cooperative's capital to total assets equaled 26.71%.

Distributions to estates are made at the request of the estates' administrators. As of April 2021, capital credits prior to 1984 have been retired.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020

NOTE 7 OTHER EQUITIES (DEFICIT)

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

	<u>2021</u>	<u>2020</u>
Gain on Retired Estate Capital Credits	\$ 1,341,312	\$ 1,191,893
Donated Capital	628,903	625,126
Accumulated Losses	(12,281,852)	(12,389,458)
Total	<u>\$ (10,311,637)</u>	<u>\$ (10,572,439)</u>

NOTE 8 LONG-TERM DEBT

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

<u>Description</u>	<u>2021</u>	<u>2020</u>
NRUCFC Mortgage Notes; 2.96% to 5.05% Fixed Rate Notes; Maturing through 2058	\$ 93,906,852	\$ 88,767,530
Total Long-Term Debt	93,906,852	88,767,530
Less: Current Maturities	(4,152,480)	(1,914,200)
Long-Term Debt, Net of Current Maturities	<u>\$ 89,754,372</u>	<u>\$ 86,853,330</u>

The Cooperative came to a new loan agreement with NRUCFC on June 3, 2021 and now have unadvanced loan funds of \$15,600,000 through NRUCFC as of April 30, 2021.

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

<u>Year Ending April 30,</u>	<u>Amount</u>
2022	\$ 4,152,480
2023	3,381,000
2024	4,198,000
2025	3,018,000
2026	3,134,000
Thereafter	76,023,372
Total	<u>\$ 93,906,852</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, 2021 and 2020, 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, 2022. The Cooperative had \$3,200,000 and \$3,137,271 outstanding balance on the line of credit as of April 30, 2021 and 2020, respectively.

**NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020**

NOTE 9 NOTES PAYABLE (CONTINUED)

The Cooperative has available a guaranteed letter of credit with NRUCFC for \$93,600 as of April 30, 2021 and 2020. The line of credit is set to expire on February 7, 2022. The Cooperative had \$-0- outstanding balance on the letter of credit as of April 30, 2021 and 2020, respectively.

NOTE 10 DEFERRED CREDITS

Deferred credits at April 30 are as follows:

	2021	2020
Unclaimed Checks	\$ 8,985	\$ 5,806
Accrued Consumer Deposit Interest	164,144	171,830
Environmental Portfolio	674,229	877,458
Other	14,739	13,809
Total	<u>\$ 862,097</u>	<u>\$ 1,068,903</u>

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 Internal Revenue Code. 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 2021 and in 2020 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, 2021 and 2020 were \$1,569,292 and \$1,642,923, respectively. There have been no significant changes that affect the comparability of 2021 and 2020 contributions.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 EMPLOYEE BENEFIT PLANS (CONTINUED)

Plan Information (Continued)

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.

In addition to the above retirement plan, the Cooperative has adopted a 401(k) Employees Savings Plan. Employees completing one (1) 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 \$532,807 and \$500,269 for 2021 and 2020, 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.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020

NOTE 12 ACCRUED POSTRETIREMENT BENEFITS (CONTINUED)

The method used to account for this plan is the projected unit credit cost method as described in accounting principles generally accepted in the United States of America.

	<u>2021</u>	<u>2020</u>
Obligations and Funded Status:		
Accumulated Postretirement Benefit Obligation	\$ 740,606	\$ 691,385
Funded Status	<u>\$ 740,606</u>	<u>\$ 691,385</u>
Employer Contributions	\$ 23,029	\$ 22,169
Net Benefits Paid	<u>\$ 23,029</u>	<u>\$ 22,169</u>
Amounts Recognized in the Balance Sheet in Accumulated Provisions for Pension and Benefits	<u>\$ 740,606</u>	<u>\$ 691,385</u>
Components of Net Postretirement Benefit Cost and Other Amounts Recognized in Other Comprehensive Income:		
Service and Interest Cost	\$ 62,993	\$ 58,306
Amortization of Net Gain	(47,126)	(52,714)
Amortization of Prior Service Cost	(66,100)	(66,100)
Change in Net Gain Recognized in Other Comprehensive Margins	122,483	145,123
Net Periodic Benefit Costs	<u>\$ 72,250</u>	<u>\$ 84,615</u>
Assumptions Used to Determine the Net Postretirement Benefit Cost:		
Weighted Average Discount Rate for Obligations	3.60%	4.25%
Health Care Cost Trend Rate Assumed for Next Year	6.60%	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	2028	2028

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>
2022	\$ 28,756
2023	31,539
2024	39,838
2025	51,074
2026	55,876
2027 - 2031	249,667
Total	<u>\$ 456,750</u>

The Cooperative has unrecognized actuarial gains totaling \$684,402 included in accumulated other comprehensive loss at April 30, 2021. The estimated related net gain that will be amortized over the next fiscal year is \$45,899.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020

NOTE 13 COMMITMENTS AND CONTINGENCIES

Accounting principles generally accepted in the United States of America require 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.

Legal Proceedings

The Cooperative is subject to legal proceedings and claims that have arisen in the normal course of business. Outside counsel for the Cooperative has advised that an opinion as to the probable outcome cannot be given. The Cooperative is vigorously defending its position.



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, 2021, 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 16, 2021.

During the year ended April 30, 2021, the Cooperative received \$9,761,000 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 16, 2021