

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

E-01891A
GARKANE ENERGY COOPERATIVE, INC
PO BOX 465
LOA, UT 84747

**RECEIVED
BY EMAIL**

4/14/2020 2:20 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

Please click here if pre-printed Company name on this form is not your current Company name or dba name is not included.

Please list current Company name including dba here:

ANNUAL REPORT
Electric

FOR YEAR ENDING

12	31	2019
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FOR COMMISSION USE

ANN 01	19
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COMPANY INFORMATION

Company Name (Business Name) GARKANE ENERGY COOPERATIVE, INC.

Mailing Address 120 W 300 S / PO BOX 465

(Street)

LOA UT 84747
(City) (State) (Zip)

(435) 836-2795 (435) 836-2497

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address marcus.lewis@garkane.com

Local Office Mailing Address SAME AS ABOVE

(Street)

(City) (State) (Zip)

Local Customer Service Phone No. (Include Area Code) (1-800 or other long distance Customer Service Phone No.)

Email Address _____ **Website address** www.GarkaneEnergy.com

MANAGEMENT INFORMATION

Regulatory Contact:

Management Contact: MARCUS LEWIS CFO
(Name) (Title)

120 W 300 S / PO BOX 465 LOA UT 84747
(Street) (City) (State) (Zip)

(435) 836-2795 (435) 836-2497

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address marcus.lewis@garkane.com

On Site Manager: DAN MCCLENDON - CEO

(Name)

120 W 300 S / PO BOX 465 LOA UT 84747
(Street) (City) (State) (Zip)

(435) 836-2795 (435) 836-2497

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address dan.mcclendon@garkane.com

Statutory Agent: JENNIFER A. CRANSTON

(Name)

2575 E. CAMELBACK ROAD, SUITE 1100

PHOENIX

AZ

85016

(Street)

(City)

(State)

(Zip)

(602) 530-8000

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: JENNIFER A. CRANSTON

(Name)

2575 E. CAMELBACK ROAD, SUITE 1100

PHOENIX

AZ

85016

(Street)

(City)

(State)

(Zip)

(602) 530-8000

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address jennifer.cranston@gknet.com

Important changes during the year

Yes

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.

Yes

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.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|--|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input checked="" type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|--|---|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input checked="" type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME: GARKANE ENERGY COOPERATIVE, INC,

2019 UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-509.B	Termination with Notice R14-2-509.C	OTHER
JANUARY		9	
FEBRUARY		15	
MARCH		8	
APRIL		11	
MAY		4	
JUNE		15	
JULY		20	
AUGUST		5	
SEPTEMBER		9	
OCTOBER		8	
NOVEMBER		12	
DECEMBER		12	
TOTALS →		128	

OTHER (description):

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

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ARIZONA CORPORATION COMMISSION

VERIFICATION

STATE OF UTAH

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	UTILITIES DIVISION
WAYNE COUNTY	
NAME (OWNER OR OFFICIAL) TITLE	
MARCUS V LEWIS, CFO	
COMPANY NAME	
GARKANE ENERGY COOPERATIVE, INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2019

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.

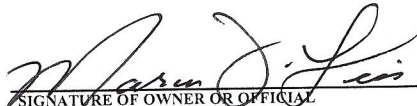
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT 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 CALENDAR YEAR 2019 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ 3,966,100

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 346,038
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)



SIGNATURE OF OWNER OR OFFICIAL
(435) 836-2795
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 13th DAY OF

COUNTY NAME	WAYNE	
MONTH	APRIL	2020

 (SEAL) DENISE MACKLIN
Notary Public
State of Utah
My Commission Expires 04/27/2021
COMMISSION NUMBER 694587
MY COMMISSION EXPIRES 4-27-2021


SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

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ARIZONA CORPORATION COMMISSION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) WAYNE COUNTY		UTILITIES DIVISION
NAME (OWNER OR OFFICIAL) MARCUS V LEWIS	TITLE CFO	
COMPANY NAME GARKANE ENERGY COOPERATIVE, INC.		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2019

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.

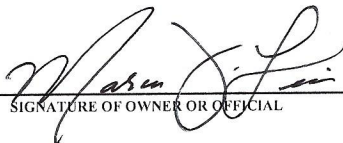
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, 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 CALENDAR YEAR 2019 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>2,392,473</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 216,437
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.



SIGNATURE OF OWNER OR OFFICIAL

(435) 836-2795

TELEPHONE NUMBER

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

THIS 13th DAY OF

(SEAL)

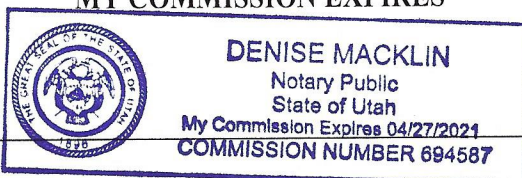
MY COMMISSION EXPIRES

4-27-2021

NOTARY PUBLIC NAME DENISE MACKLIN	
COUNTY NAME WAYNE	
MONTH APRIL	.2020



SIGNATURE OF NOTARY PUBLIC



FINANCIAL INFORMATION

Attach to this annual report a copy of the Company year-end (Calendar Year 2019) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

General Ledger
CFC Form 7

INCOME STATEMENT FOR DEC 2019

Item	-----Year - To - Date-----			-----Period - To - Date-----		
	Last Year	This Year	Budget	Current	Budget	
1. Operating Revenue and Patronage Capital						
0 440.2	SEASONAL RESIDENTIAL SALES - UT	0.00	0.00	0.00	0.00	
0 440.3	RESIDENTIAL SALES - UTAH	10,491,619.97	11,058,268.80	9,911,748.76	1,236,064.79	
0 440.31	RESIDENTIAL SALES - ARIZONA	2,190,541.48	2,176,035.58	2,795,621.44	225,736.94	
0 441.0	IRRIGATION SALES - UTAH	483,072.68	491,435.51	483,343.32	4,982.49	
0 441.1	IRRIGATION SALES - ARIZONA	136,428.47	131,713.41	144,375.28	3,441.15	
0 442.1	SM COMMERICAL & INDUSTRIAL SALES -	6,458,391.76	6,285,177.74	5,947,751.48	569,693.32	
0 442.11	SM COMMERICAL & INDUSTRIAL SALES -	975,798.14	994,580.74	1,305,603.90	87,326.03	
0 442.2	LARGE COMMERICAL & INDUSTRIAL SAL	1,415,295.48	1,379,344.11	1,471,690.56	202,456.85	
0 442.21	LARGE COMMERICAL & INDUSTRIAL SAL	0.00	0.00	0.00	0.00	
0 444.0	PUBLIC STREET & HIGHWAY LIGHTING -	57,588.91	57,937.35	58,403.74	4,856.28	
0 444.1	PUBLIC STREET & HIGHWAY LIGHTING -	12,001.24	11,973.53	11,962.21	1,000.40	
0 445.0	OTHER SALES TO PUBLIC AUTHORITIES -	1,706,740.30	1,736,629.41	1,703,124.24	162,916.56	
0 445.1	OTHER SALES TO PUBLIC AUTHORITIES -	320,812.24	292,125.86	399,498.28	27,018.67	
0 450.0	FORFEITED DISCOUNTS -- COLLECTION F	45,148.04	64,431.35	52,000.00	11,995.70	
0 451.0	MISC SERVICE REVENUE - UT CONNECT F	66,893.29	63,923.70	65,000.00	4,196.47	
0 451.1	MISC SERVICE REVENUE - AZ CONNECT F	17,585.76	13,662.44	21,000.00	1,272.60	
0 454.0	RENT FROM ELECTRIC PROPERTY	55,677.00	56,879.80	55,000.00	9,371.00	
0 454.01	RENT REVENUE FROM HOME RENTAL PR	0.00	0.00	0.00	0.00	
0 456.0	OTHER ELECTRIC REVENUE	183,140.06	98,451.78	125,000.00	96,914.26	
0 456.01	ELECTRIC REVENUE FROM WHEELING C	536,755.79	569,816.80	500,000.00	50,617.26	
0 456.02	OTHER ELECT REV - SCC SERVICE AGREE	0.00	0.00	0.00	0.00	
0 456.03	MISC REVENUE GENERLINK SALES	4,595.00	7,960.60	6,000.00	1,430.00	
	Total for Line 1:	<u>25,158,085.61</u>	<u>25,490,348.51</u>	<u>25,057,123.21</u>	<u>2,701,290.77</u>	<u>2,374,587.47</u>
2. Power Production Expense						
0 535.0	OPERATION SUPERVISION & ENGINEERIN	0.00	0.00	0.00	0.00	
0 536.0	WATER POWER RIGHTS & FERC LICENSE	19,970.57	72,025.40	12,761.00	-250.46	
0 536.1	BOULDER PLANT - FERC LICENSE/COMPL	0.00	10,238.91	0.00	0.00	
0 537.0	HYDRAULIC EXPENSES	0.00	0.00	0.00	0.00	
0 538.0	ELECTRIC EXPENSE	175,000.08	176,750.04	175,000.00	14,729.17	
0 539.0	MISC HYDRAULIC POWER GENERATION	653.82	504.00	550.00	42.00	
0 540.0	RENTS	0.00	0.00	0.00	0.00	
0 542.0	MAINTENANCE OF STRUCTURES	2,052.02	0.00	2,800.00	0.00	
0 543.0	MAINT RESERVOIRS, DAMS & WATERWA	12,221.30	25,559.18	61,242.37	0.00	
0 544.0	MAINT OF ELECTRIC PLANT	28,948.39	24,836.36	20,355.91	2,874.59	

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General Ledger CFC Form 7

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INCOME STATEMENT FOR DEC 2019

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
2. Power Production Expense					
0 545.0	MAINT MISC HYDRAULIC PLANT	0.00	0.00	0.00	0.00
0 546.0	OPER, SUPERVISION & ENGINEERING	0.00	0.00	0.00	0.00
0 548.0	GENERATION EXPENSES	985.55	1,440.82	19,795.43	1,159.11
0 549.0	MISC OTHER GENERATING EXPENSE	0.00	0.00	0.00	0.00
0 550.0	RENTS - GENERATOR SITE LEASE	0.00	0.00	0.00	0.00
0 553.0	MAINT OF GENERATING & ELECTRIC EQ	7,988.40	5,334.26	7,714.43	607.24
	Total for Line 2:	<u>247,820.13</u>	<u>316,688.97</u>	<u>300,219.14</u>	<u>24,646.45</u>
3. Cost of Purchased Power					
0 555.0	PURCHASED POWER	9,489,135.44	10,112,335.57	9,496,873.27	870,019.18
0 555.1	PURCHASED POWER - GREENWAY PROG	0.00	0.00	0.00	0.00
0 555.2	ENERGY EFFICIENCY - LED LIGHT CREDI	0.00	0.00	0.00	0.00
0 555.21	ENERGY EFFICIENCY - WATER HEATER R	0.00	0.00	0.00	0.00
0 556.0	SYSTEM CONTROL & LOAD DISPATCHIN	53,999.12	44,013.45	48,605.00	5,346.03
0 557.0	OTHER EXPENSES	0.00	0.00	0.00	0.00
	Total for Line 3:	<u>9,543,134.56</u>	<u>10,156,349.02</u>	<u>9,545,478.27</u>	<u>875,365.21</u>
4. Transmission Expense					
0 560.0	OPER SUPERVISION & ENGINEERING	0.00	11,983.91	0.00	0.00
0 561.0	LOAD DISPATCHING	16,471.78	13,900.17	1,231.63	0.00
0 562.0	STATION EXPENSES	79,182.37	90,580.22	92,210.18	8,884.91
0 563.0	OVERHEAD LINE EXPENSES	87,086.46	45,192.45	54,761.55	5,827.05
0 566.0	MISC TRANSMISSION EXPENSES	17,506.41	59,508.62	11,028.36	1,202.02
0 567.0	RENTS	0.00	0.00	0.00	0.00
0 570.0	MAINT OF STATION EQUIP	319,198.20	254,297.71	370,023.47	34,041.19
0 571.0	MAINT OF OVERHEAD LINES	50,305.68	86,395.00	95,867.00	6,632.75
	Total for Line 4:	<u>569,750.90</u>	<u>561,858.08</u>	<u>625,122.19</u>	<u>56,587.92</u>
5. Regional Market Operations Expense					
		0.00	0.00	0.00	0.00
6. Distribution Expense - Operation					
0 580.0	OPERATION SUPERVISION & ENGINEERIN	89,983.74	101,587.97	78,493.77	9,569.44
0 581.0	LOAD DISPATCHING	21,182.65	20,227.24	15,696.00	1,362.59
0 582.0	STATION EXPENSE	39,504.17	82,889.80	35,068.00	2,922.37
0 583.0	OVERHEAD LINE EXPENSE	63,056.23	157,727.08	71,183.00	6,259.09
0 584.0	UNDERGROUND LINE EXPENSE	70,429.39	31,065.65	65,610.00	5,675.33
0 585.0	STREET LIGHTING & SIGNAL SYSTEM EX	2,176.15	2,163.71	0.00	0.00
0 586.0	METER EXPENSE	259,894.56	191,966.24	249,400.42	22,968.06

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General Ledger CFC Form 7

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INCOME STATEMENT FOR DEC 2019

Item	-----Year - To - Date-----			-----Period - To - Date-----		
	Last Year	This Year	Budget	Current	Budget	
6. Distribution Expense - Operation						
0 586.01	METER EXPENSE - TURTLE METERS	15,921.48	4,709.42	14,376.00	116.99	1,198.00
0 586.02	METER EXPENSE - PLX METER	0.01	21,017.69	430.93	15,274.92	0.00
0 586.03	METER EXPENSE - PREPAID METERS	1,536.83	4,912.90	2,111.00	146.35	175.88
0 586.04	METER EXPENSE - TIME OF USE METERS	0.00	348.18	1,622.74	348.18	104.87
0 587.0	CUSTOMER INSTALLATION EXPENSE	5,422.49	4,940.50	7,829.00	0.00	807.25
0 588.0	MISC DISTRIBUTION EXPENSE	398,628.75	441,587.56	382,082.74	44,598.38	37,264.68
0 588.01	NET METERING-APPLICATIONS/INSTALL	0.00	0.00	0.00	0.00	0.00
0 589.0	RENTS, RIGHTS OF WAY	37,729.05	11,843.00	37,000.00	200.00	3,083.48
	Total for Line 6:	<u>1,005,465.50</u>	<u>1,076,986.94</u>	<u>960,903.60</u>	<u>139,254.20</u>	<u>91,391.04</u>
7. Distribution Expense - Maintenance						
0 590.0	MAINT SUPERVISION & ENGINEERING	111,121.85	103,301.25	97,426.77	9,830.09	11,890.51
0 592.0	MAINT OF STATION EQUIP	229,817.19	236,829.06	209,681.51	22,414.29	16,632.54
0 593.0	MAINT OF OVERHEAD LINES	310,403.74	447,930.70	291,760.48	62,660.68	26,087.06
0 593.01	MAINT OF OVERHEAD LINES - TREE TRIM	182,555.91	192,870.59	341,132.00	49,438.42	26,606.61
0 594.0	MAINT OF UNDERGROUND LINES	186,330.57	168,612.04	212,501.48	12,735.81	20,845.71
0 594.01	MAINT URD LOCATES	224,834.92	254,663.13	210,200.00	15,760.92	18,888.56
0 595.0	MAINT OF LINE TRANSFORMERS	48,513.18	47,477.30	83,701.00	2,397.80	7,165.08
0 596.0	MAINT OF STREET LIGHTNG & SIGNL SYS	61,665.89	25,533.06	67,590.00	1,899.18	5,742.55
0 597.0	MAINTENANCE OF METERS	151,944.75	139,376.37	75,938.00	8,391.10	6,694.52
0 597.01	MAINT OF METERS - TURTLE	19,112.55	20,633.19	20,152.00	1,426.84	1,815.91
0 597.02	MAINTENANCE OF METERS - PLX	172,301.90	149,719.75	167,184.53	13,987.80	15,797.48
0 597.03	MAINTENANCE OF METERS - PRE-PAID	1,127.68	372.15	7,210.22	0.00	705.26
0 597.04	MAINTENANCE OF METERS - TOU	28,208.74	37,247.83	20,900.00	5,050.34	1,896.89
0 597.05	MAINTENANCE OF METERS - CAPITALIZE	0.00	228.14	0.00	228.14	0.00
0 598.0	MAINT OF MISC DISTRIBUTION PLANT	77,878.23	51,374.67	95,590.02	3,349.25	8,813.63
	Total for Line 7:	<u>1,805,817.10</u>	<u>1,876,169.23</u>	<u>1,900,968.01</u>	<u>209,570.66</u>	<u>169,582.31</u>
8. Customer Accounts Expense						
0 901.0	CUSTOMER ACCOUNTS EXPENSE	47,164.30	68,751.48	30,343.44	7,481.45	2,763.22
0 902.0	METER READING EXPENSE	187,113.43	163,151.64	124,326.00	11,140.49	11,191.85
0 902.01	ANNUAL METER READING EXPENSE	3,746.64	8,069.97	9,607.74	1,717.43	886.67
0 902.02	METER READING EXPENSE - PREPAID	0.00	0.00	1,106.10	0.00	123.16
0 902.03	METER READING EXPENSE - tou	0.00	0.00	4,424.27	0.00	492.61
0 903.0	CUSTOMER RECORDS & COLLECTION EX	336,260.54	275,244.58	334,998.06	25,735.73	33,022.62
0 903.01	CUSTOMER RECORDS & COLLECT EXP - C	240,599.71	223,614.59	245,000.00	18,353.03	20,417.51

General Ledger
CFC Form 7

INCOME STATEMENT FOR DEC 2019

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
8. Customer Accounts Expense					
0 904.01 UNCOLLECTIBLE ACCOUNTS	172.03	0.00	0.00	0.00	0.00
Total for Line 8:	815,056.65	738,832.26	749,805.61	64,428.13	68,897.64
9. Customer Service and Informational Expense					
0 905.01 RATE ANALYSIS - LABOR	0.00	0.00	0.00	0.00	0.00
0 907.0 CUSTOMER SERVICES - SUPERVISION	0.00	0.00	0.00	0.00	0.00
0 908.0 CUSTOMER ASSISTANCE EXPENSES	124,883.47	109,745.02	126,466.17	7,974.49	11,724.10
0 908.03 CUSTOMER ASSISTANCE - IRP	0.00	0.00	280.00	0.00	23.37
0 909.0 INFO & INSTRUCTIONAL ADVERTISING E	21,499.80	23,370.28	20,238.88	2,417.59	2,582.58
0 910.0 MISC CUST SERVICE & INFO EXPENSE	24,703.77	26,350.22	12,819.88	992.84	1,171.59
Total for Line 9:	171,087.04	159,465.52	159,804.93	11,384.92	15,501.64
10. Sales Expense					
0 912.0 DEMONSTRATING & SELLING EXPENSES	0.00	0.00	0.00	0.00	0.00
0 912.01 DEM & SELL EXP - ANNUAL MEETINGS	34,142.41	41,286.33	45,586.00	718.89	469.79
0 912.02 DEM & SELL EXP - MEMBER APPRECIATI	5,487.79	3,675.72	18,665.60	63.94	276.82
0 912.03 DEM & SELL EXP-EMPLOYEE/DIRECTOR	26,414.01	24,000.90	29,730.27	347.96	453.77
0 912.04 DEM & SELL EXP-KEY ACCOUNTS	9,299.37	11,135.30	10,344.00	4,763.93	823.90
0 913.0 ADVERTISING EXPENSES	2,592.14	1,961.95	0.00	0.00	0.00
0 916.01 MISC SALES EXPENSES - URECA	43,648.76	51,840.07	38,098.26	-1,064.95	1,384.04
0 916.02 MISC SALES EXPENSES - WASHINGTON D	0.00	804.58	2,879.00	0.00	-355.75
Total for Line 10:	121,584.48	134,704.85	145,303.13	4,829.77	3,052.57
11. Administrative and General Expense					
0 920.0 ADMINISTRATIVE & GENERAL SALARIES	1,254,790.82	936,678.38	811,331.34	101,864.65	99,103.06
0 920.01 ADMIN & GEN SALARY-WORKERS COMP	1,681.89	0.00	1,650.00	0.00	137.50
0 921.01 OFFICE SUPPLIES & EXPENSES	202,769.39	189,868.69	107,000.00	10,713.18	8,916.85
0 921.02 OFFICE SUPPLIES & EXPENSE - TELEPHO	143,865.65	158,367.25	126,250.00	10,503.35	10,521.20
0 921.03 OFF SUPPLIES & EXPENSE - POSTAGE/FRE	35,829.38	26,197.81	35,573.00	-67.54	2,964.60
0 921.04 SOFTWARE RENEWAL	91,422.17	165,349.30	316,600.00	59,377.86	19,375.88
0 921.05 OFFICE SUPPLIES - COMPUTER EQUIPME	0.00	5,592.48	29,500.00	346.08	2,166.74
0 921.06 SMALL TOOLS	0.00	13,487.83	93,250.00	0.00	5,895.98
0 921.07 OFFICE EXPENSE-LICENSES & SUBSCRIPT	0.00	7,966.88	0.00	4,453.72	0.00
0 923.01 OUTSIDE SERVICES EMPLOYED - AUDITO	14,887.50	16,635.00	13,675.00	0.00	1,139.62
0 923.02 OUTSIDE SERVICES EMPLOYED - ATTOR	17,787.33	35,144.40	50,000.00	500.00	4,166.85
0 923.03 OUTSIDE SERVICES EMPLOYED - ENGINE	0.00	0.00	15,000.00	0.00	1,250.00
0 923.04 OUTSIDE SERVICES EMPLOYED - MISC	72,635.48	79,319.08	55,600.00	10,780.26	4,819.62

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INCOME STATEMENT FOR DEC 2019

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
11. Administrative and General Expense					
0 924.01 PROPERTY INSURANCE EXPENSE	222,095.12	215,142.36	230,000.00	17,937.17	19,167.51
0 925.01 INJURIES & DAMAGES	100,414.98	153,567.65	243,160.00	43,250.43	19,235.10
0 925.02 INJURIES & DAMAGES - ST INSURANCE F	0.00	0.00	0.00	0.00	0.00
0 926.01 EMPLOYEE BENEFITS - NRECA GROUP LI	16,394.97	6,399.81	10,000.00	-618.80	833.37
0 926.02 EMPLOYEE PENSIONS & BNFITS - HEALT	82,651.33	110,268.01	88,947.00	10,552.87	7,412.80
0 926.03 EMPLOYEE PNSIONS & BNFITS - NRECA R	2,020.62	1,161.47	1,050.00	0.00	87.50
0 926.04 EMPLOYEE PNSIONS & BNFITS - NRECA S	250.00	0.00	250.00	0.00	20.87
0 926.05 EMPLOYEE PNSIONS & BNFITS -CREDIT U	0.00	0.00	0.00	0.00	0.00
0 926.06 EMPLOYEE PNSIONS & BNFITS - POSTRET	0.00	171.62	0.00	0.00	0.00
0 926.07 EMPLOYEE BENEFITS - CLOTHING ALLO	45,589.08	56,441.47	51,820.00	5,488.08	4,318.37
0 926.08 EMPLOYEE BENEFITS - VISION CARE EXP	37,850.94	57,749.65	35,000.00	11,631.08	2,916.74
0 926.09 MEDICAL SAVINGS ACCOUNT EXPENSE	0.00	0.00	0.00	0.00	0.00
0 926.1 DAY CARE SAVINGS ACCOUNT EXPENSE	0.00	0.00	0.00	0.00	0.00
0 926.11 EMPLOYEE BENEFITS - DEFERRED COMP	0.00	0.00	0.00	0.00	0.00
0 928.0 REGULATORY COMMISSION EXPENSE	6,878.65	7,451.63	10,000.00	0.00	916.11
0 930.0 MISC GENERAL EXPENSES - ADM	126,896.21	199,599.87	119,243.67	19,971.45	10,411.99
0 930.01 MISC GENERAL EXPENSE - DIRECTORS	-3,455.43	-6,755.44	0.00	-5,000.00	0.00
0 930.02 MISC GENERAL EXPENSES - TRAINING	774,318.33	825,388.81	541,189.56	60,278.48	34,322.51
0 930.03 MISC GEN EXP - US BANK VISA CARDS	70.02	0.00	0.00	0.00	0.00
0 930.04 MISC GENERAL EXPENSES - MEMBERSHI	38,306.77	44,549.48	19,100.00	2,770.85	1,550.00
0 930.05 MISC GENERAL EXPENSES - ADVERTISIN	56,403.75	49,200.90	52,500.00	2,720.17	4,375.22
0 930.06 MISC GENERAL EXPENSES - TRAVEL	94,922.55	90,792.70	98,796.66	6,628.51	8,694.91
0 930.07 MIS GEN EXP - SPONSORSHIPS, PROMO A	7,885.20	11,370.65	10,199.00	129.12	842.30
0 930.2 DIRECTORS EXPENSE - BOARD MEETING	34,470.88	41,402.04	36,012.00	5,696.05	3,026.71
0 930.21 DIRECTORS EXPENSE - ANNUAL MEETIN	2,193.75	5,844.06	5,000.00	0.00	0.00
0 930.22 DIRECTORS EXPENSE - STRATEGIC PLAN	5,790.12	2,128.45	5,000.00	0.00	0.00
0 930.23 DIRECTORS EXPENSE - OTHER MEETINGS	10,458.18	4,815.93	8,500.00	879.00	708.37
0 930.24 DIRECTORS EXPENSE - TRAINING/CONFE	29,147.83	13,157.75	43,200.00	0.00	3,600.11
0 930.25 DIRECTORS EXPENSE - BENEFITS	120,749.53	111,366.16	166,500.00	8,732.82	13,875.66
0 930.26 DIRECTORS EXPENSE - MISCELLANEOUS	5,483.84	3,169.35	12,900.00	3,300.00	1,075.00
0 930.28 MISC GENERAL EXPENSES - BAD DEBT E	0.00	75,400.20	0.00	75,400.20	0.00
0 931.0 RENTS	0.00	0.00	0.00	0.00	0.00
0 932.0 MAINTENANCE OF GENERAL PLANT	318,973.57	311,714.64	276,672.88	5,188.65	25,613.14
0 932.01 MAINT OF GENERATOR - BARNEY TOP	672.50	380.40	4,951.46	0.00	107.15
Total for Line 11:	3,973,102.90	4,026,486.72	3,725,421.57	473,407.69	323,569.34

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INCOME STATEMENT FOR DEC 2019

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
12. Total Operation & Maintenance Expense (2 thru 11)	18,252,819.26	19,047,541.59	18,113,026.45	2,005,164.15	1,628,594.12
13. Depreciation & Amortization Expense					
0 403.2 DEPREC OF OTHER PRODUCTION PLT - U	31,918.26	31,918.28	31,918.00	2,659.86	2,659.87
0 403.21 DEPREC EXP - IRC DIESEL GENERATORS -	15,857.76	15,857.76	15,858.00	1,321.47	1,321.50
0 403.3 DEPREC OF HYDRAULIC PRODUCTION PL	0.00	0.00	0.00	0.00	0.00
0 403.31 DEPREC OF HYDRAULIC PLT - BOULDER -	50,153.28	48,098.35	60,000.00	3,932.65	4,999.89
0 403.32 DEPREC OF HYDRAULIC PLT - L BOULDE	34,300.07	34,300.08	36,000.00	2,858.32	3,000.00
0 403.5 DEPREC OF TRANSMISSION PLANT - UT	482,944.06	710,618.52	792,547.00	59,218.21	66,046.72
0 403.51 DEPREC OF TRANSMISSION PLT - BOULD	0.00	0.00	0.00	0.00	0.00
0 403.52 DEPREC OF TRANSMISSION PLANT - AZ	11,638.47	0.00	0.00	0.00	0.00
0 403.6 DEPREC OF DISTRIBUTION PLANT - UT	1,819,921.53	1,892,159.08	1,820,000.00	161,210.44	151,686.63
0 403.61 DEPREC OF DISTRIBUTION PLANT - AZ	187,633.62	190,592.23	191,893.00	16,141.04	15,991.12
0 403.7 DEPRECIATION OF GENERAL PLANT - UT	609,367.00	637,550.44	610,000.00	54,667.94	52,259.81
0 403.8 DEPRECIATION EXPENSE - LP GAS EQUIP	0.00	0.00	0.00	0.00	0.00
Total for Line 13:	3,243,734.05	3,561,094.74	3,558,216.00	302,009.93	297,965.54
14. Tax Expense - Property					
0 408.1 PROPERTY TAX EXPENSE	663,117.26	643,021.45	675,000.00	57,683.75	56,252.42
Total for Line 14:	663,117.26	643,021.45	675,000.00	57,683.75	56,252.42
15. Tax Expense - Other					
0 408.2 FEDERAL UNEMPLOYMENT TAX EXPENS	0.00	0.00	0.00	0.00	0.00
0 408.3 FICA TAX EXPENSE	-0.16	-1.67	750.00	-1.56	62.50
0 408.4 STATE UNEMPLOYMENT TAX EXPENSE	-0.03	-0.02	0.00	0.00	0.00
0 408.5 STATE SALES & USE TAX EXPENSE	52,898.63	60,686.15	32,000.00	502.34	2,666.74
0 408.6 OTHER TAX EXPENSE	19,331.19	56,355.66	25,000.00	5,795.96	2,083.37
Total for Line 15:	72,229.63	117,040.12	57,750.00	6,296.74	4,812.61
16. Interest on Long-Term Debt					
0 427.1 INTEREST ON REA LONG-TERM DEBT	0.00	0.00	0.00	0.00	0.00
0 427.2 INTEREST ON NRUCFC LONG-TERM DEBT	1,095,046.66	1,198,989.74	1,135,187.00	103,179.39	94,603.06
0 427.21 INTEREST ON KCWCD LT-DEBT	9,824.24	9,550.03	7,000.00	784.30	583.37
0 427.22 INTEREST ON NRUCFC LINE OF CREDIT	48,730.63	30,060.42	60,000.00	19,754.39	5,000.22
Total for Line 16:	1,153,601.53	1,238,600.19	1,202,187.00	123,718.08	100,186.65
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other					
0 431.0 OTHER INTEREST EXPENSE	16,581.60	14,594.53	20,000.00	120.02	1,666.74

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INCOME STATEMENT FOR DEC 2019

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
18. Interest Expense - Other					
Total for Line 18:	16,581.60	14,594.53	20,000.00	120.02	1,666.74
19. Other Deductions					
0 425.0 MISCELLANEOUS AMORTIZATION	0.00	0.00	0.00	0.00	0.00
0 426.1 DONATIONS	28,204.64	22,016.00	25,000.00	850.00	2,083.37
0 426.11 SCHOLARSHIP AWARDS & DONATIONS	0.00	0.00	0.00	0.00	0.00
0 426.4 EXPENDITURES FOR CIVIC & POLITICAL	888.68	0.00	900.00	0.00	75.00
0 426.5 OTHER DEDUCTIONS	0.00	0.00	0.00	0.00	0.00
0 428.1 AMORTIZATION OF LOSS ON REACQUIRE	0.00	0.00	0.00	0.00	0.00
0 430.0 INTEREST EXPENSE - SHORT-TERM DEBT	0.00	0.00	0.00	0.00	0.00
Total for Line 19:	29,093.32	22,016.00	25,900.00	850.00	2,158.37
20. Total Cost of Electric Service (12 thru 19)	23,431,176.65	24,643,908.62	23,652,079.45	2,495,842.67	2,091,636.45
21. Patronage Capital & Operating Margins (1 minus 20)	1,726,908.96	846,439.89	1,405,043.76	205,448.10	282,951.02
22. Non Operating Margins - Interest					
0 419.0 INTEREST AND DIVIDEND INCOME	20,733.68	39,653.29	25,000.00	7,262.31	2,083.37
Total for Line 22:	20,733.68	39,653.29	25,000.00	7,262.31	2,083.37
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00	0.00
25. Non Operating Margins - Other					
0 415.0 REVENUE FROM CONTRACT WORK - FRE	56,652.51	44,738.96	45,000.00	7,397.70	3,750.11
0 415.01 REVENUE FROM MISC SALES & CONTRA	0.00	0.00	0.00	0.00	0.00
0 415.02 REVENUE FROM KANE CO WATER CONSE	3,085.53	2,824.59	5,000.00	200.00	416.63
0 415.03 REV FROM SALES OF FIREPLACES & HEA	0.00	0.00	0.00	0.00	0.00
0 415.04 NET FROM INSTALLING NET METERING S	0.00	0.00	0.00	0.00	0.00
0 415.05 REVENUE FROM FREDONIA ELECT UPGR	0.00	0.00	0.00	0.00	0.00
0 415.06 REVENUE FROM ENERGY EFFICIENCY PR	195,826.42	170,399.60	233,230.00	20,377.45	19,436.64
0 415.07 REVENUE FROM SOUTH CENTRAL COMM	1,332.80	2,083.28	10,000.00	0.00	833.37
0 415.08 REVENUE FROM CONTRACT WORK - FRE	0.00	0.00	0.00	0.00	0.00
0 415.09 REVENUE FROM EMERY TELCOM	15,618.21	0.00	16,000.00	0.00	1,333.37
0 415.1 REV FROM SALES OF HOME SURGE PROT	300.00	5,550.00	0.00	300.00	0.00
0 416.0 COST & EXPENSE OF CONTRACT WORK -	-40,971.59	-32,357.94	-46,203.24	-5,627.41	-3,341.15
0 416.01 COST OF SALES & EXPENSE OF MISC CON	-295.46	0.00	0.00	0.00	0.00
0 416.02 EXPENSE FOR KANE CO WATER CONSER	-767.91	-7,214.82	-1,334.00	-312.51	-336.76
0 416.03 COST OF MERCHANDISING FIREPLACES	0.00	0.00	0.00	0.00	0.00

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INCOME STATEMENT FOR DEC 2019

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
25. Non Operating Margins - Other					
0 416.04 COST TO INSTALL NET METERING SERVI	-2,456.36	-1,964.59	-10,222.69	0.00	-915.70
0 416.05 COST & EXP OF FREDONIA ELECT UPGRD	0.00	0.00	0.00	0.00	0.00
0 416.06 COST OF ENERGY EFFICIENCY PROGRAM	-195,286.42	-170,399.60	-233,230.00	-20,277.45	-22,346.67
0 416.07 COST OF SALES & EXPENSE - SOUTH CEN	0.00	0.00	0.00	0.00	0.00
0 416.08 COST & EXPENSE OF CONTRACT WORK-C	0.00	0.00	0.00	0.00	0.00
0 416.1 COST OF HOME SURGE PROTECTORS	-995.93	-3,304.22	0.00	-1,923.50	0.00
0 418.0 NONOPERATING RENTAL INCOME	1,500.00	0.00	1,500.00	0.00	125.00
0 421.0 NONPERATING INCOME - UT IMPACT FEE	280,349.66	271,999.13	280,000.00	21,364.46	23,334.36
0 421.01 NONPERATING INCOME - AZ IMPACT FEE	29,801.07	34,102.11	30,000.00	6,178.83	2,500.11
0 421.1 GAIN ON DISPOSITION OF PROPERTY	48,886.81	61,980.15	45,000.00	15,814.36	0.00
0 421.11 MISC NONOPERATING INCOME - GAIN RU	54,948.24	54,948.24	54,948.00	4,579.02	4,579.22
0 421.2 LOSS ON DISPOSITION OF PROPERTY	-912.00	0.00	-1,000.00	0.00	-83.37
Total for Line 25:	<u>446,615.58</u>	<u>433,384.89</u>	<u>428,688.07</u>	<u>48,070.95</u>	<u>29,285.16</u>
26. Generation and Transmission Capital Credits					
0 423.0 GENERATION & TRANSMISSION COOP CA	6,819.00	6,819.00	6,819.00	568.25	568.25
Total for Line 26:	<u>6,819.00</u>	<u>6,819.00</u>	<u>6,819.00</u>	<u>568.25</u>	<u>568.25</u>
27. Other Capital Credits and Patronage Dividends					
0 424.0 OTHER CAPITAL CRS & PATRONAGECAPI	142,746.69	169,965.59	139,000.00	25,988.92	11,583.81
Total for Line 27:	<u>142,746.69</u>	<u>169,965.59</u>	<u>139,000.00</u>	<u>25,988.92</u>	<u>11,583.81</u>
28. Extraordinary Items					
0 434.0 EXTRAORDINARY INCOME	0.00	0.00	0.00	0.00	0.00
0 434.1 GAIN ON CURTAILMENT	0.00	0.00	0.00	0.00	0.00
0 435.0 EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00	0.00
0 435.1 EXTRA-ORDINARY DEDUCTIONS	0.00	0.00	0.00	0.00	0.00
Total for Line 28:	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
29. Patronage Capital or Margins (21 thru 28)	<u>2,343,823.91</u>	<u>1,496,262.66</u>	<u>2,004,550.83</u>	<u>287,338.53</u>	<u>326,471.61</u>
Operating - Margin	1,876,474.65	1,023,224.48	1,550,862.76	232,005.27	295,103.08
Non Operating - Margin	467,349.26	473,038.18	453,688.07	55,333.26	31,368.53
Times Interest Earned Ratio - Operating	2.50	1.68			
Times Interest Earned Ratio - Net	3.03	2.21			
Times Interest Earned Ratio - Modified	2.90	2.07			

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PARAMETERS ENTERED:

Period: DEC 2019
Standard Financial: CFC Form 7
Group By: All
Division: All
Department: All
Format: Detail
Include Departments: No
Round To Whole Dollars: No
Report Basis: Calendar Year
Budget Revision: 1
Financial And Statistical Data: No
Compare: Budget

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BALANCE SHEET FOR DEC 2019

		Last Year	This Year	Variance
ASSETS AND OTHER DEBITS				
1. Total Utility Plant in Service				
0 301.0	ORGANIZATION COSTS - UTAH	0.00	0.00	0.00
0 301.1	ORGANIZATION COSTS - ARIZONA	0.00	0.00	0.00
0 302.0	FRANCHISES AND CONSENTS - UTAH	0.00	0.00	0.00
0 302.1	FRANCHISES AND CONSENTS - ARIZONA	0.00	0.00	0.00
0 303.0	MISCELLANEOUS INTANGIBLE PLANT - U	0.00	0.00	0.00
0 303.1	MISCELLANEOUS INTANGIBLE PLANT - A	0.00	0.00	0.00
0 330.0	LAND & LAND RIGHTS - HYDRAULIC PRO	0.00	0.00	0.00
0 330.01	LAND & LAND RIGHTS - HYDRO - BOULD	300,450.09	300,450.09	0.00
0 330.02	LAND & LAND RIGHTS - LOWER BOULDE	27,850.00	27,850.00	0.00
0 331.01	STRUCTURES & IMPROVEMENTS - BOULD	201,466.86	201,466.86	0.00
0 331.02	STRUCTURES & IMPROVEMENTS - L BOU	365,574.53	365,574.53	0.00
0 332.01	RESERVOIRS, DAMS & WATERWAYS - BO	2,531,004.47	2,531,004.47	0.00
0 332.02	RESERVOIRS, DAMS & WATERWAYS - LO	691,257.01	691,257.01	0.00
0 333.01	WATERWHEELS, TURBINES & GENERATO	962,233.07	962,233.07	0.00
0 333.02	WATER WHEELS, TURBINES, & GENERAT	441,830.94	441,830.94	0.00
0 334.01	ACCESSORY ELECTRIC EQUIP - BOULDER	147,785.79	147,785.79	0.00
0 334.02	ACESSORY ELECTRIC EQUIPMENT - L BO	82,299.21	82,299.21	0.00
0 335.01	MISC POWER PLANT EQUIP - BOULDER #2	20,792.88	20,792.88	0.00
0 335.02	MISC POWER PLANT EQUIPMENT - L BOU	15,185.80	15,185.80	0.00
0 336.01	ROADS, RAILROADS & BRIDGES - BOULD	32,921.05	32,921.05	0.00
0 336.02	ROADS, RAILROADS, & BRIDGES - LOWER	115,020.30	115,020.30	0.00
0 344.0	GENERATORS	585,300.00	585,300.00	0.00
0 344.5	IRC GENERATORS - AZ	317,155.53	317,155.53	0.00
0 345.0	ACCESSORY ELECTRIC EQUIPMENT - OTH	272,061.12	272,061.12	0.00
0 350.0	LAND & LAND RIGHTS - TRANSMISSION P	2,339,973.24	2,339,973.24	0.00
0 350.01	LAND & LAND RIGHTS - TRANS. - BOULD	405.61	405.61	0.00
0 351.0	CLEARING LAND, & ROW - TRANS PLT - U	4,637.09	4,637.09	0.00
0 351.1	CLEARING LAND, & ROW - TRANS PLT - A	21,480.35	21,480.35	0.00
0 352.0	STRUCTURES & IMPROV - TRANS PLANT -	41,920.05	41,920.05	0.00
0 353.0	STATION EQUIP, BOULDER PROJ #2219 - U	55,264.84	55,264.84	0.00
0 353.01	STATION EQUIP - HENRIEVILLE TEL, TRA	59,132.84	59,132.84	0.00
0 353.02	STATION EQUIP, HENREIVILLE SUB TRAN	1,072,962.20	1,072,962.20	0.00
0 353.03	STATION EQUIP, PARIA TEL, TRANS PLT -	37,230.30	37,230.30	0.00
0 353.04	STATION EQUIP - SIGURD SUB - UT	241,623.99	241,623.99	0.00
0 353.05	STATION EQUIP - BUCKSKIN SUB - UT	1,079,202.10	1,079,202.10	0.00

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	Last Year	This Year	Variance
1. Total Utility Plant in Service			
0 353.06 STATION EQUIP - 138/69 KV PORT TRANS -	546,903.17	546,903.17	0.00
0 353.1 STATION EQUIP - TRANS PLANT - AZ	1,905.85	1,905.85	0.00
0 354.0 STEEL TOWERS, FIXTURES - TRANS PLT -	0.00	0.00	0.00
0 354.1 STEEL TOWERS & FIX - TRANS PLT - AZ	35,371.27	35,371.27	0.00
0 355.0 POLES, & FIXTURES - TRANS PLANT - UT	8,677,242.15	13,607,093.17	4,929,851.02
0 355.01 POLES & FIXTURES - BOULDER #2219 - UT	124,637.48	124,637.48	0.00
0 355.1 POLES & FIXTURES - TRANS PLT - AZ	5,082,302.49	152,451.47	-4,929,851.02
0 356.0 OH CONDUCTORS & DEVICES - TRANS PL	9,311,698.59	9,311,698.59	0.00
0 356.01 OH CONDUCT & DEVICES - BOULDER 2219 -	144,367.22	144,367.22	0.00
0 356.1 OH CONDUCT & DEVICES - TRANS PLT - A	138,824.79	138,824.79	0.00
0 358.0 UNDERGROUND CONDUCTORS & DEVICE	0.00	0.00	0.00
0 359.0 ROADS & TRAILS - TRANS. PLANT - UTAH	23,982.75	23,982.75	0.00
0 360.0 LAND & LAND RIGHTS - DIST. PLANT - UT	598,974.94	598,974.94	0.00
0 360.1 LAND & LAND RIGHTS - DIST. PLANT - AR	40,374.88	40,374.88	0.00
0 360.11 LAND & LAND RIGHTS - DIST PAIUTE/KIA	12,798.74	12,798.74	0.00
0 361.0 STRUCTURES & IMPROVE - DIST PLT - UT	0.00	0.00	0.00
0 361.1 STRUCTURES & IMPROVE - DIST PLT - AZ	0.00	0.00	0.00
0 362.0 STATION EQUIP BOULBER SUB - DIST PLT	488,344.13	488,344.13	0.00
0 362.01 STATION EQUIP - BRYCE CYN SUB - DIST -	389,407.33	389,407.33	0.00
0 362.02 STATION EQUIP - ESCALANTE SUB - DIST	301,436.75	301,436.75	0.00
0 362.03 STATION EQUIP - HANKSVILLE SUB- DIST	168,205.99	168,205.99	0.00
0 362.04 STATION EQUIP - HATCH SUB - DIST -UT	2,194,267.29	2,194,267.29	0.00
0 362.05 STATION EQUIP - HATCH MT SUB - DIST -	111,915.97	111,915.97	0.00
0 362.06 STATION EQUIP - JOHNSON CYN SUB - DIS	105,580.79	105,580.79	0.00
0 362.07 STATION EQUIP - 34.5 KV PORTABLE SUB	135,111.85	135,111.85	0.00
0 362.08 STATION EQUIP - LYMAN SUB - DIST - UT	251,588.89	251,588.89	0.00
0 362.09 STATION EQUIP - ORDERVILLE SUB -DIST	163,962.85	163,962.85	0.00
0 362.1 STATION EQUIP - PAHREA HOLLOW SUB	21,142.52	21,142.52	0.00
0 362.11 STATION EQUIP - PARIA SUB - DIST -UT	279,776.80	279,776.80	0.00
0 362.12 STATION EQUIP - PARKER MT.SUB - DIST	363,589.01	363,589.01	0.00
0 362.13 STATION EQUIP - CITATION SUB - DIST UT	199,456.47	199,456.47	0.00
0 362.14 STATION EQUI - TORREY SUB - DIST - UT	1,478,486.13	1,478,486.13	0.00
0 362.15 STATION EQUIP - TROPIC SUB - DIST - UT	114,517.02	114,517.02	0.00
0 362.16 STATION EQUIP - 69/12.5 PORTABLE SUB	258,451.24	258,451.24	0.00
0 362.17 STATION EQUIP - HILDALE SUB - DIST - U	148,238.63	148,238.63	0.00
0 362.18 STATION EQUIP - KCR SUB - DIST - UT	1,038,397.06	1,038,397.06	0.00

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		Last Year	This Year	Variance
1. Total Utility Plant in Service				
0 362.19	STATION EQUIP - BICKNELL SUB - DIST -	449,677.87	449,677.87	0.00
0 362.2	STATION EQUIP - SPRY SUB - DIST - UT	150,016.15	150,016.15	0.00
0 362.21	STATION EQUIP - SWAINS CREEK SUB - U	86,740.67	86,740.67	0.00
0 362.22	STATION EQUIP - KANAB CITY SUB - UT	614,103.78	614,103.78	0.00
0 362.23	STATION EQUIP - DUCK CREEK SUB - UT	537,923.20	537,923.20	0.00
0 362.24	STATION EQUIP - TODD'S JCT SUB - UT	1,878,761.40	1,878,761.40	0.00
0 362.25	STATION EQUIP - TWIN CITIES SUB - UT	1,641,229.08	1,641,229.08	0.00
0 362.26	STATION EQUIP - 8 MILE GAP SUB - UT	1,143,006.77	1,143,006.77	0.00
0 362.27	STATION EQUI - 67/34.5 MOBILE SUB - UT	916,794.33	916,794.33	0.00
0 362.28	STATION EQUIP - ZIONVIEW SUB - UT	252,931.72	252,931.72	0.00
0 362.5	STATION EQUIP - COLO CITY SUB - AZ	142,169.39	142,169.39	0.00
0 362.51	STATION EQUIP - FREDONIA SUB - AZ	691,193.28	691,193.28	0.00
0 362.52	STATION EQUIP - RYAN SUB - AZ	154,634.34	154,634.34	0.00
0 362.53	STATION EQUIP - HACK CANYON SUB - A	0.00	0.00	0.00
0 362.54	STATION EQUIP - PIGEON CYN SUB - AZ	0.00	0.00	0.00
0 362.55	STATION EQUIPMENT - PLX - UT	0.00	0.00	0.00
0 362.56	STATION EQUIPMENT - PLX - AZ	0.00	0.00	0.00
0 364.0	POLES, TOWERS, FIXTURES - DIST PLT - U	9,894,862.57	10,053,346.31	158,483.74
0 364.1	POLES, TOWERS, FIXTURES - DIST PLT - A	1,399,104.51	1,399,104.51	0.00
0 365.0	OH CONDUCTORS & DEVICES - DIST PLT -	11,037,001.62	11,288,019.18	251,017.56
0 365.1	OH CONDUCTORS & DEVICES - DIST PLT -	2,464,847.27	2,464,847.27	0.00
0 366.0	UNDERGROUND CONDUIT - DIST PLT - UT	257,293.50	265,147.08	7,853.58
0 366.1	UNDERGROUND CONDUIT - DIST PLT - AZ	10,588.09	10,588.09	0.00
0 367.0	UG CONDUCTORS & DEVICES - DIST PLT -	4,467,495.41	4,632,000.13	164,504.72
0 367.1	UG CONDUCTORS & DEVICES - DIST PLT -	110,379.77	110,379.77	0.00
0 368.0	LINE TRANSFORMERS - DIST PLANT - UT	12,084,982.01	12,655,164.05	570,182.04
0 368.1	LINE TRANSFORMERS - DIST PLANT - AZ	913,888.11	994,897.20	81,009.09
0 369.0	SERVICES - DIST PLANT - UT	3,755,112.71	3,949,051.94	193,939.23
0 369.1	SERVICES - DIST PLANT - AZ	362,573.63	362,573.63	0.00
0 370.0	METERS - DIST PLANT - UT	3,513,788.66	3,596,928.90	83,140.24
0 370.01	METERS - DIST PLANT 15 YR - UT	1,178,278.98	1,819,309.74	641,030.76
0 370.02	METERS - DIST PLANT 15 YR - AZ	40,357.71	40,357.71	0.00
0 370.1	METERS - DIST PLANT - AZ	310,783.06	395,393.02	84,609.96
0 371.0	INSTALL ON CUST PREMISES - DIST PLT -	120,393.68	122,130.28	1,736.60
0 371.1	INSTALL ON CUST PREMISES - DIST PLT -	8,375.62	8,375.62	0.00
0 373.0	STREET LIGHTS & SIGNAL SYS - DIST PLT	99,756.71	99,756.71	0.00

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1. Total Utility Plant in Service			
0 373.1	8,104.71	8,104.71	0.00
0 389.0	286,441.17	286,441.17	0.00
0 390.0	4,616,005.13	4,666,094.13	50,089.00
0 391.0	1,513,366.67	1,737,967.46	224,600.79
0 392.1	39,181.29	39,181.29	0.00
0 392.2	2,582,927.23	2,851,943.46	269,016.23
0 392.3	47,343.50	47,343.50	0.00
0 392.4	1,244,063.39	1,320,463.47	76,400.08
0 393.0	0.00	0.00	0.00
0 394.0	138,704.50	140,667.49	1,962.99
0 395.0	619,705.85	658,974.34	39,268.49
0 396.0	5,578,824.70	6,102,323.53	523,498.83
0 397.0	361,996.83	382,648.38	20,651.55
0 397.01	0.00	0.00	0.00
0 397.02	406,873.76	406,873.76	0.00
0 398.0	815,007.47	907,480.73	92,473.26
Total for Line 1:	123,962,874.10	127,498,342.84	3,535,468.74
2. Construction Work in Progress			
0 107.2	2,397,059.57	4,929,170.12	2,532,110.55
0 107.25	0.00	48,180.13	48,180.13
0 107.3	30,317.94	23,617.92	-6,700.02
Total for Line 2:	2,427,377.51	5,000,968.17	2,573,590.66
3. Total Utility Plant (1 + 2)			
	126,390,251.61	132,499,311.01	6,109,059.40
4. Accum. Provision for Depreciation and Amort.			
0 108.2	-587,169.81	-619,088.09	-31,918.28
0 108.21	-187,650.84	-203,508.60	-15,857.76
0 108.31	-2,639,560.61	-2,687,658.96	-48,098.35
0 108.32	-820,580.59	-854,880.67	-34,300.08
0 108.33	0.00	0.00	0.00
0 108.5	-9,734,180.79	-10,456,437.78	-722,256.99
0 108.51	-383,402.38	-383,402.38	0.00
0 108.52	-334,295.21	-322,656.74	11,638.47
0 108.53	0.00	0.00	0.00
0 108.54	0.00	0.00	0.00
0 108.6	-25,895,134.43	-27,727,986.06	-1,832,851.63

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4. Accum. Provision for Depreciation and Amort.				
0 108.61	ACC PROV FOR DEPREC - DIST PLANT - A	-3,109,838.07	-3,300,430.30	-190,592.23
0 108.62	ACC PROV DEP-NET LOSS/GAIN WO SYS U	2,778,492.48	2,824,619.01	46,126.53
0 108.63	ACC PROV DEP-NET LOSS/GAIN WO SYS-A	85,113.36	85,113.36	0.00
0 108.7	ACC PROV FOR DEPREC - GEN PLANT - UT	-1,841,123.14	-1,966,552.31	-125,429.17
0 108.71	ACC PROV FOR DEPREC - GEN OFF PLT - U	-1,197,136.01	-1,321,129.94	-123,993.93
0 108.72	ACC PROV FOR DEPREC TRANS EQUIP AU	-35,641.47	-36,361.47	-720.00
0 108.73	ACC PROV FOR DEP TRANS EQUIP LT TRK	-1,593,579.32	-1,727,448.66	-133,869.34
0 108.74	ACC PROV FOR DEPR TRANS EQUIP-HEAV	-47,343.50	-47,343.50	0.00
0 108.75	ACC PROV FOR DEP TRANS EQUIP TRAIL	-941,908.18	-1,013,247.51	-71,339.33
0 108.76	ACC PROV FOR DEPREC-TOOLS,GARAGE,	-96,607.28	-103,712.52	-7,105.24
0 108.77	ACC PROV FOR DEPREC- LAB EQUIP - UT	-490,993.64	-517,718.96	-26,725.32
0 108.78	ACC PROV FOR DEPREC - COMM EQUIP -	-267,068.98	-285,480.04	-18,411.06
0 108.79	ACC PROV FOR DEP - COMM EQUIP BOUL	0.00	0.00	0.00
0 108.8	RETIREMENT WORK-IN-PROGRESS	125,756.73	300,561.85	174,805.12
0 108.81	RETIREMENT WORK-IN-PROGRESS -CONT	0.00	0.00	0.00
0 108.82	RETIREMENT WORK-IN-PROGRESS - OVE	0.00	0.00	0.00
0 108.83	RETIREMENT WORK-IN-PROGRESS - ARIZ	0.00	0.00	0.00
0 108.9	ACC PROV FOR DEPREC - MISC EQUIP - UT	-611,348.23	-653,834.45	-42,486.22
0 108.91	ACC PROV FOR DEP - HEAVY EQUIPMENT	-4,317,787.64	-4,498,624.26	-180,836.62
0 108.92	ACC PROV FOR DEPREC - STORES EQUIP -	0.00	0.00	0.00
0 108.93	ACC PROV FOR DEPREC - SCADA EQUIP -	-291,952.50	-306,220.76	-14,268.26
Total for Line 4:		<u>-52,434,940.05</u>	<u>-55,823,429.74</u>	<u>-3,388,489.69</u>
5. Net Utility Plant (3 - 4)		73,955,311.56	76,675,881.27	2,720,569.71
6. Non-Utility Property (Net)				
Total for Line 6:		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
7. Invest. in Subsidiary Companies				
0 123.12	INVESTMENT IN GARKANE PROPANE INC.	1,478,228.55	1,478,228.55	0.00
0 123.13	LONG TERM NOTES RECEIVABLE - GARK	0.00	0.00	0.00
0 123.14	UNDISTRIBUTED SUBSIDIARY EARNINGS	1,785,208.41	1,710,257.27	-74,951.14
Total for Line 7:		<u>3,263,436.96</u>	<u>3,188,485.82</u>	<u>-74,951.14</u>
8. Invest. in Assoc. Org. - Patronage Capital				
0 123.0	INVEST ASSOC ORGANIZATION - NRUCFC	969,001.49	1,012,411.66	43,410.17
Total for Line 8:		<u>969,001.49</u>	<u>1,012,411.66</u>	<u>43,410.17</u>
9. Invest. in Assoc. Org. - Other - General Funds				

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9. Invest. in Assoc. Org. - Other - General Funds			
0 123.01 INVEST IN ASSOC ORGANIZATION - LPAC	0.00	0.00	0.00
Total for Line 9:	0.00	0.00	0.00
10. Invest. in Assoc. Org. - Other - Nongeneral Funds			
0 123.22 INVESTMENTS IN CAPITAL TERM CERTIFI	985,697.77	975,973.47	-9,724.30
0 123.23 OTHER INVEST. IN ASSOC. ORG. - NRUCFC	1,000.00	1,000.00	0.00
0 123.24 NRUCFC - MEMBER CAPITAL SECURITIES	50,000.00	50,000.00	0.00
0 123.25 OTHER INVESTMENT IN ASSOC ORG - CO	1,000.00	1,000.00	0.00
Total for Line 10:	1,037,697.77	1,027,973.47	-9,724.30
11. Invest. in Economic Development Projects			
Total for Line 11:	0.00	0.00	0.00
12. Other Investments	0.00	0.00	0.00
13. Special Funds			
0 128.0 OTHER SPEC FUNDS-UNCLAIMED CAPTL	9,398.85	7,723.34	-1,675.51
0 128.01 OTHER SPECIAL FUNDS - ROUNDUP PROG	19,539.09	14,015.47	-5,523.62
0 128.1 SPECIAL FUNDS - DEF COMP - CARL ALBR	0.00	0.00	0.00
0 128.12 SPECIAL FUNDS - DEF COMP - MARION CH	0.00	0.00	0.00
0 128.13 SPECIAL FUNDS - DEF COMP - IRA M AVA	47,737.14	54,024.04	6,286.90
Total for Line 13:	76,675.08	75,762.85	-912.23
14. Total Other Property & Investments (6 thru 13)	5,346,811.30	5,304,633.80	-42,177.50
15. Cash - General Funds			
0 131.0 CASH - CACHE VALLEY BANK-GENERAL	556,151.58	209,549.09	-346,602.49
0 131.01 CASH - ZIONS BANK - HATCH - GENERAL	93,510.08	75,641.18	-17,868.90
0 131.02 CASH - SBSU TWIN CITIES FUND ACCOUN	28,970.19	26,149.10	-2,821.09
0 131.1 CASH - GENERAL FUND - SBSU	1,486,471.74	2,036,494.96	550,023.22
0 131.11 CASH - PAYROLL ACCOUNT	250.00	250.32	0.32
0 131.12 CAPITAL CREDIT ALLOCATION FUND	185,276.64	458,918.60	273,641.96
0 131.13 CASH - GENERAL FUND - ONLINE PAYME	104,893.87	74,807.86	-30,086.01
0 131.14 CASH - CREDIT CARD PAYMENT ACCOUN	289,094.02	146,360.53	-142,733.49
0 131.15 CASH - HEALTH & VISION CARE FUND	54,373.17	62,117.22	7,744.05
0 131.4 TRANSFER OF CASH - CLEARING ACCOUN	0.00	0.00	0.00
0 131.99 CASH - CLEARING ACCT	791.73	-7,556.50	-8,348.23
0 135.0 WORKING FUND - PETTY CASH	1,053.00	1,225.06	172.06
Total for Line 15:	2,800,836.02	3,083,957.42	283,121.40
16. Cash - Construction Funds - Trustee			

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16. Cash - Construction Funds - Trustee			
0 131.2 CASH - REA CONSTRUCTION FUND	0.00	0.00	0.00
Total for Line 16:	0.00	0.00	0.00
17. Special Deposits	0.00	0.00	0.00
18. Temporary Investments			
0 136.0 TEMPORARY CASH INVESTMENTS	0.00	0.00	0.00
Total for Line 18:	0.00	0.00	0.00
19. Notes Receivable (Net)			
Total for Line 19:	0.00	0.00	0.00
20. Accounts Receivable - Sales of Energy (Net)			
0 142.0 CONSUMER ACCTS RECEIVABLE - ELECT	3,166,468.90	2,776,283.15	-390,185.75
0 142.99 A/R DISC ACCTS WITH CREDIT BALANCE	4,428.27	8,958.09	4,529.82
0 144.1 ACCUM. PROV. FOR UNCOLLECTABLE CO	-95,172.24	-95,172.24	0.00
Total for Line 20:	3,075,724.93	2,690,069.00	-385,655.93
21. Accounts Receivable - Other (Net)			
0 142.1 CONSUMER ACCTS RECEIVABLE - RETUR	18,527.41	18,527.41	0.00
0 142.11 CONSUMER ACCTS RECEIVABLE - DISCO	153,836.94	176,292.70	22,455.76
0 143.0 OTHER ACCOUNTS RECEIVABLE	143,422.80	62,563.06	-80,859.74
0 143.1 OTHER ACCOUNTS RECEIVABLE - EMPLO	0.00	0.00	0.00
0 143.11 ACCOUNTS RECEIVABLE OTHER - MISC	748,486.00	747,822.22	-663.78
0 143.12 ACCTS RECEIVABLE - MISC CLEARING AC	9,151.00	0.00	-9,151.00
0 143.13 EMPLOYEES ACCTS RECEIVABLE - AFLA	0.00	0.00	0.00
0 143.15 ACCOUNTS RECEIVABLE OTHER - CEO/G	172.99	169.80	-3.19
0 143.16 ACCOUNTS RECEIVABLE OTHER - BORIN	0.00	0.00	0.00
0 143.2 MISC ACCTS RECEIVABLE - SKYLINE LU	0.00	0.00	0.00
0 143.21 ACCTS RECEIVABLE - AIC CONTRACTS	-756.89	0.00	756.89
0 143.22 A/R OTHER - SOLAR PROJECT (DESERET)	0.00	0.00	0.00
0 143.23 A/R OTHER - URECA	53.93	0.00	-53.93
0 143.24 A/R OTHER - SOLAR PROJECT #2	15,803.31	0.00	-15,803.31
0 143.25 A/R OTHER - WASHINGTON DC YOUTH TO	2,160.46	2,160.46	0.00
0 143.26 A/R OTHER - FREMONT IRRIGATION HYD	0.00	0.00	0.00
0 143.27 A/R OTHER - SOLAR PROJECT #3	0.00	3,058.89	3,058.89
0 143.3 ACCTS RECEIVABLE OTHER - GARKANE P	155,263.38	281,744.12	126,480.74
0 143.4 ACCTS RECEIVABLE - FIREPLACE & HEAT	0.00	0.00	0.00
0 143.5 ACCOUNTS RECEIVABLE-WORK FOR OTH	0.00	0.00	0.00
0 143.6 A/R OTHER - LARGE SOLAR INTERCONNE	0.00	0.00	0.00

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21. Accounts Receivable - Other (Net)			
0 143.9 CLEARING ACCOUNT VOID BAD CHECKS	0.00	0.00	0.00
Total for Line 21:	1,246,121.33	1,292,338.66	46,217.33
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other			
0 154.0 MATERIALS & SUPPLIES	3,282,292.89	3,565,352.31	283,059.42
0 155.0 MERCHANDISE	42,046.40	42,046.40	0.00
0 163.0 STORES EXPENSE UNDISTRIBUTED	111,657.55	405,713.17	294,055.62
Total for Line 23:	3,435,996.84	4,013,111.88	577,115.04
24. Prepayments			
0 165.0 PREPAYMENTS	711,319.86	479,942.52	-231,377.34
0 165.01 PREPAYMENTS - SUBSTATION PLX	76,495.13	76,495.13	0.00
0 165.1 PREPAID INSURANCE	71,645.00	71,748.64	103.64
0 165.11 PREPAID HEALTH INSURANCE	0.00	0.00	0.00
0 165.12 PREPAID PENSIONS & BENEFITS - NRECA	0.00	0.00	0.00
0 165.15 PREPAID WORKERS COMP	6,165.81	32,987.44	26,821.63
0 165.16 PREPAID SOFTWARE LICENSE - PARTNER	18,661.50	3,899.94	-14,761.56
0 165.17 PREPAID SOFTWARE SUBSCRIPTION - RE	0.00	2,000.00	2,000.00
0 165.18 PREPAID SOFTWARE LICENSE-STAKING S	0.00	12,000.00	12,000.00
0 165.19 PREPAID SALES TAX PENALTY	0.00	0.00	0.00
0 165.2 PREPAID ENERGY EFFICIENCY PROGRAM	0.00	0.00	0.00
0 165.3 PREPAID HSA CONTRIBUTIONS	0.00	0.00	0.00
0 165.31 PREPAYMENTS - SPECIAL EQUIPMENT LA	0.00	0.00	0.00
Total for Line 24:	884,287.30	679,073.67	-205,213.63
25. Other Current and Accrued Assets			
0 171.0 INTEREST & DIVIDEND RECEIVABLES - C	6,746.16	6,346.52	-399.64
0 171.1 INTEREST & DIVIDEND RECEIVABLE - OT	-400.00	0.00	400.00
Total for Line 25:	6,346.16	6,346.52	0.36
26. Total Current and Accrued Assets (15 thru 25)	11,449,312.58	11,764,897.15	315,584.57
27. Deferred Debits			
0 183.0 PREM SURVEY & INVESTIGATION - MISC	0.00	0.00	0.00
0 183.01 PREM INVEST CHGS - LAKE POWELL PIPE	1,952.36	1,952.36	0.00
0 183.02 PRELIMINARY SUR & INVESTIGATION - W	13,699.87	16,800.47	3,100.60
0 183.03 PRELIMINARY COSTS - PANGUITCH CIT	554.68	554.68	0.00
0 183.04 PRELIMINARY INVESTIGATION - ARMAN	7,703.35	7,703.35	0.00
0 183.05 PRELIMINARY INVESTIGATION - NATURA	1,265.00	1,265.00	0.00

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BALANCE SHEET FOR DEC 2019

	Last Year	This Year	Variance
27. Deferred Debits			
0 183.06 PRELIMINARY-MCRAE/BUCKSKIN SUB V	0.00	10,968.86	10,968.86
0 184.1 CLEARING ACCT. - TRANSPORTATION EX	146,910.32	15,729.75	-131,180.57
0 184.11 CLEARING ACCT - PAYROLL DECUCTION	0.00	0.00	0.00
0 184.12 CLEARING ACCT. - CASH FROM THE SALE	0.00	0.00	0.00
0 184.13 CLEARING ACCT. - WORK ORDER REFUN	323.27	323.27	0.00
0 184.2 CLEARING ACCOUNT - HEALTH INSURAN	0.00	0.00	0.00
0 184.22 CLEARING ACCT - EMPLOYEES CONTR. 40	0.00	0.00	0.00
0 184.23 CLEARING ACCT - NRECA LOAN - EMPLO	0.04	0.00	-0.04
0 184.24 CLEARING ACCT - EMPLOYEE MISC PAYR	-216.33	0.00	216.33
0 184.25 CLEARING ACCT - CONNECT & COLLECTI	0.00	0.00	0.00
0 184.26 EMPLOYEE'S CONTR - NRECA SAVINGS	0.00	0.00	0.00
0 184.27 CLEARING ACCT - PAYROLL DEDUCT. CR	0.00	0.00	0.00
0 184.28 CLEARING ACCT. CONSUMER ACCTS REC	-5,222.41	-4,923.98	298.43
0 184.29 CLEARING ACCT - WHEELING REVENUE B	0.00	0.00	0.00
0 184.3 CLEARING ACCT - NRECA GROUP LIFE IN	0.00	0.00	0.00
0 184.31 CLEARING ACCT - HSA PAYROLL DEDUC	482.50	0.00	-482.50
0 184.32 CLEARING ACCOUNT - DENTAL INSURAN	8,122.89	6,450.99	-1,671.90
0 184.33 CLEARING ACCOUNT - NRECA R&S	0.00	0.00	0.00
0 184.34 CLEARING ACCOUNT - VISION INSURANC	0.00	0.00	0.00
0 184.4 CLEARING ACCT - POST RET BENFITS	-3,233.22	0.00	3,233.22
0 184.5 CLEARING ACCT. - WORK ORDERS	-18,111.82	0.00	18,111.82
0 184.51 CLEARING ACCT. - KCWCD REIMBURSEM	0.00	-4,000.00	-4,000.00
0 184.52 CLEARING ACCT. - LINE EXTENSION REF	0.00	-1,103.14	-1,103.14
0 184.6 OTHER DEFERRED DEBITS - UNCLAIMED	24,932.21	24,932.21	0.00
Total for Line 27:	<u>179,162.71</u>	<u>76,653.82</u>	<u>-102,508.89</u>
28. Total Assets and Other Debits (5 + 14 + 26 + 27)	<u>90,930,598.15</u>	<u>93,822,066.04</u>	<u>2,891,467.89</u>

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BALANCE SHEET FOR DEC 2019

	Last Year	This Year	Variance
LIABILITIES AND OTHER CREDITS			
29. Memberships	0.00	0.00	0.00
30. Patronage Capital			
0 201.1 PATRON'S CAPITAL CREDITS	35,480,489.64	36,043,450.60	562,960.96
0 201.2 PATRONAGE CAPITAL ASSIGNABLE	8,469,206.70	8,187,715.01	-281,491.69
Total for Line 30:	43,949,696.34	44,231,165.61	281,469.27
31. Operating Margins - Prior Years			
0 998.2 PROFIT CLEARING NON-OPERATING	-467,349.26	-473,038.18	-5,688.92
Total for Line 31:	-467,349.26	-473,038.18	-5,688.92
32. Operating Margins - Current Year			
0 998.1 PROFIT CLEARING OPERATING	-1,876,474.65	-1,023,224.48	853,250.17
Current Fiscal Margins	1,876,474.65	1,023,224.48	-853,250.17
Total for Line 32:	0.00	0.00	0.00
33. Non-Operating Margins			
0 219.1 OPERATING MARGINS	0.00	0.00	0.00
Current Fiscal Margins	467,349.26	473,038.18	5,688.92
Total for Line 33:	467,349.26	473,038.18	5,688.92
34. Other Margins and Equities			
0 208.1 DONATED CAPITAL	0.00	0.00	0.00
0 216.1 UNDISTRIBUTED SUBSIDIARY EARNINGS	2,085,208.41	2,110,257.27	25,048.86
0 217.0 RETIRED CAPITAL CREDITS - GAIN	1,912.97	12,868.45	10,955.48
0 219.2 NON-OPERATING MARGINS - SUBSIDIARY D	433,932.00	433,932.00	0.00
0 219.21 NONOPERATING MARGINS PRIOR YRS NO	4,841,860.35	4,841,860.35	0.00
0 219.4 OTHER MARGINS & EQUITIES - PRIOR	0.00	0.00	0.00
Total for Line 34:	7,362,913.73	7,398,918.07	36,004.34
35. Total Margins & Equities (29 thru 34)	51,312,610.07	51,630,083.68	317,473.61
36. Long-Term Debt - CFC (Net)			
0 123.21 OTHER INVESTMENTS - NRUCFC CAPITAL	0.00	0.00	0.00
0 224.11 OTHER LONG-TERM DEBT-SUBSCRIPT. CF	0.00	0.00	0.00
0 224.12 OTHER LONG-TERM DEBT - CFC	37,334,967.86	35,515,563.48	-1,819,404.38
0 224.13 CFC NOTES EXECUTED - DEBIT	-7,850,000.00	-7,850,000.00	0.00
Total for Line 36:	29,484,967.86	27,665,563.48	-1,819,404.38
37. Long-Term Debt - Other (Net)			
0 224.02 OTHER LONG TERM DEBT - KCWCD	487,650.27	473,031.68	-14,618.59

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BALANCE SHEET FOR DEC 2019

	Last Year	This Year	Variance
37. Long-Term Debt - Other (Net)			
Total for Line 37:	487,650.27	473,031.68	-14,618.59
38. Total Long-Term Debt (36 + 37)	29,972,618.13	28,138,595.16	-1,834,022.97
39. Obligations Under Capital Leases	0.00	0.00	0.00
40. Accumulated Operating Provisions			
0 228.29 ACCUM PROV FOR POST BENEFITS - RET	0.00	0.00	0.00
0 228.3 ACCUMULATED PROV FOR PENSIONS & B	0.00	0.00	0.00
0 228.34 ACC PROV DEF COMP - IRA M AVANT	47,737.14	54,024.04	6,286.90
Total for Line 40:	47,737.14	54,024.04	6,286.90
41. Total Other Noncurrent Liabilities (39 + 40)	47,737.14	54,024.04	6,286.90
42. Notes Payable	0.00	0.00	0.00
43. Accounts Payable			
0 232.1 ACCOUNTS PAYABLE - GENERAL	464,258.15	315,460.77	-148,797.38
0 232.11 ACCOUNTS PAYABLE - OTHER	1,876,901.49	1,923,374.34	46,472.85
0 232.12 ACCOUNTS PAYABLE - UNCASHED GENE	5,353.66	5,353.66	0.00
0 232.13 ACCOUNTS PAYABLE OTHER - ROUNDUP	20,432.04	14,296.61	-6,135.43
0 232.14 ACCOUNTS PAYABLE - VISION CARE FUN	0.00	0.00	0.00
0 232.15 ACCTS PAYABLE - UREA PAC FUND	0.00	0.00	0.00
0 232.16 A/P POST RET BENFITS - EMPLOYEES/DIR	0.00	0.00	0.00
Total for Line 43:	2,366,945.34	2,258,485.38	-108,459.96
44. Consumers Deposits			
0 235.0 CONSUMER DEPOSITS - ELECTRIC	549,225.51	545,732.82	-3,492.69
0 235.1 HOME RENTAL DEPOSITS	900.00	400.00	-500.00
Total for Line 44:	550,125.51	546,132.82	-3,992.69
45. Current Maturities Long-Term Debt			
0 233.0 CURRENT MATURITIES LONG TERM DEBT	1,767,459.97	1,819,404.46	51,944.49
0 233.01 CURRENT MATURITIES LONG TERM DEBT	14,341.79	14,618.59	276.80
0 233.02 NOTE PAYABLE - CFC LINE OF CREDIT	0.00	4,550,000.00	4,550,000.00
Total for Line 45:	1,781,801.76	6,384,023.05	4,602,221.29
46. Current Maturities Long-Term Debt - Econ. Devel.	0.00	0.00	0.00
47. Current Maturities Capital Leases			
Total for Line 47:	0.00	0.00	0.00
48. Other Current and Accrued Liabilities			
0 236.1 ACCRUED PROPERTY TAXES	55,000.00	55,000.00	0.00

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BALANCE SHEET FOR DEC 2019

		Last Year	This Year	Variance
48. Other Current and Accrued Liabilities				
0 236.2	ACCRUED FEDERAL UNEMPLOYMENT TA	0.00	0.00	0.00
0 236.3	ACCRUED FICA TAX	0.00	336.85	336.85
0 236.4	ACCRUED STATE UNEMPLOYMENT TAX	89.31	113.21	23.90
0 236.47	ACCRUED MUNICIPAL ENERGY SALES TA	59,623.08	36,402.86	-23,220.22
0 236.5	ACCRUED UTAH STATE SALES TAX	126,747.30	83,965.55	-42,781.75
0 236.51	ACCRUED UTAH RESORT TAX PAYABLE	0.00	0.00	0.00
0 236.52	ACCRUED ARIZONA STATE SALES TAX	18,955.15	22,312.92	3,357.77
0 236.53	ACCRUED MOHAVE CO UTILITY GROSS R	65,592.29	64,937.82	-654.47
0 237.2	ACCRUED INTREST NRUCFU LOAN	112,064.02	103,179.39	-8,884.63
0 237.21	ACCRUED INTREST KCWCD LOAN	4,844.22	4,705.80	-138.42
0 237.22	ACCRUED INTEREST - NRUCFC LINE OF C	0.00	0.00	0.00
0 237.3	ACCRUED INTEREST ON CONSUMER DEP	67,141.63	66,829.01	-312.62
0 238.1	PATRONAGE CAPITAL & PATRONAGE RE	385,914.57	955,266.18	569,351.61
0 238.11	PATRONAGE CAPITAL CREDITS RETIRED	48,043.83	45,357.01	-2,686.82
0 238.99	PATRONAGE CAP CREDITS RETIRED CLE	5.18	1,226.95	1,221.77
0 241.0	FEDERAL WITHHOLDING TAX	0.00	0.00	0.00
0 241.1	STATE WITHHOLDING TAX	0.00	3,000.00	3,000.00
0 242.2	ACCRUED PAYROLL	412,045.16	57,275.53	-354,769.63
0 242.3	EMPLOYEES ACCRUED PERSONAL LEAVE	1,204,227.56	1,238,677.19	34,449.63
0 242.31	ACCRUED LIABILITY FOR COMPENSATED	116,418.17	117,722.06	1,303.89
0 242.32	DONATED PERSONAL LEAVE BANK - SPE	1,410.02	1,410.02	0.00
0 242.33	CURRENT LIABILITY - DEFERRED COMP	0.00	0.00	0.00
0 242.99	PAYROLL CLEARING ACCOUNT	0.00	0.00	0.00
	Total for Line 48:	<u>2,678,121.49</u>	<u>2,857,718.35</u>	<u>179,596.86</u>
49. Total Current & Accrued Liabilities (42 thru 48)		7,376,994.10	12,046,359.60	4,669,365.50
50. Deferred Credits				
0 253.0	OTHER DEFERED CRS-UNCLAIMED CAPT	138,762.60	105,378.09	-33,384.51
0 253.1	CONSUMER DONATION - WARM PROGRA	0.00	0.00	0.00
0 253.2	DEFERRED CREDITS - IMPACT FEES UTAH	1,318,209.39	1,282,004.70	-36,204.69
0 253.3	DEFERRED CREDITS - IMPACT FEES ARIZ	138,041.53	165,343.42	27,301.89
0 253.4	DEFERRED CREDITS - ENERGY EFFICIENC	436,615.69	266,216.09	-170,399.60
0 253.5	DEFERRED CREDITS - STORES SPREAD	0.00	0.00	0.00
0 257.0	UNAMORTIZED GAIN ON REACQUIRED D	189,009.50	134,061.26	-54,948.24
	Total for Line 50:	<u>2,220,638.71</u>	<u>1,953,003.56</u>	<u>-267,635.15</u>
51. Total Liab. & Other Credits (35+38+41+49+50)		<u>90,930,598.15</u>	<u>93,822,066.04</u>	<u>2,891,467.89</u>

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BALANCE SHEET FOR DEC 2019

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION			
Balance Beginning of Year	-26,564,688.07		
Amounts Received This Year (Net)	-2,267,129.80		
TOTAL Contributions-In-Aid-Of-Construction	<u>-28,831,817.87</u>		

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PARAMETERS ENTERED:**Period:** DEC 2019**Standard Financial:** CFC Form 7**Group By:** All**Division:** All**Department:** All**Format:** Detail**Include Departments:** No**Round To Whole Dollars:** No**Report Basis:** Calendar Year**Budget Revision:** 1**Financial And Statistical Data:** No**Compare:** Budget

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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Kimball & Roberts

A Professional Corporation
Certified Public Accountants
176 North Main • P.O. Box 663
Richfield, Utah 84701

INDEPENDENT AUDITOR'S REPORT

Garkane Energy Cooperative, Inc. and Subsidiary
PO Box 465
Loa, Utah 84747

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the business-type activities of Garkane Energy Cooperative, Inc. and Subsidiary as of and for the years ended December 31, 2019 and 2018, and the related statements of revenue and patronage capital and cash flows for the years then ended, which collectively comprise the Corporation's financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Garkane Energy Cooperative, Inc. and Subsidiary at December 31, 2019 and 2018, and the respective changes in consolidated financial position and consolidated cash flows, thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Garkane Energy Cooperative, Inc. and Subsidiary's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2020, on our consideration of Garkane Energy Cooperative, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Garkane Energy Cooperative, Inc. and Subsidiary's internal control over financial reporting and compliance.

Kimball & Roberts, PC

Certified Public Accountants

February 19, 2020
Richfield, Utah

BASIC FINANCIAL STATEMENTS

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Utility Plant:		
Electric Plant in Service, At Cost	\$127,498,343	\$123,962,874
Construction Work-in-Progress	5,000,968	2,427,378
Total	<u>132,499,311</u>	<u>126,390,252</u>
Less: Accumulated Depreciation	<u>(55,823,430)</u>	<u>(52,434,940)</u>
Net Utility Plant	<u>76,675,881</u>	<u>73,955,312</u>
Property and Investments, At Cost:		
Non-Utility Property - Net	3,123,585	2,953,983
Investments in Associated Companies	2,040,385	2,006,699
Other Investments	75,763	76,675
Total Property and Investments, At Cost	<u>5,239,733</u>	<u>5,037,357</u>
Current Assets:		
Cash in Banks	3,378,061	3,265,305
Accounts Receivable	4,754,302	4,960,553
Allowance for Doubtful Accounts	(129,929)	(122,301)
Materials and Supplies (Average Cost)	4,110,259	3,575,481
Other Current Assets	796,538	1,090,264
Total Current Assets	<u>12,909,231</u>	<u>12,769,302</u>
TOTAL ASSETS	<u>\$ 94,824,845</u>	<u>\$ 91,761,971</u>
EQUITIES AND LIABILITIES		
Equities and Margins:		
Patrons Capital	<u>51,630,084</u>	<u>51,312,610</u>
Long-Term Debt:		
Other Long-Term Debt	473,032	487,650
CFC Mortgage Notes	<u>27,665,563</u>	<u>29,484,968</u>
Total Noncurrent Liabilities	<u>28,138,595</u>	<u>29,972,618</u>
Other Noncurrent Liabilities:		
Accumulated Operating Provisions	54,024	47,737
Deferred Income Tax Liability	<u>446,267</u>	<u>433,261</u>
Total Other Noncurrent Liabilities	<u>500,291</u>	<u>480,998</u>
Current Liabilities:		
Accounts Payable	2,623,961	2,554,423
Customer Deposits	560,068	564,261
Current Maturities of Long-Term Debt	6,384,023	1,781,802
Other Current and Accrued Liabilities	<u>3,034,819</u>	<u>2,874,620</u>
Total Current Liabilities	<u>12,602,871</u>	<u>7,775,106</u>
Deferred Credits	<u>1,953,004</u>	<u>2,220,639</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 94,824,845</u>	<u>\$ 91,761,971</u>

The notes to the financial statements are an integral part of this statement.

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF REVENUE AND PATRONAGE CAPITAL
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenues:		
Electricity Sales	\$25,490,349	\$25,158,086
Propane Sales	3,796,508	3,357,731
	29,286,857	28,515,817
Operating Expenses:		
Power Production	316,689	247,820
Cost of Purchased Power	10,156,349	9,543,135
Cost of Propane Sales	2,512,808	2,394,214
Transmission Expenses	561,858	569,751
Distribution Expenses - Operation	1,076,987	1,005,466
Distribution Expenses - Maintenance	1,876,169	1,805,817
Consumer Accounts	738,832	815,057
Customer Service Informational Expense	159,466	171,087
Sales Expenses	134,705	121,584
Administrative and General Expense	5,095,438	4,719,034
Depreciation and Amortization Expense	3,751,776	3,438,764
Taxes	760,062	735,347
Interest on Long-Term Debt	1,238,600	1,153,602
Other Interest	14,594	16,582
Other Deductions	22,016	29,093
	28,416,349	26,766,353
Total Operating Expenses and Interest		
	870,508	1,749,464
Net Operating Margins (Deficit)		
Non-Operating Margins:		
Interest Income	40,968	21,706
Gain (Loss) on Disposition of Property	60,227	76,247
Amortized Gain On RUS Loan Discount	54,948	54,948
Amortized Gain From Impact Fees	306,101	310,151
Miscellaneous Non-Operating Income	8,238	13,350
Net Income From Other Operations	10,356	32,198
	480,838	508,600
Total Non-Operating Margins		
Other Capital Credits and Allocations	169,966	142,747
Net Income Before Taxes	1,521,312	2,400,811
Provision for Income Taxes	-	(13,156)
Net Margins for Period	1,521,312	2,387,655
Patronage Capital - Beginning of Year	51,312,610	49,906,271
Retirement of Capital Credits	(1,203,838)	(981,316)
Patronage Capital - End of Year	\$51,630,084	\$51,312,610

The notes to the financial statements are an integral part of this statement.

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Net Margins	\$ 1,521,312	\$ 2,297,671
Adjustments to Reconcile Net Margins for Cash Flows:		
Depreciation and Amortization	3,751,776	3,438,764
Gain (Loss) on Disposal of Assets	(205,384)	47,975
Provision for Income Tax	-	(13,156)
Amortization of Deferred Gains & Impact Fees Collected	-	(365,099)
Increase (Decrease) in Operating Assets:		
Accounts Receivable	213,879	(680,870)
Inventory	(534,778)	(695,163)
Other Current and Accrued Assets	293,728	(38,529)
Increase (Decrease) in Operating Liabilities:		
Customer Deposits	(4,193)	(117,714)
Accounts Payable	69,538	(30,836)
Accrued Liabilities	160,199	716,234
	<u>5,266,077</u>	<u>4,559,277</u>
Net Cash Provided By Operating Activities		
	<u>5,266,077</u>	<u>4,559,277</u>
Cash Flows From Noncapital Financing Activities:		
Increase (Decrease) Deferred Credits	(267,635)	91,797
Increase (Decrease) Deferred Tax Liability	13,005	5,605
Increase (Decrease) Accumulated Operating Provisions	6,287	11,913
	<u>(248,343)</u>	<u>109,315</u>
Net Cash Used for Financing Activities		
	<u>(248,343)</u>	<u>109,315</u>
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Sale of Equipment	-	28,272
Subsidiary Earnings and Dividends	(100,000)	(100,000)
	<u>(100,000)</u>	<u>(71,728)</u>
Net Cash Used for Financing Activities		
	<u>(100,000)</u>	<u>(71,728)</u>
Cash Flows From Investing Activities:		
Change in Property, Plant and Equipment	(6,436,564)	(4,606,991)
Interest and Dividends	-	21,706
Other Investments	42,177	(55,735)
	<u>(6,394,387)</u>	<u>(4,641,020)</u>
Net Cash Used in Investing Activities		
	<u>(6,394,387)</u>	<u>(4,641,020)</u>
Cash Flows From Financing Activities:		
Margins and Equities	(1,178,789)	(981,316)
Long-Term Borrowing	4,602,221	4,150,000
Long-Term Debt Retirement	(1,834,023)	(1,708,880)
	<u>1,589,409</u>	<u>1,459,804</u>
Net Cash Used in Financing Activities		
	<u>1,589,409</u>	<u>1,459,804</u>
Increase (Decrease) in Cash and Investments	112,756	1,415,648
Cash and Investments - Beginning of Year	3,265,305	1,849,657
Cash and Investments - End of Year	<u>\$ 3,378,061</u>	<u>\$ 3,265,305</u>
Supplemental Information for Statement of Cash Flows:		
Interest Paid	\$ 1,262,530	\$ 1,138,558
Income Tax Paid	\$ -	\$ 6,986

The notes to the financial statements are an integral part of this statement.

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note describes various significant accounting policies related to the Garkane Energy Cooperative, Inc. (Garkane) financial statement presentation. Some accounting policies are presented with the applicable note disclosure item.

Nature of Operations:

Garkane is a non-profit, cooperative association organized to provide retail electric service to residential and commercial accounts in a designated service area. Garkane provides electric service to south-central Utah and northern Arizona. Garkane's wholly owned subsidiary is Garkane Propane, Inc., which also provides propane service to south-central Utah and northern Arizona. Garkane Propane, Inc., is a Utah corporation subject to federal and state income taxes.

Reporting Entity:

In addition to Garkane's financial statements, the financial reports of Garkane include the financial statements of its wholly owned subsidiary, Garkane Propane, Inc. The financial statements are presented on a consolidated basis.

Consolidating Policy:

Garkane's financial statements include a wholly owned subsidiary, Garkane Propane, Inc. The subsidiary follows the same reporting method and year-end. Inter-entity balances and transactions have been eliminated. The Subsidiary's condensed financial statements and description of the consolidation are included in these notes.

Basis of Accounting and System of Accounts:

The accompanying financial statements have been prepared using the accrual basis of accounting. Garkane's accounting records are maintained in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission.

Electric Plant, Maintenance and Depreciation:

The electric plant is stated at the original cost of construction which includes the cost of contracted services, direct labor, materials and overhead items less contribution from others toward the construction of the electric plant. All additions and retirements of the plant are recorded by means of job orders. Provision is made for depreciation on a straight-line basis. The Public Service Commission of the state wherein the property is located is informed of the depreciation rates used (see Note 4 for depreciation detail).

When property which represents a retirement unit is replaced or removed, the average cost of such property as determined from the continuing property records is credited to the electric plant and such cost, together with costs of removal less salvage is charged to the accumulated provision for depreciation.

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Maintenance and repairs, including the renewal of minor items of plant not comprising a retirement unit, are charged to the appropriate maintenance accounts, except that repairs of transportation and service equipment are charged to clearing accounts and redistributed to operation expenses and other accounts.

Electric Revenues:

Operating revenues are generated through rates established by Garkane's Board of Directors and approved by the Utah Public Service Commission and the Arizona Corporation Commission. Electric revenue is recorded as it is billed to customers on a cyclical monthly basis (consumers are grouped into four separate bill cycles for this purpose and are billed monthly for their respective cycle).

Trade Receivables and Allowance for Doubtful Accounts:

Customer billing statements are mailed monthly. Customer bills are due 20 days following the billing date. Meter disconnection begins for customers two months overdue. Delinquent balances of disconnected customers are tracked separately and collection efforts increase including collecting agencies. Customer balances are retained in case of customer reconnection, etc.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions regarding 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 revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, all highly liquid debt instruments purchased with a maturity of three months or less or which are subject to demand liquidation are considered to be cash equivalents.

Inventory:

Materials held in inventory are accounted for using the moving average cost method which is not in excess of market. Obsolete inventory items are written off as considered necessary.

Sales Tax:

Revenues are reported in the income statement net of sales tax.

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Income Tax:

Garkane is a regulated, non-profit Cooperative that is exempt from federal and state income taxes. Garkane pays property taxes as required by local laws. The subsidiary, Garkane Propane, Inc., is a taxable entity subject to federal and state income taxes. Tax years 2016, 2017, and 2018 are still open to Federal and State taxing authorities.

Date of Subsequent Event Evaluation:

Garkane's subsequent events have been evaluated through the date of financial statement issuance of February 19, 2020.

NOTE 2 - PATRONAGE CAPITAL

Garkane is a non-stock cooperative organized to provide electric energy to its patrons. All revenues from the sale of electric energy which exceed the costs of providing such energy are considered capital contributions and are credited to patrons capital accounts based upon their total patronage. Margins received from sale of goods or services other than electric energy are non-operating margins and are credited to patron accounts at the discretion of the board according to Association by-laws. Operating losses are not allocated to patrons. These capital accounts are payable to patrons or their successors only at the discretion of the Board of Directors with permission of the regulatory bodies, provided, however, that the financial condition of the Association is not impaired.

	<u>2019</u>	<u>2018</u>
Patronage Capital, Beginning of Year	\$ 51,312,610	\$ 49,906,271
Additions:		
Operating margins (losses)	1,053,963	1,931,549
Other Capital Credits		
Nonoperating Margins	467,349	467,349
Retired Capital Credits-Gain	12,867	1,913
Deductions:		
Retirement of Patronage	(1,216,705)	(981,316)
Provision for Income Taxes	-	(13,156)
Patronage Capital, End of Year	<u>\$ 51,630,084</u>	<u>\$ 51,312,610</u>

Under the provisions of the Mortgage Agreement, the equities and margins must equal or exceed 20% of the total assets of the cooperative before the return to patrons of capital contributed by them can be distributed. In addition, any distribution is generally limited to thirty percent of the patronage capital or margins received by Garkane in the prior calendar year. The equities and margins of Garkane approximate 54.45% for 2019 and 56.43% for 2018 of the total assets at balance sheet date.

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 3 - INVESTMENT IN ASSOCIATED COMPANIES

Investments in the associated companies include the following notes receivable:

	<u>% Earnings</u>	<u>Maturity</u>	<u>2019</u>	<u>2018</u>
Patronage Capital Credits - CFC	0.0	Varies	\$ 1,012,412	\$ 969,001
Capital Term Certificates - CFC	0.0 - 5.0	2080	975,973	985,698
Class A Membership - CFC	5.0	2070	1,000	1,000
Other Investment in Association - CoBank			1,000	1,000
Member Capital Securities - CFC	7.5	2044	50,000	50,000
Total			<u>\$ 2,040,385</u>	<u>\$ 2,006,699</u>

NOTE 4 - ELECTRIC PLANT AND DEPRECIATION PROCEDURES

Depreciation is calculated on the straight-line basis using the rates disclosed below. Major classes of electric plant at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Production Plant	7,110,189	7,110,189
Transmission Plant	29,041,068	29,041,068
Distribution Plant	71,798,683	69,561,176
General Plant	19,548,403	18,250,441
Total Electric Plant in Service	127,498,343	123,962,874
Construction Work-in-Progress	5,000,968	2,427,378
Total	132,499,311	126,390,252
Accumulated Depreciation	(55,823,430)	(52,434,940)
Net Utility Plant	<u>76,675,881</u>	<u>73,955,312</u>
Annual Depreciation	<u>3,561,095</u>	<u>3,243,734</u>

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - ELECTRIC PLANT AND DEPRECIATION PROCEDURES (CONTINUED)

Provision has been made for depreciation of the classified plant in service on a straight-line basis as follows:

Depreciation - Hydraulic Production Plant	2.00 - 3.79
Depreciation - Transmission Plant	2.70
Depreciation - Distribution Plant	2.00 - 4.10
General Plant:	
Structures and Improvements	3.30
Office Furniture and Fixtures	10.00
Transportation Equipment	14.25
Stores Equipment	10.00
Tools, Shop and Garage Equipment	10.00
Laboratory Equipment	10.00
Power Operated Equipment	12.00
Communication Equipment	10.00
Miscellaneous Equipment	10.00
Depreciation - Non-Utility Propane Plant	2.00 - 10.00

NOTE 5 - OTHER INVESTMENTS

Garkane has the following other investments:

	<u>2019</u>	<u>2018</u>
Deferred Compensation - Homestead Funds	\$ 54,024	\$ 47,737
Zions Bank - Unclaimed Capital Credit Checks	7,723	9,399
Round-Up Special Fund	<u>14,016</u>	<u>19,539</u>
Total Other Investments	<u>\$ 75,763</u>	<u>\$ 76,675</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

Deposits and investments of Garkane have various levels of risk, insurance, collateral, etc. The following summarizes Garkane's deposits and investments.

	<u>2019</u>	<u>2018</u>
Demand Deposits	\$ 3,376,436	\$ 3,264,152
Petty Cash	<u>1,625</u>	<u>1,153</u>
Total Deposits and Investments	<u>\$ 3,378,061</u>	<u>\$ 3,265,305</u>
Balance Sheet Presentation:		
Current Assets, Cash	<u>\$ 3,378,061</u>	<u>\$ 3,265,305</u>

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
 Continued

NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)

All cash and temporary cash investments may be liquidated on demand. Cash and cash equivalents consist of cash on hand and in checking accounts, repurchase agreement (sweep) accounts, certificates of deposit, and money market funds. The carrying amounts for cash and cash equivalents, which approximate fair market value, were \$3,082,732 at December 31, 2019 and \$3,264,152 at December 31, 2018. Significant concentrations of deposits exceed federally insured deposit limits. As of December 31, 2019, \$2,918,591 of the bank balances of \$4,083,761 was uninsured and at risk. As of December 31, 2018, \$2,645,090 of the bank balances of \$3,923,035 was uninsured and at risk. The repurchase agreement of \$2,369,989 and \$1,533,906, at December 31, 2019 and 2018 respectfully hold highly rated bonds, government securities, etc. for the collateral on those accounts, however this account is not insured by FDIC.

NOTE 7 - DEFERRED CREDITS

The following is a summary of deferred credits as of December 31, 2019 and 2018.

	2019	2018
Uncashed Capital Credit Checks	\$ 105,378	\$ 138,763
Unamortized Impact Fees	1,447,349	1,456,251
Energy Efficient Grant	266,216	436,616
Unamortized Gain on Reacquired Debt	134,061	189,009
	\$ 1,953,004	\$ 2,220,639

NOTE 8 - LONG TERM DEBT

Kane County Water Conservancy District - Johnson Canyon - 3 Phase Upgrade/ Cooperative Power Installation Agreement:

The Kane County Water Conservancy District (KCWCD) entered into a cooperative power installation agreement with Garkane Energy (Garkane) in December 2012. This installation agreement included two parts. The first part included the upgrade to three-phase power of Garkane's primary overhead power distribution line near Johnson Canyon. The second part included the underground installation of three-phase power on Johnson Canyon road. Garkane was responsible for the overhead portion and KCWCD was responsible for the underground portion of this project. The installation of the project was completed in January of 2015. The total cost of the project was \$829,825.47. KCWCD agreed to pay for the entire underground portion of the cooperative power installation agreement, which amounted to one-third of the entire project (\$276,331.88). The balance of the cooperative power installation agreement or (two-thirds of the project) was paid for and financed by KCWCD in the form of a \$553,493.59 loan to Garkane to be repaid over 30 years, 1.93% interest, with annual payments of \$24,030.24. Interest began to accrue upon energization of the project, which was in the summer of 2016.

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 8 - LONG TERM DEBT (CONTINUED)

The following is a summary of the principal and interest to be paid to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	14,619	9,411	24,030
2021	14,901	9,129	24,030
2022	15,188	8,842	24,030
2023	15,481	8,549	24,030
2024	15,780	8,250	24,030
2025-2029	83,589	36,562	120,151
2030-2034	91,973	28,178	120,151
2035-2039	101,197	18,954	120,151
2040-2044	111,347	8,804	120,151
2045	23,575	455	24,030
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 487,650</u>	<u>\$ 137,134</u>	<u>\$ 624,784</u>

National Rural Utilities Cooperative Finance Corporation:

Garkane has 36 mortgage notes with the National Rural Utilities Cooperative Finance Corporation (CFC). These notes are fixed interest rates or renewable terms with maturity dates ranging from years 2019 to 2048. Current year-end interest rates range between 3.10% and 5.3%. Payments to service debt obligations are made quarterly. Substantially all assets are pledged as security for long-term debt to CFC. Garkane has an agreement with the United States Department of Agriculture Division of Rural Utility Services to guarantee the debt.

The following is a summary of the principal and interest to be paid to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	1,819,404	1,240,242	3,059,646
2021	1,852,141	1,166,164	3,018,305
2022	1,740,940	1,091,233	2,832,173
2023	1,485,063	1,025,443	2,510,506
2024	1,505,960	963,204	2,469,164
2025-2029	7,737,232	3,856,114	11,593,346
2030-2034	7,165,066	2,272,548	9,437,614
2035-2039	3,633,421	1,011,204	4,644,625
2040-2044	1,558,679	449,010	2,007,689
2045-2048	987,062	112,581	1,099,643
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 29,484,968</u>	<u>\$ 13,187,743</u>	<u>\$ 42,672,711</u>

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
 Continued

NOTE 8 - LONG TERM DEBT (CONTINUED)

Garkane has a line of credit with CFC. The authorized amount was \$5,000,000 at December 31, 2019 and 2018. As of December 31, 2019 and 2018, the balance owed on the credit line was \$4,550,000 and \$0 respectively. Applicable interest rates are charged on the current line of credit when advanced to Garkane. In addition to the line of credit mentioned above, Garkane has \$7,850,000 of unadvanced loan funds available from CFC at year-end. There were four new loans on the line of credit during 2019 totaling \$4,550,000. In 2018 \$3,350,000 of the line of credit was converted to long-term debt with CFC.

The following is a summary of changes in long-term debt:

	Balance Dec 31, 2018	Additions	Deletions	Balance Dec 31, 2019	Current Portion
KCWCD Note	\$ 501,992	\$ -	\$ 14,342	\$ 487,650	\$ 14,619
36 CFC Notes	31,252,428	4,550,000	1,767,460	34,034,968	1,819,404
Total LT Debt	<u>\$31,754,420</u>	<u>\$ 4,550,000</u>	<u>\$ 1,781,802</u>	<u>\$ 34,522,618</u>	<u>\$ 1,834,023</u>

NOTE 9 - PENSION AND POSTRETIREMENT BENEFITS

Garkane provides pension benefits to its employees. Retirement benefits are provided through NRECA Retirement Program for all full-time employees with at least one year of employment with the Association.

a. Defined Benefit Retirement Plan

Pension benefits are provided through the National Rural Electric Cooperative Association's (NRECA) multi-employer defined benefit pension plan, designed to provide employees a certain benefit level upon retirement. In this multi-employer 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 the Plan assets are not determined or allocated separately by individual employer in the PPA funding target and PPA actuarial value of assets on those dates. Because the provision of the PPA do not apply to the Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the Plan and may change as a result of Plan experience. The benefit level for 2019 and 2018 was an age 62 plan with a 1.7% benefit level for all employees, multiplied by the highest five years salary average multiplied by the years of service. There were no changes to this plan in 2019 or 2018.

Garkane recognized expense related to the Plan in 2019 and 2018 of \$1,560,804 and \$1,466,948 respectively, representing full service costs. All past service costs have been fully funded or accrued. The expected contribution for the year 2020 reflecting inflation is \$1,568,506. Expected contributions amounts beyond 2020 are not available.

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - PENSION AND POSTRETIREMENT BENEFITS (CONTINUED)

b. *Personal Leave*

Garkane combined sick leave, vacation leave, and holiday pay into one category entitled personal leave. The accumulated personal leave maximum account balance is 800 hours. Upon termination or retirement Garkane will pay 100% of the unused amount of the accrued liability at the employee's current wage rate. In the event of death, 100% of the unused amount will be paid to the designated beneficiaries of the employee. During the month of January employees can elect to sell back to Garkane 50% of their unused leave up to 100 hours. Employees with more than 520 unused hours can sell back up to 150 hours. Employees can contribute the sell-back amount fully to their 401K, HSA account, or any combination including cash at 75% of value. The amount of the sell-back related to this plan was \$65,790 in 2019 and \$58,147 in 2018. Accrued personal leave and compensated absences for years ending December 31, 2019 and 2018 are \$1,407,592 and \$1,320,646 respectively.

NOTE 10 - COMMITMENTS

a. *Deseret Power*

Under its current wholesale power contract, Garkane is committed to purchase all of its electric power requirements from Deseret Generation and Transmission Cooperative (Deseret) under the terms and conditions of the Deseret Obligations Restructuring Agreement (ORA) dated October 16, 1996. Garkane still retains ownership of its Western Area Power Administration (WAPA) contract. This contract was assigned to Deseret in 2001 but can be taken back on a thirty day notice. Garkane retains ownership in its own hydro-generation facilities; however, Deseret includes these two resources in their total resource pool. Deseret credits Garkane for these two sources on Garkane's bill from the gross amount purchased from Deseret under the terms and conditions of Rate Schedule A as contained in the Resource Integration Agreement between Deseret and Garkane effective April 1, 1996, and the Wholesale Power Contract effective April 1, 1996.

b. *Intermountain Power Agency Agreement*

Under the terms of the power sales contract with the Intermountain Power Agency (IPA), the Association has contracted to receive up to a 1.267% share of the total power output from the Intermountain Power Project (IPP) and has joined with other Utah municipal and cooperative electric suppliers and entered into a joint contract with various California Cities (Burbank, Glendale, Pasadena, and Los Angeles) to purchase the excess power not used by the Utah suppliers. Deseret Power also has the right to withdraw the member allocation or portion thereof; if necessary, in providing power needs to the member. The Association would be responsible, in the event of a shutdown of the IPP plant, for 1.267% of the debt service associated with the plant as well as 1.267% of the maintenance of the facility. This responsibility would be effective two years after such a shutdown.

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
 Continued

NOTE 11 - RISK MANAGEMENT

Garkane is exposed to various risks of loss related to torts; theft or damage to assets; errors and omissions; injuries to employees and natural disasters. The Company addresses these risks with insurance. The Federated Rural Electric Insurance Corporation insures for general, automobile, personal injury, errors or omissions, directors, officers, and manager liabilities up to \$10,000,000 per occurrence. An all risk blanket policy for automobile and general liability of \$2,000,000 and a commercial umbrella policy of \$12,000,000 are maintained. Garkane also maintains an all risk blanket for buildings and personal property. Worker's Compensation Fund of Utah insures Garkane for bodily injury by accident or disease caused by or aggravated by the conditions of employment.

NOTE 12 - CURRENT LIABILITIES

Current liabilities at year-end consist of the following categories.

	<u>2019</u>	<u>2018</u>
Accounts Payable	\$ 695,233	\$ 672,168
Accounts Payable - Purchased Power	1,923,374	1,876,901
Customer Deposits Payable	560,068	564,261
Accrued Property Tax	55,000	55,000
Payroll and Payroll Taxes	64,857	432,460
Sales, Use and Franchise Taxes	232,215	298,870
Compensated Absences	1,406,183	1,370,277
Patronage Capital Refunds	1,001,850	433,964
Dividends Payable	100,000	100,000
Uncashed Capital Credit Checks	5,354	5,354
Interest Payable	<u>174,714</u>	<u>184,050</u>
Total	<u>\$ 6,218,848</u>	<u>\$ 5,993,305</u>

NOTE 13 - ACCUMULATED OPERATING PROVISIONS

Accumulated non-current liabilities at year-end consist of the following categories.

	<u>2019</u>	<u>2018</u>
Deferred Compensation	<u>\$ 54,024</u>	<u>\$ 47,737</u>
Total	<u>\$ 54,024</u>	<u>\$ 47,737</u>

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
 Continued

NOTE 14 - GARKANE PROPANE, INC. SUBSIDIARY OF GARKANE ENERGY COOPERATIVE

Garkane Propane, Inc. is a wholly owned for profit subsidiary of Garkane Energy Cooperative, Inc. Garkane Propane, Inc. was organized under the laws of the State of Utah on November 8, 2002, and business began on January 1, 2003. The Company has five full-time employees. Their office and operations are located in Hatch, Utah.

On December 16, 2002, a Services Agreement, Subscription Agreement, Lease Agreement, Security Agreement, Revolving Credit Agreement and Promissory Note were approved and executed by Garkane Energy Cooperative, Inc.'s Board of Directors and the Board of Directors of Garkane Propane, Inc.

Upon creation of Garkane Propane, Inc., assets were then transferred from Garkane Energy to Garkane Propane. A schedule of assets transferred to the subsidiary as of January 1, 2003, referred to as Exhibit A of the Subscription Agreement, had a book value of \$1,530,864 and liabilities of \$52,636. These assets and liabilities were transferred for 750 shares of Garkane Propane, Inc. stock. The stock certificate is on file with Garkane Energy.

NOTE 14 · GARKANE PROPANE, INC. SUBSIDIARY OF GARKANE ENERGY COOPERATIVE (CONTINUED)

The Services Agreement calls for various administrative services (accounting, management, etc.) to be performed by Garkane Energy at a cost of \$2,500 per month. The Lease Agreement calls for Garkane Propane to pay Garkane Energy \$3,525 per month for rented facilities.

The following are changes to the Garkane Propane's investment and condensed financial statements.

Changes in Investment Subsidiary:

	<u>2019</u>	<u>2018</u>
Investment in Subsidiary, Beginning of Year	\$ 3,263,437	\$ 3,321,518
Additions:		
Net profit from subsidiary operations	25,049	41,919
Deductions:		
Dividend paid to parent company	<u>(100,000)</u>	<u>(100,000)</u>
Investment in Subsidiary, End of Year	<u>\$ 3,188,486</u>	<u>\$ 3,263,437</u>

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
 Continued

NOTE 14 · GARKANE PROPANE, INC. SUBSIDIARY OF GARKANE ENERGY COOPERATIVE (CONTINUED)

Balance Sheet:

	2019	2018
Assets:		
Current & Other Assets	\$ 1,067,680	\$ 1,140,827
Net Property, Plant and Equipment	3,123,585	2,953,983
Total Assets	\$ 4,191,265	\$ 4,094,810
Liabilities and Stockholders Equity:		
Liabilities:		
Current Liabilities	\$ 556,512	\$ 398,112
Deferred Income Tax Liability	446,267	433,261
Total Liabilities	1,002,779	831,373
Stockholders Equity:		
Capital Stock	1,478,229	1,478,229
Retained Earnings	1,710,257	1,785,208
Total Stockholders Equity	3,188,486	3,263,437
Total Liabilities and Stockholders Equity	\$ 4,191,265	\$ 4,094,810

Statement of Income and Retained Earnings:

	2019	2018
Operating Income	\$ 4,119,938	\$ 3,452,749
Cost of Sales	(2,542,262)	(2,416,932)
Gross Profit	1,577,676	1,035,817
Operating Expenses	(1,553,608)	(1,013,261)
Non-Operating Income (Expense)	981	32,519
Provision for Federal Income Taxes	-	(13,156)
Total Expenses	(1,552,627)	(993,898)
Net Profit	25,049	41,919
Retained Earnings - Beginning of Year, Restated	1,785,208	1,843,289
Dividends Paid	(100,000)	(100,000)
Retained Earnings - End of Year	\$ 1,710,257	\$ 1,785,208

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 14 · GARKANE PROPANE, INC. SUBSIDIARY OF GARKANE ENERGY COOPERATIVE (CONTINUED)

Statement of Cash Flows:

	2019	2018
Cash Flows from Operating Activities	\$ 244,135	\$ 310,119
Cash Flows from Noncapital Financing Activities	13,005	5,605
Cash Flows From Capital and Related Fin Activities	(327,505)	(210,146)
Cash Flows from Investing Activities	(100,000)	(95,753)
 Increase (Decrease) In Cash and Investments	 (170,365)	 9,825
 Cash and Investments - Beginning of Year	 464,469	 454,644
 Cash and Investments - End of Year	 \$ 294,104	 \$ 464,469

NOTE 15 - ROUNDING CONVENTION

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

**COMBINING FINANCIAL
STATEMENTS**

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
COMBINING BALANCE SHEET
December 31, 2019

	Garkane Energy	Subsidiary Garkane Propane	Consolidated	Eliminations		Consolidated After Eliminations
				DR	CR	
ASSETS						
Utility Plant:						
Electric Plant in Service, at Cost	\$ 127,498,343	\$ -	\$ 127,498,343	\$ -	\$ -	\$ 127,498,343
Construction Work-in-Progress	5,000,968	-	5,000,968	-	-	5,000,968
Total Utility Plant, at Cost	132,499,311	-	132,499,311	-	-	132,499,311
Less: Accumulated Depreciation	(55,823,430)	-	(55,823,430)	-	-	(55,823,430)
Total Utility Plant - Net	76,675,881	-	76,675,881	-	-	76,675,881
Property and Investments (At Cost):						
Investment in Wholly Owned Subsidiary	3,188,486	-	3,188,486	-	3,188,486 A	-
Non-Utility Property - Net	-	3,123,585	3,123,585	-	-	3,123,585
Investments in Associated Companies	2,040,385	-	2,040,385	-	-	2,040,385
Other Investments	75,763	-	75,763	-	-	75,763
Deferred Debits	76,654	-	76,654	-	-	76,654
Total Property and Investments, at Cost	5,381,288	3,123,585	8,504,873	-	3,188,486	5,316,387
Current Assets:						
Cash in Banks	3,083,957	294,104	3,378,061	-	-	3,378,061
Accounts Receivable	4,077,580	676,722	4,754,302	-	-	4,754,302
Allowance for Doubtful Accounts	(95,172)	(34,757)	(129,929)	-	-	(129,929)
Materials and Supplies	4,013,112	97,147	4,110,259	-	-	4,110,259
Other Current Assets	685,420	34,464	719,884	-	-	719,884
Total Current Assets	11,764,897	1,067,680	12,832,577	-	-	12,832,577
TOTAL ASSETS	\$ 93,822,066	\$ 4,191,265	\$ 98,013,331	\$ -	\$ 3,188,486	\$ 94,824,845
EQUITIES AND LIABILITIES						
Equities and Margins:						
Patronage Capital	\$ 42,734,903	\$ -	\$ 42,734,903	\$ 3,188,486	\$ -	\$ 39,546,417
Current Operating Margin	1,496,263	-	1,496,263	-	-	1,496,263
Accumulated Non-Operating Margins	7,398,918	3,188,486	10,587,404	-	-	10,587,404
Total Equities and Margins	51,630,084	3,188,486	54,818,570	3,188,486	-	51,630,084
Long-Term Liabilities:						
Other Long-Term Debt	473,032	-	473,032	-	-	473,032
CFC Mortgage Notes	27,665,563	-	27,665,563	-	-	27,665,563
Total Long-Term Liabilities	28,138,595	-	28,138,595	-	-	28,138,595
Other Noncurrent Liabilities:						
Accumulated Operating Provisions	54,024	-	54,024	-	-	54,024
Deferred Income Tax Liability	-	446,267	446,267	-	-	446,267
Total Other Noncurrent Liabilities	54,024	446,267	500,291	-	-	500,291
Current Liabilities:						
Accounts Payable	2,258,485	365,476	2,623,961	-	-	2,623,961
Customer Deposits	546,133	13,935	560,068	-	-	560,068
Current Maturities of Long-Term Debt	6,384,023	-	6,384,023	-	-	6,384,023
Other Current and Accrued Liabilities	2,857,718	177,101	3,034,819	-	-	3,034,819
Total Current Liabilities	12,046,359	556,512	12,602,871	-	-	12,602,871
Deferred Credits	1,953,004	-	1,953,004	-	-	1,953,004
TOTAL EQUITIES AND LIABILITIES	\$ 93,822,066	\$ 4,191,265	\$ 98,013,331	\$ 3,188,486	\$ 3,188,486	\$ 94,824,845
A - Eliminates inter-company accounts	<u>\$ 3,188,486</u>					

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
COMBINING STATEMENT OF REVENUE AND PATRONAGE CAPITAL
For the Year Ended December 31, 2019

	Garkane Energy	Subsidiary Garkane Propane	Consolidated	Eliminations		Consolidated After Eliminations
				DR	CR	
Operating Revenue and Patronage Capital	\$ 25,490,349	\$ 4,119,938	\$ 29,610,287	\$ 323,430	\$ -	\$ 29,286,857
Operating Expenses:						
Power Production	316,689	-	316,689	-	-	316,689
Cost of Purchased Power	10,156,349	-	10,156,349	-	-	10,156,349
Cost of Propane Sales	-	2,542,262	2,542,262	-	29,454	2,512,808
Transmission Expenses	561,858	-	561,858	-	-	561,858
Distribution Expenses - Operation	1,076,987	-	1,076,987	-	-	1,076,987
Distribution Expenses - Maintenance	1,876,169	-	1,876,169	-	-	1,876,169
Consumer Accounts	738,832	-	738,832	-	-	738,832
Customer Service Informational Expense	159,466	-	159,466	-	-	159,466
Sales Expenses	134,705	-	134,705	-	-	134,705
Administrative and General Expense	4,026,487	1,362,927	5,389,414	-	293,976	5,095,438
Depreciation and Amortization Expense	3,561,095	190,681	3,751,776	-	-	3,751,776
Taxes	760,062	-	760,062	-	-	760,062
Interest on Long-Term Debt	1,238,600	-	1,238,600	-	-	1,238,600
Other Interest	14,594	-	14,594	-	-	14,594
Other Deductions	22,016	-	22,016	-	-	22,016
Total Operating Expenses and Interest	24,643,909	4,095,870	28,739,779	-	323,430	28,416,349
Net Operating Margins (Deficit)	846,440	24,068	870,508	323,430	(323,430)	870,508
Non-Operating Margins:						
Interest Income	39,653	1,315	40,968	-	-	40,968
Gain (Loss) on Disposition of Property	61,980	(1,753)	60,227	-	-	60,227
Amortized Gain on RUS Loan Discount	54,948	-	54,948	-	-	54,948
Amortized Gain from Impact Fees	306,101	-	306,101	-	-	306,101
Miscellaneous Non-Operating Income	6,819	1,419	8,238	-	-	8,238
Net Income From Municipal Operations	10,356	-	10,356	-	-	10,356
Total Non-Operating Margins	479,857	981	480,838	-	-	480,838
Other Capital Credits and Allocations	169,966	-	169,966	-	-	169,966
Net Income Before Taxes	1,496,263	25,049	1,521,312	323,430	(323,430)	1,521,312
Provision for Federal Income Taxes	-	-	-	-	-	-
Net Income for Period	1,496,263	25,049	1,521,312	323,430	(323,430)	1,521,312
Patronage Capital - Beginning of Year	51,312,610	1,785,208	53,097,818	-	-	53,097,818
Capital Credits Refunds	(1,203,838)	-	(1,203,838)	-	-	(1,203,838)
Earnings from Subsidiary	25,049	-	25,049	-	-	25,049
Dividends from Subsidiary	-	(100,000)	(100,000)	-	-	(100,000)
Eliminate Subsidiary Retained Earnings	-	-	-	-	-	(1,710,257)
Patronage Capital - End of Year	<u>\$ 51,630,084</u>	<u>\$ 1,710,257</u>	<u>\$ 53,340,341</u>	<u>\$ 323,430</u>	<u>\$ (323,430)</u>	<u>\$ 51,630,084</u>
(1) Sales of Propane to Parent	\$ 29,454					
Labor Payments	221,676					
Lease Payments to Parent	42,300					
Administrative Fee	30,000					
Total	<u>\$ 323,430</u>					

GARKANE ENERGY COOPERATIVE, INC. AND SUBSIDIARY
COMBINING STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2019

	Garkane Energy	Subsidiary Garkane Propane	Consolidated
Cash Flows from Operating Activities:			
Patronage Capital or Margins	\$ 1,496,263	\$ 25,049	\$ 1,521,312
Adjustments to Net Margin for Cash Flow:			
Depreciation and Amortization	3,561,095	190,681	3,751,776
Loss on Disposal of Assets	(172,605)	(32,779)	(205,384)
(Increase) Decrease in Operating Assets:			
Accounts Receivable	339,438	(125,559)	213,879
Inventory	(577,115)	42,337	(534,778)
Prepayments, Accrued Assets, and Deferred Debits	307,722	(13,994)	293,728
Increase (Decrease) in Operating Liabilities			
Customer Deposits	(3,993)	(200)	(4,193)
Accounts Payable	(108,460)	177,998	69,538
Accrued Liabilities	179,597	(19,398)	160,199
Net Cash Provided By Operating Activities	<u>5,021,942</u>	<u>244,135</u>	<u>5,266,077</u>
Cash Flows from Noncapital Financing Activities:			
Increase (Decrease) in Deferred Credits	(267,635)	-	(267,635)
Increase (Decrease) in Deferred Tax Liability	-	13,005	13,005
Increase (Decrease) in Accumulated Operating Provisions	6,287	-	6,287
Net Cash Provided By Noncapital Financing Activities	<u>(261,348)</u>	<u>13,005</u>	<u>(248,343)</u>
Cash Flows From Capital and Related Financing Activities:			
Subsidiary Earnings and Dividends	-	(100,000)	(100,000)
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Cash Flows From Investing Activities:			
Increase in Property, Plant and Equipment	(6,109,059)	(327,505)	(6,436,564)
Other Property and Investments	42,177	-	42,177
Net Cash Used in Investing Activities	<u>(6,066,882)</u>	<u>(327,505)</u>	<u>(6,394,387)</u>
Cash Flows From Financing Activities:			
Margins and Equities	(1,178,789)	-	(1,178,789)
Long-Term Borrowing	4,602,221	-	4,602,221
Long-Term Debt Retirement	(1,834,023)	-	(1,834,023)
Net Cash Used in Financing Activities	<u>1,589,409</u>	<u>-</u>	<u>1,589,409</u>
Increase (Decrease) in Cash and Investments	283,121	(170,365)	112,756
Cash and Investments - Beginning of Year	<u>2,800,836</u>	<u>464,469</u>	<u>3,265,305</u>
Cash and Investments - End of Year	<u>\$ 3,083,957</u>	<u>\$ 294,104</u>	<u>\$ 3,378,061</u>
Supplemental Information for Statement of Cash Flows:			
Interest Paid	\$ 1,262,530	\$ -	\$ 1,262,530

COMPLIANCE SECTION

Kimball & Roberts

A Professional Corporation
Certified Public Accountants
176 North Main • P.O. Box 663
Richfield, Utah 84701

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Garkane Energy Cooperative, Inc. and Subsidiary
PO Box 465
Loa, Utah 84747

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Garkane Energy Cooperative, Inc. and Subsidiary, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Garkane Energy Cooperative, Inc. and Subsidiary's financial statements, and have issued our report thereon dated February 19, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Garkane Energy Cooperative, Inc. and Subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Garkane Energy Cooperative, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Garkane Energy Cooperative, Inc. and Subsidiary's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Findings and Recommendations as items 12.19.1 and 12.19.2 to be significant deficiencies in internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Garkane Energy Cooperative, Inc. and Subsidiary's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kimball & Roberts, PC

Certified Public Accountants

February 19, 2020
Richfield, Utah

Kimball & Roberts

A Professional Corporation
Certified Public Accountants
176 North Main • P.O. Box 663
Richfield, Utah 84701

FINDINGS AND RECOMMENDATIONS

Garkane Energy Cooperative, Inc. and Subsidiary
PO Box 465
Loa, Utah 84747

During our audit of the funds of Garkane Energy Cooperative, Inc., (Cooperative) for the year ended December 31, 2019, we noted certain circumstances that, if improved, would strengthen the Cooperative's accounting system and control over its assets. These items are discussed below for your consideration.

Significant Deficiency Findings and Recommendations:

12.19.1 Misappropriation of Assets

Condition:

An invoice submitted by the purchasing agent to the accounting department for a Skytrack Forklift was inflated in price from the budgeted and approved amount of \$40,000 to \$103,944, to also include payment for a bobcat mini-excavator and a flatbed trailer.

Criteria:

The Cooperative's purchasing policies for assets exceeding \$20,000 states the item must be "approved by the Board of Directors in an Annual Budget or Work Plan, must be purchased by means of a purchase order, contract, or written agreement with the Cooperative authorized by the CEO. At least two vendors shall be contracted to solicit verbal and/or written price quotations..."

Cause:

Purchasing policies were not followed by the purchasing agent. The additional equipment was not budgeted; a purchase order, contract, or written agreement was not obtained from the vendor; and the CEO did not authorize the purchase for the additional equipment. The accounting department did not question the reason for the excess cost on the equipment. The purchasing agent had the authority to purchase the assets, approve the invoice, and receive the assets upon delivery from the vendor.

Effect:

The Cooperative overstated the cost and depreciation of an asset. The Cooperative's equipment was used and stored at an employee's residence without the Cooperative's knowledge.

Auditor's Recommendation:

We recommend all purchases exceeding \$20,000 have the required purchase order authorized by the CEO. We also recommend the purchasing policy require the CEO and CFO's preapproval of an asset whose actual cost exceeds the budgeted amount, and clarification, proper documentation, and authorization be provided to the accounting department. In addition, the internal controls process should be reviewed and modified to ensure the individual who purchases the asset does not have the authority to approve the invoice and receive the asset.

Garkane Energy Cooperative, Inc. Response:

See Attached.

12.19.2 Duplicate Payments

Condition:

We noted in our testing that a company was paid twice for the same invoice.

Criteria:

Good business practice requires original invoices to be submitted for payment and an updated vendor list to be stored in the accounting software.

Cause:

Duplicate vendors are saved in the NISC accounting software. A payment was recorded for each vendor. The error was not caught during the accounts payable process and the documentation used for processing were different for each payment.

Effect:

Loss of money due to erroneous duplicate payments.

Auditor's Recommendation:

We recommend the Cooperative review the NISC vendor list regularly for duplicate vendors. If duplicate vendors are needed, we recommend their purpose be specified in the accounting software.

Garkane Energy Cooperative, Inc. Response:

See Attached.

This report is intended solely for the information and use of Management and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Kimball & Roberts, PC

Certified Public Accountants

February 19, 2020
Richfield, Utah

Duplicate Payments – Response

The duplicate payment occurred due to the vendor (Dell, LLC) merging with Dell Marketing. When the 2nd/duplicate invoice was received – the system (iVue) did not recognize the invoice as a duplicate (because it was a completely different vendor). We have since made contact with Dell and have requested reimbursement for the duplicate payment.

For future situations such as this – we have a function within iVue to help ensure payment for duplicate invoices does not occur. If a second invoice is entered after the original invoice has been paid (both with the same invoice number), as soon as the invoice is entered – iVue will alert the user that a duplicate invoice has been entered. The second function that will be utilized through iVue is the budget system – any time an item/asset is entered, iVue requires the user to match it to the budgeted item/asset. If the asset has already been purchased – an error message will occur – alerting the user that the item/asset has already been purchased.

The final control in this process – is to review the cash disbursements at the end of each month to ensure we have no duplicate payments.

Misappropriation of Assets – Response

To ensure controls over the purchase of assets – Garkane has reassigned duties from the previous purchasing agent/Warehouse manager (Klint Chynoweth) to the Warehouseman (Justin Spencer) and to the Accounting Supervisor (Saige Edwards) - Justin will oversee the purchase of items/assets. Saige will oversee materials.

All supplies, materials, equipment, services, contracts, and all other goods and services WILL be purchased by means of requisition, purchase order, contract, or agreement with the cooperative, as authorized by the Department Head and CEO, under the purchasing authority guidelines outlined in Board Policy No. 212

To ensure this policy is followed – all purchases relating to budgeted items will be matched specifically to the board approved amount (by the warehouseman) before items/assets are purchased. Any requests to include additional budgeted items on one purchase will require the approval from the CEO and CFO. If the amount for any one budgeted item/asset is significantly larger than the original approved amount, the board will be required to approve an amended budget amount for that item/asset.

The Warehouseman will now handle all Purchase Orders (these are handled digitally). A Department Head must complete a purchase requisition (For items under \$2,500 an employee may submit the purchase requisition to his/her supervisor for approval. For any item over \$2,500 the purchase request must be approved by the CEO/COO/CFO). Once the Warehouseman has received the approved purchase requisition, he is authorized to create the Purchase Order. He is further required (if an item is over \$5,000) to obtain at least two bids before moving forward with the purchase.

All purchase requisitions, Purchase Orders, and bids are attached to the asset for verification that these steps were followed.

The final step in ensuring our purchasing policy is followed is to review all purchases over \$5,000 each month. This is done in conjunction with submitting all cash disbursements to the Board for approval.

**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
FINANCIAL AND STATISTICAL REPORT**

BORROWER NAME Garkane Energy Cooperative
BORROWER DESIGNATION UT006
ENDING DATE 12/31/19

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

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION
<p>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.</p> <p><i>Maria J. Lee</i> 3-25-2020 Signature of Office Manager or Accountant Date</p> <p><i>[Signature]</i> 3/27/2020 Signature of Manager Date</p>	<p><input type="radio"/> Needs Attention</p> <p><input type="radio"/> [Blank]</p> <p><input checked="" type="radio"/> 24 Matches</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	25,158,086	25,490,349	25,057,123	2,701,291
2. Power Production Expense	247,820	316,689	300,219	17,642
3. Cost of Purchased Power	9,543,135	10,156,349	9,545,478	1,059,772
4. Transmission Expense	569,751	561,858	625,122	24,875
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	1,005,465	1,076,987	960,904	139,254
7. Distribution Expense - Maintenance	1,805,817	1,876,169	1,900,968	209,570
8. Consumer Accounts Expense	815,057	738,832	749,806	64,428
9. Customer Service and Informational Expense	171,087	159,466	159,805	11,385
10. Sales Expense	121,584	134,705	145,303	4,830
11. Administrative and General Expense	3,973,103	4,026,487	3,725,421	473,408
12. Total Operation & Maintenance Expense (2 thru 11)	18,252,819	19,047,542	18,113,026	2,005,164
13. Depreciation & Amortization Expense	3,243,734	3,561,095	3,558,216	302,010
14. Tax Expense - Property & Gross Receipts	663,117	643,021	675,000	57,684
15. Tax Expense - Other	72,230	117,040	57,750	6,297
16. Interest on Long-Term Debt	1,153,602	1,238,600	1,202,187	123,718
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	16,582	14,595	20,000	120
19. Other Deductions	29,093	22,016	25,900	850
20. Total Cost of Electric Service (12 thru 19)	23,431,177	24,643,909	23,652,079	2,495,843
21. Patronage Capital & Operating Margins (1 minus 20)	1,726,909	846,440	1,405,044	205,448
22. Non Operating Margins - Interest	20,734	39,653	25,000	7,262
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	446,615	433,385	428,688	48,071
26. Generation & Transmission Capital Credits	6,819	6,819	6,819	568
27. Other Capital Credits & Patronage Dividends	142,747	169,966	139,000	25,989
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	2,343,824	1,496,263	2,004,551	287,338

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	236	263	5. Miles Transmission	406	406
2. Services Retired	25	5	6. Miles Distribution Overhead	1,404	1,408
3. Total Services In Place	13,606	13,874	7. Miles Distribution Underground	717	732
4. Idle Services (Exclude Seasonal)	2,359	2,377	8. Total Miles Energized (5+6+7)	2,527	2,546

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
FINANCIAL AND STATISTICAL REPORT

BORROWER NAME: Carkane Energy
BORROWER DESIGNATION: U7006
ENDING DATE: 12/31/2019

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	69,561,176	3,674,888	1,437,381	0	71,798,683
2 General Plant Subtotal	13,634,433	1,609,676	361,803	0	14,882,308
3 Headquarters Plant	4,616,005	50,089	0	0	4,666,094
4 Intangibles	0	0	0	0	0
5 Transmission Plant Subtotal	29,041,069	0	0	0	29,041,069
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	5,935,672	0	0	0	5,935,672
10 Production Plant - Other	1,174,517	0	0	0	1,174,517
11 All Other Utility Plant	0	0	0	0	0
12 SUBTOTAL: (1 thru 11)	123,962,874	5,334,653	1,799,184	0	127,498,343
13 Construction Work in Progress	2,427,378	2,573,590	0	0	5,000,968
14 TOTAL UTILITY PLANT (12+13)	126,390,252	7,908,243	1,799,184	0	132,499,311

CFC NO LONGER REQUIRES SECTIONS "F", "G", "H", "I", "J", AND "K" 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 Power Supplier (a)	Avg. Minutes per Consumer by Cause Major Event (b)	Avg. Minutes per Consumer by Cause Planned (c)	Avg. Minutes per Consumer by Cause All Other (d)	TOTAL (e)
1. Present Year	76.94	153.63	87.73	676.99	995.29
2. Five-Year Average	18.99	215.14	35.59	308.31	578.03

PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	68	4. Payroll - Expensed	3,260,813
2. Employee - Hours Worked - Regular Time	151,706	5. Payroll - Capitalized	1,406,795
3. Employee - Hours Worked - Overtime	4,919	6. Payroll - Other	1,017,394

PART J. PATRONAGE CAPITAL

ITEM	THIS YEAR (a)	CUMULATIVE (b)	PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE 1. Amount Due Over 60 Days: 2. Amount Written Off During Year:
1. General Retirement	1,091,258	11,034,317	22,116
2. Special Retirements	0	72,236	
3. Total Retirements (1+2)	1,091,258	11,106,553	10,109
4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	6,819		
5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	169,966		
6. Total Cash Received (4+5)	176,785		

**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
FINANCIAL AND STATISTICAL REPORT**

BORROWER NAME	Garkane Energy
BORROWER DESIGNATION	LT006
ENDING DATE	12/31/2019

PART I. KWH PURCHASED AND TOTAL COST										
1	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		COMMENTS (i)
								FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (j)	
1	DESERRET POWER G&T				250,494,492	10,156,349	4.05	0	475,000	Comments
2					0	0	0.00	0	0	Comments
3					0	0	0.00	0	0	Comments
4					0	0	0.00	0	0	Comments
5					0	0	0.00	0	0	Comments
6					0	0	0.00	0	0	Comments
7					0	0	0.00	0	0	Comments
8					0	0	0.00	0	0	Comments
9					0	0	0.00	0	0	Comments
10					0	0	0.00	0	0	Comments
11					0	0	0.00	0	0	Comments
12					0	0	0.00	0	0	Comments
13					0	0	0.00	0	0	Comments
14					0	0	0.00	0	0	Comments
15					0	0	0.00	0	0	Comments
16					0	0	0.00	0	0	Comments
17					0	0	0.00	0	0	Comments
18					0	0	0.00	0	0	Comments
19					0	0	0.00	0	0	Comments
20					0	0	0.00	0	0	Comments
21	TOTALS				250,494,492	10,156,349	4.05	0	475,000	Comments

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
FINANCIAL AND STATISTICAL REPORT

BORROWER NAME

Garkane Energy

BORROWER DESIGNATION

UT006

ENDING DATE

12/31/2019

PART L. KWH PURCHASED AND TOTAL COST (Continued)

COMMENTS

1	
2	
3	
4	
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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Garkane Energy
	BORROWER DESIGNATION	UT006
	ENDING DATE	12/31/2019

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.			\$0
2.			\$0
3.			\$0
TOTAL			\$0

** "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	27,650,945	1,240,242	1,819,404	3,059,646	
2	NCSC	0	0	0	0	
3	Farmer Mac	0	0	0	0	
4	KCWCD Power Installation Agreement	487,650	9,550	14,619	24,169	
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)	\$28,138,595	\$1,249,792	\$1,834,023	\$3,083,815	

COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME			Garkane Energy
		BORROWER DESIGNATION			UT006
		ENDING DATE			12/31/2019
PART R. POWER REQUIREMENTS DATABASE					
CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS	DECEMBER CONSUMERS	AVERAGE CONSUMERS	TOTAL KWH SALES AND REVENUE (c)
		(a)	(b)	(c)	
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	11,370	11,490	11,430	
	b. KWH Sold				124,458,268
	c. Revenue				13,234,304
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	68	72	70	
	b. KWH Sold				7,131,547
	c. Revenue				623,149
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	1,602	1,716	1,659	
	b. KWH Sold				78,501,433
	c. Revenue				7,279,759
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	1	1	1	
	b. KWH Sold				20,384,412
	c. Revenue				1,379,344
6. Public Street & Highway Lighting	a. No. Consumers Served	30	29	30	
	b. KWH Sold				396,945
	c. Revenue				69,911
7. Other Sales to Public Authority	a. No. Consumers Served	557	566	562	
	b. KWH Sold				19,074,617
	c. Revenue				2,028,755
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
10. TOTAL No. of Consumers (lines 1a thru 9a)		13,628	13,874	13,752	
11. TOTAL KWH Sold (lines 1b thru 9b)					249,947,222
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					24,615,222
13. Transmission Revenue					569,817
14. Other Electric Revenue					305,310
15. KWH - Own Use					413,100
16. TOTAL KWH Purchased					250,494,492
17. TOTAL KWH Generated					25,961,353
18. Cost of Purchases and Generation					11,034,896
19. Interchange - KWH - Net					0
20. Peak - Sum All KW Input (Metered)					58,589
		<input type="radio"/> None <input type="radio"/> Non-coincident <input checked="" type="radio"/> Coincident			

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Garkane Energy
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	ENDING DATE	12/31/19

PART 5. 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 Garkane Energy	
		BORROWER DESIGNATION UT006	
		ENDING DATE 12/31/2019	
(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	Garkane Propane, Inc.	3,188,486	
6	NRUCFC - Patronage Capital Credits		1,012,412
7	NRUCFC - Membership, CTC, Capital Securities		1,027,973
8			
Subtotal (Line 5 thru 8)		3,188,486	2,040,385
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS			
9			
10			
11			
12			
Subtotal (Line 9 thru 12)		0	0
4. OTHER INVESTMENTS			
13			
14			
15			
16			
Subtotal (Line 13 thru 16)		0	0
5. SPECIAL FUNDS			
17	Unclaimed Capital Credits	7,723	
18	Operation Round-up Fund	14,016	
19	Deferred Compensation - Homestead Funds	54,024	
20			
Subtotal (Line 17 thru 20)		75,763	0
6. CASH - GENERAL			
21	SBSU - General Funds & Petty Cash	2,277,481	
22	Cache Valley bank - General & Payroll Funds	209,799	
23	Wells Fargo Bank - Vision Care Fund	62,117	
24	Zions Bank - General & Capital Credit Funds	534,560	
Subtotal (Line 21 thru 24)		3,083,957	0
7. SPECIAL DEPOSITS			
25			
26			
27			
28			
Subtotal (Line 25 thru 28)		0	0
8. TEMPORARY INVESTMENTS			
29			
30			
31			
32			
Subtotal (Line 29 thru 32)		0	0
9. ACCOUNT & NOTES RECEIVABLE - NET			
33	Discounnected Consumers A/R	176,293	
34	Misc Accounts Receivable	1,116,046	
35			
36			
Subtotal (Line 33 thru 36)		1,292,339	0
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED			
37			
38			
39			
40			
Subtotal (Line 37 thru 40)		0	0
Total		7,640,545	2,040,385

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Garkane Energy
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	ENDING DATE	12/31/2019

(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)	7,640,545
2	LARGER OF (a) OR (b)	25,815,042
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)	19,874,897
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)	25,815,042