

ANNUAL REPORT

Of

Company Name: Navopache Electric Cooperative, Inc.

1878 W. White Mountain Blvd.

Mailing Address:

0

Lakeside

AZ

85929

Docket No.: E-01787A

For the Year Ended: 12/31/2024

ELECTRIC

To

Arizona Corporation Commission

Due on April 15th

Email: Util-Compliance@azcc.gov, mail or deliver the completed Annual Report to:

Arizona Corporation Commission

Compliance Section - Utilities Division

1200 West Washington Street

Phoenix, Arizona 85007

Application Type:

Original Filing

Application Date:

4/8/2025

ARIZONA CORPORATION COMMISSION
ELECTRIC UTILITY ANNUAL REPORT
COMPANY INFORMATION

For the Calendar Year Ended: 12/31/2024

Company/Business Name:	Navopache Electric Cooperative, Inc.				
Mailing Address:	1875 W. Commerce Drive				
City:	Lakeside	State:	Arizona	Zip Code:	85929
Telephone Number:	928-358-5118	Fax Number:	None		
Email:	jadams@navopache.org				

Regulatory and Management Contact					
Name:	Joshua W Adams				
Title:	Chief Financial Officer				
Telephone No. :	928-368-5118				
Address:	1875 W. Commerce Drive				
City:	Lakeside	State:	Arizona	Zip Code:	85929
Email:	jadams@navopache.org				

On-Site Manager					
Name:	Charles R Moore				
Title:	President & Chief Executive Officer				
Telephone No. :	928-368-5118				
Address:	1875 W. Commerce Drive				
City:	Lakeside	State:	Arizona	Zip Code:	85929
Email:	cmoore@navopache.org				

Statutory Agent					
Name:	Debbie Gomes				
Title:	Executive Assistant				
Telephone No. :	928-368-5118				
Address:	1875 W. Commerce Drive				
City:	Lakeside	State:	Arizona	Zip Code:	85929
Email:	dgomes@navopache.org				

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

Ownership:

Association/Co-op (A)

Counties Served:

Navajo

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

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

Navopache Electric Cooperative, Inc.
ELECTRIC UTILITY ANNUAL REPORT
AUTHORIZED SERVICES AND STATISTICAL INFORMATION
12/31/2024

SERVICES AUTHORIZED TO PROVIDE

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

N/A	Other (Specify)
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STATISTICAL INFORMATION

Retail Information

	Number of Arizona Customers	Number of kWh Sold in Arizona
Residential	39,288	290,448,629
Commercial	3,491	66,444,868
Industrial	315	96,007,875
Public Street and Highway Lighting	108	939,280
Irrigation	32	6,670,788
Total Retail	43,234	460,511,440

Wholesale Information

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

Total Sold	460,511,440
Maximum Peak Load	101
Distribution System Losses	26,189,400
Distribution Losses	5.69%
Transmission Losses	0.00%
System Average Interruption Duration Index (SAIDI)	423
Customer Average Interruption Duration Index (CAIDI)	578
System Average Interruption Frequency Index (SAIFI)	3

Navopache Electric Cooperative, Inc.
ELECTRIC UTILITY ANNUAL REPORT
UTILITY SHUTOFFS / DISCONNECTS
12/31/2024

UTILITY SHUTOFFS / DISCONNECTS			
Month	Termination without Notice R14-2-211.B	Termination with Notice R14-2- 211.C	Other
January	0	242	0
February	0	126	0
March	0	164	0
April	0	152	0
May	0	155	0
June	0	160	0
July	0	112	0
August	0	92	0
September	0	130	0
October	0	130	0
November	0	91	0
December	0	117	0
Total	0	1,671	0

Other (description):

N/A

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

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Electric Cooperative
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2024

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

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION
<p>By submitting this Form 7 to CFC, we certify that the entries in this report have been reviewed and approved by the CEO or CFO and, are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</p> <hr/> <p>Joshua Adams 3/26/2025 Name of CFO/Office Manager Date</p> <hr/> <p>Charles Moore 3/27/2025 Name of General Manager/CEO Date</p> <hr/> <p>Joshua Adams 3/27/2025 Name of person submitting Form 7 Date</p>	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-right: 10px;"> <div style="background-color: red; color: white; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 5px;">1</div> <div style="background-color: yellow; color: black; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 5px;">1</div> <div style="background-color: green; color: white; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 5px;">24</div> </div> <div> <p>Needs Attention</p> <p>Please Review</p> <p>Matches</p> </div> </div>	<p style="text-align: center;">AUTHORIZATION</p> <p>NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?</p> <div style="display: flex; justify-content: space-around;"> <div style="background-color: green; color: white; padding: 5px; border: 1px solid black;"><input checked="" type="radio"/> YES</div> <div style="background-color: red; color: white; padding: 5px; border: 1px solid black;"><input type="radio"/> NO</div> </div> <p style="text-align: center;">BROADBAND *New</p> <p>Does your system provide broadband services?</p> <div style="display: flex; justify-content: space-around;"> <div style="background-color: blue; color: white; padding: 5px; border: 1px solid black;"><input type="radio"/> YES</div> <div style="background-color: orange; color: black; padding: 5px; border: 1px solid black;"><input checked="" type="radio"/> NO</div> </div>

PART A. STATEMENT OF OPERATIONS					
ITEM	YEAR-TO-DATE			THIS MONTH	
	LAST YEAR	THIS YEAR	BUDGET		
	(a)	(b)	(c)		
1. Operating Revenue and Patronage Capital	62,754,337	60,715,870	69,901,294	5,425,616	
2. Power Production Expense	0	0	0	0	
3. Cost of Purchased Power	30,694,797	27,797,111	33,869,748	2,497,703	
4. Transmission Expense	267,524	320,326	210,055	18,502	
5. Regional Market Operations Expense	0	0	0	0	
6. Distribution Expense - Operation	4,457,636	5,030,307	4,925,089	482,782	
7. Distribution Expense - Maintenance	4,130,681	4,350,388	4,994,300	434,777	
8. Consumer Accounts Expense	2,511,615	2,470,018	2,742,991	218,370	
9. Customer Service and Informational Expense	111,380	188,850	265,142	14,070	
10. Sales Expense	0	0	0	0	
11. Administrative and General Expense	7,506,052	7,460,935	8,769,378	674,671	
12. Total Operation & Maintenance Expense (2 thru 11)	49,679,685	47,617,936	55,776,704	4,340,873	
13. Depreciation & Amortization Expense	7,572,081	8,292,315	7,833,257	694,575	
14. Tax Expense - Property & Gross Receipts	0	0	0	0	
15. Tax Expense - Other	16,108	11,827	21,446	15	
16. Interest on Long-Term Debt	4,029,096	4,839,127	4,260,963	466,721	
17. Interest Charged to Construction (Credit)	0	0	0	0	
18. Interest Expense - Other	29,887	65,748	27,311	4,911	
19. Other Deductions	231,563	235,726	205,928	14,290	
20. Total Cost of Electric Service (12 thru 19)	61,558,421	61,062,680	68,125,610	5,521,385	
21. Patronage Capital & Operating Margins (1 minus 20)	1,195,916	(346,810)	1,775,684	(95,769)	
22. Non Operating Margins - Interest	260,323	144,275	93,187	7,790	
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	19,836	(12,951)	37,402	(1,014)	
26. Generation & Transmission Capital Credits	0	0	0	0	
27. Other Capital Credits & Patronage Dividends	545,138	513,701	469,130	208,797	
28. Extraordinary Items	0	0	0	0	
29. Patronage Capital or Margins (21 thru 28)	2,021,214	298,214	2,375,403	119,804	
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
	(a)	(b)		(a)	(b)
1. New Services Connected	659	577	5. Miles Transmission	264	262
2. Services Retired	118	169	6. Miles Distribution Overhead	2,636	2,629
3. Total Services In Place	46,640	47,050	7. Miles Distribution Underground	667	703
4. Idle Services (Exclude Seasonal)	2,194	2,124	8. Total Miles Energized (5+6+7)	3,567	3,593

[illegible]

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT				BORROWER NAME		Navopache Elect
				BORROWER DESIGNATION		AZ013
				ENDING DATE		12/31/2024
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	155,638,494	9,277,372	965,503	0	163,950,363
2	General Plant Subtotal	32,484,147	1,186,727	18,688	(117,892)	33,534,295
3	Headquarters Plant	13,784,458	8,500	0	0	13,792,958
4	Intangibles	228,075	0	0	0	228,075
5	Transmission Plant Subtotal	27,087,151	104,425	16,005	0	27,175,571
6	Regional Transmission and Market Operation Plant	0	0	0	0	0
7	Production Plant - Steam	0	0	0	0	0
8	Production Plant - Nuclear	0	0	0	0	0
9	Production Plant - Hydro	0	0	0	0	0
10	Production Plant - Other	0	0	0	0	0
11	All Other Utility Plant	1,009,465	0	0	0	1,009,465
12	SUBTOTAL: (1 thru 11)	230,231,790	10,577,024	1,000,196	(117,892)	239,690,726
13	Construction Work in Progress	12,837,833	20,280,433			33,118,267
14	TOTAL UTILITY PLANT (12+13)	243,069,623	30,857,457	1,000,196	(117,892)	272,808,992
CFC NO LONGER REQUIRES SECTIONS "F", "J", AND "M" DATA Those sections refer to data on "Materials and Supplies" (F), "Energy Efficiency and Conservation Loan Program" (J), and "Annual Meeting and Board Data" (M).						
PART H. SERVICE INTERRUPTIONS						
	ITEM	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	TOTAL (e)
		Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)	
1.	Present Year	1.60	0.00	26.80	159.10	187.50
2.	Five-Year Average	9.60	0.48	15.42	201.02	226.52
PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS						
1.	Number of Full Time Employees	104		4. Payroll - Expensed	6,552,513	
2.	Employee - Hours Worked - Regular Time	213,882		5. Payroll - Capitalized	1,549,890	
3.	Employee - Hours Worked - Overtime	6,794		6. Payroll - Other	2,084,381	
PART J. PATRONAGE CAPITAL				PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE		
	ITEM	THIS YEAR (a)	CUMULATIVE (b)	1. Amount Due Over 60 Days:		
1.	General Retirement	1,929,091	10,803,612	415,788		
2.	Special Retirements	330,472	5,420,579	2. Amount Written Off During Year:		
3.	Total Retirements (1+2)	2,259,563	16,224,191	120,950		
4.	Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	0				
5.	Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	105,200				
6.	Total Cash Received (4+5)	105,200				

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							ENDING DATE		12/31/2024	
PART L. KWH PURCHASED AND TOTAL COST										
	NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	RENEWABLE ENERGY PROGRAM NAME (c)	RENEWABLE FUEL TYPE (d)	KWH PURCHASED (e)	TOTAL COST (f)	AVERAGE COST PER KWH (cents) (g)	INCLUDED IN TOTAL COST		
								FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (i)	COMMENTS (j)
1	Tucson Electric Power				471,332,214	26,731,512	5.67			Comments
2	Western Area Power Administration				18,264,636	666,751	3.65			Comments
3	Arizona Electric Power Coop Inc				6,786,000	290,935	4.29			Comments
4	Arizona Power Authority				3,055,000	107,913	3.53			Comments
5							0.00			Comments
6							0.00			Comments
7							0.00			Comments
8							0.00			Comments
9							0.00			Comments
10							0.00			Comments
11							0.00			Comments
12							0.00			Comments
13							0.00			Comments
14							0.00			Comments
15							0.00			Comments
16							0.00			Comments
17							0.00			Comments
18							0.00			Comments
19							0.00			Comments
20							0.00			Comments
21	TOTALS				499,437,850	27,797,111	5.57	0	0	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Elect
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	ENDING DATE	12/31/2024

PART L. KWH PURCHASED AND TOTAL COST (Continued)

COMMENTS	
1	Part M
2	J. ALBERT BROWN RANCHES, INC. 14,250
3	MANGUM FAMILY TRUST 14,250
4	Swapp Land 2,447
5	
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PART M. LONG-TERM LEASES (If additional space is needed, use separate sheet)

LIST BELOW ALL "RESTRICTED PROPERTY" ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE")			
	NAME OF LESSOR	TYPE OF PROPERTY	RENTAL THIS YEAR
1.	Arizona State Land Department & Bureau of Land Management	Land - ROWs & Easements	\$21,998
2.	Magnum Family Trust, J Albert Brown Ranches, & Swapp Land & Cattle Co	Land	\$30,947
3.			TOTAL
			\$52,945
** "RESTRICTED PROPERTY" means all properties other than automobiles, trucks, tractors, other vehicles (including without limitation aircraft and ships), office and warehouse space and office equipment (including without limitation computers). "LONG TERM" means leases having unexpired terms in excess of 3 years and covering property having an initial cost in excess of \$250,000.			

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1	National Rural Utilities Cooperative Finance Corporation	129,555,701	4,526,599	5,248,668	9,775,267	
2	NCSC	0	0	0	0	
3	Farmer Mac	0	0	0	0	
4	CoBank, ACB	0	0	0	0	
5	RUS - Economic Development Loans	0	0	0	0	
6	Bonds / Private Placement	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)	\$129,555,701	\$4,526,599	\$5,248,668	\$9,775,267	

COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Navopache Elect
	BORROWER DESIGNATION	AZ013
	ENDING DATE	12/31/2024

PART R. POWER REQUIREMENTS DATABASE

CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS (a)	DECEMBER CONSUMERS (b)	AVERAGE CONSUMERS (c)	TOTAL KWH SALES AND REVENUE (d)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	40,227	40,688	40,458	
	b. KWH Sold				298,571,485
	c. Revenue				40,435,558
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	39	32	36	
	b. KWH Sold				6,700,211
	c. Revenue				780,231
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	3,685	3,698	3,692	
	b. KWH Sold				69,215,368
	c. Revenue				8,019,252
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	308	319	314	
	b. KWH Sold				96,649,535
	c. Revenue				9,849,529
6. Public Street & Highway Lighting	a. No. Consumers Served	115	115	115	
	b. KWH Sold				942,544
	c. Revenue				118,900
7. Other Sales to Public Authority	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served			0	
	b. KWH Sold				
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served			0	
	b. KWH Sold				
	c. Revenue				
10. TOTAL No. of Consumers (lines 1a thru 9a)		44,374	44,852	44,615	
11. TOTAL KWH Sold (lines 1b thru 9b)					472,079,143
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					59,203,471
13. Transmission Revenue					0
14. Other Electric Revenue					1,512,399
15. KWH - Own Use					1,919,061
16. TOTAL KWH Purchased					499,437,850
17. TOTAL KWH Generated					0
18. Cost of Purchases and Generation					27,797,111
19. Interchange - KWH - Net					0
20. Peak - Sum All KW Input (Metered)					100,700
<input checked="" type="radio"/> None <input type="radio"/> Non-coincident <input type="radio"/> Coincident					

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME		Navopache Elect
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PART S. ENERGY EFFICIENCY PROGRAMS

Line #	Classification	Added This Year			Total To Date		
		Number of Consumers (a)	Amount Invested (b)	ESTIMATED MMBTU Savings (c)	Number of Consumers (d)	Amount Invested (e)	ESTIMATED MMBTU Savings (f)
1.	Residential Sales (excluding seasonal)	3,424	52,821	12	5,411	116,445	30
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	3,424	52,821	12	5,411	116,445	30

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		ENDING DATE		12/31/2024
(All investments refer to your most recent CFC Loan Agreement)				
7a - PART 1 - INVESTMENTS				
DESCRIPTION (a)		INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS				
5	Various Industry Cooperatives	1,941,072		332,381
6	GCSECA Membership	100	0	0
7	CFC		2,224,004	61,450
8			0	0
Subtotal (Line 5 thru 8)		1,941,172	2,224,004	393,831
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS				
9			0	0
10			0	0
11			0	0
12			0	0
Subtotal (Line 9 thru 12)		0	0	0
4. OTHER INVESTMENTS				
13			0	0
14			0	0
15			0	0
16			0	0
Subtotal (Line 13 thru 16)		0	0	0
5. SPECIAL FUNDS				
17			0	0
18			0	0
19			0	0
20			0	0
Subtotal (Line 17 thru 20)		0	0	0
6. CASH - GENERAL				
21	Cash	643,235	250,000	0
22			0	0
23			0	0
24			0	0
Subtotal (Line 21 thru 24)		643,235	250,000	0
7. SPECIAL DEPOSITS				
25	Renewables-ACC Surcharge	81,678	0	0
26			0	0
27			0	0
28			0	0
Subtotal (Line 25 thru 28)		81,678	0	0
8. TEMPORARY INVESTMENTS				
29	CFC Paper and Temporary Investments		2,070,984	0
30			0	0
31			0	0
32			0	0
Subtotal (Line 29 thru 32)		0	2,070,984	0
9. ACCOUNT & NOTES RECEIVABLE - NET				
33	Other	254,580	0	0
34			0	0
35			0	0
36			0	0
Subtotal (Line 33 thru 36)		254,580	0	0
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED				
37			0	0
38			0	0
39			0	0
40			0	0
Subtotal (Line 37 thru 40)		0	0	0
Total		2,920,665	4,544,988	393,831

NATIONAL RURAL UTILITIES			BORROWER NAME		Navopache Elect
COOPERATIVE FINANCE CORPORATION			BORROWER DESIGNATION		AZ013
FINANCIAL AND STATISTICAL REPORT			ENDING DATE	12/31/2024	
(All investments refer to your most recent CFC Loan Agreement)					
7a - PART II. LOAN GUARANTEES					
Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loans (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART III. LOANS					
Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES					
1	TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e)				2,920,665
2	LARGER OF (a) OR (b)				40,921,349
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			40,921,349	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)			23,422,324	

NAVOPACHE ELECTRIC COOPERATIVE, INC.
FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Navopache Electric Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of April 30, 2024 and 2023, and the related statements of operations and patronage capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of April 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information is comprised of the Cooperative's annual report but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

Board of Directors
Navopache Electric Cooperative, Inc.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
July 25, 2024

NAVOPACHE ELECTRIC COOPERATIVE, INC.
BALANCE SHEETS
APRIL 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
UTILITY PLANT		
Electric Plant in Service	\$ 234,357,045	\$ 220,537,912
Construction Work in Progress	17,922,503	8,132,095
Electric Plant Acquisition Adjustment	<u>(1,543,661)</u>	<u>(1,543,661)</u>
Total	250,735,887	227,126,346
Less: Accumulated Provision for Depreciation	<u>(97,372,379)</u>	<u>(90,007,618)</u>
Net Utility Plant	153,363,508	137,118,728
OTHER ASSETS AND INVESTMENTS		
Investments in Associated Organizations	<u>3,901,025</u>	<u>3,650,758</u>
Total Other Assets and Investments	3,901,025	3,650,758
CURRENT ASSETS		
Cash and Cash Equivalents	3,037,833	8,455,722
Accounts Receivable, Net of Allowances of \$698,040 in 2024 and \$627,970 in 2023	7,180,059	9,448,025
Materials and Supplies Inventory	5,811,505	4,855,990
Prepayments	693,156	652,968
Rent and Interest Receivable	<u>219,078</u>	<u>209,238</u>
Total Current Assets	16,941,631	23,621,943
DEFERRED DEBITS		
	<u>4,090,772</u>	<u>6,309,149</u>
Total Assets	<u><u>\$ 178,296,936</u></u>	<u><u>\$ 170,700,578</u></u>
EQUITIES AND LIABILITIES		
EQUITIES		
Patronage Capital	\$ 53,026,827	\$ 53,786,353
Memberships	184,890	183,030
Other Equities (Deficit)	(7,015,230)	(8,487,060)
Accumulated Other Comprehensive Income	<u>704,249</u>	<u>669,404</u>
Total Equities	46,900,736	46,151,727
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
	104,086,447	109,567,310
ACCUMULATED PROVISION FOR POSTRETIREMENT BENEFITS		
	604,728	651,545
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	5,210,646	4,735,000
Current Portion of Postretirement Benefit Obligation	42,164	53,433
Notes Payable	9,200,000	-
Accounts Payable	4,223,383	3,575,212
Consumer Deposits	1,413,673	1,256,145
Accrued Interest Payable	332,816	299,631
Other Current and Accrued Liabilities	<u>2,658,608</u>	<u>2,572,019</u>
Total Current Liabilities	23,081,290	12,491,440
DEFERRED CREDITS		
	<u>3,623,735</u>	<u>1,838,556</u>
Total Equities and Liabilities	<u><u>\$ 178,296,936</u></u>	<u><u>\$ 170,700,578</u></u>

See accompanying Notes to Financial Statements.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
STATEMENTS OF OPERATIONS AND PATRONAGE CAPITAL
YEARS ENDED APRIL 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Electric	\$ 60,288,198	\$ 67,198,158
Other	1,181,758	2,466,050
Total Operating Revenues	<u>61,469,956</u>	<u>69,664,208</u>
OPERATING EXPENSES		
Cost of Power	29,426,086	35,828,369
Transmission Expense	300,342	257,626
Distribution Expense - Operations	4,516,001	4,597,613
Distribution Expense - Maintenance	3,925,787	4,671,560
Consumer Account Expense	2,384,046	2,407,324
Consumer Service and Informational Expense	133,666	115,132
Administrative and General Expense	7,150,374	7,179,249
Depreciation	7,930,687	6,930,757
Taxes	14,734	21,850
Other Interest	44,722	11,260
Other Deductions	77,465	82,886
Total Operating Expenses	<u>55,903,910</u>	<u>62,103,626</u>
OPERATING MARGINS BEFORE FIXED CHARGES	5,566,046	7,560,582
INTEREST ON LONG-TERM DEBT	<u>4,369,812</u>	<u>3,879,821</u>
OPERATING MARGINS AFTER FIXED CHARGES	1,196,234	3,680,761
CAPITAL CREDITS	<u>547,731</u>	<u>709,499</u>
NET OPERATING MARGINS	1,743,965	4,390,260
NONOPERATING MARGINS		
Interest Income	268,902	87,586
Other Nonoperating Gain (Loss)	(15,219)	39,420
Total Nonoperating Margins	<u>253,683</u>	<u>127,006</u>
NET MARGINS	1,997,648	4,517,266
OTHER COMPREHENSIVE MARGINS		
Change in Postretirement Benefit Obligation	34,845	30,478
Other Comprehensive Margins	<u>2,032,493</u>	<u>4,547,744</u>
PATRONAGE CAPITAL - BEGINNING OF YEAR	53,786,353	51,606,414
Postretirement Benefit Obligation Adjustment	(34,845)	(30,478)
Transfer to Other Equities	(570,974)	(266,323)
Capital Credits Retired	<u>(2,186,200)</u>	<u>(2,071,004)</u>
PATRONAGE CAPITAL - END OF YEAR	<u>\$ 53,026,827</u>	<u>\$ 53,786,353</u>

See accompanying Notes to Financial Statements.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ 1,997,648	\$ 4,517,266
Adjustments to Reconcile Net Margins to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	8,632,590	7,622,921
Capital Credits	(547,731)	(709,499)
Provision for Postretirement Benefits Charged to Operations	(58,086)	(39,230)
(Increase) Decrease in Assets:		
Accounts Receivable	2,267,966	(2,050,276)
Materials and Supplies Inventory	(955,515)	(312,267)
Other Current and Accrued Assets	(40,188)	(39,453)
Deferred Debits	2,208,537	(32,335)
Increase (Decrease) in Liabilities:		
Accounts Payable	648,171	(2,578,807)
Other Current and Accrued Liabilities	119,774	194,621
Consumer Deposits	157,528	2,726
Deferred Credits	1,785,179	(735,827)
Net Cash Provided by Operating Activities	<u>16,215,873</u>	<u>5,839,840</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction and Acquisition of Plant	(23,858,332)	(10,316,890)
Plant Removal Costs, Net of Salvage	(1,019,038)	(1,350,534)
Proceeds from Capital Credit Retirements	297,464	251,388
Principal Payments on Notes Receivable	-	240
Net Cash Used by Investing Activities	<u>(24,579,906)</u>	<u>(11,415,796)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Retirement of Capital Credits	(2,186,200)	(2,071,004)
Increase in Memberships and Other Equities	937,561	1,199,592
Borrowings on Line of Credit	9,200,000	-
Proceeds from Issuance of Long-Term Debt	-	17,469,215
Principal Payments on Long-Term Debt	(5,005,217)	(4,399,808)
Net Cash Provided by Financing Activities	<u>2,946,144</u>	<u>12,197,995</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,417,889)	6,622,039
Cash and Cash Equivalents - Beginning of Year	<u>8,455,722</u>	<u>1,833,683</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,037,833</u></u>	<u><u>\$ 8,455,722</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	<u><u>\$ 4,336,627</u></u>	<u><u>\$ 3,835,936</u></u>

See accompanying Notes to Financial Statements.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal Business Activity

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

Basis of Accounting

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

Use of Estimates

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

Electric Plant and Depreciation Procedures

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

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

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

	2024	2023
Depreciation Expense per Statement of Operations	\$ 7,930,687	\$ 6,930,757
Depreciation Expense Allocated to Other Accounts	701,903	692,164
Depreciation Expense per Statement of Cash Flows	<u>\$ 8,632,590</u>	<u>\$ 7,622,921</u>

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Associated Organizations

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

Cash and Cash Equivalents

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

	2024	2023
Cash in Checking	\$ 2,119,747	\$ 7,604,475
Cash on Hand	3,086	3,247
CFC Commercial Paper and Select Notes	915,000	848,000
Total	<u>\$ 3,037,833</u>	<u>\$ 8,455,722</u>

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

Accounts Receivable

The Cooperative provides electric energy to its consumers whose invoices are due generally required within 30 days after the date of billing. The Cooperative uses historical loss information and an analysis of the collectability of individual accounts to determine expected credit losses for receivables. The majority of receivables are aged current, and there have been very limited losses over the lifetime of the Cooperative. The Cooperative believes that the composition of trade receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. The Cooperative believes that current economic conditions are consistent with its historical assumptions. Management applied an inflation rate to the current historical factor and determined that the effect was not material to the allowance. Accounts past due are individually analyzed for collectability and are assigned to a third-party for collection. At April 30, 2024 and 2023, the allowance for credit losses was as follows:

	2024	2023
Allowance for Credit Losses		
Balance at Beginning of Year	\$ 627,970	\$ 218,643
Bad Debt Expense	(155,615)	81,490
Write Offs	122,781	413,205
Recoveries	102,904	(85,368)
Balance at End of Year	<u>\$ 698,040</u>	<u>\$ 627,970</u>

Inventories

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

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patronage Capital

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

Recognition of Power Costs

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

Income Taxes

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

The Cooperative evaluated its tax positions and determined it has no uncertain tax positions as of April 30, 2024 and 2023.

Sales Taxes

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

Revenue from Contracts with Customers

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

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

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers (Continued)

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

	2024	2023
Residential	\$ 43,100,618	\$ 45,090,485
Irrigation	1,321,791	1,579,965
Commercial and Industrial - Small	8,431,714	8,363,151
Commercial and Industrial - Large	10,865,572	12,548,089
Public Street and Highway Lighting	129,519	130,978
Electric Sales Power Cost Adjustment	(3,561,016)	(514,510)
Total Revenue	<u>\$ 60,288,198</u>	<u>\$ 67,198,158</u>

Subsequent Events

In preparing these financial statements, the Cooperative has evaluated events and transactions for potential recognition or disclosure through July 25, 2024, the date the financial statements were available to be issued.

Adoption of New Accounting Standards

The Cooperative has adopted ASU 2016-13, Financial Instruments – *Credit Losses* (Topic 326), as amended, which modifies the measurement of expected credit losses. The Cooperative adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Cooperative's financial statements but did change how the allowance for credit losses is determined.

NOTE 2 ASSETS PLEDGED

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

NOTE 3 UTILITY PLANT IN SERVICE

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

	2024	2023
Intangible Plant	\$ 298	\$ 298
Generation Plant	2,780,902	2,780,902
Transmission Plant	27,152,593	22,852,535
Distribution Plant	157,498,331	152,482,013
General Plant	46,924,921	42,422,164
Total Electric Plant in Service	234,357,045	220,537,912
Construction Work in Progress	17,922,503	8,132,095
Electric Plant Acquisition Adjustment	(1,543,661)	(1,543,661)
Total Utility Plant in Service	<u>\$ 250,735,887</u>	<u>\$ 227,126,346</u>

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024 AND 2023

NOTE 3 UTILITY PLANT IN SERVICE (CONTINUED)

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

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

NOTE 4 INVESTMENTS IN ASSOCIATED ORGANIZATIONS

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

	2024	2023
NRUCFC		
Term Certificates	\$ 1,233,654	\$ 1,233,654
Patronage Capital	813,230	657,908
Member Capital Securities	100,000	100,000
Membership	1,000	1,000
Subtotal	<u>2,147,884</u>	<u>1,992,562</u>
ERMCO	120,101	118,316
Federated Rural Insurance Exchange	572,012	549,470
National Information Solutions Cooperative	267,999	259,048
Western United Supply Corporation	791,909	729,697
Other Patronage Capital and Memberships	1,120	1,665
Total	<u>\$ 3,901,025</u>	<u>\$ 3,650,758</u>

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

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024 AND 2023

NOTE 5 DEFERRED DEBITS

Deferred debits consist of the following at April 30:

	2024	2023
SRP Transmission Connection Deposit	\$ 277,500	\$ 277,500
RUS and FFB Prepayment Premium	3,430,667	3,588,399
GIS Field Mapping	-	1,098,307
Accumulated Power Cost Adjustment	-	1,289,004
Other	382,605	55,939
Total	<u>\$ 4,090,772</u>	<u>\$ 6,309,149</u>

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

NOTE 6 PATRONAGE CAPITAL

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

	2024	2023
Assignable	\$ 1,997,648	\$ 4,517,266
Assigned	51,029,179	49,269,087
Total	<u>\$ 53,026,827</u>	<u>\$ 53,786,353</u>

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

As of April 30, 2024, the Cooperative's capital to total assets equaled 29.70%.

Distributions to estates are made at the request of the estates' administrators. As of April 2024, capital credits prior to 1987 have been retired.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024 AND 2023

NOTE 7 OTHER EQUITIES (DEFICIT)

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

	2024	2023
Gain on Retired Estate Capital Credits	\$ 1,846,929	\$ 1,606,895
Donated Capital	629,579	630,333
Accumulated Losses	(11,651,083)	(11,931,243)
Abandoned Capital Credits	2,159,345	1,206,955
Total	<u>\$ (7,015,230)</u>	<u>\$ (8,487,060)</u>

NOTE 8 LONG-TERM DEBT

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

<u>Description</u>	2024	2023
NRUCFC Mortgage Notes; 2.96% to 6.18% Fixed Rate Notes; Maturing through 2053	\$ 109,297,093	\$ 114,302,310
Total Long-Term Debt	109,297,093	114,302,310
Less: Current Maturities	(5,210,646)	(4,735,000)
Long-Term Debt, Net of Current Maturities	<u>\$ 104,086,447</u>	<u>\$ 109,567,310</u>

The Cooperative have unadvanced loan funds of \$-0- through NRUCFC as of April 30, 2024.

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

<u>Year Ending April 30,</u>	Amount
2025	\$ 5,210,646
2026	3,900,131
2027	5,552,953
2028	5,769,234
2029	5,601,664
Thereafter	83,262,465
Total	<u>\$ 109,297,093</u>

NOTE 9 NOTES PAYABLE

The Cooperative has available an \$10,000,000 line of credit with NRUCFC at a variable interest rate. At April 30, 2024 and 2023, the interest rate on this line of credit was 7.05% and 6.55%, respectively. The line of credit is scheduled to expire on April 18, 2025. The Cooperative had \$9,200,000 and \$-0- outstanding balance on the line of credit as of April 30, 2024 and 2023, respectively.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024 AND 2023

NOTE 9 NOTES PAYABLE (CONTINUED)

The Cooperative has available a guaranteed letter of credit with NRUCFC for \$93,600 as of April 30, 2024 and 2023. The line of credit is set to expire on February 7, 2025. The Cooperative had \$-0- outstanding balance on the letter of credit as of April 30, 2024 and 2023, respectively.

NOTE 10 DEFERRED CREDITS

Deferred credits at April 30 are as follows:

	2024	2023
Unclaimed Checks	\$ 1,695,695	\$ 1,762,299
Accrued Consumer Deposit Interest	138,326	116,481
Environmental Portfolio	(505,337)	(52,661)
Accumulated Power Cost Adjustment	2,279,512	-
Other	15,539	12,437
Total	<u>\$ 3,623,735</u>	<u>\$ 1,838,556</u>

NOTE 11 EMPLOYEE BENEFIT PLANS

Narrative Description

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

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

Plan Information

The Cooperative's contributions to the RS Plan in 2024 and in 2023 represented less than 5% of the total contributions made to the plan by all participating employers. Contributions to the plan for the years ended April 30, 2024 and 2023 were \$1,886,106 and \$1,866,792 respectively. There have been no significant changes that affect the comparability of 2024 and 2023 contributions.

For the RS Plan, a "zone status" determination is not required, and therefore, not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded on January 1, 2023 and 2022 based on the PPA funding target and PPA actuarial value of assets on those dates.

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

Plan Information (Continued)

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

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

In addition to the above retirement plan, the Cooperative has adopted a 401(k) Employees Savings Plan. Employees completing one year of service with the Cooperative are eligible to receive the Cooperative contribution. The Cooperative will match up to 5.9% of the effective base salary of employees covered under the International Brotherhood of Electrical Workers collective bargaining agreement and 8.5% of the effective base salary for all other employees. The Cooperative's contributions to the plan were \$646,892 and \$538,965 for 2024 and 2023, respectively.

NOTE 12 ACCRUED POSTRETIREMENT BENEFITS

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

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024 AND 2023

NOTE 12 ACCRUED POSTRETIREMENT BENEFITS (CONTINUED)

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

	2024	2023
Obligations and Funded Status:		
Accumulated Postretirement Benefit Obligation	\$ 646,892	\$ 704,978
Funded Status	<u>\$ 646,892</u>	<u>\$ 704,978</u>
Employer Contributions	\$ 42,164	\$ 53,433
Net Benefits Paid	<u>\$ 42,164</u>	<u>\$ 53,433</u>
Amounts Recognized in the Balance Sheet in		
Accumulated Provisions for Pension and Benefits	<u>\$ 646,892</u>	<u>\$ 704,978</u>
Components of Net Postretirement Benefit Cost and		
Other Amounts Recognized in Other Comprehensive		
Income:		
Service and Interest Cost	\$ 69,057	\$ 72,656
Amortization of Net Gain	(38,865)	(34,845)
Amortization of Prior Service Cost	-	-
Change in Net Gain Recognized in		
Other Comprehensive Margins	73,710	92,975
Net Periodic Benefit Costs	<u>\$ 103,902</u>	<u>\$ 130,786</u>
Assumptions Used to Determine the Net		
Postretirement Benefit Cost:		
Weighted Average Discount Rate for Obligations	4.60%	4.20%
Health Care Cost Trend Rate Assumed for Next Year	6.50%	6.63%
Rate to Which the Cost Trend Rate is Assumed		
to Decline	4.75%	5.00%
Year that the Rate Reaches the Ultimate Trend Rate	2032	2029

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

<u>Year Ending April 30,</u>	<u>Amount</u>
2025	\$ 42,164
2026	32,932
2027	38,017
2028	46,792
2029	38,035
2030 - 2034	187,891
Total	<u>\$ 385,831</u>

The Cooperative has unrecognized actuarial gains totaling \$704,249 included in accumulated other comprehensive loss at April 30, 2024. The estimated related net gain that will be amortized over the next fiscal year is \$42,164.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024 AND 2023

NOTE 13 COMMITMENTS AND CONTINGENCIES

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

Purchase Commitment

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

Commitments

The Cooperative plans to build a new headquarters and entered into a contract on April 4, 2023, for the construction of this building. As of April 30, 2024, there is \$12,541,099 remaining to be paid for the project per the contract.

Concentration of Credit

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



INDEPENDENT AUDITORS' REPORT ON LOAN FUND EXPENDITURES

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Navopache Electric Cooperative, Inc. (the Cooperative), which comprise the balance sheet as of April 30, 2024, and the related statements of operations and patronage capital, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 25, 2024.

During the year ended April 30, 2024, the Cooperative received \$-0- in advances from National Rural Utilities Cooperative Finance Corporation (NRUCFC) on loans controlled by the NRUCFC Loan Agreement and/or Mortgage or Security Agreements. In connection with our audit, nothing came to our attention that caused us to believe that the Cooperative was not in compliance with the intended purpose of the loan funds as contemplated in the Loan Agreement. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Cooperative's noncompliance with the above referenced agreements, insofar as they relate to accounting matters.

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

CliftonLarsonAllen LLP

Phoenix, Arizona
July 25, 2024



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