

NAVASOTA VALLEY
ELECTRIC COOPERATIVE, INC.

ANNUAL REPORT

and

NOTICE OF
2011 ANNUAL MEETING

Saturday, October 22, 2011

Kosse Community Center • Kosse, Texas

REFRESHMENTS WILL BE SERVED.

THIS IS YOUR REGISTRATION CARD
AND TICKET FOR DOOR PRIZES

PROXY - NAVASOTA VALLEY ELECTRIC COOPERATIVE - 2011

In order for a proxy to be valid, you must appoint someone who will be present at the meeting.

KNOW ALL MEN BY THESE PRESENT: That the undersigned member of Navasota Valley Electric Cooperative, Inc., hereby constitutes and appoints

_____ the true and lawful attorney and proxy of the undersigned, to attend and represent the undersigned at the Annual Meeting of the Members of said Navasota Valley Electric Cooperative, Inc., to be held at the Kosse Community Center, Kosse, Texas, on the 22nd day of October, A.D. 2011, at 4 p.m., and for and on behalf of the undersigned to vote on any question, proposition or resolution, or any other matter or thing that may come before said meeting or any adjournment or adjournments thereof, the same as the undersigned would be entitled to vote if personally present, and the undersigned hereby gives and grants unto said attorney and proxy full power of substitution and revocation, hereby confirming all that said attorney and proxy shall do in the premises.

IN WITNESS WHEREOF, I have hereunto set my hand this the ____ day of _____, A.D. 2011.

Signed in presence of:

MEMBER

BOARD OF DIRECTORS NOMINEES

DISTRICT II

Jeff Gonzales

Mr. Gonzales graduated from Texas State Technical Institute in Waco. He is a member of the Teague School Board and the Eighth Avenue Baptist Church of Teague. Mr. Gonzales has a ranching operation and is active in the Donie and Teague areas. He and his wife have two children. He is employed at Texas Westmoreland Coal Company.

DISTRICT III

William P. Kirven

Mr. Kirven graduated from Prairie View A&M University with a bachelor's degree in agriculture and a master's degree in social science. He is a farmer/rancher. Mr. Kirven is president of the Sandy Cemetery Association, a member of the Prairie Hill Water Supply Board and Commissioner of Precinct 2 in Limestone County.

DISTRICT V

Billie Sue Corry

Ms. Corry has been a member of the co-op since 1968 and a member of the board of directors since 1977. She is a housewife, and she and her husband have a ranching operation. Ms. Corry is active in her church and community.

Under Article IV, Section 4.06, the Bylaws provide that any 15 or more members may make other nominations in writing no less than 15 days prior to the annual meeting. Nominations may also be made from the floor at this meeting by any member or members.

OFFICIAL NOTICE OF ANNUAL MEMBERSHIP MEETING

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.

The Annual Meeting of the Members of Navasota Valley Electric Cooperative, Inc., will be held at the Kosse Community Center, Kosse, Texas, on Saturday, October 22, 2011, at 4 p.m. for the purpose of electing directors, passing upon reports covering the previous year and transacting such other business as may come before the meeting.

—John Perry, Secretary

FROM: _____

PLACE
STAMP
HERE

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.
P.O. BOX 848
FRANKLIN, TX 77856-0848



TEAR OFF
and
**BRING TO YOUR
ANNUAL MEETING**

**THIS IS YOUR
REGISTRATION CARD
AND TICKET FOR
DOOR PRIZES**

ANNUAL MEETING PROGRAM

October 22, 2011

3-4 p.m.Registration

4 p.m.Business Meeting

- Call to Order
- Invocation
- Introduction of Directors
- Acknowledge Former Employees, Directors, Visitors
- Reading of Official Notice
- Reading of Unapproved Minutes (if necessary)
- Election of Directors
- Presentation of Service Pins
- Manager's Report
- Old Business/New Business
- Adjournment
- Drawing for Door Prizes

PARTIAL LIST OF ANNUAL MEETING PRIZES

Gift Certificates	Mixer	Deep Fryer
Iron	Coffeemaker	Toaster
Ceiling Fan	Electric Skillet	Toaster Oven
Microwave	Crock-Pot	Electric Drill
Clock Radio	Skill Saw	Weedeater

YOU MUST BE PRESENT TO WIN ANY OF THESE VALUABLE PRIZES.

AN AUDIT WAS PERFORMED BY BOLINGER, SEGARS, GILBERT AND MOSS, L.L.P.,
AN AUDITING FIRM LOCATED IN LUBBOCK, TEXAS.

BALANCE SHEET

For the Years Ended December 31, 2010 and 2009

ASSETS	2010	2009
UTILITY PLANT AT COST		
Electric plant in service	\$63,920,701	\$61,024,895
Construction work in progress	<u>861,753</u>	<u>806,015</u>
	\$64,782,454	\$61,830,910
Less: Accumulated provision for depreciation	<u>15,791,368</u>	<u>15,571,222</u>
	\$48,991,086	\$46,259,688
OTHER PROPERTY AND INVESTMENTS		
Investments in associated organizations	\$ 12,209,552	\$ 10,101,955
CURRENT ASSETS		
Cash—general	\$ 889,152	\$ 407,139
Temporary cash investments	114,630	1,001,452
Accounts receivable (less allowance for uncollectibles of \$177,617 in 2010 and \$109,926 in 2009)	4,249,030	4,431,302
Other accounts receivable	199,869	372,431
Prepayments	44,617	140,076
Other current and accrued assets	<u>22,052</u>	<u>38,690</u>
	\$ 5,519,350	\$ 6,391,090
TOTAL ASSETS	<u>\$66,719,988</u>	<u>\$62,752,733</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Memberships	\$ 397,575	\$ 394,135
Patronage capital	44,095,103	38,987,720
Accumulated other comprehensive loss	(382,800)	(177,800)
Other equities	<u>4,590</u>	<u>4,555</u>
	\$44,114,468	\$39,208,610
LONG-TERM DEBT		
CFC mortgage notes less current maturities	\$ 8,939,743	\$9,726,921
NONCURRENT LIABILITIES		
Post-retirement benefit obligation	\$ 2,160,360	\$ 1,789,053
CURRENT LIABILITIES		
Line of credit	\$ 1,250,000	\$ 1,500,000
Current maturities of long-term debt	785,000	838,000
Accounts payable—purchased power	3,328,526	3,376,623
Other accounts payable	67,962	83,858
Consumers' deposits	229,090	190,100
Accrued compensated absences	141,051	116,324
Other current and accrued liabilities	<u>69,504</u>	<u>81,201</u>
	\$ 5,871,133	\$ 6,186,106
DEFERRED CREDITS	\$ 5,634,284	\$ 5,842,043
TOTAL EQUITIES AND LIABILITIES	<u>\$66,719,988</u>	<u>\$62,752,733</u>

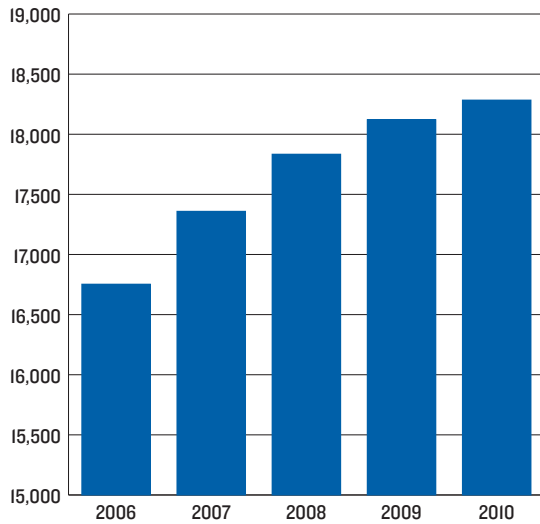
STATEMENT OF INCOME AND PATRONAGE CAPITAL

For the Years Ended December 31, 2010 and 2009

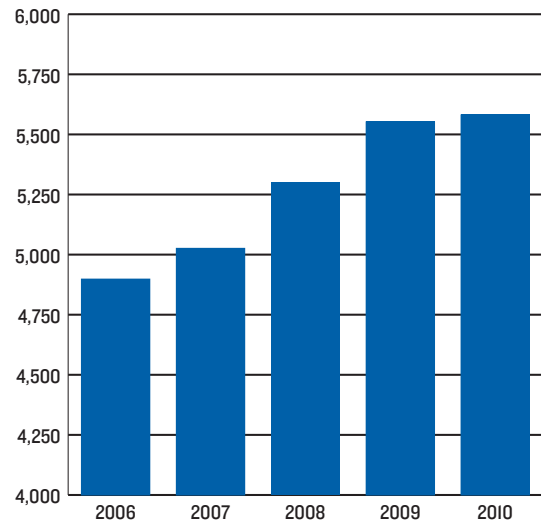
	2010	2009
OPERATING REVENUES		
Residential	\$22,954,808	\$21,468,868
Commercial and industrial	24,279,582	25,006,007
Irrigation	14,729	16,717
Public street and highway lighting	13,259	12,622
Other operating revenues	<u>614,252</u>	<u>644,628</u>
Total operating revenues	\$47,876,630	\$47,148,842
OPERATING EXPENSES		
Purchased power	\$36,187,791	\$36,473,005
Distribution—operation	1,295,265	1,295,021
Distribution—maintenance	1,324,581	1,206,463
Customer accounts	517,228	415,651
Administrative and general	2,723,047	2,548,924
Depreciation	1,643,695	1,609,245
Other interest	66,127	76,451
Other deductions	<u>251,278</u>	<u>241,776</u>
Total operating expenses	\$44,009,012	\$43,866,536
OPERATING MARGINS—BEFORE FIXED CHARGES	<u>\$ 3,867,618</u>	<u>\$ 3,282,306</u>
FIXED CHARGES		
Interest on long-term debt	\$ 597,402	\$ 657,301
OPERATING MARGINS—AFTER FIXED CHARGES	<u>\$ 3,270,216</u>	<u>\$ 2,625,005</u>
G&T capital credits	\$ 2,062,892	\$ 614,716
Other capital credits	<u>145,033</u>	<u>116,484</u>
	\$ 2,207,925	\$ 731,200
NET OPERATING MARGINS	<u>\$ 5,478,141</u>	<u>\$ 3,356,205</u>
NONOPERATING MARGINS		
Interest income	\$ 68,760	\$ 178,415
NET MARGINS	\$ 5,546,901	\$ 3,534,620
OTHER COMPREHENSIVE INCOME (LOSS)		
Other changes in benefit obligation	<u>(205,000)</u>	<u>69,000</u>
COMPREHENSIVE INCOME	5,341,901	3,603,620
Less: Other comprehensive income (loss)	205,000	(69,000)
PATRONAGE CAPITAL—BEGINNING OF PERIOD	38,987,720	35,958,851
Patronage capital retired	<u>(439,518)</u>	<u>(505,751)</u>
PATRONAGE CAPITAL—END OF PERIOD	<u>\$44,095,103</u>	<u>\$38,987,720</u>

HOW YOUR COOPERATIVE HAS GROWN

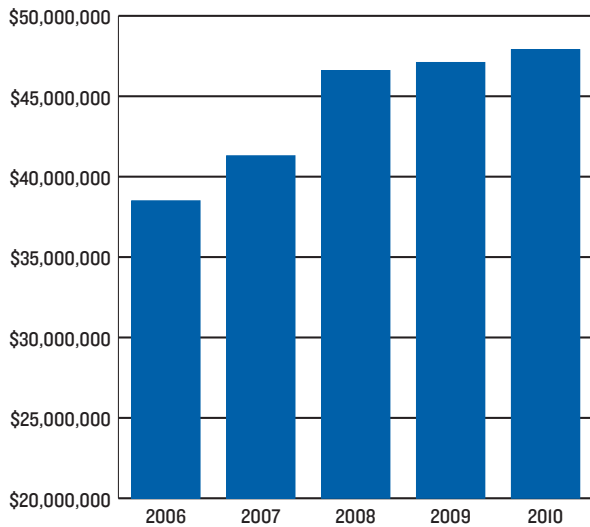
NUMBER OF METERS: 18,284



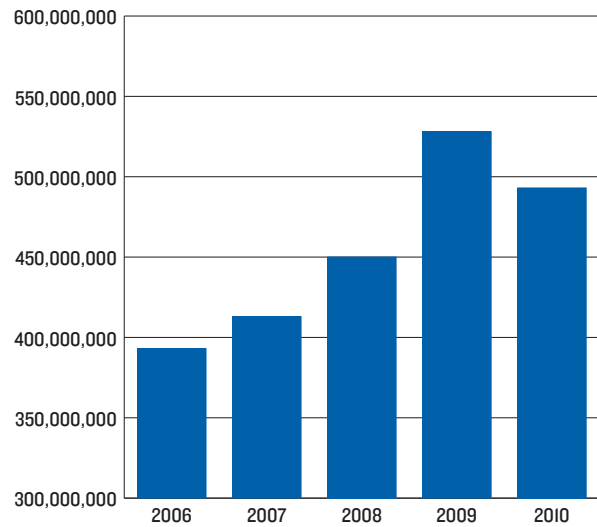
MILES OF LINE: 5,581



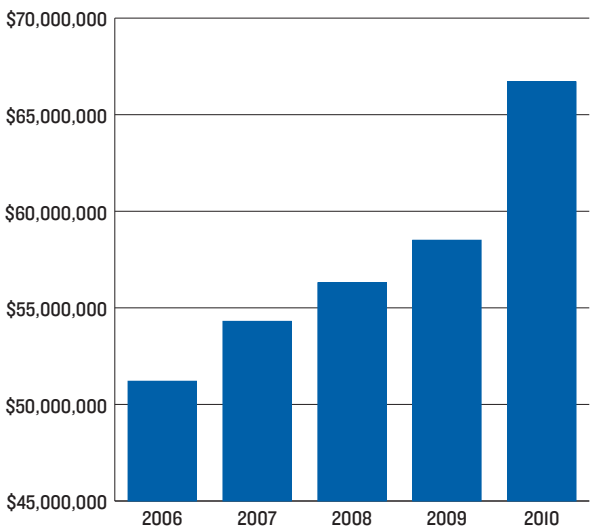
REVENUES: \$47,876,631



KWH SOLD: 492,976,693



TOTAL ASSETS: \$66,659,531



POWER COST: \$36,187,792

