Illinois Municipal Electric Agency

Financial Statements and
Supplementary Information

April 30, 2024 and 2023

Independent Auditors' Report

To the Board of Directors of
Illinois Municipal Electric Agency

Opinion

We have audited the accompanying financial statements of Illinois Municipal Electric Agency (IMEA), as of and for the years ended April 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the IMEA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMEA as of April 30, 2024 and 2023, and the changes in financial position and 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 IMEA 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 rise substantial doubt about IMEA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 IMEA'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 IMEA'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly US, LLP

Madison, Wisconsin
July 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Illinois Municipal Electric Agency ("IMEA") offers all persons interested in the financial position of IMEA this narrative overview and analysis of IMEA's financial performance during the years ending April 30, 2024 and 2023. Please read this narrative in conjunction with the accompanying financial statements and the accompanying notes to financial statements.

Overview of the Financial Statements

The Illinois Municipal Electric Agency is a body politic and corporate, municipal corporation and unit of local government of the State of Illinois. IMEA was created in 1984 under the provisions of Division 119.1 of Article II of the Illinois Municipal Code by a group of municipalities. The purpose of IMEA is to jointly plan, finance, own and operate facilities for the generation and transmission of electrical power and energy-related facilities to provide for the current and projected energy needs of the purchasing members. IMEA has thirty-two (32) members, each of which is a municipal corporation in the State of Illinois and owns and operates a municipal electric system.

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the financial statements. These statements are prepared on the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America. IMEA uses the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

The Statements of Revenues, Expenses and Changes in Net Position present information showing how IMEA's net position changed during the most recent year due to IMEA's business activity. The Statements of Net Position report year end assets, deferred outflows of resources, liabilities and net position balances based on the original cost adjusted for any depreciation, amortization or unrealized gains/losses as appropriate. Over time, increases or decreases in IMEA's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider include the Agency's wholesale electric rates and ability to maintain or exceed the debt coverage levels required by its bond resolution.

IMEA Financial Analysis

An analysis of IMEA's financial position begins with the review of the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position. A summary of IMEA's Statements of Net Position is presented in Table 1 and the Statements of Revenues, Expenses and Changes in Net Position are summarized in Table 2.

Table 1
Condensed Statements of Net Position

	2024	2023	2022
Utility plant	$926,862,215	$951,383,076	$974,101,439
Restricted assets	97,226,562	97,716,541	96,473,555
Current assets	166,660,820	157,476,266	129,389,848
Other assets	3,296,693	2,655,475	10,405,221
Deferred outflows of resources	15,033,344	17,577,371	20,281,525
Total Assets and Deferred Outflows of Resources	$1,209,079,634	$1,226,808,729	$1,230,651,588
Net Position:			
Invested in capital assets	$296,176,193	$271,346,000	$245,077,357
Restricted	11,511,814	10,751,876	9,822,774
Unrestricted	138,480,542	117,458,280	98,985,636
Total Net Position	446,168,549	399,556,156	353,885,767
Noncurrent liabilities	687,516,625	751,897,317	799,974,305
Current liabilities	75,394,460	75,355,256	76,791,516
Total Liabilities	762,911,085	827,252,573	876,765,821
Total Net Position and Liabilities	$1,209,079,634	$1,226,808,729	$1,230,651,588

Statements of Net Position

Year Ended April 30, 2024

IMEA's total utility plant decreased by $24,520,861 during the year ended April 30, 2024. The Agency made total payments of $11,601,700 toward the capital improvements associated with the Prairie State project, Trimble County Units 1 & 2 projects and other smaller capital acquisitions and improvements. Total current liabilities associated with these capital improvements were $929,797. These capital investments net of depreciation accounted for most of the changes in utility plant. Depreciation expense of $35,989,197 was recorded during the year.

IMEA had an increase in the cash and short-term investments held in operating reserve accounts of $8,631,266 from the previous year. Accounts receivable decreased by $1,272,895 from the previous year. Prepayments increased by $2,724,731 from the previous year. The value of renewable energy credits held at the end of the year decreased by $811,965. These changes along with a decrease in the value of bond interest subsidy receivable and an increase in collateral held for others at the end of the year represent much of the increase in current assets of $9,184,554.

Proceeds of revenue bonds not yet expended are included in restricted assets. The decrease in restricted assets of $489,979 was primarily caused by a return of excess funds following the Trustee's (BNY Mellon) annual cash valuation calculations.

Net position increased due to the current year's operations that resulted in net income of $46,612,393.

Principal repayments associated with the Agency's outstanding revenue bonds totaled $47,750,000. IMEA is scheduled to repay an additional $50,005,000 on the outstanding revenue bonds on February 1, 2025, which is included in current liabilities. The Agency also had current year payments of $2,000,000 with no draws against a line of credit facility available to IMEA bringing the total outstanding draws on the line of credit to $0. The total undrawn portion of this line of credit was $50,000,000.

Year Ended April 30, 2023

IMEA's total utility plant decreased by $22,718,363 during the year ended April 30, 2023. The Agency made total payments of $11,714,574 toward the capital improvements associated with the Prairie State project, Trimble County Units 1 & 2 projects and other smaller capital acquisitions and improvements. Total current liabilities associated with these capital improvements were $999,073. These capital investments net of depreciation accounted for most of the changes in utility plant. Depreciation expense of $35,331,150 was recorded during the year.

IMEA had an increase in the cash and short-term investments held in operating reserve accounts of $25,450,663 from the previous year. Accounts receivable decreased by $3,110,650 from the previous year. Prepayments increased by $4,174,424 from the previous year. These changes along with a decrease in the value of bond interest subsidy receivable, an increase in the value of renewable energy credits held at the end of the year and an increase in collateral held for others at the end of the year represent much of the increase in current assets of $28,086,418.

Proceeds of revenue bonds not yet expended are included in restricted assets. The increase in restricted assets of $1,242,986 was primarily caused by a rise in the market value of investments being held in restricted accounts.

Net position increased due to the current year's operations that resulted in net income of $45,670,389.

Principal repayments associated with the Agency's outstanding revenue bonds totaled $45,675,000. IMEA is scheduled to repay an additional $47,750,000 on the outstanding revenue bonds on February 1, 2024, which is included in current liabilities. The Agency also had current year payments of $2,000,000 with no draws against a line of credit facility available to IMEA bringing the total outstanding draws on the line of credit to $2,000,000. The total undrawn portion of this line of credit was $48,000,000.

Table 2
Condensed Statements of Revenues, Expenses and Changes in Net Position

	2024	2023	2022
Operating revenues	$312,627,656	$312,710,430	$313,659,643
Depreciation expense	35,989,197	35,331,150	35,262,426
Other operating expenses	207,731,360	201,318,145	203,587,357
Total Operating Expenses	243,720,557	236,649,295	238,849,783
Operating Income	68,907,099	76,061,135	74,809,860
Investment income	9,814,135	3,911,985	689,626
Interest and amortization expense	(32,165,974)	(34,290,557)	(36,674,762)
Other income/(expense)	57,133	(12,174)	(19,127)
Total Non-Operating Expenses	(22,294,706)	(30,390,746)	(36,004,263)
Change in Net Position	46,612,393	45,670,389	38,805,597
Net Position, Beginning of Year	399,556,156	353,885,767	315,080,170
Net Position, End of Year	$446,168,549	$399,556,156	$353,885,767

Statements of Revenue, Expenses and Changes in Net Position

Year Ended April 30, 2024

Sales to participating members of $302,188,273 and 3,660,103,092 kilowatt hours ("kWh") were recorded during the fiscal year ended April 30, 2024. This represented a decrease of $580,773 (0.2 percent) in revenue from sales to participating members and a decrease of 101,094,732 kWh (2.7 percent) as compared with the previous year. Energy sales were lower this year as compared to the previous year due to milder temperatures over the summer and winter across Illinois.

IMEA recorded a coincident peak demand of 973 MW, which was approximately 6.2 percent higher than the 915 MW experienced in the previous year. The total member non-coincident peak demand was 987 MW, which was approximately 4.1 percent higher than the 948 MW experienced in the previous year.

The average cost of power sold to the participating members with capacity credits of 8.03 cents per kWh was approximately 2.6 percent higher than the 7.82 cents per kWh from the previous year.

Total operating expenses increased by $7,071,262 (3.0 percent) from the previous year due primarily to higher purchased power expenses. Purchased power expenses went up 38.1 percent from the previous year due to IMEA having a more favorable position in the energy markets during the previous fiscal year. Operation and maintenance expenses at generating units went up 0.4 percent from the previous year mainly due to inflation. Transmission expenses, which are outside of IMEA's control, went down 13.0 percent. There has been a trend of increasing transmission expenses seen over the last several years, IMEA made use of prior year excess revenues received from MISO in connection to IMEA's Auction Revenue Rights and Financial Transmission Rights to create a regulatory credit of $7,550,000. This regulatory credit was used evenly across all 12 months of fiscal year 2024 to offset increases in transmission expenses. Fuel at generating units went down 4.6 percent from the previous year due to the cost of coal at Trimble County Units returning to a level more consistent with history. Fuel reimbursements decreased by 20.4 percent due to member generation being called to generate less than prior year. Non-operating expenses decreased by $8,096,040 (26.6 percent) from the previous year due primarily to lower interest expense and higher interest income. Interest expense decreased by 6.0 percent primarily due to payments made to reduce outstanding revenue bonds. Interest Income increased by 150.9 percent due to interest rates paid on IMEA's investments being much higher than the previous year.

Year Ended April 30, 2023

Sales to participating members of $302,769,046 and 3,761,197,824 kilowatt hours ("kWh") were recorded during the fiscal year ended April 30, 2023. This represented a decrease of $5,647,512 (1.8 percent) in revenue from sales to participating members and a decrease of 94,931,249 kWh (2.5 percent) as compared with the previous year. Energy sales were lower as compared to the previous year due to relatively normal temperatures in Illinois during fiscal year 2022, this year saw a mild summer and winter across Illinois.

IMEA recorded a coincident peak demand of 915 MW, which was approximately 0.7 percent lower than the 921 MW experienced in the previous year. The total member non-coincident peak demand was 948 MW, which was approximately 1.0 percent higher than the 939 MW experienced in the previous year.

The average cost of power sold to the participating members with capacity credits of 7.82 cents per kWh was approximately 0.6 percent higher than the 7.77 cents per kWh from the previous year.

Total operating expenses decreased by $2,200,488 (0.9 percent) from the previous year due primarily to lower purchased power expenses. Purchased power expenses went down 34.9 percent from the previous year due to IMEA having a favorable position in the energy markets during the current fiscal year. Operation and maintenance expenses at generating units went up 18.4 percent from the previous year due to more outage days. Transmission expenses, which are outside of IMEA's control, went up 20.0 percent. This trend of increasing transmission expenses is consistent with the trend IMEA has seen over the last several years. Fuel at generating units went up 7.3 percent from the previous year due to the increased cost of coal at Trimble County Units. Fuel reimbursements increased by 28.7 percent due to member generation being called to generate more than the previous year. Non-operating expenses decreased by $5,613,517 (15.6 percent) from the previous year due primarily to lower interest expense and higher interest income. Interest expense decreased by 5.3 percent primarily due to payments made to reduce outstanding revenue bonds. Interest Income increased by 467.3 percent due to interest rates paid on IMEA's investments being much higher than the previous year.

Debt Service Coverage

IMEA's bond resolution requires the Agency to maintain a debt service coverage ratio of 110 percent. Debt service coverage for the year ended April 30, 2024 was approximately 136.4 percent and approximately 136.7 percent for the year ended April 30, 2023. IMEA made no transfers during the year ended April 30, 2024 or during the year ended April 30, 2023 into the rate stabilization account, transfers would have reduced debt service coverage.

Significant Events

IMEA reached an agreement with Illinois Power Marketing (IPM), a wholly owned subsidiary of Vistra Corp., to shorten the term of a long-term, baseload purchase power agreement. The original term of the agreement was set to end on September 30, 2035, with an amended term through May 31, 2026. IMEA and IPM set a new end date of May 31, 2022 that coincided with the MISO Planning Year. As part of the shortened long-term agreement, IMEA is purchasing capacity and energy from IPM for one year, that year began on June 1, 2022 and ended on May 31, 2023 via a market-based transaction. This one-year agreement ended in fiscal year 2024. IMEA is evaluating carbon-free resources and market purchases to replace the energy and capacity it procured from this purchase power agreement.

For the Delivery Year that began on June 1, 2022 and ended on May 31, 2023, IMEA received excess revenues of approximately $12,300,000 from credits received from MISO in connection with IMEA's Auction Revenue Rights (ARRs) and Financial Transmission Rights (FTRs), which are treated as offsets to transmission-related expenses ("Excess Transmission Credits"). IMEA used a portion of the Excess Transmission Credits ($4,750,000) to repay and retire a previously established regulatory asset and the remainder ($7,550,000) to establish a regulatory credit to forgo an otherwise needed Delivery Service rate increase for fiscal year 2024. The regulatory credit allowed the remaining Excess Transmission Credits to be carried forward from fiscal year 2023 to fiscal year 2024, the regulatory credit allowed for the Excess Transmission Credits to offset delivery service expenses in fiscal year 2024. The funds in the regulatory credit were allocated evenly (1/12th) each month of fiscal year 2024.

Renewable and Carbon-Free Energy Resources

IMEA has a contract to purchase 70 MW of wind energy from the Lee-Dekalb wind project owned by FPL Energy Illinois Wind, LLC and another contract to purchase 50 MW of wind from the Green River Wind Farm that was developed by Geronimo Energy, LLC. Two of IMEA's members own and operate run-of-the-river hydroelectric generation that totals nearly 10 MW of carbon-free energy for IMEA. IMEA also has contracts for the purchase of approximately 5 MW of solar energy located within five of IMEA's member electric systems. These resources provide IMEA with carbon-free and/or renewable energy resources totaling slightly more than 10 percent of IMEA's energy requirements. In FY2024, IMEA entered contracts to add a total of 2.5 MW of new solar energy located within the electric systems of three members, these projects are in the process of being built. In addition, IMEA is under contract to purchase 25 MW of solar energy from Big River Solar, this is a solar project located in Illinois that became operational in 2022. This contract has a June 2025 start date. IMEA is working with an experienced solar vendor, SolAmerica, to potentially add 11 MW of solar to be located within the electric systems of IMEA members. IMEA continues to evaluate additional carbon-free resources and will seek and evaluate additional opportunities to increase the amount of energy it procures from renewable or carbon-free resources. When the above referenced IPM agreement expired on May 31, 2023, IMEA no longer has any carbon-based purchase power agreements in place.

Contacting IMEA's Management

This financial report is designed to provide our members, investors and creditors with a general overview of IMEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Illinois Municipal Electric Agency, 3400 Conifer Drive, Springfield, IL 62711.

Illinois Municipal Electric Agency

Statements of Net Position
April 30, 2024 and 2023

	2024	2023
Assets and Deferred Outflows of Resources		
Utility Plant		
Utility plant in service	$ 1,329,449,580	$ 1,277,416,535
Accumulated depreciation	(440,478,810)	(408,285,469)
Construction work in progress	37,891,445	82,252,010
Total utility plant	926,862,215	951,383,076
Restricted Assets		
Cash and investments	97,226,562	97,716,541
Current Assets		
Cash	74,777,666	73,178,975
Investments	37,492,813	30,460,238
Accounts receivable	19,939,747	21,212,642
Bond interest subsidy receivable	1,660,736	1,761,543
Renewable energy credits	2,791,891	3,603,856
Prepayments	29,475,718	26,750,987
Collateral held for others	522,249	508,025
Total current assets	166,660,820	157,476,266
Other Assets		
Regulatory costs for future recovery	1,443,722	1,688,727
Unrealized (gain) loss on investments	1,522,305	641,238
Prairie State, other long term asset	330,666	325,510
Total other assets	3,296,693	2,655,475
Total assets	1,194,046,290	1,209,231,358
Deferred Outflows of Resources		
Unamortized loss on advance refunding	15,033,344	17,577,371
Total assets and deferred outflows of resources	$ 1,209,079,634	$ 1,226,808,729

See notes to financial statements

	2024	2023
Net Position and Liabilities		
Net Position		
Net investment in capital assets	$ 296,176,193	$ 271,346,000
Restricted	11,511,814	10,751,876
Unrestricted	138,480,542	117,458,280
Total net position	446,168,549	399,556,156
Noncurrent Liabilities		
Revenue bonds	643,600,000	693,605,000
Other long-term debt, line of credit	-	2,000,000
Unamortized premium	28,258,722	33,040,821
Other liabilities	15,657,903	23,251,496
Total noncurrent liabilities	687,516,625	751,897,317
Current Liabilities		
Accounts payable and accrued expenses		
Accounts payable:		
Purchased power and transmission	7,576,898	9,439,303
Jointly-owned facilities	7,097,553	6,774,136
Other	69,073	178,148
Collateral due to others	523,487	509,154
Other current liabilities	552,057	521,224
Total accounts payable and accrued expenses	15,819,068	17,421,965
Current liabilities payable from restricted assets:		
Current maturities of revenue bonds	50,005,000	47,750,000
Interest accrued	9,570,392	10,183,291
Total current liabilities payable from restricted assets	59,575,392	57,933,291
Total current liabilities	75,394,460	75,355,256
Total liabilities	762,911,085	827,252,573
Total net position and liabilities	$ 1,209,079,634	$ 1,226,808,729

Illinois Municipal Electric Agency

Statements of Revenues, Expenses and Changes in Net Position
Years Ended April 30, 2024 and 2023

	2024	2023
Operating Revenues		
Sales to participating members	$ 302,188,273	$ 302,769,046
Other income	10,439,383	9,941,384
Total operating revenues	312,627,656	312,710,430
Operating Expenses		
Purchased power	54,974,399	39,802,124
Transmission	47,463,430	54,551,476
Prairie State and Trimble County Units No. 1 and 2:		
Fuel	44,033,158	46,177,615
Operations and maintenance	40,401,496	40,235,969
Member payments:		
Fuel reimbursements	1,195,739	1,502,785
Capacity payments	8,424,829	8,509,177
Generation payments	9,099	11,605
Administration and general	9,245,964	8,773,713
Depreciation	35,989,197	35,331,150
Other utility operations	1,983,246	1,753,681
Total operating expenses	243,720,557	236,649,295
Operating income	68,907,099	76,061,135
Nonoperating Revenues (Expenses)		
Investment income	9,814,135	3,911,985
Bond interest subsidy revenue	6,655,720	7,037,669
Interest expense	(40,814,763)	(43,405,360)
Amortization expense	1,993,069	2,077,134
Other income (expense)	57,133	(12,174)
Total nonoperating revenues (expenses)	(22,294,706)	(30,390,746)
Change in net position	46,612,393	45,670,389
Net Position, Beginning	399,556,156	353,885,767
Net Position, Ending	$ 446,168,549	$ 399,556,156

See notes to financial statements

Illinois Municipal Electric Agency

Statements of Cash Flows
Years Ended April 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Received from power sales	$ 293,831,497	$ 295,940,454
Paid to suppliers for purchased power and transmission	(110,397,605)	(82,299,375)
Paid to suppliers and employees for other services	(88,081,753)	(95,221,914)
Net cash flows from operating activities	95,352,139	118,419,165
Cash Flows From Noncapital and Related Financing Activities		
Payment of line of credit debt	(2,000,000)	(2,000,000)
Net cash flows from noncapital financing and related activities	(2,000,000)	(2,000,000)
Cash Flows From Capital and Related Financing Activities		
Debt principal paid	(47,750,000)	(45,675,000)
Interest paid	(41,427,661)	(44,024,543)
Bond interest subsidy received	6,756,528	7,136,818
Acquisition and construction of capital assets	(11,601,700)	(11,714,574)
Asset retirement obligation costs incurred	(26,041)	(6,218)
Net cash flows from capital and related financing activities	(94,048,874)	(94,283,517)
Cash Flows From Investing Activities		
Investment income	9,814,135	3,911,985
Purchase of long-term investments	(158,577,843)	(164,788,195)
Maturity of long-term investments	151,766,000	164,321,000
Net cash flows from investing activities	3,002,292	3,444,790
Net change in cash and cash equivalents	2,305,557	25,580,440
Cash and Cash Equivalents, Beginning	74,461,040	48,880,600
Cash and Cash Equivalents, Ending	$ 76,766,597	$ 74,461,040
Noncash Capital and Related Financing Activities		
Recording of other regulatory asset	$ -	$ (6,597,222)
Recording of other regulatory liability	$ (6,909,337)	$ 6,909,337
Change in asset retirement obligation liability	$ 762,197	$ 222,909
Accretion expense	$ 782,192	$ 793,330
Change in unrealized loss on investments	$ 881,067	$ (647,184)
Amortization expense	$ 1,993,069	$ 2,077,134
Credits given on billings	$ (9,629,667)	$ (10,023,568)
Net gain (loss) on sale of assets	$ (57,133)	$ 12,174

See notes to financial statements

Illinois Municipal Electric Agency

Statements of Cash Flows
Years Ended April 30, 2024 and 2023

	2024	2023
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	$ 68,907,099	$ 76,061,135
Noncash items included in operating income:		
Depreciation	35,989,197	35,331,150
Other noncash transactions	(530,012)	(990,487)
Changes in assets and liabilities:		
Accounts receivable	1,272,894	3,110,651
Prepayments	(2,724,729)	(4,174,423)
Allowance inventory	811,965	(1,663,579)
Accounts payable	(1,462,534)	(2,776,244)
Change in regulatory asset/liability	(6,909,340)	13,506,559
Other current liabilities	(2,401)	14,403
Net cash flows from operating activities	$ 95,352,139	$ 118,419,165
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Restricted cash and investments	$ 97,226,562	$ 97,716,541
Cash	74,777,666	73,178,975
Investments	37,492,813	30,460,238
Total cash and investments	209,497,041	201,355,754
Less investments	(132,730,444)	(126,894,714)
Total cash and cash equivalents	$ 76,766,597	$ 74,461,040

See notes to financial statements

1. Summary of Significant Accounting Policies

The financial statements of the Illinois Municipal Electric Agency (IMEA) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by IMEA are described below.

Reporting Entity

IMEA is a body politic and corporate, municipal corporation and unit of local government of the State of Illinois. IMEA was created in May 1984 under the provisions of Division 119.1 of Article II of the Illinois Municipal Code (the Act) by a group of municipalities for the purpose of jointly planning, financing, owning and operating facilities for the generation and transmission of electrical power and energy-related facilities which are appropriate to the present and projected energy needs to such municipalities. IMEA is owned and its policies governed by its member municipalities.

IMEA has provided the power and energy requirements of certain members since 1986, primarily through the purchase of wholesale requirements service from power providers and through IMEA owned generation. The contracts with power providers, which obligate IMEA to purchase electric energy for concurrent resale to its members, are in effect through September 2035.

As of April 30, 2024, IMEA had 32 member municipalities, all of which have executed long-term power sales contracts for the purchase of full requirements power and energy from IMEA. The original termination date for all of the power sales contracts with participating members is September 30, 2035. These members participate in the IMEA owned generation facilities and pay rates sufficient to meet the obligations of IMEA's bond resolution. Per resolutions 24-04-900 through 24-04-909, 10 members have signed new contracts in April 2024 to extend their termination dates to May 31, 2055.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when exchange takes place. IMEA uses the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities and Net Position

Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount billed to members. Allowance for doubtful accounts is not considered necessary as IMEA has not historically experienced delays in payments for service rendered.

Renewable Energy Credits

Energy credits consist of renewable energy credits (RECs) held for sale and are valued at current market value. The RECs are obtained through the purchase of renewable energy resources.

Prepayments

The amount in prepaid items represents amounts paid which will benefit future periods, IMEA's payment for collateral for operating activities in the MISO and PJM transmission markets and advance payments to Trimble County and Prairie State for working capital.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Prairie State, Other Long-Term Asset

Other long-term assets are comprised of the assets related to the prepayments made on a long-term parts agreement and collateral paid toward a self-insurance fund.

Regulatory Costs for Future Recovery

Expenses incurred and paid in the current and prior periods in which the benefit of the expense will be recovered and realized in future periods in accordance with GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* See Note 9 for further discussion related to assets.

Unrealized Gains and Loss on Investments

Management has elected the use of regulatory accounting for its unrealized gains and losses on investments. Changing market gains and losses are not recognized as investment income until such time investments are sold or mature. Net unrealized gains and losses are reported as other assets on the Statement of Net Position.

Utility Plant

Utility plant is generally defined by IMEA as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year, except for jointly owned assets. In these cases, utility plant is capitalized based on policies defined by Louisville Gas & Electric Company and Prairie State Generating Company.

Utility plant of IMEA is recorded at cost or the estimated acquisition value at the time of contribution to IMEA. Major outlays for utility plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the utility plant constructed, net of interest earned on the invested proceeds over the same period. Utility plant is depreciated using the straight-line method over the following useful lives:

	Years
Utility Plant:	
Electric plant, Trimble County Units No. 1 and 2	20-53
Electric plant, Prairie State Units No. 1 and 2	40
Mobile generation	30
Land	-
Land improvements	10
Office building	10-31.5
Office furniture and equipment	5
Supervisory control and data acquisition equipment	5
Winnetka 138 interconnect	30
Other equipment	5

Coal reserves are depleted as the commodity is consumed using a rate which is based upon the cost to IMEA divided by the total estimated coal to be mined.

Deferred Outflow of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources expense until that future time.

Loss on Refunding

The deferred change resulting from the refunding of debt is amortized over the shorter of the term of the refunding issue or the original term of the refunded debt.

Payables and Other Current Liabilities

Accounts payable represents current liabilities for power, jointly owned facilities and other payables. Other current liabilities represent accrued vacation benefits and accrued property taxes payable.

Other Liabilities

Other liabilities represent accrued sick leave, MISO ARR credit (Note 9) and asset retirement obligation (Note 7). Under terms of employment, employees are granted one day of sick leave per month. One-half of accumulated sick leave benefits are paid if the employee terminates service after at least 10 years of service. Accumulated sick leave and vacation benefits have been recorded in the financial statements.

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities. Bond discounts and premiums are amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year-end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year-end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Revenues and Expenses

IMEA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with IMEA's principal ongoing operations. The principal operating revenues of IMEA are charges to members for sales and services. Operating expenses for IMEA include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

IMEA billings are rendered and recorded monthly based on month-end metered usage.

Bond Subsidy Revenue and Receivable

This amount represents the accrued amount receivable under the Build America Bond Program (BAB) which provides a 35% subsidy for interest expense on the Series 2009 and 2010 revenue bond issues. The interest expense reduction is classified as nonoperating revenue.

The United States Federal Government was subject to the process of sequestration for the budget year ending September 30, 2024 and 2023 whereby foreseeable spending reductions for many Federal programs, including issuers of the BAB's, may directly affect the recovery of the BAB's subsidy. See Note 6 for further details.

Taxes

IMEA is exempt from State and Federal income taxes.

Rates

Rates charged to members are approved by the Board of Directors and were increased January 1, 2024. The approved rate includes adjustment clauses which are calculated monthly based on cost to serve member load.

Effect of New Accounting Standards on Current Period Financial Statements

GASB has approved Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*, Statement No. 101, *Compensated Absences,* Statement No. 102, *Certain Risk Disclosures* and Statement No. 103, *Financial Reporting Model Improvements..* When they become effective, application of these standards may restate portions of these financial statements.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

2. Cash and Investments

IMEA's cash and investments consist of the following:

	Carrying Value as of April 30		
	2024	**2023**	**Associated Risk**
The Illinois Funds	$ 51,191,265	$ 19,722,379	Credit and interest rate
U.S. agency securities, implicitly guaranteed	24,019,400	70,842,085	Custodial credit, credit, concentration of credit and interest rate
U.S. treasuries	109,677,559	56,711,360	Custodial credit and interest rate
Money market fund	1,783,971	6,915,957	Custodial credit
Checking and savings	22,824,346	47,163,473	Custodial credit
Petty cash	500	500	Not applicable
Total	$ 209,497,041	$ 201,355,754	

IMEA's Trust Indenture authorizes IMEA to deposit funds only in banks insured by the Federal Deposit Insurance Corporation (FDIC). IMEA may also make investments in U.S. Government and federal agency obligations, investment grade bonds, commercial paper rated at the highest classification established by at least two standard rating services, money market mutual funds, repurchase agreements and The Illinois Funds.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in the fair value section of this note. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year-end.

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts and $250,000 for demand deposit accounts (interest and noninterest bearing). Investments in The Illinois Funds are covered under securities pledged for all pool participants. The difference between the bank balance and carrying value is due to outstanding checks, deposits in transit and/or market value adjustments.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, IMEA's deposits may not be returned to IMEA. IMEA's investment policy requires collateralization of deposits above the amount insured by the FDIC. IMEA does not have any deposits exposed to custodial credit risk as of April 30, 2024 and 2023.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, IMEA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All investments held as of April 30, 2024 and 2023, were considered to be in risk category one (investments held in trust on behalf of IMEA), therefore, not subject to custodial credit risk. IMEA's investment policy requires all investment securities be held by its agent in IMEA's name.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of April 30, 2024 IMEA's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's	Fitch
U.S. agency securities	AA+	Aaa	-
The Illinois funds	-	-	AAAmmf

As of April 30, 2023 IMEA's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's	Fitch
U.S. agency securities	AA+	Aaa	-
The Illinois funds	-	-	AAAmmf

IMEA's investment policy requires that all investments be rated in highest or second highest categories by the national rating agencies.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of IMEA's investment in a single issuer.

As of April 30, 2024 and 2023, IMEA's investment portfolio was concentrated as follows:

		Percentage of Portfolio	
Issuer	Investment Types	2024	2023
Federal Home Loan Bank	U.S. agency securities, implicitly guaranteed	8%	45%
Federal Farm Credit Banks Funding Corporation	U.S. agency securities, implicitly guaranteed	10	10

IMEA's investment policy states that no more than 50% of the total portfolio may be invested in one type of investment with the exception of the US government and its agencies.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of April 30, 2024 IMEA's investments were as follows:

		Maturity (In Years)		
	Fair Value	**Less than 1**	**1-5**	**Over 5**
U.S. agency securities	$ 24,019,400	$ 10,931,515	$ 13,087,885	$ -
U.S. treasuries	109,677,559	77,917,418	25,064,111	6,696,030
Total	$ 133,696,959	$ 88,848,933	$ 38,151,996	$ 6,696,030

IMEA also has $51,191,265 invested in The Illinois Funds, which are valued at amortized cost. The average maturity of The Illinois Funds is 120 days.

As of April 30, 2023 IMEA's investments were as follows:

		Maturity (In Years)		
	Fair Value	**Less than 1**	**1-5**	**Over 5**
U.S. agency securities	$ 70,842,085	$ 52,548,447	$ 18,293,638	$ -
U.S. treasuries	56,711,360	23,984,436	32,726,924	-
Total	$ 127,553,445	$ 76,532,883	$ 51,020,562	$ -

IMEA also has $19,722,379 invested in The Illinois Funds, which are valued at amortized cost. The average maturity of The Illinois Funds is 120 days.

IMEA's investment policy states that investment securities should not mature later than the monies will be needed for the respective use.

Fair Value

IMEA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements as of April 30, 2024 and 2023 are as follows:

- Market approach – matrix pricing or market collaborative pricing

As of April 30, 2024 IMEA's fair values were rated as follows:

Investment Type	Total	Level 1	Level 2
U.S. agency securities:	$ 24,019,400	$ -	$ 24,019,400
U.S. treasuries	109,677,559	109,677,559	-
Total	$ 133,696,959	$ 109,677,559	$ 24,019,400

As of April 30, 2023 IMEA's fair values were rated as follows:

Investment Type	Total	Level 1	Level 2
U.S. agency securities:	$ 70,842,085	$ -	$ 70,842,085
U.S. treasuries	56,711,360	56,711,360	-
Total	$ 127,553,445	$ 56,711,360	$ 70,842,085

3. Jointly-Owned Facilities

Trimble County Unit No. 1

Pursuant to an ownership agreement entered into in September 1990, IMEA acquired an undivided 12.12% ownership interest (approximately 62 MW), as tenant in common, in the Trimble County Unit No. 1 generating facility from Louisville Gas and Electric Company. Trimble County Unit 1 is a 514 MW subcritical pulverized coal fired unit.

Trimble County Unit No. 2

Trimble County Unit 2, which was placed into commercial operation in January 2011, is a pulverized-coal super-critical unit of 750 MW nominal net rating located adjacent to Trimble County Unit 1. IMEA owns a 12.12% (approximately 91 MW) undivided interest as tenant in common in the unit.

Prairie State Project

IMEA is part of the consortium known as the Prairie State Generating Company, LLC that developed the Prairie State Project. IMEA owns a 15.17% (approximately 240 MW) undivided interest in the project. The Prairie State Project is a nominal 1,600 MW plant, utilizing two supercritical steam units of approximately 800 MW in size. Prairie State includes contiguous coal reserves and the operation of a coal mine to supply coal to the power plant. The first unit was placed into commercial operation in June 2012 and the second unit was placed into commercial operation in November 2012.

IMEA's share of the operating costs associated with these joint owned facilities are included in the accompanying financial statements.

4. Funds

IMEA's Trust Indenture requires the segregation of bond proceeds, establishment of various funds and prescribes the application of IMEA's revenues. Also, it defines what type of securities that IMEA may invest in. Funds consist principally of cash, money market funds, federal securities and investments in The Illinois Funds. The fund's purposes and balances are summarized below.

Fund	Held By	Purpose
Revenue	IMEA	To initially receive revenues and to disburse them to other accounts.
Operations and Maintenance	IMEA	To pay operating and maintenance expenses.
Renewals and Replacements	IMEA	To provide funds to be applied to the payment of the costs of renewals, replacements and repairs.
General Reserve	IMEA	To receive surplus funds after all other accounts are funded.
Rate Stabilization	IMEA	To accumulate any revenues in excess of the 10% debt service coverage requirement which will be used to minimize rate fluctuations in the future.
Debt Service Account	Trustee	To accumulate principal and interest associated with each bond series.
Debt Service Reserve Account	Trustee	To establish a reserve to cover deficiencies in the Debt Service Account. Any excess may be used for other purposes.

The indenture requires that certain cash and investments be segregated. The following are accounts included in current and restricted assets at April 30, 2024 and 2023.

	2024	2023
Included in current assets:		
Revenue	$ -	$ 375
Operation and maintenance	53,200,482	47,163,100
Renewals and replacements	2,336,475	2,340,315
General reserve	11,233,022	8,634,923
Rate stabilization	45,500,000	45,500,000
General cash (not restricted by indenture)	500	500
Total current cash and investments	$ 112,270,479	$ 103,639,213
Included in restricted investment accounts:		
Debt service	$ 21,082,206	$ 20,935,167
Debt service reserve	76,144,356	76,781,374
Total restricted cash and investments	$ 97,226,562	$ 97,716,541

5. Changes in Utility Plant

A summary of changes in utility plant for 2024 follows:

	Balance 5/1/23	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 4/30/24
Utility plant being depreciated				
electric plant :				
Trimble County Unit No. 1	$ 133,818,115	$ 2,801,181	$ (2,943,013)	$ 133,676,283
Trimble County Unit No. 2	198,292,555	47,524,140	-	245,816,695
Prairie State Unit No. 1	356,771,463	316,898	(149,518)	356,938,843
Prairie State Unit No. 2	328,705,858	-	-	328,705,858
Mobile generation	3,214,845	-	-	3,214,845
Prairie State, Common	151,460,309	227,642	(166,636)	151,521,315
Prairie State, Jordan Grove	1,385,270	-	(126,232)	1,259,038
Prairie State, Nearfield	14,440,440	-	(38,354)	14,402,086
Prairie State, Other	7,833,412	-	(200,796)	7,632,616
Prairie State, Mine	45,305,436	4,830,060	(202,634)	49,932,862
Prairie State, Coal Reserves	17,372,369	-	-	17,372,369
Land[1]	5,966,369	-	-	5,966,369
Office building	8,656,954	105,760	-	8,762,714
Office furniture and equipment	577,584	25,184	(48,559)	554,209
Supervisory control and data acquisition equipment	2,618,485	66,175	(1,544)	2,683,116
Winnetka 138 interconnect	500,000	-	-	500,000
Other equipment	497,071	66,532	(53,241)	510,362
Total utility plant in service	1,277,416,535	55,963,572	(3,930,527)	1,329,449,580
Construction work in progress[1]	82,252,010	11,220,834	(55,581,399)	37,891,445
Total utility plant	1,359,668,545	67,184,406	(59,511,926)	1,367,341,025
Less accumulated depreciation				
electric plant:				
Trimble County Unit No. 1	(77,666,382)	(3,905,462)	2,943,013	(78,628,831)
Trimble County Unit No. 2	(59,827,175)	(6,356,792)	-	(66,183,967)
Prairie State Unit No. 1	(93,999,133)	(8,918,852)	149,518	(102,768,467)
Prairie State Unit No. 2	(83,726,202)	(8,217,646)	-	(91,943,848)
Mobile generation	(2,180,332)	(107,172)	-	(2,287,504)
Prairie State, Common	(39,771,200)	(3,785,703)	166,636	(43,390,267)
Prairie State, Jordan Grove	(1,352,989)	-	153,095	(1,199,894)
Prairie State, Nearfield	(2,689,118)	(360,691)	-	(3,049,809)
Prairie State, Other	(4,230,475)	(381,631)	200,796	(4,411,310)
Prairie State, Mine	(29,477,694)	(3,063,745)	202,634	(32,338,805)
Prairie State, Coal Reserves	(5,411,293)	(564,611)	-	(5,975,904)
Office building	(4,123,630)	(285,966)	-	(4,409,596)
Office furniture and equipment	(524,382)	(13,438)	48,559	(489,261)
Supervisory control and data acquisition equipment	(2,461,460)	(72,598)	1,544	(2,532,514)
Winnetka 138 interconnect	(444,447)	(16,666)	-	(461,113)
Other equipment	(399,557)	(45,256)	37,093	(407,720)
Total accumulated depreciation	(408,285,469)	(36,096,229)	3,902,888	(440,478,810)
Net utility plant	$ 951,383,076			$ 926,862,215

[1] Utility plant that is not being depreciated.

A summary of changes in utility plant for 2023 follows:

	Balance 5/1/22	Additions/ Reclassification	Deletions/ Reclassification	Balance 4/30/23
Utility plant being depreciated electric plant:				
Trimble County Unit No. 1	$ 132,589,275	$ 2,831,433	$ (1,602,593)	$ 133,818,115
Trimble County Unit No. 2	195,274,859	3,017,696	-	198,292,555
Prairie State Unit No. 1	356,454,071	317,392	-	356,771,463
Prairie State Unit No. 2	327,984,879	951,824	(230,845)	328,705,858
Mobile generation	3,214,845	-	-	3,214,845
Prairie State, Common	150,922,301	538,008		151,460,309
Prairie State, Jordan Grove	1,403,200	-	(17,930)	1,385,270
Prairie State, Nearfield	14,275,744	164,696	-	14,440,440
Prairie State, Other	7,833,412	-	-	7,833,412
Prairie State, Mine	44,274,075	1,108,828	(77,467)	45,305,436
Prairie State, Coal Reserves	17,372,369	-	-	17,372,369
Land[1]	5,966,369	-	-	5,966,369
Office building	8,415,705	241,249	-	8,656,954
Office furniture and equipment	530,248	47,336	-	577,584
Supervisory control and data acquisition equipment	2,582,509	35,976	-	2,618,485
Winnetka 138 interconnect	500,000	-	-	500,000
Other equipment	503,474	14,455	(20,858)	497,071
Total utility plant in service	1,270,097,335	9,268,893	(1,949,693)	1,277,416,535
Construction work in progress[1]	78,863,846	12,493,999	(9,105,835)	82,252,010
Total utility plant	1,348,961,181	21,762,892	(11,055,528)	1,359,668,545
Less accumulated depreciation electric plant:				
Trimble County Unit No. 1	(74,836,910)	(4,432,065)	1,602,593	(77,666,382)
Trimble County Unit No. 2	(54,521,090)	(5,306,085)	-	(59,827,175)
Prairie State Unit No. 1	(85,081,565)	(8,917,568)	-	(93,999,133)
Prairie State Unit No. 2	(75,725,611)	(8,205,097)	204,506	(83,726,202)
Mobile generation	(2,073,159)	(107,173)	-	(2,180,332)
Prairie State, Common	(35,993,786)	(3,777,414)	-	(39,771,200)
Prairie State, Jordan Grove	(1,436,253)	-	83,264	(1,352,989)
Prairie State, Nearfield	(2,331,180)	(357,938)	-	(2,689,118)
Prairie State, Other	(3,838,804)	(391,671)	-	(4,230,475)
Prairie State, Mine	(26,583,169)	(2,971,992)	77,467	(29,477,694)
Prairie State, Coal Reserves	(4,885,580)	(525,713)	-	(5,411,293)
Office building	(3,846,978)	(276,652)	-	(4,123,630)
Office furniture and equipment	(519,126)	(5,256)	-	(524,382)
Supervisory control and data acquisition equipment	(2,386,816)	(74,644)	-	(2,461,460)
Winnetka 138 interconnect	(427,779)	(16,668)	-	(444,447)
Other equipment	(371,936)	(48,479)	20,858	(399,557)
Total accumulated depreciation	(374,859,742)	(35,414,415)	1,988,688	(408,285,469)
Net utility plant	$ 974,101,439			$ 951,383,076

[1] Utility plant that is not being depreciated.

6. Long-Term Obligations

IMEA has issued the following revenue bonds:

Date	Purpose	Final Maturity	Interest Rates	Original Issue	Outstanding Amount 4/30/24
July 15, 2009	Debt service and capital improvements *	Feb. 1, 2035	5.33 – 6.13%	$294,755,000	$193,145,000
Nov. 30, 2010	Debt service and capital improvements *	Feb. 1, 2035	2.47 – 7.29	140,290,000	82,985,000
April 1, 2015	Refunding 2006 and 2007A bonds	Feb. 1, 2035	4.00 – 5.00	594,685,000	417,475,000

* The 2009C and 2010A revenue bonds are taxable Build America Bonds. IMEA receives a 35% interest subsidy from the federal government for these bonds. During Federal fiscal years 2024 and 2023, the U.S. federal government was subject to the process of sequestration reducing spending amounts for many programs including payments to the issuers of BAB's. A 5.7% reduction in payments for the federal budget year ended September 30, 2024 and 2023, was experienced. The subsidy payment is not taken into account in the debt service displayed below.

The annual debt service and sinking fund requirements of the remaining bonds to maturity are as follows:

	Principal	Interest	Total
Years ending April 30:			
2025	$ 50,005,000	$ 38,706,918	$ 88,711,918
2026	51,725,000	35,867,222	87,592,222
2027	54,215,000	32,871,461	87,086,461
2028	56,805,000	29,732,542	86,537,542
2029	59,550,000	26,444,687	85,994,687
2030-2034	343,235,000	77,558,924	420,793,924
2035	78,070,000	4,044,598	82,114,598
Total	$ 693,605,000	$ 245,226,352	$ 938,831,352

Repayment of the bonds is secured by a pledge of IMEA's revenues.

IMEA's outstanding revenue bonds contain event of default provisions with possible finance-related consequences. IMEA's management has evaluated the event of default provisions with possible finance-related consequences and in the opinion of IMEA's management; the likelihood is remote that these provisions will have a significant effect on IMEA's financial position or results of operations.

Committed Line of Credit

On October 29, 2010, IMEA entered into a $25 million Committed Line of Credit agreement (LOC Agreement) with PNC Bank. Under the LOC Agreement, IMEA may draw funds and/or post standby letters of credit. The LOC Agreement was increased to $50 million on September 1, 2012 and expires on October 31, 2025. IMEA had $0 outstanding under the LOC Agreement as of April 30, 2024 and $2.0 million outstanding as of April 30, 2023.

Long-term obligation activity for the year ended April 30, 2024 is as follows:

	Balance 5/1/23	Additions	Reductions	Balance 4/30/24	Due Within One Year
Revenue bonds	$ 741,355,000	$ -	$ 47,750,000	$ 693,605,000	$ 50,005,000
Line of credit agreement	2,000,000	-	2,000,000	-	-
Unamortized premium	33,040,821	-	4,782,099	28,258,722	-
Other liabilities	23,251,496	89,056	7,682,649	15,657,903	-
Total	$ 799,647,317	$ 89,056	$ 62,214,748	$ 737,521,625	$ 50,005,000

Long-term obligation activity for the year ended April 30, 2023 is as follows:

	Balance 5/1/22	Additions	Reductions	Balance 4/30/23	Due Within One Year
Revenue bonds	$ 787,030,000	$ -	$ 45,675,000	$ 741,355,000	$ 47,750,000
Line of credit agreement	4,000,000	-	2,000,000	2,000,000	-
Unamortized premium	38,123,916	-	5,083,095	33,040,821	-
Other liabilities	16,495,389	20,971,082	14,214,975	23,251,496	-
Total	$ 845,649,305	$ 20,971,082	$ 66,973,070	$ 799,647,317	$ 47,750,000

7. Accounting for Asset Retirement Obligations

An asset retirement obligation represents a legal obligation associated with the retirement of a tangible, long-lived asset that is incurred upon the acquisition, construction, development or normal operation of that long-lived asset.

The asset retirement obligation includes the closure of ash ponds at the Trimble County plant site and mine closure and mine reclamation at the Prairie State Generating facility. Other asset retirement obligations are not significant to these financial statements. IMEA used estimated cash flows to determine the obligation.

The following table presents the details of IMEA's asset retirement obligations, which are included on the balance sheet in other noncurrent liabilities:

Balance 5/1/23	Liabilities Incurred (Adjustments)	Accretion	Costs Incurred	Balance 4/30/24
$ 15,643,662	$ (103,031)	$ 782,192	$ (1,441,358)	$ 14,881,465

Balance 5/1/22	Liabilities Incurred (Adjustments)	Accretion	Costs Incurred	Balance 4/30/23
$ 15,866,571	$ 918,914	$ 793,330	$ (1,935,153)	$ 15,643,662

8. Net Position

GASB No. 34 requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of net positions that do not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is IMEA's policy to use restricted resources first, then unrestricted resources as they are needed.

The following calculation supports the net investment in capital assets:

	2024	2023
Utility plant in service	$ 1,329,449,580	$ 1,277,416,535
Accumulated depreciation	(440,478,810)	(408,285,469)
Construction work in progress	37,891,445	82,252,010
Subtotal	926,862,215	951,383,076
Less capital related debt:		
Current portion of capital related long-term debt	50,005,000	47,750,000
Long-term portion of capital related long-term debt	643,600,000	693,605,000
Unamortized loss on advance refunding	(15,033,344)	(17,577,371)
Unamortized premium	28,258,722	33,040,821
Subtotal	706,830,378	756,818,450
Add unspent debt proceeds:		
Debt service reserve from borrowing	76,144,356	76,781,374
Total net investment in capital assets	$ 296,176,193	$ 271,346,000

The following calculation supports the amount of restricted net position:

	2024	2023
Restricted investments	$ 97,226,562	$ 97,716,541
Less restricted assets not funded by revenues:		
Debt service reserve account	(76,144,356)	(76,781,374)
Current liabilities payable from restricted assets	(9,570,392)	(10,183,291)
Subtotal	(85,714,748)	(86,964,665)
Total restricted net position as calculated	$ 11,511,814	$ 10,751,876

9. Regulatory Items

IMEA has chosen to use the application of GASB No. 62 to recover certain costs in customer rates in future periods. Regulatory costs for future recovery include unamortized debt issuance costs; unrealized loss (gain) on investments represents the difference between an investment's cost and the current fair value of the asset; and other regulatory assets represents the asset impairment related to the Prairie State Jordan Grove assets. The residual value of the impaired assets are reported in IMEA capital assets. Regulatory credits include MISO ARR credits related to auction revenue rights that were higher than anticipated during rate setting. The following summarizes activity for regulatory items:

	Balance 5/1/23	Additions	Reductions	Balance 4/30/24
Regulatory costs for future recovery	$ 1,688,727	$ -	$ 245,005	$ 1,443,722
Unrealized (gain)/loss on investments	641,238	881,067	-	1,522,305
MISO ARR credits	(6,909,337)	-	6,909,337	-
Total	$ (4,579,372)	$ 881,067	$ 6,664,332	$ 2,966,027

	Balance 5/1/22	Additions	Reductions	Balance 4/30/23
Regulatory costs for future recovery	$ 1,949,307	$ -	$ 260,580	$ 1,688,727
Unrealized (gain)/loss on investments	1,288,422	-	647,184	641,238
Other regulatory assets	6,638,449	-	6,638,449	-
MISO ARR credits	-	(11,659,337)	4,750,000	(6,909,337)
Total	$ 9,876,178	$ (11,659,337)	$ (2,796,213)	$ (4,579,372)

10. Employee Retirement Plan

IMEA's employees are covered by the Illinois Municipal Electric Agency Pension Plan, a defined contribution pension plan with a 5-year vesting schedule. Benefit provisions and all other requirements are established by the board of IMEA. IMEA contributes 25% of eligible employee earnings on behalf of each employee. Employees that terminate service prior to being fully vested, forfeit the unvested portion of their account balance, which is applied to future contributions to the plan. Total pension expense was equal to total contributions to the plan made by IMEA, net of applied forfeitures. For the years ended April 30, 2024 and 2023 total contributions were $1,018,000 and $1,043,000, respectively.

11. Contracts and Commitments

IMEA has long-term and short-term contracts and commitments with various wholesale power suppliers to supply energy, capacity and transmission services to its members. These contracts vary in length and have flexible terms and cancellation provisions. These contracts may be material to the financial statements.

In the normal course of business, IMEA may be involved in various disputes with other parties. While management cannot predict the ultimate outcome of these disputes, total exposure is not material to IMEA's financial position or results of operation.

12. Illinois Senate Bill (SB) 2408

In 2021, Illinois passed SB 2408, the Climate and Equitable Jobs Act (CEJA). The CEJA requires a 45% reduction in existing publicly owned Illinois power plant carbon dioxide emissions by January 1, 2035. If such reduction is not met by December 31, 2035, then the plant must retire one or more units or otherwise reduce carbon dioxide emissions by 45% by June 30, 2038. The CEJA further requires all publicly owned coal-fired generating units to permanently reduce carbon dioxide emission to 0 by December 31, 2045.

The CEJA does, however, provide that if the reduction of output from or the closing of any plant creates a power grid supply or reliability shortfall in the State of Illinois the plant can continue to operate until the reliability can otherwise be addressed. During the 2022/2023 planning year, Illinois was a net capacity importer. With the announced and required retirements, there is potential that Illinois will need to import even more capacity into the future.

The CEJA has a limited future impact on IMEA's ownership share of the Prairie State Generating Company, LLC (PSGC or Prairie State). The CEJA will not adversely affect IMEA's ability to pay bondholders due to all bonds maturing on February 1, 2035 or to reliably provide members with their power supply requirements. IMEA and the other owners of Prairie State have and continue to develop plans to manage the potential impacts of the CEJA. Potential impacts cannot be gauged with certainty at this time.

13. Sierra Club Lawsuit

IMEA holds a 15.17% undivided ownership interest in the Prairie State Energy Campus (PSEC) which is operated through the Prairie State Generating Company (PSGC). On October 20, 2022, the PSGC received a Notice of Intent (NOI) to file suit from the Sierra Club (SC) alleging violations of the Federal Clean Air Act. The NOI to PSGC allowed SC to file suit on or after December 19, 2022. On March 22, 2023, the SC filed a suit against PSGC. The SC alleges that PSEC is in violation of the Federal Clean Air Act because it does not have a Title V permit from the Illinois Environmental Protection Agency (IEPA). PSEC however does have and is believed to be operating legally under its Prevention of Significant Deterioration (PSD) permit from the IEPA. Therefore, IMEA does not believe the suit has merit or that it is likely to have a material impact on the finances or operations of PSEC. However, IMEA cannot be certain that the suit will not result in a material impact on the finances or operations of PSEC. On May 23, 2023, PSGC filed a Motion to Dismiss. The Court has not yet ruled on the Motion to Dismiss.

14. Emission Regulations

On May 9, 2024 the US Environmental Protection Agency (USEPA) issued rules governing greenhouse gas emissions, effluent limitations from coal-fired power plants and ozone standards. These rules are facing many legal challenges, also numerous motions to stay the new rules have been filed. If these new rules survive legal challenge, then they may have an impact on IMEA’s generation sources. IMEA continues to monitor these proceedings and will take appropriate action concerning the rules, as necessary.

15. Significant Customers

IMEA has two significant customers who were responsible for 48% of operating revenue in both 2024 and 2023.

16. Risk Management

IMEA is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, errors and omissions, workers compensation and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.