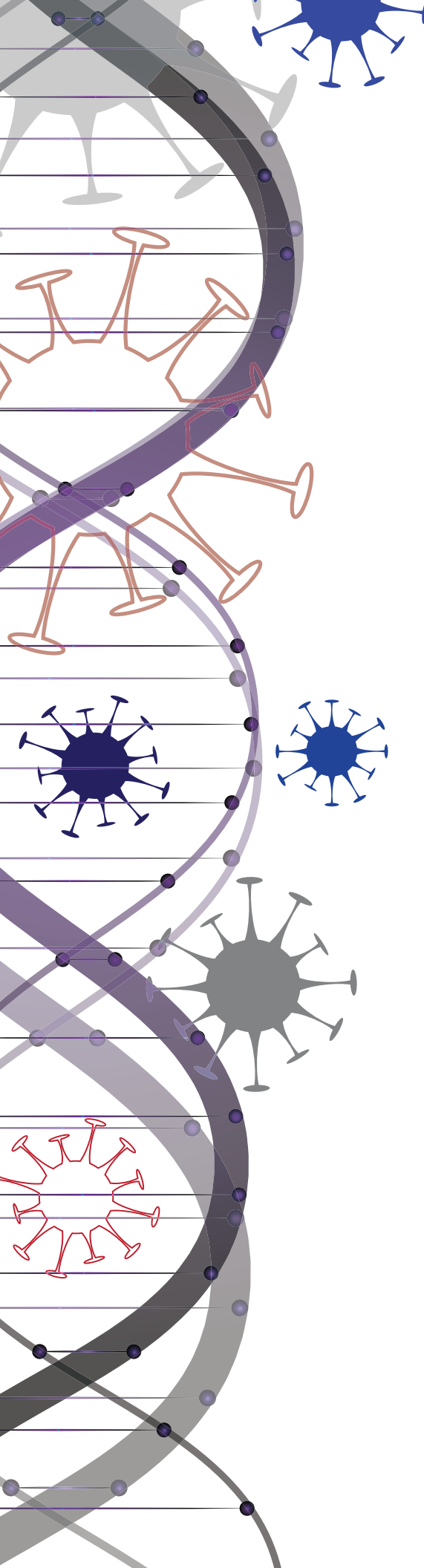




BE IT RESOLVED

2020 ILLINOIS MUNICIPAL ELECTRIC AGENCY ANNUAL REPORT



ON THE FRONT COVER

Top left photo: In 2020, heroes wore masks, including IMEA-Member municipality Metropolis's favorite son Superman, along with Lineman Nathan Lott (left) Mayor Billy McDaniel (center) and Lead Lineman Michael Gentry (right). Photo courtesy of the City of Metropolis.

Top right photo: In November 2019, IMEA began taking power from the Green River Wind Project in Lee and Whiteside Counties.

Center photo: IMEA installed a 10-kilowatt solar array on the grounds of its headquarters to help provide energy to its LEED-certified office facility in Springfield.

Bottom right photo: Rakesh Kothakapu is IMEA's Manager of Energy Markets & Settlements.

ON THE BACK COVER

Top photo: Metropolis Lead Lineman Michael Gentry adjusts the protective facemask of Superman, the Southern Illinois municipality's No. 1 citizen. Photo courtesy of the City of Metropolis.

Center photo: A view of the 10-kilowatt solar array at IMEA headquarters.

Bottom photo: During the pandemic, a group of Prairie State Energy Campus chemical technicians who work in the plant's water treatment facility made hand sanitizer for the campus. In furtherance of their community outreach program, Prairie State also donated some of this sanitizer to local fire departments, food pantries and emergency services. IMEA owns a 15.5 percent share of Prairie State.

A Message from the President & CEO and the IMEA Board Chairman

BE IT RESOLVED: Each resolution the Illinois Municipal Electric Agency (IMEA) Board of Directors considers contains these words.

Indeed, resolve is at the core of the public service mission of our Member municipalities, their public electric utilities, and their special unit of local government – the IMEA. For more than 100 years, our municipalities have stood resolute in their ongoing commitment to provide reliable power to their communities. For the last 36 of those years, the IMEA has bolstered our Member utilities’ resolve by providing predictably priced, reliable wholesale power to the city gates.

It may be no irony that the word “resolve” breaks down to “re-solve,” which reminds us that municipal utility and power supply issues and opportunities are never settled once and for all. The concept of resolution demands that IMEA and its Members solve and solve again the challenges of providing public power services to the communities we serve.

The spring of 2020 (which included the last two months of our 2019-20 fiscal year) will long be remembered as the onset of the COVID-19 worldwide pandemic. We will recall it as a test of our public power model of service and as an instance where the force of our resolve shined through – as we weathered physical and economic dangers to assure that our communities had the electric power and utility services that our Members’ customers needed to make it through the crisis.

Just like our Member utilities, when the COVID-19 emergency struck Illinois, IMEA transitioned quickly to most of our staff working off-site, leaving only our 24 x 7 electric operations staff to continue their duties in our state-of-the-art electric operations facilities. IMEA complied with the state’s public meeting statutory changes that allowed us to hold board meetings virtually. As a way to relieve the burden of our Members’ uncollectable retail accounts during the pandemic, IMEA developed and implemented a Partial Payment Deferral Plan that allowed a Member utility to defer up to 25 percent of its gross power supply charges over a period of four months with no late payment or interest charges. We also developed a wellness screening procedure and an IMEA COVID-19

Return-to-Office Plan that detailed required new safety practices designed to thwart an outbreak amongst our dedicated personnel.

Over time, we will step back and analyze the propriety and effectiveness of the actions our Agency took. We will determine which lessons from this year will help us to re-solve future issues the next time we face a pandemic or other emergency situation. To be sure, the pandemic has been many things, most all of them bad, but we will not miss this valuable and hard-served opportunity to let it also be our teacher.

That said, to let our reaction to the COVID-19 crisis completely overshadow the Agency’s accomplishments this year would be inaccurate and a disservice to all those involved with IMEA who worked hard and achieved bright results in Fiscal Year 2019-20.

You will find more details in the following pages, but we’d like to highlight a few of our successes here.

With the visionary leadership of our Members, IMEA took some positive steps forward with our plans for diversifying our portfolio. The Agency began supplying an additional 50 megawatts of carbon-free electricity to our Members in November 2019, when the Green River Wind Project in Lee and Whiteside Counties achieved commercial operation. IMEA has a 15-year, fixed-price power purchase agreement with the 194.5-megawatt facility, which would not have been built without IMEA’s commitment.

In June 2019, the Agency completed a favorably priced, non-escalating, long-term contract for 25 megawatts of Ranger Power’s Big River Solar project in Illinois. The Agency is set to start receiving power from that project in 2025. Meanwhile, despite the pandemic, construction continued on three new IMEA-commissioned solar demonstration projects in the Member communities of Altamont, Rock Falls and Naperville. Those three projects will achieve commercial operation in the summer and fall of 2020, joining two existing IMEA-commissioned solar projects in St. Charles and Rantoul.

The Agency demonstrated its dedication and resolve in achieving market stability for Members through its completion of an Incremental Capacity Transfer Rights

...“Message” Continued on next page

“Message” Continued...


(ICTRs) project in the northern part of our system. In November 2018, IMEA funded a \$581,000 upgrade to the Commonwealth Edison (ComEd) transmission system between East Frankfort and University Park, Illinois. IMEA staff had identified that area as a congestion point that hampered the flow of capacity from central and southern Illinois into the Illinois portion of the PJM market. As a result of the project, on March 23, 2019, PJM awarded IMEA 1,097 megawatts of ICTRs. The project allows IMEA to align its resources to meet the energy and capacity obligations for our Members in the ComEd zone for up to 30 years. The project could produce revenues in future years starting in June 2021. With the Agency set to realize a first-year gain due to ICTRs in Fiscal Year 2021-22, IMEA is using part of that future funding – as needed – to mitigate any current rate impacts caused by PJM capacity market differentials in Fiscal Years 2019-20 and 2020-21. The IMEA membership now holds long-term capacity transfer rights, which significantly reduces the risk of IMEA’s long-term resources receiving a lower capacity market value than the annual capacity market value in the ComEd system.

This was also a year in which we expanded the scope of the value-added services we offer to Member municipalities. IMEA launched an Electric Vehicle Charging Station Initiative and updated our Demand Response Program. We developed a *Public Outreach Playbook*, which is essentially a turnkey social media plan that Member utilities can use to communicate with their retail customers on a frequent basis. We developed a three-tiered Renewable Energy Credits Program, that, starting next year, Member municipalities and their customers can use to meet their individual renewable energy goals. On top of that, we installed a new solar array and an electric vehicle charging station at IMEA headquarters, which allows IMEA to better educate our Members about how these installations affect end-use customers.


As you may surmise, the challenges of providing electric ancillary services and of procuring responsible, adequate generation aren’t ever going to be simple. The complications of the energy and capacity markets are unlikely to become less sophisticated in the future. That is why this past November, the IMEA Board met for a two-day strategic review session, not to set specific policies but to further educate ourselves and anticipate industry trends. In addition, this year the Agency updated its succession plan in order to assure the IMEA maintains the necessary level of expertise to serve Members’ needs well into the future. The plan now covers replacement strategies for a dozen key Agency staff positions.

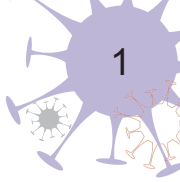
We believe this annual report reflects the work of an Agency that is a diligent and fiscally responsible steward of the resources and trust our Member municipalities have placed in us. Yes, 2020 will go down as a year marked by pandemic, social upheaval and the economic hardships that resulted. At IMEA, we also believe it will be remembered as a year from which we emerged with our values and abilities unshaken. Thus, we resolve to continue to support our Members each year moving forward.




Dale Detmer
Chairman of the Board




Kevin M. Gaden
President & CEO



WHO WE ARE

The Illinois Municipal Electric Agency (IMEA) is a not-for-profit unit of local government comprised of 32 municipal electric systems from across Illinois. Each of those communities owns and operates its own electric distribution system. Some operate local power generation plants.

Since its creation in 1984, the focus of the IMEA has been on the reliable delivery of bulk power and energy to its Members at low and stable prices. IMEA combines the power needs of all of its Members and secures the electricity necessary to satisfy those needs. The Agency sells its municipal Members all their wholesale power needs under long-term power supply contracts.

To accomplish this goal, IMEA has assembled a portfolio of power supply ownership and contracts. These include ownership of a portion of large, base-load power plants in Kentucky and Illinois, long-term power supply contracts and purchases from the market. IMEA purchases a growing portion of its power from non-carbon emitting generation sources and, from time to time, uses the power plants owned and operated by Members to meet the membership's needs.

IMEA backs its commitment to power supply excellence with a 24-hour-a-day, seven-days-a-week Operations Center staffed by highly skilled power supply professionals. In addition, IMEA provides engineering, legal, communications, economic development, ancillary services, and legislative and regulatory oversight services for its Members.

The Agency is governed by a board of directors appointed by its Members. A professional staff administers day-to-day operations.

IMEA MEMBERS

- | | |
|-------------|-------------|
| Altamont | Marshall |
| Bethany | Mascoutah |
| Breese | Metropolis |
| Bushnell | Naperville |
| Cairo | Oglesby |
| Carlyle | Peru |
| Carmi | Princeton |
| Casey | Rantoul |
| Chatham | Red Bud |
| Fairfield | Riverton |
| Farmer City | Rock Falls |
| Flora | Roodhouse |
| Freeburg | St. Charles |
| Greenup | Sullivan |
| Highland | Waterloo |
| Ladd | Winnetka |



Executive Board



Chairman
Dale Detmer
Breese



Vice Chairman
Cory Sheehy
Marshall



**Secretary/
Treasurer**
Bob Coble
Flora



**Immediate Past
Chairman**
Greg Hazel
Rantoul

Members at Large



Larry Taylor
Altamont



**David
Coston**
Carmi



Shane Hill
Chatham



Rick Abell
Metropolis



Lucy Podlesny
Naperville

Board of Directors



Shannon Risley
Bethany



Justin Griffith
Bushnell



Todd Ely
Cairo



John Hodapp
Carlyle



Shelby Biggs
Casey



Mayor Brent Maguire
Fairfield



Sue McLaughlin
Farmer City



John Tolan
Freeburg



Mike Ryder
Greenup



Dan Cook
Highland



Pat Barry
Ladd



Jesse Carlton
Mascoutah



Mayor Dominic Rivara
Oglesby



Jim Lukosus
Peru



Jeff Mangrich
Princeton



Josh Eckart
Red Bud



Jim Mileham
Riverton



Dick Simon
Rock Falls



**Mayor Tom
Martin**
Roodhouse



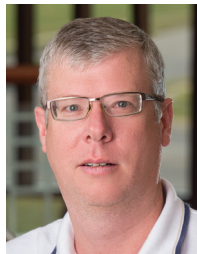
Peter Suhr
St. Charles



**Mayor Richard
Glazebrook**
Sullivan



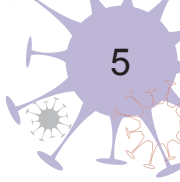
Tim Birk
Waterloo



Brian Keys
Winnetka

Ten Year Comparative Summary of Operations

FOR THE YEARS ENDED APRIL 30,	2020	2019	2018
Operating Revenues:			
Electric Sales to Participating Members	\$309,869,429	\$311,611,949	\$309,866,759
Electric Sales to Others	0	0	7,050,667
Member Assessments	0	0	0
Other	3,146,086	2,184,067	662,443
Total Operating Revenues	313,015,515	313,796,016	317,579,869
Operating Expenses:			
Purchased Power	78,653,123	76,157,891	89,985,282
Transmission	36,915,843	29,085,212	30,167,782
Prairie State and Trimble County Unit No. 1 and 2:			
Fuel	40,996,590	43,853,976	42,117,228
Operations and Maintenance	35,608,739	35,150,793	36,614,195
Member Payments:			
Fuel Reimbursements	882,295	1,015,505	1,091,258
Capacity Payments	8,824,889	8,897,963	8,930,449
Generation Payments	11,715	12,371	21,824
Administrative and General	8,189,197	8,119,671	7,893,267
Depreciation	33,242,457	34,135,909	35,268,987
Other Utility Operations	1,513,014	2,438,502	1,676,021
Total Operating Expenses	244,837,862	238,867,793	253,766,293
Net Operating Income	68,177,653	74,928,223	63,813,576
Other Expenses - Net	(37,560,683)	(38,722,738)	(41,176,746)
Net Income Before Special Item	\$30,616,970	\$36,205,485	\$22,636,830
Special Item	\$0	\$0	\$0
Change in Net Position	\$30,616,970	\$36,205,485	\$22,636,830
Peak Demand (Non-Coincident kW)	936,869	944,038	953,778
Kilowatt-Hour Sales to Participating Members(kWh)	3,797,095,319	4,012,316,188	3,922,872,791
Kilowatt-Hour Sales to Others(kWh)	0	0	78,375,093
Cost per kWh to Participating Members (Cents/kWh)	8.16	7.77	7.90
Cost per kWh to Participating Members after Capacity Payments (Cents/kWh)	7.93	7.54	7.67
Debt Service Coverage after Rate Stabilization Transfer	118%	124%	110%
Principal Paid on Revenue Bonds	\$44,895,000	\$42,950,000	\$41,095,000
Revenue Bonds Outstanding	\$877,635,000	\$922,530,000	\$965,480,000
Net Position	\$284,382,050	\$253,765,080	\$217,559,595



2017	2016	2015	2014	2013	2012	2011
\$310,855,402	\$305,397,433	\$297,920,665	\$313,329,416	\$293,252,375	\$269,710,862	\$166,474,951
9,604,445	9,250,649	9,487,955	10,202,123	9,191,496	9,081,678	9,079,342
0	0	0	0	0	0	8,333
525,381	3,433,172	4,906,065	3,570,481	2,038,994	1,867,134	1,272,067
320,985,228	318,081,254	312,314,685	327,102,020	304,482,865	280,659,674	176,834,693
92,785,719	92,863,982	93,821,555	112,229,955	121,189,265	167,998,413	99,499,201
33,073,872	21,906,341	13,114,019	14,902,996	19,839,895	23,747,840	14,924,800
39,798,819	41,685,758	43,282,351	37,198,450	35,127,223	23,540,732	14,152,031
36,229,144	36,285,399	36,338,400	32,417,374	20,463,752	8,331,479	5,786,808
1,145,944	823,604	1,119,275	1,431,522	1,423,755	2,083,846	1,236,692
9,027,785	9,183,749	9,202,280	9,163,470	9,204,193	9,334,291	9,309,573
22,628	2,728	2,774	6,056	3,357	17,866	5,799
7,290,386	7,313,294	7,456,187	8,232,434	7,084,137	7,320,757	6,781,113
34,848,247	34,320,066	33,126,911	32,659,266	27,081,063	7,796,362	4,454,531
1,799,987	1,927,742	1,429,914	1,880,493	1,169,848	970,795	869,565
256,022,531	246,312,663	238,893,666	250,122,016	242,586,488	251,142,381	157,020,113
64,962,697	71,768,591	73,421,019	76,980,004	61,896,377	29,517,293	19,814,580
(43,957,524)	(45,730,938)	(53,399,018)	(59,430,472)	(46,421,103)	(11,471,707)	(5,667,893)
\$21,005,173	\$26,037,653	\$20,022,001	\$17,549,532	\$15,475,274	\$18,045,586	\$14,146,687
\$0	\$0	\$0	\$0	\$0	\$0	(\$1,179,024)
\$21,005,173	\$26,037,653	\$20,022,001	\$17,549,532	\$15,475,274	\$18,045,586	\$12,967,663
979,796	939,653	942,161	1,005,629	1,084,464	1,063,494	649,186
4,000,227,863	3,938,284,055	3,974,872,808	4,102,836,932	4,135,520,775	3,910,906,019	2,591,542,077
114,456,162	110,822,027	120,211,294	123,499,732	115,139,111	112,278,126	117,881,804
7.77	7.75	7.50	7.64	7.09	6.90	6.42
7.55	7.52	7.26	7.41	6.87	6.66	6.06
110%	113%	110%	110%	113%	119%	113%
\$39,310,000	\$41,375,000	\$36,960,000	\$35,285,000	\$23,675,000	\$8,795,000	\$8,710,000
\$1,006,575,000	\$1,045,885,000	\$1,087,260,000	\$1,174,390,000	\$1,209,675,000	\$1,233,350,000	\$1,242,145,000
\$194,922,765	\$173,917,592	\$147,879,939	\$127,857,938	\$110,308,406	\$94,833,132	\$76,787,546

OUR MISSION

The mission of the IMEA is to provide Member communities with quality utility services in a reliable, cost-effective and environmentally sensitive manner.

The Illinois Municipal Electric Agency at a Glance



IMEA is ...

a not-for-profit unit of local government created in 1984 that is currently comprised of 32 municipal electric systems from across Illinois. Each IMEA Member community owns and operates its own electric distribution system. Some Members operate local power generation plants.

IMEA's focus is ...

the reliable delivery of bulk power and energy to its Members at low and stable prices. IMEA combines the power needs of all of its Members and secures the electricity necessary to satisfy those needs. The Agency sells its Members all their wholesale power needs under long-term power supply contracts. To accomplish this goal, IMEA has assembled a portfolio of power supply ownership and power purchase agreements.

IMEA backs its commitment to power supply excellence...

with a 24-hour-a-day, seven-days-a-week Operations Center staffed by highly skilled power supply professionals. In addition, IMEA provides engineering, legal, communications, economic development, ancillary services, and legislative and regulatory oversight services for its Members.

Putting forth a wealth of experience ...

IMEA's senior officers have a combined 175 years' experience in all facets of the electric industry – including engineering, knowledge of energy markets, project management, finance, regulation and more.

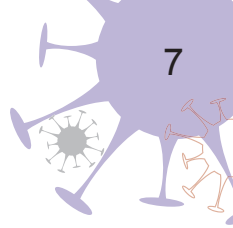
BE IT RESOLVED

People were worried. There were not enough ventilators. There were shortages of masks and disinfectant. Thanks to hoarding, store shelves stood empty of toilet paper for weeks. Governments issued shelter-in-place orders. Flights all but stopped. Businesses closed. Some people lost jobs. Some people lost hope, along with their ability to attend weddings, graduations, family reunions and funerals. But throughout 2020's COVID-19 pandemic, no one living in one of IMEA's Member municipalities feared – or even once needed to fear – losing their electricity due to the crisis. It certainly was not “business as usual,” but, with skill and resolve, the Illinois Municipal Electric Agency (IMEA) did accomplish all its usual business – and maybe then some.

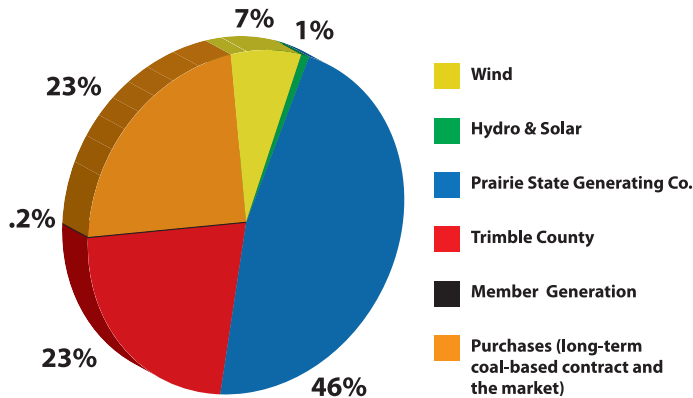
Generating and Procuring Power

The IMEA's job is to produce or secure power for its Members and provide for that power to be delivered to the city gates. The Agency fulfills this part of its mission through power supply contracts and through ownership shares of generation facilities. In Fiscal Year 2019-20, IMEA's sales to its municipal Members was just under 3.8 million MWh.

IMEA's strategy is to diversify its sources as a means of hedging against market volatility, which allows our Members to have the ability to forecast their year-over-year power supply costs accurately. For Fiscal Year 2019-20, the Agency met 69 percent of its power supply requirements with IMEA-owned or Member-owned generation resources. Twenty-three percent of the power supply came from long-term contract and market purchases, while 8 percent came from non-carbon emitting wind, solar and hydro sources.



IMEA Portfolio of Generated and Purchased Power Supply



POWER PURCHASES

The IMEA has executed procurement contracts that are supported by a mix of coal-fueled, natural gas-fueled and wind-powered units. These contracts offer a measure of price stability for the Agency and its Members.

In addition, IMEA's Operations Department executes purchases and sales in the day-ahead and in the real-time hourly markets in the Midcontinent Independent System Operator (MISO) and the Pennsylvania-New Jersey-Maryland (PJM) Regional Transmission Organizations (RTOs). The use of these markets ensures that Member systems have access to power when demand is high and gives the IMEA the opportunity to sell power to the grid when it is not needed by Members.

BASE-LOAD POWER GENERATION

IMEA is one of nine Midwestern-based public power utilities with an ownership interest in the Prairie State Generating Company, which is comprised of two, mine-mouth 800 megawatt coal-fueled supercritical generating units near Marissa, Illinois. IMEA's share is 15.17 percent, which represents more than

240 megawatts of the two units' combined generating capacity. Prairie State gives the IMEA and its co-owners a secure source of base-load power with decades' worth of coal reserves. The Prairie State campus features an investment of more than \$1 billion in the best available emissions control technology to create the cleanest coal-fueled power plant in Illinois and one of the cleanest in the world. During the 2019-20 fiscal period (through April 2020), the facility set operational records for coal production and generation, achieving an equivalent availability factor (EAF) of 85.8 percent and dispatching 12 million megawatt hours of electricity. Prairie State also recorded its lowest annual operating expenses during this period. All of this was accomplished while maintaining pristine regulatory compliance and high standards for safety across the campus.

In 2019, Prairie State continued to improve its sustainability program and established a partnership with the University of Illinois' Prairie Research Institute to study carbon capture and sequestration. Prairie State was selected as the site of a nearly \$15 million grant from the Department of Energy to complete a front-end engineering and design (FEED) study to design a 95 percent capture system on one unit. This feasibility study will be completed at the end of 2021. Three companies, Kiewit Engineering Group, Mitsubishi Heavy Industries America and Sargent & Lundy, which worked together on the first commercial and utility-scale carbon capture project in the U.S., are also partnering on this FEED study.

IMEA also owns 12.12 percent of the Trimble County 1 and Trimble County 2 generating facility located between Louisville and Cincinnati. Trimble County 1 is a 514-megawatt subcritical, pulverized coal-fueled unit, and Trimble County 2 is a 750-megawatt

supercritical, pulverized coal-fueled unit. The Trimble County units also have considerable control systems to reduce emissions.

In addition to the Prairie State and Trimble County facilities, in times of emergency – or when it is economically advantageous – the IMEA can call on dozens of Member-owned and Agency-owned diesel and natural gas-fueled generating units.

THE AGENCY'S EXPANDING RENEWABLE PORTFOLIO

Though Trimble County and Prairie State are a major source of IMEA's base-load power supply, the Agency has committed to a diversified energy portfolio. Two of IMEA's Members operate run-of-the-river hydroelectric generation operations that total 10 megawatts of carbon-free capacity. In 2009, the IMEA Board of Directors adopted a policy that directs the Agency to acquire more of its energy requirements from renewable resources.

Toward that goal, in 2010 IMEA entered into a long-term contract to purchase up to 70 megawatts of wind energy from the Lee/DeKalb Wind Energy Center. The contract runs through 2030. More recently, in November 2019, IMEA began taking electricity from the Green River Wind Project in Lee and Whiteside Counties in Illinois. IMEA has a 15-year power purchase agreement with Geronimo Energy, the project developer. The Agency's stake in the 194.25-megawatt facility is 50 megawatts. This cost-effective contract provides enough carbon-free generated electricity to power 16,000 homes per year.



The Green River Wind Project rises above the tree line in Lee and Whiteside Counties. IMEA has a 15-year power purchase agreement with the project developer.

IMEA's first commissioned solar photovoltaic demonstration project in Rantoul, Illinois began operation in late 2016. It was soon followed by a similar project in St. Charles, Illinois. Construction on three sister units – located in the Member municipalities of Altamont, Naperville and Rock Falls – began in the spring of 2020. The Altamont unit came online in August 2020. The other projects are expected to be finished in the late summer or fall of 2020. When completed, the three new solar photovoltaic (PV) units will add 2.5 megawatts of nameplate capacity to the Agency's portfolio. To make the best use of tax incentives, the Agency's commissioned developer, Sol Systems, will own and maintain the three new projects and sell their output to IMEA under 20-year power purchase agreements. IMEA has the option to purchase the facilities after seven years. Altogether, the three new PV units will produce in excess of 4,435,000 kWh per year, enough to power about 475 typical Illinois homes.



Construction on three new IMEA-commissioned solar photovoltaic units took place in the summer and fall of 2020.

More solar generation is certainly on the horizon for IMEA. The Agency's Board of Directors has called for proposals from Member municipalities to host more demonstration-sized projects, and this year IMEA finalized an agreement that will bring another 25 megawatts of solar into the mix. In June, the Agency executed a favorably priced, non-escalating power purchase agreement with Ranger Power, the developer of a 149 megawatt solar generation facility in White County, Illinois. IMEA anticipates it will begin taking power from the facility in 2025. The agreement is for 10 years with an option to extend the contact at the same pricing for another 10 years.



The new 10-kilowatt solar array at IMEA headquarters.

Not only is the Agency involved in the commercial development of solar power, but this year, at the direction of its board, the Agency installed a 10-kilowatt solar array on the grounds of its headquarters to help provide energy to the Agency's Leadership in Energy and Environmental Design-certified office facility in Springfield. Also this year, the Agency installed an electric vehicle charging station at the headquarters parking lot.

Operational and Technical Support

IMEA departments work together to offer Members state-of-the-art operational and technical services.

OPERATIONS

IMEA maintains a 24-hours-a-day, seven-days-a-week Operations Center staffed by highly skilled power supply professionals. The Operations Department alerts local officials of voltage dips and power outages and works with the Members and representatives from investor-owned utilities serving the surrounding area to identify open circuits or malfunctioning equipment and rectify any problems. In extreme conditions, IMEA Operations Center staff will alert the coordinators of the Illinois Municipal Utilities Association's Mutual Aid Program to send volunteer crews from other Member municipalities to help an IMEA Member community restore power.

ENGINEERING

IMEA electrical engineers and technicians supplement the work of IMEA Members' engineers and electric department personnel. They assist the Members with such tasks as preparing emission reports, stack-emission analyses, coordination of delivery point improvements, preventive maintenance

activities, load flow studies and power factor improvement recommendations. IMEA engineers annually test the power capability of the Members' generation units. They are also frequently called upon to assist with projects in Member municipalities. For example, IMEA engineers recently helped coordinate a new delivery point in Highland, Illinois which eliminated three miles of radial line exposure for the city.

LEGAL

IMEA employs a full-time General Counsel to manage the legal and regulatory aspects of the Agency's corporate, governmental and utility industry activities and the contracts that underlie almost every service the Agency provides for its Members. For example, this year the Agency successfully negotiated a Settlement Agreement and a new Wholesale Distribution Services Agreement with one of its transmission providers. The settlement cut in half the service provider's proposed rate increase and phased in the wholesale distribution increase over a three-year period. There is a three-year moratorium on further rate increases, and the rate from the third year of the phase-in remains in place with a small, fixed-rate escalation until the transmission provider files for a new increase.

The General Counsel also advises the President & CEO, IMEA Board and staff on legal and regulatory matters and manages specialized outside counsel when required by the Agency. IMEA hires outside legal counsel from time to time to provide advice and/or representation to the Agency in connection with specialized legal matters. This year, after conducting a search and interviewing four qualified candidates, IMEA engaged the firm of Duncan, Weinberg, Genzer & Pembroke as the Agency's new Federal Energy Regulatory Commission (FERC) attorneys in Washington, D.C.

In addition to performing all the legal work the Agency requires, IMEA's on-staff legal counsel serves as a resource to IMEA Member communities, often providing assistance on such questions as territorial service rights, retail customer choice under Illinois' deregulation statutes and behind-the-meter generation rights and regulations.

MARKET AND RESOURCE OPPORTUNITY RESEARCH

On behalf of its Members, IMEA explores current and future market and resource opportunities, which may result in future generation ownership or power purchase agreements; establishing demand response programs; and evaluating and procuring (when it is necessary or advantageous) Auction Revenue Rights (ARRs) and Financial Transmission Rights (FTRs) in the PJM Regional Transmission Organization.

Collectively, IMEA Members can rely on the Agency to analyze and execute opportunities that many Member utilities don't have the resources to accomplish and execute individually. For example, in 2018, IMEA personnel identified a congestion point that hampered the flow of capacity into the PJM market. To alleviate the issue, and with board approval, the Agency funded a \$581,000 upgrade to the transmission system between East Frankfort and University Park, Illinois. As a result, on March 23, 2019, PJM awarded IMEA 1,097 megawatts of Incremental Capacity Transfer Rights (ICTRs). The project allows IMEA to align its resources to meet the energy and capacity obligations of serving its Members in the PJM market for the next 30 years. The project may also produce revenue in future years starting in June 2021. As market rules continue to evolve into the future, having these rights provides multiple options for IMEA to serve its Members' load obligation in the PJM energy markets, and the ICTRs can be used to protect IMEA from increased capacity costs.

Regulatory Compliance and Legislative Advocacy

The IMEA finds itself either directly subject to (or concerned with) a number of laws, regulations and standards established by such authorities as the North American Electric Reliability Corporation (NERC), the Federal Energy Regulatory Commission (FERC), the state and federal Environmental Protection Agencies, the Illinois General Assembly and the U.S. Congress. The IMEA works to ensure its compliance with current laws and regulations, and, in some instances, the Agency helps Members with their compliance efforts.

As a test of the Agency's reliability under duress, this year, IMEA was an active participant in a condensed version of GridEx, a biennial exercise designed by NERC to test the security of the national grid. The condensed version of the exercise was administered by a company called Utility Services, Inc. The exercise table-topped a series of hypothetical events to test how entities would react to a cascading outage scenario. In a post-exercise after-action report, Utility Services commented favorably on the Agency's implementation of its Cyber Security Incident Response and Reporting Plans, as well as its effective mutual aid strategies. Utility Services suggested that the Agency continue participating in similar emergency preparedness exercises as a way to train personnel and test its evolving response plans.

The IMEA also supports advocacy efforts for establishing responsible public policy on energy issues. In conjunction with its affiliation with the American Public Power Association (APPA) and through its efforts with the Illinois Municipal Utilities Association (IMUA), the IMEA tracks state and federal legislation and regulations that affect its Members, provides regular alerts and engages in timely lobbying efforts.

Value-Added Services

In addition to providing its Member communities with operational, technical, regulatory compliance and legislative advocacy support services, IMEA helps its Member utilities and their communities in a number of other ways. Among them are:

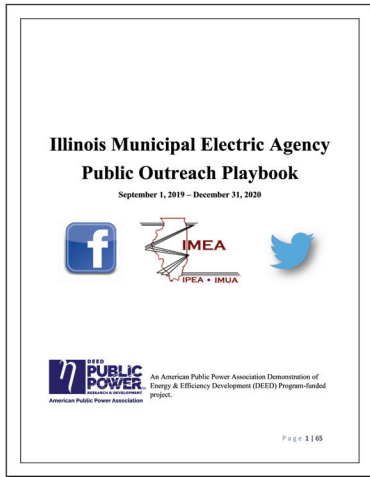
- Aiding economic development efforts with Member systems;
- Training of utility department personnel through the Illinois Municipal Utilities Association; and
- Delivery of a number of ancillary services programs for Members, including an electric efficiency program, an electric vehicle charging station initiative and a demand-response program.

The Agency tries to respond to – and as much as possible anticipate – the needs of its Member utilities. For instance, to help Member utilities with their social media outreach to retail customers, IMEA sought and won a grant for funding from the American Public Power Association to hire an intern to create the IMEA *Public Outreach Playbook*.



IMEA personnel practice social distancing during an IMEA Board Meeting held by webinar.

The *Playbook* includes access to all the materials needed to execute a 16-month social media outreach plan. This resource makes the process as simple as: Click. Copy. Paste. Post.



IMEA's Public Outreach Playbook is a 16-month social media plan that Members can use to engage with their retail electric customers.

ASSOCIATION AND AGENCY MANAGEMENT

Under Management Services Contracts, IMEA manages the Illinois Municipal Utilities Association (IMUA) and the Illinois Public Energy Agency (IPEA).

Formed in 1948, the IMUA is a statewide trade association that provides a variety of services to nearly 50 municipal members, including advocacy activities before the Illinois General Assembly and other administrative and regulatory bodies both in Illinois and at the federal level, including Congress. IMUA offers an array of training programs and activities for municipal electric, natural gas, telecommunications, water and wastewater treatment utility personnel. IMUA also administers a voluntary mutual aid program designed to assist members with restoration of energy services and other vital community services in the event of natural disasters, such as storms, floods and tornadoes.



A celebration with precaution: Chatham-Glenwood High School graduate Hailey Winslow of Springfield (center) displays her Illinois Municipal Utilities Association (IMUA) Scholarship Program award. Pictured left to right are: Springfield Chief Utility Engineer Doug Brown; IMUA Director – State Association Services & Communications Ed Cobau; Hailey's mother, Rebecca Winslow; Hailey Winslow; Hailey's father, Springfield Police Chief Ken Winslow; Springfield Mayor Jim Langfelder; and the Springfield utility's Supervisor of Consumer Services Amber Sabin.

The Illinois Public Energy Agency (IPEA), which was formed in 2005, is a wholesaler of natural gas to 12 municipal systems and two cooperative natural gas systems across Illinois. IMEA provides managerial oversight for the IPEA's day-to-day operations. IPEA is one of the leading natural gas joint action agencies in the Midwest.

ELECTRIC EFFICIENCY, ELECTRIC VEHICLE CHARGING STATION AND DEMAND RESPONSE PROGRAMS

The Agency's Electric Efficiency Program began in 2009, with a program to provide funds to go toward the purchase and installation of energy efficient technologies for IMEA Members and their commercial and industrial electric customers. In recent years, offerings have expanded to include residential smart thermostats and home air conditioning systems. As of May 1, 2020, more than 770 electric efficiency projects had been completed since the start of the program, earning incentives of \$8,632,490. Over the last five full fiscal years alone, Member municipalities and their commercial and industrial customers are estimated to have reduced energy consumption by more than 42.6 million kWh annually.

This past fiscal year, IMEA rolled out its updated Demand Response Program. Qualified municipal facilities or commercial/industrial customers can voluntarily agree to keep their electric use at or below a specified amount when called upon during a Demand Response Event. These events usually occur during a stretch of high-heat, high electric load days, when electric demand and prices are at their peak. Being able to call on customers to regulate their usage at these times creates a win-win. IMEA reduces costs to Members because it purchases less power at peak pricing, and the program participants receive a credit incentive from the IMEA.

Also this year, IMEA established the Electric Vehicle Charging Station Initiative, which is designed to encourage the deployment of – and foster learning about – residential and public-use electric vehicle charging stations. IMEA has budgeted \$30,000 for the program. The program provides incentives for level two or better electric vehicle charging stations. Incentives are \$200 for a private-use charging station and \$500 for chargers available for public use. The Agency’s Energy Efficiency and Conservation Committee plans to meet this coming fiscal year to evaluate the early performance of the program and refine it.



In addition to a possible re-vamp of the Electric Vehicle Charging Station Initiative, next year the Agency will introduce its Green Power Choices Renewable Energy Credit (REC) Program. The program will be one more option Member municipalities and

their retail customers will have to reduce their CO₂ footprint and aid in achieving their renewable energy objectives. Green Power Choices will be a highly flexible way for IMEA municipalities and their retail customers to purchase these green credits. RECs obtained and retired through this new program will be apart from and in addition to the RECs that accrue to IMEA from the renewable resources that are part of the Agency’s portfolio.

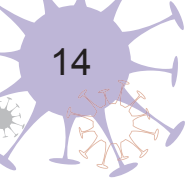
Administrative, Accounting and Information Technology Support

In order to serve its Members over the long term, the Agency must assure its own good health. That is where IMEA’s administrative, accounting and information technology professionals come in. Through their efforts, the Agency:

- Organizes and hosts meetings and seminars to educate municipal officials and utility professionals on emerging industry issues.
- Provides timely and accurate financial information to Members and management.
- Invests IMEA funds as necessary.
- Performs all Supervisory Control and Data Acquisition (SCADA) system programming and maintenance.
- Develops and maintains Web sites for IMEA, IMUA and IPEA.
- Continuously monitors and safeguards the Agency’s cyber security systems.
- Assists other IMEA service departments to improve their efficiency.

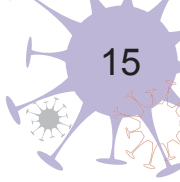
Only a well-run, fiscally responsible, forward-looking and resolute joint action agency is able to meet the needs of its Member communities. For 36 years, IMEA has served its Members in a professional, responsible manner. We will continue to offer high-value services to our Member municipalities to help them fulfill their commitment to provide community-owned power to their citizens.

The newly installed electric vehicle charging station at IMEA headquarters.



Summary of IMEA Sales to Members Fiscal Year Ending April 30, 2020

	Non-Coincident Peak Demand (kW)	Energy Usage (kWh)	Population
Participating Members			
Altamont	6,413	25,607,956	2,339
Bethany	2,504	9,095,399	1,239
Breese	13,053	52,393,454	4,483
Bushnell	8,323	34,981,556	2,866
Cairo	10,666	67,348,828	2,082
Carlyle	8,810	34,573,809	3,186
Carmi	13,803	55,084,797	4,811
Casey	7,747	32,228,542	2,620
Chatham	24,042	82,546,173	13,008
Fairfield	15,240	60,226,921	4,936
Farmer City	4,565	18,167,190	1,936
Flora	25,455	113,766,768	4,852
Freeburg	11,217	43,239,452	4,242
Greenup	4,295	18,706,957	1,490
Highland	33,190	132,707,369	9,834
Ladd	2,921	12,078,051	1,195
Marshall	14,466	66,427,961	3,811
Mascoutah	15,974	59,511,717	7,994
Metropolis	18,665	78,367,688	5,945
Naperville	341,992	1,327,372,714	148,449
Oglesby	9,641	35,716,792	3,559
Peru	51,270	223,767,821	9,730
Princeton	24,724	104,610,640	7,468
Rantoul	35,875	161,224,192	12,493
Red Bud	13,082	49,801,310	3,480
Riverton	7,098	27,828,295	3,434
Rock Falls	19,354	59,297,422	8,740
Roodhouse	3,004	11,934,316	1,677
St. Charles	115,507	514,425,250	32,887
Sullivan	15,539	70,625,535	4,433
Waterloo	23,438	89,357,375	10,578
Winnetka	34,996	124,073,069	12,316
Total Full Requirements Sales to Participating Members	936,869	3,797,095,319	



ILLINOIS MUNICIPAL ELECTRIC AGENCY

Springfield, Illinois

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended April 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Illinois Municipal Electric Agency
Springfield, Illinois

We have audited the accompanying financial statements of Illinois Municipal Electric Agency (IMEA), as of and for the years ended April 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise IMEA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

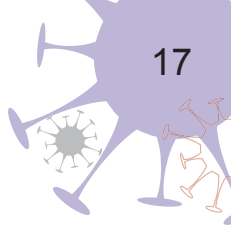
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about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

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

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

Opinion

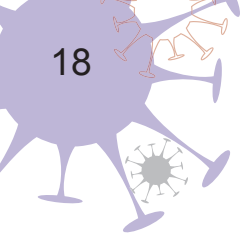
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMEA as of April 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter***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, 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 Virchow Krause, LLP

Madison, Wisconsin
July 17, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended April 30, 2020 and 2019

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, 2020 and 2019. 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 principles 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.

See accompanying independent auditors' report.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2020 and 2019

IMEA FINANCIAL ANALYSIS (cont.)

Table 1
Condensed Statements of Net Position

	2020	2019	2018
Utility plant	\$1,010,291,487	\$1,026,116,552	\$1,051,854,472
Restricted assets	102,988,110	99,929,115	97,236,486
Current assets	120,018,128	123,333,442	116,636,538
Other assets	5,802,455	7,408,314	9,880,232
Deferred outflows of resources	26,200,003	29,476,272	32,956,957
Total Assets and Deferred Outflows of Resources	\$1,265,300,183	\$1,286,263,695	\$1,308,564,685
 Net Position:			
Invested in capital assets	\$190,550,580	\$155,755,048	\$133,068,974
Restricted	10,043,859	9,478,282	8,909,401
Unrestricted	83,787,611	88,531,750	75,581,220
Total Net Position	284,382,050	253,765,080	217,559,595
 Noncurrent liabilities			
Current liabilities	904,634,908	957,213,792	1,014,324,599
Total Liabilities	76,283,225	75,284,823	76,680,491
Total Net Position and Liabilities	980,918,133	1,032,498,615	1,091,005,090
	\$1,265,300,183	\$1,286,263,695	\$1,308,564,685

STATEMENTS OF NET POSITION

Year Ended April 30, 2020

IMEA's total utility plant decreased by \$15,825,065 during the year ended April 30, 2020. The Agency made total payments of \$21,067,693 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 \$607,676. These capital investments net of depreciation accounted for a majority of the changes in utility plant. Depreciation expense of \$33,242,457 was recorded during the year.

IMEA had a decrease in the cash and short-term investments held in operating reserve accounts of \$5,739,918 from the previous year. Accounts receivable increased by \$201,737 from the previous year. Collateral held for others for \$502,912 was a new addition to current assets for fiscal year 2020. These changes along with an increase in the value of renewable energy credits held at the end of the year and an increase in prepayments made at the end of the year represent the majority of the decrease in current assets.

See accompanying independent auditors' report.

IMEA FINANCIAL ANALYSIS (cont.)

STATEMENTS OF NET POSITION (cont.)

Proceeds of revenue bonds not yet expended are included in restricted assets. The increase in restricted assets of \$3,058,995 was primarily caused by a rise in the market value of investments being held in restricted accounts.

Net position increased due to current year operations that resulted in net income of \$30,616,970.

Principal repayments associated with the Agency's outstanding revenue bonds totaled \$44,895,000. IMEA is scheduled to repay an additional \$46,945,000 on the outstanding revenue bonds on February 1, 2021, which is included in current liabilities. The Agency also had a current year payment of \$4,000,000 and a draw of \$4,000,000 against a line of credit facility available to IMEA bringing the total outstanding draws on the line of credit to \$14,000,000. The total undrawn portion of this line of credit was \$36,000,000.

Year Ended April 30, 2019

IMEA's total utility plant decreased by \$25,737,920 during the year ended April 30, 2019. The Agency made total payments of \$20,403,204 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 \$1,351,128. These capital investments net of depreciation accounted for a majority of the changes in utility plant. Depreciation expense of \$34,135,909 was recorded during the year. IMEA also recorded a \$9,563,203 reduction in the asset retirement obligation associated with the Prairie State project and Trimble County Units 1 & 2 projects due to lower estimated future costs associated with the closure of certain assets.

IMEA had an increase in the cash and short-term investments held in operating reserve accounts of \$8,349,293 from the previous year. Accounts receivable increased by \$98,044 from the previous year. These changes along with a decrease in the amount of renewable energy credits held at the end of the year and a decrease in prepayments made at the end of the year represent the majority of the increase in current assets.

Proceeds of revenue bonds not yet expended are included in restricted assets. The increase in restricted assets of \$2,692,629 was primarily caused by a rise in the market value of investments being held in restricted accounts.

Net position increased due to current year operations that resulted in net income of \$36,205,485.

See accompanying independent auditors' report.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2020 and 2019

IMEA FINANCIAL ANALYSIS (cont.)

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

	2020	2019	2018
Operating revenues	\$313,015,515	\$313,796,016	\$317,579,869
Depreciation expense	33,242,457	34,135,909	35,268,987
Other operating expenses	211,595,405	204,731,884	218,497,306
Total Operating Expenses	244,837,862	238,867,793	253,766,293
Operating Income	68,177,653	74,928,223	63,813,576
Investment income	3,540,887	4,047,042	2,978,084
Interest and amortization expense	(41,112,674)	(42,777,317)	(44,205,437)
Other income/(expense)	11,104	7,537	50,607
Total Non-Operating Expenses	(37,560,683)	(38,722,738)	(41,176,746)
Change in Net Position	30,616,970	36,205,485	22,636,830
Net Position, Beginning of Year	253,765,080	217,559,595	194,922,765
Net Position, End of Year	\$284,382,050	\$253,765,080	\$217,559,595

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Year Ended April 30, 2020

Sales to participating members of \$309,869,429 and 3,797,095,319 kilowatt hours ("kWh") were recorded during the fiscal year ended April 30, 2020. This represented a decrease of \$1,742,520 (0.6%) in revenue from sales to participating members and a decrease of 215,220,869 kWh (5.4%) as compared with the previous year. Sales were lower as compared to prior year due to warmer than normal late spring and early summer temperatures in Illinois during fiscal year 2019, this year saw a mild summer and winter across Illinois.

IMEA recorded a coincident peak demand of 915 MW, which was approximately 0.9% lower than the 923 MW experienced in the previous year. The total member non-coincident peak demand was 937 MW, which was approximately 0.7% lower than the 944 MW experienced in the previous year.

The average cost of power sold to the participating members with capacity credits of 7.93 cents per kWh was approximately 5.0% higher than the 7.55 cents per kWh from the previous year.

See accompanying independent auditors' report.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2020 and 2019

IMEA FINANCIAL ANALYSIS (cont.)

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION (cont.)

Total operating expenses increased by \$5,970,069 (2.5%) from the previous year due primarily to higher purchased power and transmission expense, purchase power and transmission expenses went up almost 10% from the previous year. Transmission expenses are outside of IMEA's control. Interest and amortization expenses decreased by \$1,664,643 primarily due to payments made to reduce outstanding revenue bonds.

Year Ended April 30, 2019

Sales to participating members of \$311,611,949 and 4,012,316,188 kilowatt hours ("kWh") were recorded during the fiscal year ended April 30, 2019. This represented an increase of \$1,745,189 (0.6%) in revenue from sales to participating members and an increase of 89,443,397 kWh (2.3%) as compared with the previous year. Sales were higher due to warmer than normal late spring and early summer temperatures in the Midwest during 2018. The termination of IMEA's contract with the Rural Electric Convenience Cooperative (RECC) on December 31, 2017 resulted in sales to others being reduced to \$0. This caused a reduction of \$7,050,667 in operating revenue from the previous year.

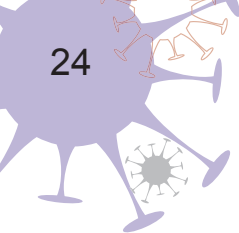
IMEA recorded a coincident peak demand of 923 MW, which was approximately 3.1% higher than the 895 MW experienced in the previous year. The total member non-coincident peak demand was 944 MW, which was approximately 1.6% higher than the 929 MW experienced in the previous year.

The average cost of power sold to the participating members of 7.76 cents per kWh was approximately 1.6% lower than the 7.89 cents per kWh from the previous year.

DEBT SERVICE COVERAGE

IMEA's bond resolution requires the Agency to maintain a debt service coverage ratio of 110%. Debt service coverage for the year ended April 30, 2020 was approximately 117.7% and approximately 124.1% for the year ended April 30, 2019 after transfers to the rate stabilization account. IMEA made no transfers during the year ended April 30, 2020 but transferred \$1,800,000 during the year ended April 30, 2019 into the rate stabilization account, which reduced the debt service coverage. Without the rate stabilization transfer, debt service coverage would have been approximately 126.0% for the year ended April 30, 2019.

See accompanying independent auditors' report.



ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2020 and 2019

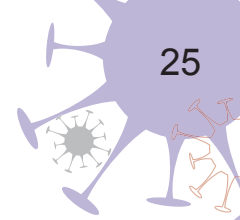
SIGNIFICANT EVENTS

RENEWABLE 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 50MW of wind from the Green River wind farm that was developed by Geronimo Energy, LLC. Green River began commercial operation on November 26, 2019. IMEA also entered into contracts for the purchase of approximately 1.5 MW's of solar energy located within two of IMEA's member electric systems, with an additional 2.5 MW's of solar energy within three additional IMEA's member electric systems with phased in generation beginning in July 2020. These contracts will provide IMEA with renewable energy resources totaling more than 10% of IMEA's energy requirements. In addition, IMEA has concluded contract negotiation to purchase 25 MW of solar energy for a period of 10 years from a solar project to be constructed in Illinois. This contract has a June 2025 start date. IMEA continues to evaluate additional carbon-free resources and will possibly seek additional opportunities with other Illinois solar projects to replace carbon based purchase power agreements as they expire.

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.



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ILLINOIS MUNICIPAL ELECTRIC AGENCY

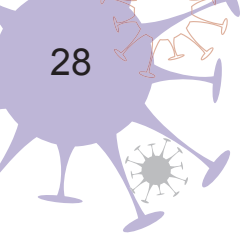
STATEMENTS OF NET POSITION

As of April 30, 2020 and 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
UTILITY PLANT		
Utility plant in service	\$ 1,249,924,106	\$ 1,246,737,469
Accumulated depreciation	(309,898,140)	(277,862,429)
Construction work in progress	70,265,521	57,241,512
Total Utility Plant	1,010,291,487	1,026,116,552
RESTRICTED ASSETS		
Cash and investments	102,988,110	99,929,115
CURRENT ASSETS		
Cash	69,405,975	49,530,320
Investments	3,572,609	29,188,182
Accounts receivable	22,398,615	22,196,878
Bond interest subsidy receivable	2,052,136	2,122,764
Renewable energy credits	1,366,937	979,391
Prepayments	20,718,944	19,315,907
Collateral held for others	502,912	-
Total Current Assets	120,018,128	123,333,442
OTHER ASSETS		
Regulatory costs for future recovery	2,519,041	2,832,532
Unrealized (gain) loss on investments	(1,732,690)	1,910,696
Prairie State - other long term asset	985,438	1,139,700
Other regulatory assets	4,030,666	1,525,386
Total Other Assets	5,802,455	7,408,314
Total Assets	1,239,100,180	1,256,787,423
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on advance refunding	26,200,003	29,476,272
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,265,300,183	\$ 1,286,263,695

	2020	2019
NET POSITION AND LIABILITIES		
NET POSITION		
Net investment in capital assets	\$ 190,550,580	\$ 155,755,048
Restricted	10,043,859	9,478,282
Unrestricted	83,787,611	88,531,750
Total Net Position	<u>284,382,050</u>	<u>253,765,080</u>
NONCURRENT LIABILITIES		
Revenue bonds	830,690,000	877,635,000
Other long-term debt - line of credit	14,000,000	14,000,000
Unamortized premium	49,174,356	55,162,166
Other liabilities	10,770,552	10,416,626
Total Noncurrent Liabilities	<u>904,634,908</u>	<u>957,213,792</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses		
Accounts Payable		
Purchased power and transmission	8,682,031	9,650,337
Jointly-owned facilities	6,674,386	7,591,571
Other	764,832	157,298
Collateral due to others	502,707	
Other current liabilities	638,464	394,174
Total Accounts Payable and Accrued Expenses	<u>17,262,420</u>	<u>17,793,380</u>
Current Liabilities Payable from Restricted Assets		
Current maturities of revenue bonds	46,945,000	44,895,000
Interest accrued	12,075,805	12,596,443
Total Current Liabilities Payable from Restricted Assets	<u>59,020,805</u>	<u>57,491,443</u>
Total Current Liabilities	<u>76,283,225</u>	<u>75,284,823</u>
Total Liabilities	<u>980,918,133</u>	<u>1,032,498,615</u>
TOTAL NET POSITION AND LIABILITIES	<u>\$ 1,265,300,183</u>	<u>\$ 1,286,263,695</u>

See accompanying notes to financial statements.



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ILLINOIS MUNICIPAL ELECTRIC AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended April 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Sales to participating members	\$ 309,869,429	\$ 311,611,949
Other income	<u>3,146,086</u>	<u>2,184,067</u>
Total Operating Revenues	<u>313,015,515</u>	<u>313,796,016</u>
 OPERATING EXPENSES		
Purchased power and transmission	115,568,966	105,243,103
Prairie State and Trimble County Units No. 1 and 2		
Fuel	40,996,590	43,853,976
Operations and maintenance	35,608,739	35,150,793
Member Payments:		
Fuel reimbursements	882,295	1,015,505
Capacity payments	8,824,889	8,897,963
Generation payments	11,715	12,371
Administration and general	8,189,197	8,119,671
Depreciation	33,242,457	34,135,909
Other utility operations	<u>1,513,014</u>	<u>2,438,502</u>
Total Operating Expenses	<u>244,837,862</u>	<u>238,867,793</u>
 Operating Income	<u>68,177,653</u>	<u>74,928,223</u>
 NONOPERATING REVENUES (EXPENSES)		
Investment income	3,540,887	4,047,042
Asset impairment	-	1,690,292
Deferral for future recovery	-	(1,690,292)
Bond interest subsidy revenue	8,041,167	8,291,362
Interest expense	(51,057,169)	(53,372,035)
Amortization expense	1,903,328	2,303,356
Other income	<u>11,104</u>	<u>7,537</u>
Total Nonoperating Revenues (Expenses)	<u>(37,560,683)</u>	<u>(38,722,738)</u>
 CHANGE IN NET POSITION	 30,616,970	 36,205,485
 NET POSITION - Beginning of Year	 <u>253,765,080</u>	 <u>217,559,595</u>
 NET POSITION - END OF YEAR	 <u>\$ 284,382,050</u>	 <u>\$ 253,765,080</u>

See accompanying notes to financial statements.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

STATEMENTS OF CASH FLOWS
For the Years Ended April 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from power sales	\$ 299,948,794	\$ 301,588,065
Paid to suppliers for purchased power and transmission	(116,537,273)	(104,708,164)
Paid to suppliers and employees for other services	(83,696,845)	(86,923,057)
Net Cash Flows From Operating Activities	<u>99,714,676</u>	<u>109,956,844</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from line of credit draws	4,000,000	4,000,000
Payment of line of credit debt	(4,000,000)	-
Net Cash Flows From Noncapital Financing and Related Activities	<u>-</u>	<u>4,000,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt principal paid	(44,895,000)	(42,950,000)
Interest paid	(51,587,732)	(53,922,041)
Bond interest subsidy received	8,111,795	8,366,096
Acquisition and construction of capital assets	(21,067,693)	(20,395,546)
Asset retirement obligation costs incurred	(152,330)	(1,322,874)
Net Cash Flows From Capital and Related Financing Activities	<u>(109,590,960)</u>	<u>(110,224,365)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	3,540,887	4,047,042
Purchase of long-term investments	(129,473,595)	(106,398,516)
Maturity of long-term investments	197,938,990	106,405,000
Net Cash Flows From Investing Activities	<u>72,006,282</u>	<u>4,053,526</u>
Net Change in Cash and Cash Equivalents	62,129,998	7,786,005
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>50,445,138</u>	<u>42,649,208</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 112,575,136</u>	<u>\$ 50,435,213</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Recording of other regulatory asset	\$ -	\$ (1,690,292)
Change in asset retirement obligation liability	\$ (305,149)	\$ (9,563,203)
Accretion expense	\$ 497,193	\$ 991,901
Change in unrealized loss on investments	\$ (3,643,386)	\$ (3,262,399)
Amortization expense	\$ 1,903,328	\$ 2,303,356
Credits given on billings	\$ (9,718,900)	\$ (9,952,838)
Net gain on sale of assets	\$ 11,104	\$ 7,537

	2020	2019
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 68,177,653	\$ 74,928,223
Noncash items included in operating income		
Depreciation	33,242,457	34,135,909
Other non-cash transactions	786,233	955,724
Changes in assets and liabilities		
Accounts receivable	(201,737)	(98,043)
Prepayments	(1,403,038)	1,514,608
Allowance inventory	(387,546)	161,091
Accounts payable	(499,346)	(1,640,668)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 99,714,676	\$ 109,956,844
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Restricted cash and investments	\$ 102,988,110	\$ 99,929,115
Cash	69,405,975	49,530,320
Investments	3,572,609	29,188,182
Total Cash and Investments	175,966,694	178,647,617
Less: investments	(63,391,558)	(128,212,404)
TOTAL CASH AND CASH EQUIVALENTS	\$ 112,575,136	\$ 50,435,213

See accompanying notes to financial statements.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 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, 2020, 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 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.

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.

In March 2018, the GASB issued Statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. IMEA adopted this statement effective May 1, 2019.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended April 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 and non-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 10 for further discussion related to these assets.

Unrealized Gains and Loss on Investments

Management has elected the use of regulatory accounting for its unrealized 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.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES AND NET POSITION (cont.)

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	10 – 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.

Other Regulatory Assets

During fiscal year 2019, IMEA recognized an impairment of certain assets at Prairie State, referred to as “Jordan Grove”. IMEA reduced the assets to their expected value and recorded an other regulatory asset for the difference between the original book value and expected value, shown in the statement of net position, under other assets.

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.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES AND NET POSITION (cont.)***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 and asset retirement obligation (Note 8). 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 non-operating revenue.

The United States Federal Government was subject to the process of sequestration for the budget year ending September 30, 2020 and 2019 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 7 for further details.

TAXES

IMEA is exempt from State and Federal income taxes.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

RATES

Rates charged to members are approved by the Board of Directors and were increased July 1, 2019. The approved rate includes adjustment clauses which are calculated monthly based on cost to serve member load.

RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified in order to conform to the current year's presentation.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

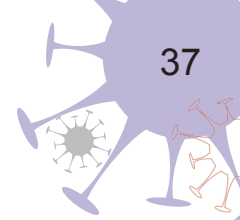
GASB has approved GASB Statement No. 87, *Leases*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 91, *Conduit Debt Obligations*, Statement No. 92, *Omnibus*, Statement No. 93, *Replacement of Interbank Offered Rates*, and Statement No. 94, *Public-private and Public-Public Partnerships and Availability Payment Arrangements*. The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and half years. When they become effective, application of these standards may restate portions of these financial statements.

NOTE 2 – CASH AND INVESTMENTS

IMEA's cash and investments consist of the following:

	Carrying Value as of April 30		Associated Risks
	2020	2019	
The Illinois Funds	\$ 19,070,656	\$ 18,714,497	Credit and interest rate
U.S. agency securities – implicitly guaranteed	56,476,884	120,408,271	Custodial credit, credit, concentration of credit, and interest rate
U.S. treasuries	7,346,395	8,277,082	Custodial credit and interest rate
Money market mutual fund	22,658,968	29,652,497	Not applicable
Money market fund	70,413,291	1,540,201	Custodial credit
Checking and savings	-	54,569	Custodial credit
Petty cash	500	500	Not applicable
Totals	\$ 175,966,694	\$ 178,647,617	

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.



ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS (cont.)

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, 2020 and 2019.

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, 2020 and 2019, 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, 2020 and 2019 IMEA’s investments were rated as follows:

Investment Type	Standard & Poor’s	Moody’s
U.S. agency securities	AA+	Aaa
The Illinois funds	AAAm	-

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.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS (cont.)

CONCENTRATION OF CREDIT RISK (cont.)

As of April 30, 2020 and 2019, IMEA's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2020	2019
Federal Home Loan Bank Federal Farm Credit Banks Funding Corporation	U.S. agency securities - Implicitly Guaranteed	40%	27%
Federal National Mortgage Association	U.S. agency securities - Implicitly Guaranteed	35%	39%
	U.S. agency securities - Implicitly Guaranteed	1%	13%

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, 2020 IMEA's investments were as follows:

Investment Type	Maturity (In Years)			
	Fair Value	Less than 1	1-5	Over 5
U.S. agency securities	\$ 56,476,884	\$ 2,277,592	\$ 37,322,852	\$ 16,876,440
U.S. treasuries	7,346,395	7,346,395	-	-
	<u>\$ 63,823,279</u>	<u>\$ 9,623,987</u>	<u>\$ 37,322,852</u>	<u>\$ 16,876,440</u>

IMEA also has \$19,070,656 invested in The Illinois Funds, which are valued at amortized cost. The average maturity of The Illinois Funds is 90 days.

As of April 30, 2019 IMEA's investments were as follows:

Investment Type	Maturity (In Years)			
	Fair Value	Less than 1	1-5	Over 5
U.S. agency securities	\$ 120,462,840	\$ 23,284,293	\$ 35,345,817	\$ 61,832,730
U.S. treasuries	8,277,082	8,277,082	-	-
	<u>\$ 128,739,922</u>	<u>\$ 31,561,375</u>	<u>\$ 35,345,817</u>	<u>\$ 61,832,730</u>

IMEA also has \$18,714,497 invested in The Illinois Funds, which are valued at amortized cost. The average maturity of The Illinois Funds is 106 days.

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

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS (cont.)

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, 2020 and 2019 are as follows:

- > Market approach – matrix pricing or market collaborative pricing

Investment Type	April 30, 2020			
	Total	Level 1	Level 2	Level 3
U.S. agency securities	\$ 56,476,884	\$ -	\$ 56,476,884	\$ -
U.S. treasuries	7,346,395	6,891,156	455,239	-
	\$ 63,823,279	\$ 6,891,156	\$ 56,932,123	\$ -

Investment Type	April 30, 2019			
	Total	Level 1	Level 2	Level 3
U.S. agency securities	\$ 120,462,840	\$ -	\$ 120,462,840	\$ -
U.S. treasuries	8,277,082	8,277,082	-	-
	\$ 128,739,922	\$ 8,277,082	\$ 120,462,840	\$ -

NOTE 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.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 3 – JOINTLY-OWNED FACILITIES (cont.)

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.

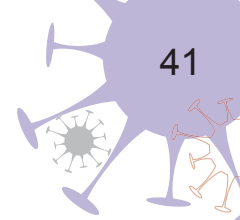
IMEA's share of the operating costs associated with these joint owned facilities are included in the accompanying financial statements.

NOTE 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.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019



NOTE 4 – FUNDS (cont.)

The indenture requires that certain cash and investments be segregated. The following are accounts included in current and restricted assets at April 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Included in Current Assets:		
Revenue	\$ -	\$ 1,440,863
Operation and maintenance	22,658,968	28,266,204
Renewals and replacements	2,380,734	2,336,528
General reserve	2,438,382	1,174,408
Rate stabilization	45,500,000	45,500,000
General cash (not restricted by indenture)	<u>500</u>	<u>500</u>
Total Current Cash and Investments	<u>\$ 72,978,584</u>	<u>\$ 78,718,503</u>
Included in Restricted Investment Accounts:		
Debt service	\$ 22,119,664	\$ 22,074,725
Debt service reserve	<u>80,868,446</u>	<u>77,854,390</u>
Total Restricted Cash and Investments	<u>\$ 102,988,110</u>	<u>\$ 99,929,115</u>

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 5 – CHANGES IN UTILITY PLANT

A summary of changes in utility plant for 2020 follows:

	Balance 5/1/19	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 4/30/20
Utility Plant being depreciated				
Electric plant –				
Trimble County Unit No. 1	\$ 127,937,106	\$ 947,282	\$ (825,975)	\$ 128,058,413
Trimble County Unit No. 2	186,100,335	1,492,892	-	187,593,227
Prairie State Unit No. 1	355,055,286	852,978	(321,596)	355,586,668
Prairie State Unit No. 2	326,897,887	28,475	-	326,926,362
Mobile generation	3,117,860	-	-	3,117,860
Prairie State - Common	148,456,648	666,552	-	149,123,200
Prairie State - Jordan Grove	1,598,890	-	(124,148)	1,474,742
Prairie State - Nearfield	11,910,154	110,641	-	12,020,795
Prairie State - Other	7,833,412	-	-	7,833,412
Prairie State - Mine	42,164,338	195,020	-	42,359,358
Prairie State - Coal Reserves	17,372,369	-	-	17,372,369
Land ¹	5,966,369	-	-	5,966,369
Office building	8,365,916	39,030	-	8,404,946
Office furniture and equipment	519,917	6,619	-	526,536
Supervisory control and data acquisition equipment	2,434,352	95,145	(6,176)	2,523,321
Winnetka 138 interconnect	500,000	-	-	500,000
Other equipment	506,630	85,794	(55,896)	536,528
Total Utility Plant in Service	1,246,737,469	4,520,428	(1,333,791)	1,249,924,106
Construction work in progress ¹	57,241,512	15,464,183	(2,440,174)	70,265,521
Total Utility Plant	<u>\$ 1,303,978,981</u>	<u>\$ 19,984,611</u>	<u>\$ (3,773,965)</u>	<u>\$ 1,320,189,627</u>

¹ Utility plant that is not being depreciated.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 5 – CHANGES IN UTILITY PLANT (cont.)

	Balance 5/1/19	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 4/30/20
Less: Accumulated depreciation				
Electric plant –				
Trimble County Unit No. 1	\$ (69,164,011)	\$ (2,635,130)	825,975	\$ (70,973,166)
Trimble County Unit No. 2	(39,090,210)	(5,041,553)	-	(44,131,763)
Prairie State Unit No. 1	(58,890,506)	(8,876,954)	321,596	(67,445,864)
Prairie State Unit No. 2	(51,318,908)	(8,173,159)	-	(59,492,067)
Mobile generation	(1,757,332)	(103,929)	-	(1,861,261)
Prairie State - Common	(24,841,717)	(3,720,027)	-	(28,561,744)
Prairie State - Jordan Grove	(706,914)	(249,948)	-	(956,862)
Prairie State - Nearfield	(1,359,374)	(298,676)	-	(1,658,050)
Prairie State - Other	(2,663,791)	(391,671)	-	(3,055,462)
Prairie State - Mine	(18,202,268)	(2,814,961)	-	(21,017,229)
Prairie State - Coal Reserves	(3,277,644)	(537,255)	-	(3,814,899)
Office building	(3,020,800)	(273,538)	-	(3,294,338)
Office furniture and equipment	(497,046)	(6,774)	-	(503,820)
Supervisory control and data acquisition equipment	(2,298,641)	(50,018)	6,176	(2,342,483)
Winnetka 138 interconnect	(377,778)	(16,667)	-	(394,445)
Other equipment	(395,489)	(52,196)	52,998	(394,687)
Total Accumulated Depreciation	<u>(277,862,429)</u>	<u>(33,242,456)</u>	<u>1,206,745</u>	<u>(309,898,140)</u>
Net Utility Plant	<u>\$ 1,026,116,552</u>			<u>\$ 1,010,291,487</u>

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 5 – CHANGES IN UTILITY PLANT (cont.)

A summary of changes in utility plant for 2019 follows:

	Balance 5/1/18	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 4/30/19
Utility Plant being depreciated				
Electric plant –				
Trimble County Unit No. 1	\$ 138,012,595	\$ 1,725,456	\$ (11,800,945)	\$ 127,937,106
Trimble County Unit No. 2	183,524,064	2,576,271	-	186,100,335
Prairie State Unit No. 1	354,696,761	358,525	-	355,055,286
Prairie State Unit No. 2	326,355,640	873,646	(331,399)	326,897,887
Mobile generation	3,117,860	-	-	3,117,860
Prairie State - Common	148,145,828	333,216	(22,396)	148,456,648
Prairie State - Jordan Grove	9,222,202	1,350,487	(8,973,799)	1,598,890
Prairie State - Nearfield	12,173,111	-	(262,957)	11,910,154
Prairie State - Other	7,833,412	-	-	7,833,412
Prairie State - Mine	41,801,288	363,050	-	42,164,338
Prairie State - Coal Reserves	17,369,335	3,034	-	17,372,369
Land ¹	5,966,369	-	-	5,966,369
Office building	8,346,500	19,416	-	8,365,916
Office furniture and equipment	523,186	14,088	(17,357)	519,917
Supervisory control and data acquisition equipment	2,318,190	116,162	-	2,434,352
Winnetka 138 interconnect	500,000	-	-	500,000
Other equipment	491,978	51,938	(37,286)	506,630
Total Utility Plant in Service	1,260,398,319	7,785,289	(21,446,139)	1,246,737,469
Construction work in progress ¹	43,971,091	18,164,653	(4,894,232)	57,241,512
Total Utility Plant	<u>\$ 1,304,369,410</u>	<u>\$ 25,949,942</u>	<u>\$ (26,340,371)</u>	<u>\$ 1,303,978,981</u>

¹ Utility plant that is not being depreciated.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 5 – CHANGES IN UTILITY PLANT (cont.)

	Balance 5/1/18	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 4/30/19
Less: Accumulated depreciation				
Electric plant –				
Trimble County Unit No. 1	\$ (68,561,507)	\$ (3,205,949)	\$ 2,603,445	\$ (69,164,011)
Trimble County Unit No. 2	(34,109,404)	(4,980,806)	-	(39,090,210)
Prairie State Unit No. 1	(50,016,029)	(8,874,477)	-	(58,890,506)
Prairie State Unit No. 2	(43,464,618)	(8,159,868)	305,578	(51,318,908)
Mobile generation	(1,653,405)	(103,927)	-	(1,757,332)
Prairie State - Common	(21,157,603)	(3,706,510)	22,396	(24,841,717)
Prairie State - Jordan Grove	(5,809,883)	(699,509)	5,802,478	(706,914)
Prairie State - Nearfield	(1,057,239)	(302,135)	-	(1,359,374)
Prairie State - Other	(2,272,121)	(391,670)	-	(2,663,791)
Prairie State - Mine	(15,402,907)	(2,799,361)	-	(18,202,268)
Prairie State - Coal Reserves	(2,755,737)	(521,907)	-	(3,277,644)
Office building	(2,739,574)	(281,226)	-	(3,020,800)
Office furniture and equipment	(506,662)	(7,741)	17,357	(497,046)
Supervisory control and data acquisition equipment	(2,268,602)	(30,039)	-	(2,298,641)
Winnetka 138 interconnect	(361,112)	(16,666)	-	(377,778)
Other equipment	(378,535)	(54,118)	37,164	(395,489)
Total Accumulated Depreciation	<u>(252,514,938)</u>	<u>(34,135,909)</u>	<u>8,788,418</u>	<u>(277,862,429)</u>
Net Utility Plant	<u>\$ 1,051,854,472</u>			<u>\$ 1,026,116,552</u>

NOTE 6 – IMPAIRMENT OF CAPITAL ASSET

During fiscal year 2019, IMEA experienced an asset impairment related to the Prairie State Jordan Grove assets. These assets consist of a coal combustion residual (CCR) holding facility and related infrastructure. Prairie State worked with Illinois Department of Natural Resources to revise their mining permit for this location to proceed with reclamation activities. As a result of this change in manner of use, this property was revalued for agricultural or recreational purposes based on market price comparisons. IMEA recognized an impairment of \$1,690,292 representing the difference between the net book value of \$3,040,778 and the updated expected residual value of the impaired Prairie State Jordan Grove assets of \$1,350,486. IMEA recorded its share of the impairment loss as a regulatory asset which will be amortized over the remaining 41 months of the original ten-year life. The residual value of the impaired assets are reported in IMEA capital assets.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 7 – LONG TERM OBLIGATIONS

IMEA has issued the following revenue bonds:

Date	Purpose	Final Maturity	Interest Rates	Original Issue	Outstanding Amount 4/30/20
Nov. 5, 2007	Refinance 1998 bonds	Feb. 1, 2021	5.00 – 5.20%	\$ 51,360,000	\$ 5,165,000
Jul. 15, 2009	Debt service and capital improvements *	Feb. 1, 2035	5.33 – 6.13%	294,755,000	243,645,000
Nov. 30, 2010	Debt service and capital improvements *	Feb. 1, 2035	2.47 – 7.29%	140,290,000	104,570,000
April 1, 2015	Refunding 2006 and 2007A bonds	Feb. 1, 2035	4.00 – 5.00%	594,685,000	524,255,000

* 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 2020 and 2019, 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 5.9% and a 6.2% reduction in payments for the federal budget year ended September 30, 2020 and 2019, respectively, 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:

Year	Principal	Interest	Total
2021	\$ 46,945,000	\$ 48,839,925	\$ 95,784,925
2022	43,660,000	46,315,151	89,975,151
2023	45,675,000	43,938,143	89,613,143
2024	47,750,000	41,419,675	89,169,675
2025	50,005,000	38,706,918	88,711,918
2026 – 2030	284,705,000	147,915,051	432,620,051
2031 - 2035	<u>358,895,000</u>	<u>58,604,383</u>	<u>417,499,383</u>
Totals	<u>\$ 877,635,000</u>	<u>\$ 425,739,246</u>	<u>\$ 1,303,374,246</u>

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.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 7 – LONG TERM OBLIGATIONS (cont.)

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, 2022. IMEA had \$14.0 million outstanding under the LOC Agreement as of April 30, 2020 and 2019.

Long-term obligation activity for the year ended April 30, 2020 is as follows:

	Balance 5/1/19	Additions	Reductions	Balance 4/30/20	Due Within One Year
Revenue bonds	\$ 922,530,000	\$ -	\$ 44,895,000	\$ 877,635,000	\$ 46,945,000
Line of credit agreement	14,000,000	4,000,000	4,000,000	14,000,000	-
Unamortized premium	55,162,166	-	5,987,810	49,174,356	-
Other liabilities	10,416,626	581,654	227,728	10,770,552	-
Totals	\$ 1,002,108,792	\$ 4,581,654	\$ 55,110,538	\$ 951,579,908	\$ 46,945,000

Long-term obligation activity for the year ended April 30, 2019 is as follows:

	Balance 5/1/18	Additions	Reductions	Balance 4/30/19	Due Within One Year
Revenue bonds	\$ 965,480,000	\$ -	\$ 42,950,000	\$ 922,530,000	\$ 44,895,000
Line of credit agreement	10,000,000	4,000,000	-	14,000,000	-
Unamortized premium	61,443,091	-	6,280,925	55,162,166	-
Other liabilities	20,351,508	1,035,060	10,969,942	10,416,626	-
Totals	\$ 1,057,274,599	\$ 5,035,060	\$ 60,200,867	\$ 1,002,108,792	\$ 44,895,000

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 8 – 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.

During fiscal year 2019 IMEA recognized an adjustment of \$9,995,527 to the asset retirement obligation for the Trimble County facility as a result of a change in CCR Rule that lead to a change in closing method and project engineering to decrease the estimated volume of fill material required for the ash pond.

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

Balance 5/1/19	Liabilities Incurred (Adjustments)	Accretion	Costs Incurred	Balance 4/30/20
\$ 9,943,855	\$ 39,714	\$ 497,193	\$ (231,728)	\$ 10,249,034
Balance 5/1/18	Liabilities Incurred	Accretion	Costs Incurred	Balance 4/30/19
\$ 19,838,031	\$ (9,563,203)	\$ 991,901	\$ (1,322,874)	\$ 9,943,855

NOTE 9 – 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."

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 9 – NET POSITION (cont.)

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:

	2020	2019
Utility plant in service	\$1,249,924,106	\$1,246,737,469
Accumulated depreciation	(309,898,140)	(277,862,429)
Construction work in progress	70,265,521	57,241,512
Sub-totals	1,010,291,487	1,026,116,552
Less: Capital related debt		
Current portion of capital related long-term debt	46,945,000	44,895,000
Long-term portion of capital related long-term debt	830,690,000	877,635,000
Unamortized loss on advance refunding	(26,200,003)	(29,476,272)
Unamortized premium	49,174,356	55,162,166
Sub-totals	900,609,353	948,215,894
Add: Unspent debt proceeds		
Debt service reserve from borrowing	80,868,446	77,854,390
Total Net Investment in Capital Assets	\$ 190,550,580	\$ 155,755,048

The following calculation supports the amount of restricted net position:

	2020	2019
Restricted investments	\$ 102,988,110	\$ 99,929,115
Less: Restricted assets not funded by revenues		
Debt service reserve account	(80,868,446)	(77,854,390)
Current liabilities payable from restricted assets	(12,075,805)	(12,596,443)
Sub-totals	(92,944,251)	(90,450,833)
Total Restricted Net Position as Calculated	\$ 10,043,859	\$ 9,478,282

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 10 – REGULATORY ASSETS

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 includes unamortized debt issuance costs, unrealized loss 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 as discussed in Note 6. The following summarizes activity for regulatory assets:

	Balance 5/1/19	Additions	Reductions	Balance 4/30/20
Regulatory costs for future recovery	\$ 2,832,532	\$ -	\$ 313,491	\$ 2,519,041
Unrealized (gain)/loss on investments	1,910,696	-	3,643,386	(1,732,690)
Other regulatory assets	1,525,386	3,000,000	494,720	4,030,666
Totals	\$ 6,268,614	\$ 3,000,000	\$ 4,451,597	\$ 4,817,017

	Balance 5/1/18	Additions	Reductions	Balance 4/30/19
Regulatory costs for future recovery	\$ 3,164,509	\$ -	\$ 331,977	\$ 2,832,532
Unrealized loss on investments	5,173,095	-	3,262,399	1,910,696
Other regulatory assets	-	1,690,292	164,906	1,525,386
Totals	\$ 8,337,604	\$ 1,690,292	\$ 3,759,282	\$ 6,268,614

NOTE 11 – 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, 2020 and 2019 total contributions were \$917,800 and \$939,600, respectively.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2020 and 2019

NOTE 12 – CONTRACTS AND COMMITMENTS

IMEA has long- 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.

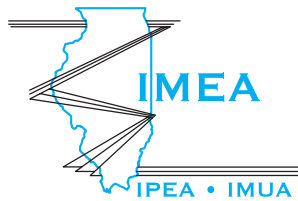
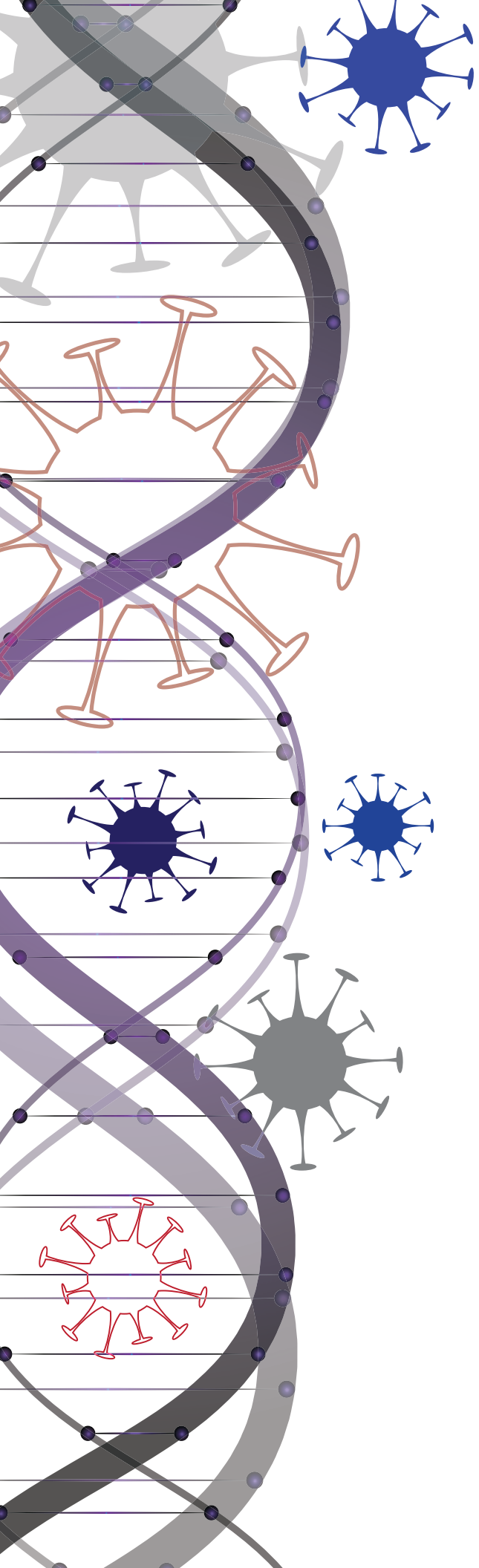
In the normal course of business, IMEA may be involved in various disputes with other parties. While management cannot predict the ultimate outcome of these disputes, total exposure is not material to IMEA's financial position or results of operation.

NOTE 13 – SIGNIFICANT CUSTOMERS

IMEA has two significant customers who were responsible for 49% and 50% of operating revenue in 2020 and 2019, respectively.

NOTE 14 – 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.



Illinois Municipal Electric Agency

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