Illinois Municipal Electric Agency

Financial Statements and
Supplementary Information

April 30, 2026 and 2025

Independent Auditors' Report

To the Board of Directors of
Illinois Municipal Electric Agency

Opinion

We have audited the accompanying financial statements of Illinois Municipal Electric Agency (IMEA), as of and for the years ended April 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise IMEA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of IMEA as of April 30, 2026 and 2025, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IMEA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Baker Tilly US, LLP

Madison, Wisconsin
July 24, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Illinois Municipal Electric Agency ("IMEA") offers all persons interested in the financial position of IMEA this narrative overview and analysis of IMEA's financial performance during the years ending April 30, 2026 and 2025. 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.

Table 1
Condensed Statements of Net Position

	2026	2025	2024
Utility plant	$873,573,772	$901,619,261	$926,862,215
Restricted assets	91,414,561	98,371,687	97,226,562
Current assets	200,393,155	184,828,670	166,660,820
Other assets	5,907,579	1,841,903	3,296,693
Deferred outflows of resources	1,150,390	12,657,477	15,033,344
Total Assets and Deferred Outflows of Resources	$1,172,439,457	$1,199,318,998	$1,209,079,634
Net Position:			
Invested in capital assets	$348,101,311	$324,392,192	$296,176,193
Restricted	12,789,825	12,045,331	11,511,814
Unrestricted	179,282,851	155,810,788	138,480,542
Total Net Position	540,173,987	492,248,311	446,168,549
Noncurrent liabilities	555,105,920	628,896,608	687,516,625
Current liabilities	77,159,550	78,174,079	75,394,460
Total Liabilities	632,265,470	707,070,687	762,911,085
Total Net Position and Liabilities	$1,172,439,457	$1,199,318,998	$1,209,079,634

Statements of Net Position

Year Ended April 30, 2026

IMEA's total utility plant decreased by $28,045,489 during the year ended April 30, 2026. The Agency made total payments of $10,608,929 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 $2,266,993. These capital investments net of depreciation accounted for a large portion of the changes in utility plant, additionally Trimble County closed out its Coal Combustion Residuals (CCR) pond now that the landfill is in service. Depreciation expense of $32,072,708 was recorded during the year.

IMEA had an increase in the cash and short-term investments held in operating reserve accounts of $14,863,666 from the previous year. At the start of the fiscal year IMEA's Board of Directors authorized for the collection of a Decommissioning Fund to pay for future retirement costs of Prairie State and Trimble County, balance in the account at fiscal year-end was $2,023,687. Accounts receivable increased by $2,235,253 from the previous year. Bond interest subsidy receivable decreased by $977,992 from the previous year due to Series 2009C and Series 2010A (both being eligible for the subsidy) being partially refunded for savings in fiscal year 2026 and being replaced by Series 2025A. Prepayments decreased by $178,156 from the previous year. The value of renewable energy credits held at the end of the year decreased by $387,137. These changes along with an increase in collateral held for others at the end of the year represent much of the increase in current assets of $15,564,485.

Debt service accounts and debt service reserve accounts for outstanding revenue bonds make up restricted assets. The decrease in restricted assets of $6,957,126 was primarily caused by Series 2009C and Series 2010A being partially refunded and all of Series 2015A being refunded for savings in fiscal year 2026 and being replaced by Series 2025A.

Net position increased due to the current year's operations that resulted in net income of $47,925,676.

Principal repayments associated with the Agency's outstanding revenue bonds that were not directly related to the 2025A refunding transaction totaled $48,753,750. IMEA is scheduled to repay an additional $50,795,000 on the outstanding revenue bonds on February 1, 2027, which is included in current liabilities. The Agency also had no current year payments with no draws against a line of credit facility available to IMEA keeping the total outstanding draws on the line of credit to $0. The total undrawn portion of this line of credit was $50,000,000.

Year Ended April 30, 2025

IMEA's total utility plant decreased by $25,242,954 during the year ended April 30, 2025. The Agency made total payments of $12,651,846 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 $925,060. These capital investments net of depreciation accounted for most of the changes in utility plant. Depreciation expense of $36,445,143 was recorded during the year.

IMEA had an increase in the cash and short-term investments held in operating reserve accounts of $14,580,558 from the previous year. Accounts receivable increased by $1,051,684 from the previous year. Prepayments increased by $2,950,644 from the previous year. The value of renewable energy credits held at the end of the year decreased by $302,826. These changes along with a decrease in the value of bond interest subsidy receivable and an increase in collateral held for others at the end of the year represent much of the increase in current assets of $18,167,850.

Proceeds of revenue bonds not yet expended are included in restricted assets. The increase in restricted assets of $1,145,125 was primarily caused by a rise in the market value of investments being held in restricted accounts.

Net position increased due to the current year's operations that resulted in net income of $46,079,762.

Principal repayments associated with the Agency's outstanding revenue bonds totaled $50,005,000. IMEA is scheduled to repay an additional $51,725,000 on the outstanding revenue bonds on February 1, 2026, which is included in current liabilities. The Agency also had no current year payments with no draws against a line of credit facility available to IMEA keeping the total outstanding draws on the line of credit to $0. The total undrawn portion of this line of credit was $50,000,000.

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

	2026	2025	2024
Operating revenues	$342,338,877	$328,817,328	$312,627,656
Depreciation expense	32,072,708	36,445,143	35,989,197
Other operating expenses	247,076,841	227,424,381	207,731,360
Total Operating Expenses	279,149,549	263,869,524	243,720,557
Operating Income	63,189,328	64,947,804	68,907,099
Investment income	8,673,751	10,500,747	9,814,135
Interest and amortization expense	(24,084,528)	(29,883,784)	(32,165,974)
Other income/(expense)	147,125	514,995	57,133
Total Non-Operating Expenses	(15,263,652)	(18,868,042)	(22,294,706)
Change in Net Position	47,925,676	46,079,762	46,612,393
Net Position, Beginning of Year	492,248,311	446,168,549	399,556,156
Net Position, End of Year	$540,173,987	$492,248,311	$446,168,549

Statements of Revenue, Expenses and Changes in Net Position

Year Ended April 30, 2026

Sales to participating members of $335,335,269 and 3,796,142,730 kilowatt hours ("kWh") were recorded during the fiscal year ended April 30, 2026. This represented an increase of $17,817,503 (5.6 percent) in revenue from sales to participating members and an increase of 68,068,493 kWh (1.8 percent) as compared with the previous year. Energy sales were higher this year as compared to the previous year due to warmer temperatures over the summer and colder temperatures over the winter across Illinois.

IMEA recorded a coincident peak demand of 886 MW, which was approximately 4.8 percent lower than the 931 MW experienced in the previous year. The total member non-coincident peak demand was 919 MW, which was approximately 2.8 percent lower than the 946 MW experienced in the previous year.

The average cost of power sold to the participating members with capacity credits of 8.60 cents per kWh was approximately 3.6 percent higher than the 8.30 cents per kWh from the previous year.

Total operating expenses increased by $15,280,025 (5.8 percent) from the previous year due primarily to higher transmission expenses. Purchased power expenses went down 4.3 percent from the previous year due to IMEA having more generation from IMEA owned assets in the current year and a more favorable position in the energy markets during the current fiscal year. Transmission expenses, which are outside of IMEA's control, went up 24.9 percent over fiscal year 2025. For fiscal year 2026, fuel at generating units went up 5.2 percent from the previous year due to higher generation. Operation and maintenance expenses at generating units went up 0.4 percent from the previous year mainly due to inflation. Member payments increased by 17.8 percent due to member generation being called to generate more than prior year and Board approving higher capacity payments for member generation. Other utility operations increased by $3,065,108 (140.3 percent) from the previous year due to the closing out of the Trimble County CCR pond. Non-operating expenses decreased by $3,604,390 (19.1 percent) from the previous year due primarily to lower interest expense. Interest expense decreased by 14.0 percent primarily due to payments made to reduce outstanding revenue bonds and the 2025A refunding. BABS revenue decreased by 41.6 percent due to less interest paid on IMEA's series 2009C and 2010A than the previous year and the 2025A refunding.

Year Ended April 30, 2025

Sales to participating members of $317,517,766 and 3,728,074,237 kilowatt hours ("kWh") were recorded during the fiscal year ended April 30, 2025. This represented an increase of $15,329,493 (5.1 percent) in revenue from sales to participating members and an increase of 67,971,145 kWh (1.9 percent) as compared with the previous year. Energy sales were higher this year as compared to the previous year due to warmer temperatures over the summer and colder temperatures over the winter across Illinois.

IMEA recorded a coincident peak demand of 931 MW, which was approximately 4.3 percent lower than the 973 MW experienced in the previous year. The total member non-coincident peak demand was 946 MW, which was approximately 4.2 percent lower than the 987 MW experienced in the previous year.

The average cost of power sold to the participating members with capacity credits of 8.30 cents per kWh was approximately 3.4 percent higher than the 8.03 cents per kWh from the previous year.

Total operating expenses increased by $20,148,967 (8.3 percent) from the previous year due primarily to higher transmission and purchased power expenses. Purchased power expenses went up 8.1 percent from the previous year due to IMEA having less generation from IMEA owned assets in the current year and a more favorable position in the energy markets during the previous fiscal year. Operation and maintenance expenses at generating units went up 3.7 percent from the previous year mainly due to inflation.

Transmission expenses, which are outside of IMEA's control, went up 30.1 percent over fiscal year 2024. In reaction to an industry trend of increasing transmission expenses over the last several years, in fiscal year 2024 IMEA made use of prior year excess revenues received from MISO in connection with IMEA's Auction Revenue Rights and Financial Transmission Rights to create a regulatory credit of $7,550,000. This regulatory credit was used evenly across all 12 months of fiscal year 2024 to offset increases in transmission expenses, part of the increase in fiscal year 2025 is attributed to the use of the regulatory credit in fiscal year 2024. For fiscal year 2025, fuel at generating units went down 2.8 percent from the previous year due to lower generation. Fuel reimbursements decreased by 4.0 percent due to member generation being called to generate less than prior year. Non-operating expenses decreased by $3,426,664 (15.4 percent) from the previous year due primarily to lower interest expense and higher interest income. Interest expense decreased by 7.0 percent primarily due to payments made to reduce outstanding revenue bonds. Interest income increased by 7.0 percent due to interest rates paid on IMEA's investments being higher than the previous year.

Debt Service Coverage

IMEA's bond resolution requires the Agency to maintain a debt service coverage ratio of 110 percent. Debt service coverage for the year ended April 30, 2026 was approximately 132.7 percent and approximately 134.1 percent for the year ended April 30, 2025. IMEA made no transfers during the year ended April 30, 2026 or during the year ended April 30, 2025 into the rate stabilization account, transfers would have reduced debt service coverage.

Significant Events

IMEA issued $473,245,000 in aggregate principal amount of Power Supply System Revenue Refunding Bonds, Series 2025A to refund a portion of the outstanding Power Supply System Revenue Bonds, Series 2009C (Build America Bonds - Direct Payment) and Series 2010A (Build America Bonds - Direct Payment); and to refund all the Power Supply System Revenue Refunding Bonds, Series 2015A. The Bonds were priced on August 6, 2025 and sold on September 9, 2025. IMEA called the 2015A Bonds for optional redemption, and the 2009C Bonds and the 2010A Bonds for extraordinary optional redemption. The 2025A Bonds were sold by an underwriting team senior managed by BofA Securities, Inc. The refunding transaction provided an overall savings of approximately $34 million over a 10-year span, without extending the term of the overall debt. The maturity date for the 2025A Bonds remains February 1, 2035.

IMEA Board of Directors passed an ordinance in October of 2024 to add language to the rate schedule to establish and begin the collection of a decommissioning fund. Due to Illinois passing SB 2408, the Climate and Equitable Jobs Act (CEJA), IMEA is planning for Prairie State potential retirement in 2045. High level engineering estimate of IMEA's share of decommissioning costs is $25.5 million in 2045 dollars. IMEA is planning for Trimble County Unit 1 potential retirement in 2045 and Unit 2 potential retirement in 2050. High level engineering estimate of IMEA's share of decommissioning costs is $10.9 million in 2050 dollars. Estimates over such a long period will not be exact and will be updated over time. The funds will be collected by October 1, 2035, this ensures that the IMEA members that invested into and benefit from the output of the generating resources pay the associated decommissioning costs; three members have yet to extend their IMEA membership to 2055. Collection for the Decommissioning Fund started on May 1, 2025 and will run through April 31, 2035. The initial estimate of the amount to be collected (assuming 3% interest on amounts held in the fund) is $21.7 million to have the necessary $36.4 million available at the respective planned retirement dates. Monthly amount to be collected is $180,849 or $2.2 million annually. The amount needed will be periodically reviewed and IMEA staff will advise the Board on changes required. The amounts collected will be deposited into the Decommissioning Fund and held for the purpose of funding decommissioning costs, not to be withdrawn without express authorization from the Board. Balance in the Decommissioning Fund at fiscal year-end was $2,023,687 with $180,849 included in current assets as part of accounts receivable.

To curb rising transmission costs, IMEA has sought to partner with established transmission owners to own a share of some upcoming projects in Illinois. Transmission ownership allows for IMEA to recover the cost associated with the Project and a return on equity through the MISO tariff. The first partnership with Ameren Transmission Company of Illinois (ATXI) will be the Illinois Valley Reliability Project that will improve energy reliability for communities in Bureau and LaSalle counties. The Project includes constructing a new, approximately 21-mile, 138-kV transmission line, upgrading the existing Princeton substation, and building a new switching station called Lima located near Peru. The new transmission line will connect the upgraded Princeton substation to the new Lima switching station. Project completion is expected in 2028-2029, with IMEA to fund its portion (estimated to be $20-25 million) of the Project 6 months before commercial operation. The second partnership is with Ameren Transmission Company of Illinois (ATXI) and Gridliance Heartland, LLC (a NextEra subsidiary) as the project developers with IMEA and Dairyland Power Cooperative as project participants. This partnership was awarded the bids for two projects that are a part of MISO Tranche 2.1, which will develop a 3,631-mile 765 kV backbone that ensures future reliability in Illinois while providing benefits that exceed costs. One of the projects is a 765kV line from the Indiana border to the Peoria area, while the other project will run from the same Peoria area substation to just into Iowa MidAmerican Energy's high voltage facilities.

The two MISO Tranche 2.1 projects are targeted to go in service in 2034. IMEA would own 3% (estimated to be $50-$70 million) of the total projects, again to be funded 6 months before commercial operation.

Renewable and Carbon-Free Energy Resources

IMEA has a contract to purchase 70 MW of wind energy from the Lee-Dekalb wind project owned by FPL Energy Illinois Wind, LLC and another contract to purchase 50 MW of wind from the Green River Wind Farm that was developed by Geronimo Energy, LLC. Two of IMEA's members own and operate run-of-the-river hydroelectric generation that totals nearly 10 MW of carbon-free energy for IMEA. IMEA also has contracts for the purchase of approximately 7.5 MW of solar energy located within eight of IMEA's member electric systems. In addition, IMEA has a contract to purchase 25 MW of solar energy from Big River Solar, this is a solar project located in Illinois that became operational in 2022. This contract had a June 2025 start date. For Fiscal Year 2026, these resources provided IMEA with nearly 11 percent of its energy requirements.

In 2024, IMEA entered into a 20-year power purchase agreement with Bee Hollow Solar, LLC, which represents a purchase of 150 MW of solar capacity, associated energy and RECs from the Bee Hollow Solar Project, a proposed 150 MW solar energy project located in St. Clair County, Illinois in the MISO market, currently expected to become operational by the end of 2026. In early 2026, IMEA entered into a contract amendment with Bee Hollow Solar, LLC, to extend the term of the agreement an additional 5 years to a 25-year term. The purchase of this solar energy represents approximately 9% of IMEA's Participating Members' energy requirements. IMEA is working with an experienced solar vendor, SolAmerica, to potentially add approximately 9 MW of solar to be located within the electric systems of IMEA members. IMEA continues to evaluate additional carbon-free resources and will seek and evaluate additional opportunities to increase the amount of energy it produces from renewable or carbon-free resources. Since May 31, 2023, IMEA no longer has any carbon-based purchase power agreements in place.

Contacting IMEA's Management

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

Illinois Municipal Electric Agency

Statements of Net Position
April 30, 2026 and 2025

	2026	2025
Assets and Deferred Outflows of Resources		
Utility Plant		
Utility plant in service	$ 1,330,939,628	$ 1,335,082,256
Accumulated depreciation	(501,996,235)	(474,543,742)
Construction work in progress	44,630,379	41,080,747
Total utility plant	873,573,772	901,619,261
Restricted Assets		
Cash and investments	91,414,561	98,371,687
Current Assets		
Cash	100,822,239	86,702,741
Investments	40,892,464	40,148,296
Accounts receivable	23,226,684	20,991,431
Bond interest subsidy receivable	558,385	1,536,377
Renewable energy credits	2,101,928	2,489,065
Prepayments	32,248,206	32,426,362
Collateral held for others	543,249	534,398
Total current assets	200,393,155	184,828,670
Other Assets		
Regulatory costs for future recovery	2,641,564	1,214,975
Unrealized (gain) loss on investments	422,135	(776,792)
Prairie State, other long term asset	2,843,880	1,403,720
Total other assets	5,907,579	1,841,903
Total assets	1,171,289,067	1,186,661,521
Deferred Outflows of Resources		
Unamortized loss on advance refunding	1,150,390	12,657,477
Total assets and deferred outflows of resources	$ 1,172,439,457	$ 1,199,318,998

See notes to financial statements

	2026	2025
Net Position and Liabilities		
Net Position		
Net investment in capital assets	$ 348,101,311	$ 324,392,192
Restricted	12,789,825	12,045,331
Unrestricted	179,282,851	155,810,788
Total net position	540,173,987	492,248,311
Noncurrent Liabilities		
Revenue bonds	505,660,000	591,875,000
Unamortized premium	41,501,510	23,792,717
Other liabilities	7,944,410	13,228,891
Total noncurrent liabilities	555,105,920	628,896,608
Current Liabilities		
Accounts payable and accrued expenses		
Accounts payable:		
Purchased power and transmission	8,739,402	7,756,942
Jointly-owned facilities	8,754,909	8,549,328
Other	434,729	114,959
Collateral due to others	543,918	535,238
Other current liabilities	600,515	674,427
Total accounts payable and accrued expenses	19,073,473	17,630,894
Current liabilities payable from restricted assets:		
Current maturities of revenue bonds	50,795,000	51,725,000
Interest accrued	7,291,077	8,818,185
Total current liabilities payable from restricted assets	58,086,077	60,543,185
Total current liabilities	77,159,550	78,174,079
Total liabilities	632,265,470	707,070,687
Total net position and liabilities	$ 1,172,439,457	$ 1,199,318,998

See notes to financial statements

Statements of Revenues, Expenses and Changes in Net Position
Years Ended April 30, 2026 and 2025

	2026	2025
Operating Revenues		
Sales to participating members	$ 335,335,269	$ 317,517,766
Other income	7,003,608	11,299,562
Total operating revenues	342,338,877	328,817,328
Operating Expenses		
Purchased power	56,873,567	59,439,340
Transmission	77,140,224	61,766,274
Prairie State and Trimble County Units No. 1 and 2:		
Fuel	45,010,512	42,805,544
Operations and maintenance	42,089,582	41,915,642
Member payments:		
Fuel reimbursements	1,591,164	1,147,860
Capacity payments	9,452,867	8,229,607
Generation payments	15,625	13,252
Administration and general	9,653,123	9,921,793
Depreciation	32,072,708	36,445,143
Other utility operations	5,250,177	2,185,069
Total operating expenses	279,149,549	263,869,524
Operating income	63,189,328	64,947,804
Nonoperating Revenues (Expenses)		
Investment income	8,673,751	10,500,747
Bond interest subsidy revenue	3,624,040	6,209,538
Interest expense	(32,657,467)	(37,954,710)
Amortization expense	4,948,899	1,861,388
Other income (expense)	147,125	514,995
Total nonoperating revenues (expenses)	(15,263,652)	(18,868,042)
Change in net position	47,925,676	46,079,762
Net Position, Beginning	492,248,311	446,168,549
Net Position, Ending	$ 540,173,987	$ 492,248,311

See notes to financial statements

Illinois Municipal Electric Agency

Statements of Cash Flows
Years Ended April 30, 2026 and 2025

	2026	2025
Cash Flows From Operating Activities		
Received from power sales	$ 322,040,355	$ 307,075,359
Paid to suppliers for purchased power and transmission	(132,644,199)	(120,722,745)
Paid to suppliers and employees for other services	(94,520,940)	(88,382,708)
Net cash flows from operating activities	94,875,216	97,969,906
Cash Flows From Capital and Related Financing Activities		
Debt principal paid	(560,390,000)	(50,005,000)
Interest paid	(31,236,605)	(38,706,918)
Proceeds from debt issuance	473,245,000	-
Debt issuance costs	(2,635,971)	-
Payments to escrow during refunding	(13,884,076)	-
Bond interest subsidy received	4,602,033	6,333,895
Acquisition and construction of capital assets	(10,608,929)	(12,651,846)
Premium received on debt issuance	46,320,976	-
Asset retirement obligation costs incurred	-	(26,416)
Net cash flows from capital and related financing activities	(94,587,572)	(95,056,285)
Cash Flows From Investing Activities		
Investment income	8,673,754	10,500,751
Purchase of long-term investments	(111,690,814)	(150,649,618)
Maturity of long-term investments	116,062,318	148,984,000
Net cash flows from investing activities	13,045,258	8,835,133
Net change in cash and cash equivalents	13,332,902	11,748,754
Cash and Cash Equivalents, Beginning	88,515,351	76,766,597
Cash and Cash Equivalents, Ending	$ 101,848,253	$ 88,515,351
Noncash Capital and Related Financing Activities		
Change in asset retirement obligation liability	$ 7,563,584	$ 2,589,752
Accretion expense	$ 4,001,691	$ 741,767
Change in unrealized loss on investments	$ 1,198,927	$ (2,299,097)
Amortization expense	$ 4,948,899	$ 1,861,388
Credits given on billings	$ (11,059,656)	$ (9,390,719)
Net gain (loss) on sale of assets	$ (147,125)	$ (514,995)

See notes to financial statements

	2026	2025
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	$ 63,189,328	$ 64,947,804
Noncash items included in operating income:		
Depreciation	32,072,708	36,445,143
Other noncash transactions	1,483,577	(1,403,978)
Changes in assets and liabilities:		
Accounts receivable	(2,235,251)	(1,051,685)
Prepayments	178,155	(2,950,644)
Renewable energy credits	387,137	302,826
Accounts payable	(198,036)	1,682,439
Other current liabilities	(2,402)	(1,999)
Net cash flows from operating activities	$ 94,875,216	$ 97,969,906
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Restricted cash and investments	$ 91,414,561	$ 98,371,687
Cash	100,822,239	86,702,741
Investments	40,892,464	40,148,296
Total cash and investments	233,129,264	225,222,724
Less investments	(131,281,011)	(136,707,373)
Total cash and cash equivalents	$ 101,848,253	$ 88,515,351

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, 2026, IMEA had 32 member municipalities, all of which have executed long-term power sales contracts for the purchase of full requirements power and energy from IMEA. The original termination date for all of the power sales contracts with participating members is September 30, 2035. These members participate in the IMEA owned generation facilities and pay rates sufficient to meet the obligations of IMEA's bond resolution. Per resolution 24-02-896, as of April 30, 2026, 29 members have signed new contracts to extend their termination dates to May 31, 2055.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires that a government assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This standard was implemented July 1, 2025. There was no impact in the current year.

Assets, Deferred Outflows of Resources, Liabilities and Net Position

Cash Equivalents

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

Accounts Receivable and Allowance for Doubtful Accounts

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

Renewable Energy Credits

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

Prepayments

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

Restricted Assets

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

Prairie State, Other Long-Term Asset

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

Regulatory Costs for Future Recovery

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

Unrealized Gains and Loss on Investments

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

Utility Plant

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

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

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

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

Deferred Outflow of Resources

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

Loss on Refunding

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

Payables and Other Current Liabilities

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

Other Liabilities

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

Long-Term Obligations

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

Revenues and Expenses

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

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

Bond Subsidy Revenue and Receivable

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

The United States Federal Government was subject to the process of sequestration for the budget year ending September 30, 2026 and 2025 whereby foreseeable spending reductions for many Federal programs, including issuers of the BAB's, may directly affect the recovery of the BAB's subsidy. See Note 6 for further details.

Taxes

IMEA is exempt from State and Federal income taxes.

Rates

Rates charged to members are approved by the Board of Directors and were increased January 1, 2026. The approved rate includes adjustment clauses which are calculated monthly based on cost to serve member load.

Effect of New Accounting Standards on Current Period Financial Statements

GASB has approved Statement No. 103, *Financial Reporting Model Improvements* and Statement No. 104, *Disclosure of Certain Capital Assets* and Statement No. 105, *Subsequent Events.* When they become effective, application of these standards may restate portions of these financial statements.

Comparative Data

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

2. Cash and Investments

IMEA's cash and investments consist of the following:

	Carrying Value as of April 30		
	2026	2025	Associated Risk
The Illinois Funds	$ 63,433,525	$ 58,928,228	Credit and interest rate
U.S. agency securities, implicitly guaranteed	9,903,806	14,548,330	Custodial credit, credit, concentration of credit and interest rate
U.S. treasuries	122,009,327	123,115,321	Custodial credit and interest rate
Money market fund	1,195,205	1,295,904	Custodial credit
Checking and savings	36,586,901	27,334,441	Custodial credit
Petty cash	500	500	Not applicable
Total	$ 233,129,264	$ 225,222,724	

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

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

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

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, IMEA's deposits may not be returned to IMEA. IMEA's investment policy requires collateralization of deposits above the amount insured by the FDIC. IMEA does not have any deposits exposed to custodial credit risk as of April 30, 2026 and 2025.

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, 2026 and 2025, 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, 2026 IMEA's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's	Fitch
U.S. agency securities	AA+	Aa1	-
The Illinois funds	-	-	AAAmmf

As of April 30, 2025 IMEA's investments were rated as follows:

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

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

Concentration of Credit Risk

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

As of April 30, 2026 and 2025, IMEA's investment portfolio was concentrated as follows:

		Percentage of Portfolio	
Issuer	**Investment Types**	**2026**	**2025**
Federal Farm Credit Banks Funding Corporation	U.S. agency securities, implicitly guaranteed	8%	11%

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 U.S. 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, 2026 IMEA's investments were as follows:

		Maturity (in Years)		
	Fair Value	Less Than 1	1-5	Over 5
U.S. agency securities	$ 9,903,806	$ 9,903,806	$ -	$ -
U.S. treasuries	122,009,327	19,934,274	87,378,153	14,696,900
Total	$ 131,913,133	$ 29,838,080	$ 87,378,153	$ 14,696,900

IMEA also has $63,433,525 invested in The Illinois Funds, which are valued at amortized cost. The average maturity of The Illinois Funds is 120 days.

As of April 30, 2025 IMEA's investments were as follows:

		Maturity (in Years)		
	Fair Value	Less Than 1	1-5	Over 5
U.S. agency securities	$ 14,548,330	$ 5,379,016	$ 9,169,314	$ -
U.S. treasuries	123,115,321	52,540,245	63,580,546	6,994,530
Total	$ 137,663,651	$ 57,919,261	$ 72,749,860	$ 6,994,530

IMEA also has $58,928,228 invested in The Illinois Funds, which are valued at amortized cost. The average maturity of The Illinois Funds is 120 days.

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

Fair Value

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

The valuation methods for recurring fair value measurements as of April 30, 2026 and 2025 are as follows:

- Market approach - matrix pricing or market collaborative pricing

As of April 30, 2026 IMEA's fair values were rated as follows:

Investment Type	Total	Level 1	Level 2
U.S. agency securities:	$ 9,903,806	$ -	$ 9,903,806
U.S. treasuries	122,009,327	122,009,327	-
Total	$ 131,913,133	$ 122,009,327	$ 9,903,806

As of April 30, 2025 IMEA's fair values were rated as follows:

Investment Type	Total	Level 1	Level 2
U.S. agency securities:	$ 14,548,330	$ -	$ 14,548,330
U.S. treasuries	123,115,321	123,115,321	-
Total	$ 137,663,651	$ 123,115,321	$ 14,548,330

3. Jointly-Owned Facilities

Trimble County Unit No. 1

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

Trimble County Unit No. 2

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

Prairie State Project

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

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

4. Funds

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

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

The indenture requires that certain cash and investments be segregated. The following are accounts included in current and restricted assets at April 30, 2026 and 2025.

	2026	2025
Included in current assets:		
Operation and maintenance	$ 75,209,660	$ 64,396,430
Renewals and replacements	2,339,164	2,363,143
General reserve	16,641,692	14,590,964
Rate stabilization	45,500,000	45,500,000
Decommissioning (board restricted)	2,023,687	-
General cash (not restricted by indenture)	500	500
Total current cash and investments	$ 141,714,703	$ 126,851,037
Included in restricted investment accounts:		
Debt service	$ 20,080,902	$ 20,863,516
Debt service reserve	71,333,659	77,508,171
Total restricted cash and investments	$ 91,414,561	$ 98,371,687

5. Changes in Utility Plant

A summary of changes in utility plant for 2026 follows:

	Balance 5/1/25	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 4/30/26
Utility plant being depreciated				
electric plant :				
Trimble County Unit No. 1	$ 133,175,467	$ (8,515,108)	$ (3,797,502)	$ 120,862,857
Trimble County Unit No. 2	248,036,593	3,969,188	-	252,005,781
Prairie State Unit No. 1	356,938,843	2,024,290	(435,462)	358,527,671
Prairie State Unit No. 2	328,865,102	226,620	(70,792)	329,020,930
Mobile generation	3,216,609	314,820	-	3,531,429
Prairie State, Common	151,682,394	344,290	-	152,026,684
Prairie State, Jordan Grove	1,304,424	-	(46,062)	1,258,362
Prairie State, Nearfield	15,507,222	-	-	15,507,222
Prairie State, Other	7,632,616	-	-	7,632,616
Prairie State, Mine	52,231,393	2,050,368	(296,778)	53,984,983
Prairie State, Coal Reserves	17,372,369	-	-	17,372,369
Land[1]	5,966,369	-	-	5,966,369
Office building	8,812,531	37,859	-	8,850,390
Office furniture and equipment	552,575	-	-	552,575
Supervisory control and data acquisition equipment	2,730,885	57,619	-	2,788,504
Winnetka 138 interconnect	500,000	-	-	500,000
Other equipment	556,864	27,470	(33,448)	550,886
Total utility plant in service	1,335,082,256	537,416	(4,680,044)	1,330,939,628
Construction work in progress[1]	41,080,747	3,649,281	(99,649)	44,630,379
Total utility plant	1,376,163,003	4,186,697	(4,779,693)	1,375,570,007
Less accumulated depreciation				
electric plant:				
Trimble County Unit No. 1	(81,074,589)	909,077	3,797,502	(76,368,010)
Trimble County Unit No. 2	(72,771,400)	(6,664,182)	-	(79,435,582)
Prairie State Unit No. 1	(111,691,938)	(8,931,417)	435,462	(120,187,893)
Prairie State Unit No. 2	(99,840,609)	(8,225,278)	70,792	(107,995,095)
Mobile generation	(2,394,719)	(107,231)	-	(2,501,950)
Prairie State, Common	(47,181,453)	(3,795,129)	-	(50,976,582)
Prairie State, Jordan Grove	(737,194)	-	46,062	(691,132)
Prairie State, Nearfield	(3,421,506)	(387,681)	-	(3,809,187)
Prairie State, Other	(4,792,941)	(381,631)	-	(5,174,572)
Prairie State, Mine	(35,426,931)	(3,576,558)	296,778	(38,706,711)
Prairie State, Coal Reserves	(6,522,873)	(512,520)	-	(7,035,393)
Office building	(4,724,561)	(314,678)	-	(5,039,239)
Office furniture and equipment	(504,426)	(14,518)	-	(518,944)
Supervisory control and data acquisition equipment	(2,589,452)	(51,657)	-	(2,641,109)
Winnetka 138 interconnect	(477,780)	(16,667)	-	(494,447)
Other equipment	(391,370)	(48,702)	19,683	(420,389)
Total accumulated depreciation	(474,543,742)	(32,118,772)	4,666,279	(501,996,235)
Net utility plant	$ 901,619,261			$ 873,573,772

[1] Utility plant that is not being depreciated.

A summary of changes in utility plant for 2025 follows:

	Balance 5/1/24	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 4/30/25
Utility plant being depreciated				
electric plant :				
Trimble County Unit No. 1	$ 133,676,283	$ 748,148	$ (1,248,964)	$ 133,175,467
Trimble County Unit No. 2	245,816,695	2,219,898	-	248,036,593
Prairie State Unit No. 1	356,938,843	-	-	356,938,843
Prairie State Unit No. 2	328,705,858	476,174	(316,930)	328,865,102
Mobile generation	3,214,845	1,764	-	3,216,609
Prairie State, Common	151,521,315	161,079	-	151,682,394
Prairie State, Jordan Grove	1,259,038	55,340	(9,954)	1,304,424
Prairie State, Nearfield	14,402,086	1,105,136	-	15,507,222
Prairie State, Other	7,632,616	-	-	7,632,616
Prairie State, Mine	49,932,862	2,657,820	(359,289)	52,231,393
Prairie State, Coal Reserves	17,372,369	-	-	17,372,369
Land[1]	5,966,369	-	-	5,966,369
Office building	8,762,714	49,817	-	8,812,531
Office furniture and equipment	554,209	-	(1,634)	552,575
Supervisory control and data acquisition equipment	2,683,116	47,769	-	2,730,885
Winnetka 138 interconnect	500,000	-	-	500,000
Other equipment	510,362	120,483	(73,981)	556,864
Total utility plant in service	1,329,449,580	7,643,428	(2,010,752)	1,335,082,256
Construction work in progress[1]	37,891,445	10,547,603	(7,358,301)	41,080,747
Total utility plant	1,367,341,025	18,191,031	(9,369,053)	1,376,163,003
Less accumulated depreciation				
electric plant:				
Trimble County Unit No. 1	(78,628,831)	(3,694,722)	1,248,964	(81,074,589)
Trimble County Unit No. 2	(66,183,967)	(6,587,433)	-	(72,771,400)
Prairie State Unit No. 1	(102,768,467)	(8,923,471)	-	(111,691,938)
Prairie State Unit No. 2	(91,943,848)	(8,213,691)	316,930	(99,840,609)
Mobile generation	(2,287,504)	(107,215)	-	(2,394,719)
Prairie State, Common	(43,390,267)	(3,791,186)	-	(47,181,453)
Prairie State, Jordan Grove	(1,199,894)	-	462,700	(737,194)
Prairie State, Nearfield	(3,049,809)	(371,697)	-	(3,421,506)
Prairie State, Other	(4,411,310)	(381,631)	-	(4,792,941)
Prairie State, Mine	(32,338,805)	(3,447,415)	359,289	(35,426,931)
Prairie State, Coal Reserves	(5,975,904)	(546,969)	-	(6,522,873)
Office building	(4,409,596)	(314,965)	-	(4,724,561)
Office furniture and equipment	(489,261)	(16,799)	1,634	(504,426)
Supervisory control and data acquisition equipment	(2,532,514)	(56,938)	-	(2,589,452)
Winnetka 138 interconnect	(461,113)	(16,667)	-	(477,780)
Other equipment	(407,720)	(48,979)	65,329	(391,370)
Total accumulated depreciation	(440,478,810)	(36,519,778)	2,454,846	(474,543,742)
Net utility plant	$ 926,862,215			$ 901,619,261

[1] Utility plant that is not being depreciated.

6. Long-Term Obligations

IMEA has issued the following revenue bonds:

Date	Purpose	Final Maturity	Interest Rates	Original Issue	Outstanding Amount 4/30/26
July 15, 2009	Debt service and capital improvements *	Feb. 1, 2035	5.33-6.13%	$294,755,000	$65,240,000
Nov. 30, 2010	Debt service and capital improvements *	Feb. 1, 2035	2.47-7.29	140,290,000	27,880,000
April 1, 2015	Refunding 2006 and 2007A bonds	Feb. 1, 2035	4.00-5.00	594,685,000	-
August 6, 2025	Refunding 2009C, 2010A and 2015A bonds	Feb. 1, 2035	5.00	473,245,000	463,335,000

* 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 2026 and 2025, the U.S. federal government was subject to the process of sequestration reducing spending amounts for many programs including payments to the issuers of BAB's. A 5.7% reduction in payments for the federal budget year ended September 30, 2026 and 2025, 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:

Years Ending	Principal	Interest	Total
Years ending April 30:			
2027	$ 50,795,000	$ 29,655,841	$ 80,450,841
2028	53,215,000	26,687,922	79,902,922
2029	55,780,000	23,579,568	79,359,568
2030	58,450,000	20,322,520	78,772,520
2031	61,280,000	16,910,750	78,190,750
2032-2035	276,935,000	35,451,250	312,386,250
Total	$ 556,455,000	$ 152,607,851	$ 709,062,851

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

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

Committed Line of Credit

On October 29, 2010, IMEA entered into a $25 million Committed Line of Credit agreement (LOC Agreement) with PNC Bank. Under the LOC Agreement, IMEA may draw funds and/or post standby letters of credit. The LOC Agreement was increased to $50 million on September 1, 2012 and expires on October 31, 2027. IMEA had $0 outstanding under the LOC Agreement as of April 30, 2026 and April 30, 2025.

Long-term obligation activity for the year ended April 30, 2026 is as follows:

	Balance 5/1/25	Additions	Reductions	Balance 4/30/26	Due Within One Year
Revenue bonds	$ 643,600,000	$ 473,245,000	$ 560,390,000	$ 556,455,000	$ 50,795,000
Unamortized premium	23,792,717	46,320,976	28,612,183	41,501,510	-
Other liabilities	13,228,891	2,501,174	7,785,655	7,944,410	-
Total	$ 680,621,608	$ 522,067,150	$ 596,787,838	$ 605,900,920	$ 50,795,000

Long-term obligation activity for the year ended April 30, 2025 is as follows:

	Balance 5/1/24	Additions	Reductions	Balance 4/30/25	Due Within One Year
Revenue bonds	$ 693,605,000	$ -	$ 50,005,000	$ 643,600,000	$ 51,725,000
Unamortized premium	28,258,722	-	4,466,005	23,792,717	-
Other liabilities	15,657,903	248,014	2,677,026	13,228,891	-
Total	$ 737,521,625	$ 248,014	$ 57,148,031	$ 680,621,608	$ 51,725,000

7. Accounting for Asset Retirement Obligations

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

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

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

Balance 5/1/25	Liabilities Incurred (Adjustments)	Accretion	Costs Incurred	Balance 4/30/26
$ 12,291,713	$ (9,269,243)	$ 4,001,691	$ (2,296,032)	$ 4,728,129

Balance 5/1/24	Liabilities Incurred (Adjustments)	Accretion	Costs Incurred	Balance 4/30/25
$ 14,881,465	$ (683,642)	$ 741,767	$ (2,647,877)	$ 12,291,713

8. Net Position

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

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

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

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

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

The following calculation supports the net investment in capital assets:

	2026	2025
Utility plant in service	$ 1,330,939,628	$ 1,335,082,256
Accumulated depreciation	(501,996,235)	(474,543,742)
Construction work in progress	44,630,379	41,080,747
Subtotal	873,573,772	901,619,261
Less capital-related debt:		
Current portion of capital related long-term debt	50,795,000	51,725,000
Long-term portion of capital related long-term debt	505,660,000	591,875,000
Unamortized loss on advance refunding	(1,150,390)	(12,657,477)
Unamortized premium	41,501,510	23,792,717
Subtotal	596,806,120	654,735,240
Add unspent debt proceeds:		
Debt service reserve from borrowing	71,333,659	77,508,171
Total net investment in capital assets	$ 348,101,311	$ 324,392,192

The following calculation supports the amount of restricted net position:

	2026	2025
Restricted investments	$ 91,414,561	$ 98,371,687
Less restricted assets not funded by revenues:		
Debt service reserve account	(71,333,659)	(77,508,171)
Current liabilities payable from restricted assets	(7,291,077)	(8,818,185)
Subtotal	(78,624,736)	(86,326,356)
Total restricted net position as calculated	$ 12,789,825	$ 12,045,331

9. Regulatory Items

IMEA has chosen to use the application of GASB No. 62 to recover certain costs in customer rates in future periods. Regulatory costs for future recovery include unamortized debt issuance costs; unrealized loss (gain) on investments represents the difference between an investment's cost and the current fair value of the asset. The residual value of the impaired assets are reported in IMEA capital assets. The following summarizes activity for regulatory items:

	Balance 5/1/25	Additions	Reductions	Balance 4/30/26
Regulatory costs for future recovery	$ 1,214,975	$ 2,646,679	$ 1,220,090	$ 2,641,564
Unrealized (gain)/loss on investments	(776,792)	1,198,927	-	422,135
Total	$ 438,183	$ 3,845,606	$ 1,220,090	$ 3,063,699

	Balance 5/1/24	Additions	Reductions	Balance 4/30/25
Regulatory costs for future recovery	$ 1,443,722	$ -	$ 228,747	$ 1,214,975
Unrealized (gain)/loss on investments	1,522,305	-	2,299,097	(776,792)
Total	$ 2,966,027	$ -	$ 2,527,844	$ 438,183

10. Employee Retirement Plan

IMEA's employees are covered by the Illinois Municipal Electric Agency Pension Plan, a defined contribution pension plan with a 5-year vesting schedule. Benefit provisions and all other requirements are established by the board of IMEA. IMEA contributes 25% of eligible employee earnings on behalf of each employee. Employees that terminate service prior to being fully vested, forfeit the unvested portion of their account balance, which is applied to future contributions to the plan. Total pension expense was equal to total contributions to the plan made by IMEA, net of applied forfeitures. For the years ended April 30, 2026 and 2025 total contributions were $1,211,000 and $1,200,000, respectively.

11. Contracts and Commitments

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

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

12. Illinois Senate Bill (SB) 2408

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

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

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

13. Sierra Club Lawsuit

IMEA holds a 15.17% undivided ownership interest in the Prairie State Energy Campus (PSEC) which is operated through the Prairie State Generating Company (PSGC). On October 20, 2022, the PSGC received a Notice of Intent (NOI) to file suit from the Sierra Club (SC) alleging violations of the Federal Clean Air Act. The NOI to PSGC allowed SC to file suit on or after December 19, 2022. On March 22, 2023, the SC filed a suit against PSGC. The SC alleges that PSEC is in violation of the Federal Clean Air Act because it does not have a Title V permit from the Illinois Environmental Protection Agency (IEPA). PSEC, however, does have and is believed to be operating legally under its Prevention of Significant Deterioration (PSD) permit from the IEPA. On April 16, 2025, Sierra Club and Prairie State filed a joint Stipulation of Dismissal with Prejudice. The U.S. District Court for Southern Illinois accepted the joint stipulation. Stipulation of dismissal is effective immediately upon filing and does not require judicial approval.

14. Emission Regulations

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

15. Significant Customers

IMEA has two significant customers who were responsible for 47% and 48% of operating revenue in 2026 and 2025, respectively.

16. Risk Management

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