

**Missouri Basin Municipal Power Agency
D/B/A Missouri River Energy Services
and Western Minnesota Municipal
Power Agency**

Combined Financial Statements and
Supplementary Information

December 31, 2025 and 2024

**Missouri Basin Municipal Power Agency
D/B/A Missouri River Energy Services
and Western Minnesota Municipal Power Agency**

Table of Contents
December 31, 2025 and 2024

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis - Required Supplemental Information	3
Financial Statements	
Combined Statements of Net Position	9
Combined Statements of Revenues, Expenses and Changes in Net Position	11
Combined Statements of Cash Flows	12
Notes to the Combined Financial Statements	14
Supplementary Information	
Western Minnesota Municipal Power Agency Statements of Net Position	28
Western Minnesota Municipal Power Agency Statements of Revenues, Expenses and Changes in Net Position	30
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31

Independent Auditors' Report

To the Board of Directors of
Missouri Basin Municipal Power Agency
d/b/a Missouri River Energy Services and
Western Minnesota Municipal Power Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements of Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services and Western Minnesota Municipal Power Agency (MRES and WMMPA), as of and for the years ended December 31, 2025 and 2024, which collectively comprise MRES and WMMPA's combined statements of net position, statements of revenues, expenses, and changes in net position and statements of cash flow, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the financial position of MRES and WMMPA as of December 31, 2025 and 2024, and the changes in financial position and, where applicable, 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the MRES and WMMPA 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 combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MRES and WMMPA'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 MRES and WMMPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the MRES and WMMPA'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 Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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, financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The WMMPA Statements of Net Position, and WMMPA Statements of Revenues, Expenses, and Changes in Net Position schedules, included as supplemental information, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2026 on our consideration of MRES and WMMPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MRES and WMMPA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MRES and WMMPA's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
April 2, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited – See Independent Auditors' Report)

The discussion and analysis on the following pages summarize the financial highlights and focuses on factors that had a material effect on the financial condition of Missouri River Energy Services (MRES) and Western Minnesota Municipal Power Agency (WMMPA) and the results of operations during 2025 and 2024. This discussion should be read in conjunction with the accompanying financial statements and notes thereto.

The financial portion of this annual report consists of the following:

- Management's Discussion and Analysis, which provides an objective and easily readable analysis of the financial activities of MRES and WMMPA based on currently known facts, decisions, and conditions.
- The Combined Statements of Net Position, which provide a summary of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as well as further analysis on changes in current and long-term assets and liabilities.
- The Combined Statements of Revenues, Expenses, and Changes in Net Position, which provide the operating results of MRES and WMMPA in various categories of operating revenues and expenses and non-operating revenues and expenses.
- The Combined Statements of Cash Flow, which report the cash provided by and used for operating activities as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.
- The Notes to the Combined Financial Statements, which provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Position

Condensed Statement of Net Position as of December 31 (Million \$)

	2025	2024	2023	2025 Dollar Change	2024 Dollar Change
Current Assets	\$ 251	\$ 253	\$ 285	\$ (2)	\$ (32)
Non-current Assets:					
Net Capital Assets	750	734	716	16	18
Other Non-current Assets	<u>204</u>	<u>201</u>	<u>176</u>	<u>3</u>	<u>25</u>
Total Assets	<u>1,205</u>	<u>1,188</u>	<u>1,177</u>	<u>17</u>	<u>11</u>
Deferred Outflows of Resources	6	12	12	(6)	-
Total Assets and Deferred Outflows of Resources	<u>\$ 1,211</u>	<u>\$ 1,200</u>	<u>\$ 1,189</u>	<u>\$ 11</u>	<u>\$ 11</u>
Current Liabilities	\$ 61	\$ 62	\$ 57	\$ (1)	\$ 5
Non-current Liabilities:					
Revenue Bonds, Net of Current Maturities	543	565	582	(22)	(17)
Asset Retirement Obligations	9	9	13	-	(4)
Other Non-current Liabilities	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>(1)</u>
Total Liabilities	614	636	653	(22)	(17)
Deferred Inflows of Resources	73	77	76	(4)	1
Net Position:					
Net Investment in Capital Assets	194	162	129	32	33
Restricted Net Position	72	73	67	(1)	6
Unrestricted Net Position	<u>258</u>	<u>252</u>	<u>264</u>	<u>6</u>	<u>(12)</u>
Total Net Position	<u>524</u>	<u>487</u>	<u>460</u>	<u>37</u>	<u>27</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,211</u>	<u>\$ 1,200</u>	<u>\$ 1,189</u>	<u>\$ 11</u>	<u>\$ 11</u>
Totals may not foot due to rounding.					

Assets and Deferred Outflows of Resources

Total assets and deferred outflows of resources of MRES and WMMPA at December 31, 2025 increased by \$11 million, or 1 percent, compared to December 31, 2024. The most significant change was a \$16 million increase in net capital assets, from \$734 million to \$750 million. Deferred outflows of resources decreased by \$6 million, from \$12 million to \$6 million.

Total assets and deferred outflows of resources of MRES and WMMPA at December 31, 2024 increased by \$11 million, or 1 percent, compared to December 31, 2023. The most significant change was an \$18 million increase in net capital assets, from \$716 million to \$734 million. Deferred outflows of resources totaled \$12 million at both December 31, 2024 and 2023.

The largest asset category for MRES and WMMPA at December 31, 2025 was net capital assets. Net capital assets totaled \$750 million, representing 62 percent of total assets and deferred outflows of resources, an increase of \$16 million compared to December 31, 2024. The increase in net capital assets during 2025 was primarily due to increases in total utility plant in service and construction work in progress (CWIP), partially offset by higher accumulated depreciation. The increase in total utility plant was primarily attributable to the building addition at MRES's headquarters. The increase in CWIP reflects ongoing transmission projects and development of the Brookings Solar project.

Net capital assets totaled \$734 million, representing 61 percent of total assets and deferred outflows of resources at December 31, 2024, an increase of \$18 million compared to December 31, 2023. The increase during 2024 was primarily the result of an increase in total utility plant in service, partially offset by higher accumulated depreciation and a decrease in CWIP. The increase in utility plant and decrease in CWIP primarily relate to the completion and placement in service of Marshall Solar Plus.

Cash and investments were the second largest asset category for MRES and WMMPA at December 31, 2025. Cash and investments totaled \$367 million, or 30 percent of total assets and deferred outflows of resources, representing a decrease of approximately \$11 million compared to December 31, 2024. Of the \$367 million balance, approximately \$99 million was restricted for debt service, capital projects, and other Bond Resolution-related requirements, a decrease of \$1 million from December 31, 2024. The remaining \$267 million was unrestricted and decreased by \$10 million compared to the prior year. Unrestricted cash and investments represent approximately 14 months of 2025 cash operating expenses.

Cash and investments were also the second largest asset category at December 31, 2024, totaling \$377 million, or 31 percent of total assets and deferred outflows of resources, a decrease of \$11 million compared to December 31, 2023. Of this amount, approximately \$100 million was restricted for debt service, capital projects, and other Bond Resolution-related requirements, an increase of \$7 million compared to December 31, 2023. The remaining \$277 million was unrestricted and decreased by \$17 million compared to December 31, 2023. Unrestricted cash and investments represented approximately 17 months of 2024 cash operating expenses.

All other assets and deferred outflows of resources totaled \$95 million at December 31, 2025, an increase of \$6 million compared to December 31, 2024. Accounts receivable increased by approximately \$15 million and prepayments and other current assets increased by \$2 million. These increases were partially offset by a \$6 million decrease in unamortized loss on reacquired debt, a \$5 million decrease in other noncurrent assets, and a \$2 million decrease in fuel stock. The increase in accounts receivable is primarily attributable to a receivable of approximately \$9.2 million expected from the Internal Revenue Service related to the tax credit under the Inflation Reduction Act (IRA) for Marshall Solar Plus Project. The decrease in unamortized loss on reacquired debt is primarily due to the refunding of the 2015 Series A Bonds with the 2025 Series A Bonds.

All other assets and deferred outflows of resources totaled \$89 million at December 31, 2024, an increase of \$4 million compared to December 31, 2023. Fuel stock increased by \$4 million, prepayments and other current assets increased by \$3 million, and other noncurrent assets increased by \$2 million. These increases were partially offset by a \$1 million decrease in accounts receivable and a \$2 million decrease in advances to the Missouri Basin Power Project (MBPP).

Liabilities, Deferred Inflows of Resources, and Net Position

Total liabilities, deferred inflows of resources, and net position of MRES and WMMPA at December 31, 2025 increased by \$11 million, or 1 percent, compared to December 31, 2024. Significant variances included a \$37 million increase in net position, partially offset by a \$22 million decrease in long-term debt.

Total liabilities, deferred inflows of resources, and net position at December 31, 2024 increased by \$11 million, or 1 percent, compared to December 31, 2023. Significant variances included a \$27 million increase in net position and a \$4 million increase in accounts payable, partially offset by a \$16 million decrease in long-term debt.

The largest liability of MRES and WMMPA is long-term debt, including current maturities. At December 31, 2025, long-term debt totaled \$558 million, representing 46 percent of total liabilities, deferred inflows of resources, and net position. Long-term debt decreased by \$22 million during 2025. The decrease was primarily due to the refinancing of the 2015 debt, as well as scheduled principal payments and the amortization of debt premium.

At December 31, 2024, long-term debt, including current maturities, totaled \$580 million, or 48 percent of total liabilities, deferred inflows of resources, and net position. Long-term debt decreased by approximately \$16 million during 2024 due to scheduled principal payments and the amortization of debt premium.

Net position totaled \$524 million at December 31, 2025, representing 43 percent of total liabilities, deferred inflows of resources, and net position, compared to \$487 million, or 41 percent, at December 31, 2024. Net position increased by \$37 million during 2025 and \$27 million during 2024.

Revenues collected for future costs totaled \$74 million in 2025 and \$73 million in both 2024 and 2023, representing 6 percent of total liabilities, deferred inflows of resources, and net position at December 31 of each year.

Current liabilities, excluding the current portion of long-term debt, totaled \$45 million (4 percent) and \$47 million (4 percent) of total liabilities, deferred inflows of resources, and net position at December 31, 2025 and 2024, respectively. During 2024, current liabilities increased by \$4 million compared to 2023, primarily due to higher accounts payable.

Debt Activity

During 2025, WMMPA refinanced \$35 million of the 2015 Series A Bonds with \$27 million of 2025 Series A Bonds (2025 Bonds). The 2025 Bonds resulted in annual savings of approximately \$1.5 million through 2036, or nearly \$11 million total. Net present-value savings are over \$9.8 million, or 28 percent of the refunded bonds. Nearly \$4.2 million of the savings is attributable to the termination of an interest rate swap executed in 2020, which was an integral part of the refunding process. See additional detail in Note 12 for debt and Note 13 for the interest rate swaps to the Combined Financial Statements.

During 2024, WMMPA made scheduled principal payments of \$14 million. WMMPA did not issue any additional debt during 2024.

Debt Ratings

Following are the current underlying ratings for outstanding WMMPA revenue bonds:

FitchRatings (Fitch)	AA- (stable outlook)
Moody's Investors Services (Moody's)	Aa2 (stable outlook)

The WMMPA revenue bonds have maintained a rating of AA- from Fitch since 2003 and were upgraded to a rating of Aa2 from Moody's in 2022.

Results of Operations

Condensed Statement of Revenues, Expenses, and Changes in Net Position (Million \$)

	2025	2024	2023	2025 Dollar Change	2024 Dollar Change
Operating Revenues	\$ 280	\$ 252	\$ 261	\$ 28	\$ (9)
Operating Expenses	<u>250</u>	<u>220</u>	<u>222</u>	<u>30</u>	<u>(2)</u>
Operating Income	30	32	39	(2)	(7)
Investment and Other Income	21	20	17	1	3
Interest Expense	(23)	(24)	(25)	1	1
Other Non-operating (Expenses) Income	-	(1)	3	1	(4)
Net costs recoverable in (for) future years	-	-	(4)	4	4
Increase in Net Position, before Capital Contributions	<u>28</u>	<u>27</u>	<u>30</u>	<u>5</u>	<u>(3)</u>
Capital contributions	9	-	1	(1)	1
Change in Net Position	<u>37</u>	<u>27</u>	<u>31</u>	<u>4</u>	<u>(4)</u>
Ending Net Position	<u>\$ 524</u>	<u>\$ 487</u>	<u>\$ 460</u>	<u>\$ 37</u>	<u>\$ 27</u>

Totals may not foot due to rounding.

Operating Revenues

Long-term power sales revenue for 2025 was \$188 million compared to \$174 million and \$178 million in 2025 and 2024, respectively. Long-term power sales revenue in 2025 was approximately 8 percent higher than in 2024, primarily due to an increase in demand and energy sales as well as higher rates. Long-term power sales revenue in 2024 was approximately 3 percent lower than in 2023 due to lower demand and energy sales, partially offset by higher rates. The average rate for long-term power sales to members was approximately 6.0 cents per kilowatt-hour (kWh) in 2025, compared to 5.7 cents and 5.6 cents per kWh in 2024 and 2023, respectively.

Short-term power sales revenue totaled \$25 million in 2025 compared to \$12 million in 2024 and \$21 million in 2023. The increase in 2025 was primarily due to higher megawatt hours (MWh) sold and higher market prices. The decrease in 2024 compared to 2023 was due to lower MWh sold and lower market prices.

Revenue from transmission services totaled \$66 million in 2025 compared to \$64 million in 2024 and \$61 million in 2023.

Other operating income totaled \$0.9 million in 2025 compared to \$1.8 million in 2024 and \$1.3 million in 2023. The decrease in 2025 was primarily due to lower capacity sales. The increase in 2024 compared to 2023 was due to higher capacity sales.

Operating Expenses and Net Operating Income

Fuel expense totaled \$28 million in 2025 compared to \$22 million in 2024 and \$23 million in 2023. The higher fuel expense in 2025 compared to 2024 was primarily due to increased generation at Laramie River Station (LRS), partially offset by decreased generation at Exira Station (Exira). The lower fuel expense in 2024 compared to 2023 was due to reduced generation at LRS, partially offset by increased generation at Exira. The decrease in generation at LRS during 2024 was primarily due to an outage at the beginning of the year.

The average fuel cost for LRS was approximately 6 percent lower in 2025 compared to 2024 and approximately 10 percent higher than in 2023. Generation at LRS was approximately 1.2 million MWh in 2025 compared to approximately 1.0 million MWh in both 2024 and 2023.

The average fuel cost for Exira increased by approximately 46 percent in 2025 compared to 2024 due to higher natural gas costs. The average fuel cost for Exira decreased by approximately 25 percent in 2024 compared to 2023 due to lower natural gas costs. Generation at Exira was approximately 229,000 MWh, 314,000 MWh, and 231,000 MWh in 2025, 2024, and 2023, respectively.

Purchased power expense totaled \$98 million in 2025 compared to \$85 million in 2024 and \$93 million in 2023. The increase in 2025 compared to 2024 was primarily due to higher market prices. The decrease in 2024 compared to 2023 was primarily due to lower market prices.

Other power supply operation and maintenance (O&M) expense totaled \$27 million in 2025 compared to \$22 million in 2024 and \$21 million in 2023. The increase in 2025 was primarily due to higher costs from the Southwest Power Pool (SPP) and Midcontinent Independent System Operator (MISO), as well as increased fixed O&M expenses at Exira. The increase in 2024 compared to 2023 was primarily due to higher fixed O&M expenses at Marshall Wind Farm (MWF), partially offset by a slight decrease in fixed O&M expenses at LRS.

All other operating expenses totaled \$96 million in 2025 compared to \$92 million in 2024 and \$85 million in 2023. The increases in both 2025 and 2024 were primarily due to higher transmission O&M expenses and increased administrative and general expenses. The increase in administrative and general expenses in 2025 was primarily due to operating expenses related to Marshall Solar Plus and Pierre Solar. The increase in administrative and general expenses in 2024 was largely due to administration fees for the Missouri Basin Power Project (MBPP).

Net operating income totaled \$30 million in 2025 compared to \$32 million in 2024 and \$39 million in 2023.

Non-operating Revenues and Expenses

For the year ended December 31, 2025, non-operating revenues exceeded non-operating expenses by \$7 million, compared to net non-operating expenses of \$5 million in 2024 and \$10 million in 2023. The favorable change in 2025 was primarily due to higher other income. The improvement in 2024 compared to 2023 was driven by higher investment income and lower other expenses.

Other income totaled \$16 million in 2025, compared to \$7 million in 2024 and \$6 million in 2023. The increase in 2025 was due to the money expected to be received from the Internal Revenue Services for the tax credit under the IRA on Marshall Solar Plus Project.

Investment income totaled \$14 million in 2025 compared to \$13 million in 2024 and \$10 million in 2023. The higher investment income in 2024 and 2025 compared to 2023 was primarily due to higher investment yields, partially offset by a slight decrease in cash and investment balances.

Other expense totaled \$5 million in both 2025 and 2024 compared to \$7 million in 2023. The higher expense in 2023 was primarily due to the recognition of project development costs for the abandoned Gregory County Pumped Storage Project (GCPS).

Interest expense totaled \$23 million in 2025, \$24 million in 2024, and \$25 million in 2023. The decrease in 2025 compared to 2024 was primarily due to scheduled principal payments and the refinancing of debt in 2025. The decrease in 2024 compared to 2023 was primarily due to scheduled principal payments and no additional debt being issued.

During 2025, depreciation and amortization expense exceeded debt principal requirements plus amortization of debt-related costs and premiums for related assets by approximately \$5 million. During both 2024 and 2023, depreciation and amortization expense exceeded these amounts by approximately \$3 million. The difference between debt principal requirements plus amortization of debt-related costs and premiums, and depreciation and amortization, as well as the deferral of unrealized gains or losses on investments, reflects MRES and WMMPA's use of the accrual basis of accounting and the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62, *Regulated Operations*. In general, GASB 62 allows certain revenues and expenses to be deferred to future periods so that they are recognized in the period in which they are expected to be recovered through the rates charged to members.

Unrealized gains on investments totaled \$5 million in 2025 compared to gains of \$3 million in 2024 and \$8 million in 2023. These unrealized gains were primarily due to favorable market conditions.

Capital Contributions

Capital contributions totaled \$0 in 2025, compared to \$3,000 in 2024 and \$1 million in 2023. The amounts in 2024 and 2023 relate to FEMA grant funding received for storm damage at the Elbow Lake Substation.

Change in Net Position

The change in net position was \$37 million, \$27 million, and \$31 million in 2025, 2024, and 2023, respectively. The 2025 change in net position was approximately \$17 million higher than budget. The favorable variance compared to budget is due to lower purchase power expenses, lower transmission expenses, higher investment income, higher surplus sales offset by lower power sales, lower transmission revenues and higher administrative and general expenses.

This financial report is designed to provide members, investors, and creditors with a general overview of the finances of MRES and WMMPA. Questions concerning any of the information provided in this report or requests for additional financial information, should be addressed to: Missouri River Energy Services, 3724 West Avera Drive, Sioux Falls, SD 57108-5750.

Missouri Basin Municipal Power Agency dba Missouri River Energy Services
and Western Minnesota Municipal Power Agency
Combined Statements of Net Position

	December 31	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	2025	2024
	(thousands of dollars)	
Current Assets:		
Cash and cash equivalents (Note 5):		
Restricted	\$ 57,275	\$ 57,792
Unrestricted	45,397	7,964
Total cash and cash equivalents	102,672	65,756
Short-term investments (Note 5):		
Restricted	8,697	7,974
Unrestricted	56,262	112,966
Total short-term investments	64,959	120,940
Accounts receivable	37,317	22,368
Advances to Missouri Basin Power Project (MBPP) (Note 9)	4,928	4,488
Fuel stock (Note 2h)	11,227	13,143
Materials and supplies (Note 2h)	8,642	7,147
Prepayments and other current assets (Note 2j)	20,866	19,262
Total Current Assets	250,611	253,104
Non-Current Assets:		
Long-term investments (Note 5):		
Restricted	33,277	34,478
Unrestricted	165,987	156,252
Total long-term investments	199,264	190,730
Capital assets (Note 10):		
Utility plant in service	1,070,648	1,051,583
Less-accumulated depreciation	(356,267)	(337,014)
Net utility plant in service	714,381	714,569
Construction work in progress	35,155	19,067
Net capital assets	749,536	733,636
Advances for mine development (Note 9)	497	570
Unamortized debt expense - regulatory asset	2,645	2,616
Other non-current assets (Note 11)	3,333	8,179
Total Assets	1,205,886	1,188,835
Deferred Outflows of Resources:		
Asset Retirement Obligations	2,385	2,384
Unamortized loss on reacquired debt	3,144	9,185
Total Deferred Outflows of Resources	5,529	11,569
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,211,415	\$ 1,200,404

Missouri Basin Municipal Power Agency dba Missouri River Energy Services
and Western Minnesota Municipal Power Agency
Combined Statements of Net Position

	December 31	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:	<u>2025</u>	<u>2024</u>
	(thousands of dollars)	
Current Liabilities:		
Accounts payable - unrestricted	\$ 14,655	\$ 16,825
Accrued taxes	2,991	2,886
Current liabilities payable from restricted assets:		
Accounts payable - restricted	16,575	15,151
Current maturities of revenue bonds (Note 12)	15,435	14,765
Accrued interest	10,848	12,054
Total Current Liabilities	60,504	61,681
Non-Current Liabilities:		
Revenue bonds:		
Principal outstanding	531,655	554,770
Unamortized debt premium	11,252	10,884
Revenue Bonds, excluding current maturities (Note 12)	542,907	565,654
Asset retirement obligation (Note 2f)	9,376	8,523
Other non-current liabilities	816	10
Total Non-Current Liabilities	553,099	574,187
Total Liabilities	613,603	635,868
Deferred Inflows of Resources:		
Revenues collected for future costs - regulatory credit	73,586	72,507
Accumulated change in fair value of hedging derivatives (Note 13)	-	4,867
Total Deferred Inflows of Resources	73,586	77,374
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 687,189	\$ 713,242
Net Position:		
Net investment in capital assets	194,338	162,402
Restricted:		
Debt service	55,795	55,544
Capital additions	52	135
Other power supply	15,979	17,360
Total Restricted	71,826	73,039
Unrestricted	258,062	251,721
Total Net Position	524,226	487,162
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,211,415	\$ 1,200,404

Missouri Basin Municipal Power Agency dba Missouri River Energy Services
and Western Minnesota Municipal Power Agency
Combined Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31

	<u>2025</u>	<u>2024</u>
	(thousands of dollars)	
Operating Revenues (Notes 3 and 14):		
Long-term power sales	\$ 188,211	\$ 173,691
Short-term power sales	25,327	11,989
Transmission services	65,947	64,961
Other operating income	<u>877</u>	<u>1,803</u>
Total Operating Revenues	<u>280,362</u>	<u>252,444</u>
Operating Expenses:		
Fuel	28,452	22,037
Purchased power	98,312	84,514
Other power supply operation and maintenance	27,466	22,088
Depreciation and amortization	21,533	19,895
Transmission operation and maintenance	45,843	45,269
Customer information and collections	202	214
Administrative and general	25,014	22,745
Property taxes	<u>3,598</u>	<u>3,500</u>
Total Operating Expenses	<u>250,420</u>	<u>220,262</u>
Operating Income	<u>29,942</u>	<u>32,182</u>
Non-Operating Revenues (Expenses):		
Investment income	13,716	12,948
Other income	16,466	6,713
Other expense	(5,411)	(5,308)
Interest expense	(23,148)	(24,108)
Amortization of financing related costs and premium	1,311	1,694
Unrealized gain on investments	5,267	2,587
Net costs recoverable in (for) future years:		
Depreciation and amortization in excess of principal and amortization of debt related costs and premium	4,188	2,872
Unrealized loss on investments	<u>(5,267)</u>	<u>(2,587)</u>
Total Non-Operating Revenues (Expenses)	<u>7,122</u>	<u>(5,189)</u>
Increase in net position, before capital contributions	37,064	26,993
Capital contributions	<u>-</u>	<u>3</u>
Change in Net Position	37,064	26,996
Net Position:		
Beginning of year	<u>487,162</u>	<u>460,166</u>
End of year	<u>\$ 524,226</u>	<u>\$ 487,162</u>

Missouri Basin Municipal Power Agency dba Missouri River Energy Services
and Western Minnesota Municipal Power Agency
Combined Statement of Cash Flow
Years Ended December 31

	<u>2025</u>	<u>2024</u>
Cash Flows From (Used For) Operating Activities:	(thousands of dollars)	
Received from members and others	\$ 281,879	\$ 260,286
Paid to suppliers for goods and services	(219,472)	(192,192)
Paid to employees for operating payroll	(16,087)	(14,038)
Net Cash Flows From Operating Activities	<u>46,320</u>	<u>54,056</u>
Cash Flows From (Used For) Capital and Related Financing Activities:		
Net additions to utility plant	(34,931)	(39,205)
Federal Emergency Management Agency grant	-	3
Bond issuance costs	(553)	-
Deposits to escrow account lower than bonds defeased	565	-
Advances for mine development	(115)	(288)
Advance for generation	-	(432)
Mine development payments received	216	186
Net advances for solar project	37	60
Net advances for generation	43	18
Revenue bond payments	(14,765)	(13,730)
Interest paid on revenue bonds	(24,354)	(24,415)
Other	(2,067)	(1,651)
Net Cash Flows Used For Capital and Related Financing Activities	<u>(75,924)</u>	<u>(79,454)</u>
Cash Flows From (Used For) Investing Activities:		
Proceeds from maturity and sale of investment securities	200,367	227,141
Purchase of investment securities	(147,653)	(213,855)
Investment income received	13,806	12,230
Net Cash Flows From Investing Activities	<u>66,520</u>	<u>25,516</u>
Net Change in Cash and Cash Equivalents	<u>36,916</u>	<u>118</u>
Cash and Cash Equivalents, Beginning of Year	<u>65,756</u>	<u>65,638</u>
Cash and Cash Equivalents, End of Year	<u>\$ 102,672</u>	<u>\$ 65,756</u>

Missouri Basin Municipal Power Agency dba Missouri River Energy Services
and Western Minnesota Municipal Power Agency
Combined Statement of Cash Flow
Years Ended December 31

	<u>2025</u>	<u>2024</u>	
Reconciliation of Operating Income to Net Cash Flows From Operating Activities:			(thousands of dollars)
Operating income	\$ 29,942	\$ 32,182	
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation and amortization	21,533	19,895	
Advance funds to Southwest Power Pool	(99)	(1,036)	
Sale (purchase) of renewable energy credits	19	66	
Member assessments and miscellaneous income	7,212	6,713	
Other expenses	(5,411)	(5,308)	
Changes in assets and liabilities:			
Accounts receivable	(5,695)	1,129	
Advances to MBPP	(467)	2,484	
Fuel stock	1,916	(3,366)	
Materials and supplies	(1,495)	(997)	
Prepayments and other current assets	(1,655)	(772)	
Accounts payable and other non-current liabilities	415	3,039	
Accrued taxes	<u>105</u>	<u>27</u>	
Net Cash Flow From Operating Activities	<u>\$ 46,320</u>	<u>\$ 54,056</u>	
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:			
Cash and Cash Equivalents			
Restricted - Cash and cash equivalents	\$ 57,275	\$ 57,792	
Unrestricted - Cash and cash equivalents	45,397	7,964	
Short-term Investments			
Restricted - Short-term investments	8,697	7,974	
Unrestricted - Short-term investments	56,262	112,966	
Long-term Investments:			
Restricted - Long-term investments	33,277	34,478	
Unrestricted - Long-term investments	<u>165,987</u>	<u>156,252</u>	
Total Cash and Investments	<u>366,895</u>	<u>377,426</u>	
Less: Noncash Equivalents	<u>(264,223)</u>	<u>(311,670)</u>	
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 102,672</u>	<u>\$ 65,756</u>	
Supplemental disclosure of non-cash capital and related financing activities			
Change in capital asset acquisition included in accounts payable	\$ (356)	\$ 362	
Change in fair market value of derivatives	<u>\$ -</u>	<u>\$ 1,352</u>	

Missouri Basin Municipal Power Agency dba Missouri River Energy Services and Western Minnesota Municipal Power Agency Notes to Combined Financial Statements

1. ORGANIZATION

Missouri Basin Municipal Power Agency dba Missouri River Energy Services (MRES) is a body corporate and politic, organized under the laws of the State of Iowa. Membership consists of 61 municipalities in the states of Iowa, Minnesota, North Dakota, and South Dakota that own and operate utilities for the local distribution of electricity. Western Minnesota Municipal Power Agency (WMMPA) is a municipal corporation and political subdivision of the State of Minnesota. The WMMPA membership consists of 24 municipalities in the state of Minnesota. All WMMPA members are also members of MRES. WMMPA owns various coal-fired, natural gas-fired, oil-fired, hydroelectric, wind and solar generating facilities. WMMPA also owns varying interests in transmission facilities and a headquarters building. Pursuant to a power supply contract, MRES purchases and WMMPA sells the WMMPA entitlement in its generation and transmission facilities. MRES in turn utilizes the output and capacity of these facilities and other resources to provide power supply and transmission services to members under terms of separate Long-term Power Sale Agreements (Notes 3 and 4). MRES and WMMPA are not rate-regulated by any federal or state authority or subject to federal or state income taxes. MRES performs all requested administrative services on behalf of WMMPA, which has no employees of its own, under an administrative services agreement. The administrative services agreement expires January 1, 2057, to coincide with 59 of the 61 Power Sale Agreements. The agreement may be terminated thereafter by either party upon two years written notice. MRES and WMMPA are two separate entities reported as a combined enterprise. The entities coexist on an equal basis with both entities together providing holistic services to their members. WMMPA owns the assets and provides financing, while MRES operates the assets and provides services. Neither entity is subordinate to the other. Therefore, the financial statements of MRES and WMMPA are combined to provide fair and accurate representation of the entities.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Method

The combined financial statements of MRES and WMMPA follow authoritative sources of United States (U.S.) generally accepted accounting principles under the provisions of the Governmental Accounting Standards Board (GASB) 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. MRES and WMMPA comply with all applicable GASB pronouncements, including the application of GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). Under GASB 62, MRES and WMMPA defer revenues and expenses for future recognition as they are recovered or returned through the rate-making process. MRES and WMMPA utilize the Federal Energy Regulatory Commission's Uniform System of Accounts.

Net Position is classified into three components:

- *Net investment in capital assets* – This component consists of net capital assets reduced by the outstanding balances of revenue bonds attributable to the acquisition, construction, or improvement of capital 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 net investment in capital assets. 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 imposed by the WMMPA Power Supply Revenue Bond Resolution (Bond Resolution) or other contract requirements, which include investments restricted by Board policies.
- *Unrestricted* – This component consists of the portion of the net position of MRES and WMMPA that does not meet the definition of “restricted” or “net investments in capital assets.”

When both restricted and unrestricted resources are available for use, it is the policy of MRES and WMMPA to use restricted resources first, then unrestricted resources as they are needed.

B. Revenue Recognition

Revenue is accrued through the end of each month.

C. Operating Revenues and Expenses

MRES and WMMPA distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from generating, purchasing, and transmitting electric power and energy. The principal operating revenues of MRES are revenues from members and others for the generation, purchase, and transmission of electric power and energy. Other non-operating income includes approximately \$9 million in revenue from the Internal Revenue Services related to the Inflation Reduction Act tax credit recognized in 2025. Operating expenses for MRES and WMMPA include the cost of generating, purchasing, and transmitting electric power and energy, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The other non-operating revenues include income from providing full-time distribution maintenance services for six MRES, member communities and one associate, and income received from the U.S. Treasury for the Build America Bonds.

D. Capital Contributions

Capital contributions consists of federal grant money received from Federal Emergency Management Agency.

E. Utility Plant

Utility plant is stated at cost. MRES and WMMPA capitalize assets with a cost in excess of \$1,000 and life of more than one year, with the exception of Missouri Basin Power Project (MBPP) assets, which are capitalized in excess of \$10,000. The cost of utility plant retired plus the cost of removal less salvage is charged to accumulated depreciation. Repairs and maintenance of units of property are charged to operations. Construction work in progress (CWIP) mainly consists of transmission plant being constructed along with construction of a solar generation project.

F. Asset Retirement and Environmental Obligation

WMMPA adopted GASB 83, *Certain Asset Retirement Obligations (GASB 83)* effective January 1, 2019, for the retirement of all generating facilities except for MBPP. As a minority owner of MBPP, WMMPA had previously adopted Accounting Standards Codification (ASC) Section 410 *Asset Retirement and Environmental Obligations (ASC 410) for MBPP*. WMMPA recorded an Asset Retirement Obligations liability (ARO) for MBPP prior to January 1, 2019. The ARO under GASB 83 is for the closure of the Worthington Wind Project (WWP), Watertown Power Plant (WPP), and Marshall Wind Farm (MWF), to comply with contractual obligations, and are based on internal estimates. The estimated remaining useful lives for WWP, WPP, and MWF at December 31, 2025, were 2, 10, and 13 years, respectively. There is no required funding for the AROs for any of these assets.

The ARO under ASC 410 for MBPP includes the estimated cost for the reclamation of wells, landfills, and coal ash ponds at Laramie River Station (LRS). The estimated cost was provided by the Operating Agent for MBPP, Basin Electric Power Cooperative (BEPC). The ARO for all owners of LRS was \$31 million and \$27 million at December 31, 2025 and 2024, respectively. WMMPA's portion of the total was approximately \$5 million and \$4 million at December 31, 2025 and 2024, respectively.

WMMPA's asset retirement obligations activities as of and for the respective years ended December 31 are summarized below:

	<u>2025</u>	<u>2024</u>
	(thousands of dollars)	
Asset Retirement obligations:		
Obligation, beginning of year	\$ 8,523	\$ 12,626
Additions and revisions	1,041	(1,277)
Accretion	438	486
Liabilities settled	(626)	(3,312)
Balance, end of year	<u>\$ 9,376</u>	<u>\$ 8,523</u>

G. Depreciation

MRES and WMMPA utilize straight-line depreciation for all depreciable assets. The estimated service lives for capital assets are 25 to 52 years for generation plants, 40 to 60 years for transmission plants, 52 years for intangible plants, and 5 to 50 years for general plants. Depreciation expense, expressed as a percent of depreciable utility plant in service, was 2.0 percent and 1.9 percent in 2025 and 2024, respectively.

H. Materials and Supplies and Fuel Stock

Fuel stock inventory, materials, and supplies are stated at weighted average cost.

I. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on the validity of contracts and collection history, an allowance for doubtful accounts is not considered necessary. Should these circumstances change, an allowance for doubtful accounts would be provided for those accounts receivable considered to be uncollectible at the end of the year, and the bad debts would be written off against the allowance when identified.

J. Prepayments and Other Current Assets

Prepayments and other current assets include unamortized costs of expenses paid in advance for which the future benefits have yet to be realized. MRES and WMMPA recognize an expense or asset when such benefit is realized. Prepayments and other current assets consist of:

	<u>2025</u>	<u>2024</u>
	(thousands of dollars)	
Collateral for energy market participation	\$ 8,490	\$ 8,391
Prepaid capacity purchases	3,083	2,355
MBPP prepayment and other assets	5,655	4,631
Interest receivable	2,157	2,247
Prepaid expenses, i.e., insurance, inventory, and other expenses	1,257	1,327
Current portion of solar project prepayment	-	60
Current portion of generation prepayment	43	43
Current portion of MBPP mine development note receivable	181	208
Total prepayment and other current assets	<u>\$ 20,866</u>	<u>\$ 19,262</u>

K. Investments

Investment securities are stated at fair value based on quoted market prices or other observable inputs. Gains or losses on the sale of investment securities are recognized using the specific identification method. Unrealized gains or losses are deferred pursuant to GASB 62.

L. Derivative Instrument

Under GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, the fair value of derivative instruments is to be reported in the financial statements. The derivative instruments recorded on WMMPA financial statements in other non-current assets are for interest rate swaps executed by WMMPA in 2020 and amended in 2021, to hedge the interest rate risk for future refunding of outstanding bonds. The final interest rate swap was terminated on October 15, 2025. See note 13 for further information.

M. Restricted Assets

Restricted assets consist of cash and investments required to be maintained or restricted by the Bond Resolution; the Assignment and Pledge Agreement among MRES, WMMPA, and the Agent Bank (Assignment and Pledge Agreement); and advances from others for specific projects. Current liabilities payable from these restricted assets are also classified as restricted. WMMPA is in compliance with all Bond Resolution funding requirements.

N. 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. The deferred outflows of resources include (1) AROs, and (2) the unamortized gain or loss on reacquired debt, which includes the unamortized gain on the interest rate swap.

O. Amortization

WMMPA unamortized debt-issuance costs and premiums are amortized over the term of the bonds. A regulatory asset is established under GASB 62 to recognize unamortized bond issuance costs for rate-making purposes. Additionally, gains and losses resulting from the defeasance or early redemption of bonds are recorded as deferred outflow and amortized over the term of the new debt. WMMPA amortizes these amounts based on the straight-line method on each maturity, which approximates the effective interest rate method.

P. Compensated Absences

Employees are granted and accrue paid time-off in varying amounts in accordance with the MRES Human Resources Policies. Compensated absences of \$2.6 million and \$2.2 million were recorded in accounts payable at the end of December 31, 2025 and 2024, respectively.

Q. Deferred Inflow of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. The deferred inflow of resources includes (1) the difference between debt principal collected in rates and depreciation expense; (2) unrealized gain or loss on investments; (3) amortization of financing-related costs and premium; (4) deferred revenue (which are all considered a regulatory credit under GASB 62) and (5) the estimated fair value of hedge derivative financial instruments.

R. Statements of Cash Flows

All highly liquid investments with an original maturity of three months or less are considered cash equivalents.

S. Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, and expenses to prepare these combined financial statements in conformity with accounting principles generally accepted in the U.S. Actual results could differ from the estimates. MRES participates in the Midcontinent Independent System Operator, Inc. (MISO) and the Southwest Power Pool (SPP) energy markets. MISO and SPP may true-up revenues and expenses from prior years. MRES accrues revenue and expenses that are known or estimated at the time of closing, but since there is such a long window for true-ups, actual results may differ from estimates.

T. Subsequent Events

MRES and WMMPA considered events for recognition or disclosure in the financial statements that occurred subsequent to December 31, 2025, through April 2, 2026, the date the financial statements were available for issuance.

U. Recently Issued Accounting Pronouncements

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, No. 104, *Disclosure of Certain Capital Assets*, and No. 105, *Subsequent Events*. Management is in the process of evaluating the GASB statements and their impact. When they become effective, application of these standards may require restatement of portions of these financial statements.

V. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

3. SALE AGREEMENTS

Power Sale Agreements

MRES and WMMPA have Long-term Power Sale Agreements with 61 members (Power Supply Members). Fifty-eight of the members (S-1 Members) have executed S-1 Power Sale Agreements (S-1 Agreements), and three members have executed Non S-1 Power Sales Agreements. The members must take and pay for all electric power and energy made available under these agreements. Fifty-seven of the 58 S-1 Agreements provide for MRES to supply, to the extent it has power and energy available, to such MRES S-1 Members their respective Supplemental Power requirements above that supplied by Western Area Power Administration (WAPA). The electric power and energy sold to the other MRES S-1 Member is supplemental to WAPA and certain existing power supply agreements. These power supply agreements expire at various times between December 2026 and March 2033. As the power supply agreements expire, MRES will provide the electric power and energy previously provided by these agreements. Effective March 2033, the power and energy sold to this S-1 Member will be all power and energy supplemental to WAPA.

The term of the S-1 Agreements currently extends to January 1, 2057. MRES S-1 Members have an option every five years to cap their purchases from MRES at the level of service provided by MRES on the first day of the summer season following the second year following exercise of the option. No S-1 Member has ever elected to cap its purchases from MRES. The next option date for capping purchases from MRES is 2027.

MRES provides 100 percent of the demand and energy requirements to one MRES member under a Non S-1 Power Sale Agreement. This agreement expires January 1, 2057. The sale of power and energy under one of the other Non S-1 Agreements expires January 1, 2046, and is based on a 100 percent load factor, i.e., the same level of power and energy every hour. The remaining agreement extends to January 1, 2040, and requires the member to purchase all of its electric power requirements over and above purchases from WAPA and generation owned by the member from MRES. Sales revenue associated with all Long-term Power Sale Agreements is classified in the accompanying statements as “Long-term power sales.” Under terms of the Long-term Power Sale Agreements, MRES is required to establish and maintain rates that will provide sufficient revenues to cover the payments under the Power Supply Contract and all other revenue requirements. MRES has contracted to collect payments for WAPA power and energy purchased by the members with WAPA allocations and to remit these payments to WAPA. Since MRES is only acting as agent for these members, these amounts are not reflected as revenue or expense in the Combined Statements of Revenues, Expenses, and Changes in Net Position. The power and energy purchased by these members that MRES was responsible for collecting and remitting to WAPA totaled approximately \$57 and \$53 million for the 12 months ended December 31, 2025 and December 31, 2024, respectfully. The revenue requirements of the Long-term Power Sale Agreements expiring January 1, 2057 and January 1, 2040, include all expenses for the transmission of electric power and energy to these members. These expenses totaled \$43 million and \$41 million during 2025 and 2024, respectively.

In addition to sales under the Long-term Power Sale Agreements, MRES has arrangements to sell generating capacity to other wholesale customers on a long-term basis and wholesale power and energy in MISO and SPP on short-term firm and non-firm bases. Revenues associated with the sale of generating capacity on a long-term basis is classified in the accompanying statements as “Long-term power sales.” Revenues associated with the sale of wholesale power and energy in MISO and SPP on short-term firm and non-firm bases are classified in the accompanying statements as “Short-term power sales.”

4. SUPPLY CONTRACTS

A. Power Supply Contract

Under the Power Supply Contract, WMMPA is obligated to sell to MRES, and MRES is obligated to buy from WMMPA, on a take-and-pay basis, entitlement in the generation, approximately 532 megawatts (MW), transmission, and general plant facilities owned by WMMPA and all replacement power and energy required by the Power Supply Members. The Power Supply Contract expires January 1, 2057, to coincide with the term of 59 of the 61 Long-term Power Sale Agreements.

B. Power Purchase Agreements

MRES has long-term power purchase agreements (PPA) with various third parties to receive the output of approximately 83.7 MW of wind generation and 33.8 MW of nuclear generation. The wind generation PPAs expire at various times between 2024 and 2029 and the nuclear generation PPA expires in 2053. MWF represents 19 of the 83.7 MW of wind generation PPAs. See note 6 for additional details. WMMPA acquired Pierre Solar in August 2025. See note 8 for additional details.

5. CASH AND INVESTMENTS

The investments for MRES and WMMPA are in accordance with the Bond Resolution, the Assignment and Pledge Agreement, the MRES Investment Policy, the WMMPA Investment Policy (which conforms to the Bond Resolution), and applicable state law. These documents allow investment in securities issued by the U.S. Government, its agencies and instrumentalities, certain state and local government securities, specified corporate obligations, and certain bank instruments.

CUSTODIAL CREDIT RISK

Deposits

Deposit custodial credit risk is the risk that in the event of a financial institution failure, the entity’s deposits may not be returned to MRES or WMMPA. Deposits in each bank were insured by the Federal Deposit Insurance Corporation (FDIC) in the aggregate amount of \$250,000 for interest-bearing and noninterest-bearing accounts in 2025 and 2024. State law and MRES and WMMPA Investment Policies require collateralization of all deposits above the FDIC limit. On December 31, 2025 and 2024, all MRES and WMMPA deposits were entirely insured or collateralized. MRES holds a collateral account with MISO, which totaled \$6.3 million at both December 31, 2025 and December 31, 2024. MRES also holds a collateral account with SPP, which totaled \$2.2 million at December 31, 2025 and \$2.1 million at December 31, 2024.

Investments

Investment custodial credit risk is the risk that in the event of the failure of the counterparty, MRES and WMMPA will not be able to recover the value of their investment or collateral securities that are in the possession of an outside party. WMMPA investments are held by Computershare Trust Company, N.A., National Association, as Trustee for WMMPA. MRES investments are held in the book entry system of the Fifth Third Bank in the name of the MRES custodian, First Premier Bank. MRES is identified as the owner of these investments in the records of First Premier Bank.

MRES and WMMPA funds at December 31, 2025 and 2024, are summarized as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
	(thousands of dollars)			
Cash and Cash Equivalents:	\$ 102,672	\$ 102,672	\$ 65,756	\$ 65,756
Investment Securities:				
Securities issued by U.S. Government	179,368	179,643	204,880	202,019
Securities issued by U.S. Government Agencies and Instrumentalities	78,817	78,761	106,023	103,957
Securities issued by State and Local Governments	<u>5,701</u>	<u>5,819</u>	<u>5,697</u>	<u>5,694</u>
Total Funds	<u>\$ 366,558</u>	<u>\$ 366,895</u>	<u>\$ 382,356</u>	<u>\$ 377,426</u>

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 quoted market prices. The estimated fair value of cash and cash equivalents and investment securities, by contractual maturity, is shown under Fair Value Measurement. Expected maturities may differ from the contractual maturity, because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Investment values may have changed significantly after year end.

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs supported by little or no market activity that are significant to the fair value of the assets or liabilities.

The tables displayed below present the fair value measurements of MRES and WMMPA assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at year-end. Securities issued by the U.S. Government are classified in Level 1 of the fair value hierarchy and valued using prices quoted in active markets for those securities. Securities issued by U.S. Government Agencies and Instrumentalities as well as securities issued by state and local governments were valued on institutional bond quotes and/or evaluations based on various market and industry inputs and are classified in Level 2. Certain cash and cash equivalents are valued at their outstanding balance, and thus, are not included within the fair value hierarchy.

At December 31, 2025, the MRES and WMMPA investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>		<u>Level of Fair Value Hierarchy</u>
		<u>Less than One</u>	<u>Over One</u>	
	(thousands of dollars)			
Cash and Cash Equivalents – Other	\$ 4,503	\$ 4,503	\$ -	
Cash and Cash Equivalents – Money Market Mutual Funds	98,169	98,169	-	Level 1
Securities issued by U.S. Government	179,643	46,104	133,539	Level 1
Securities issued by U.S. Government Agencies and Instrumentalities	78,761	17,534	61,227	Level 2
Securities issued by State and Local Governments	<u>5,819</u>	<u>1,321</u>	<u>4,498</u>	Level 2
Total	<u>\$ 366,895</u>	<u>\$ 167,631</u>	<u>199,264</u>	

At December 31, 2024, the MRES and WMMPA investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>		<u>Level of Fair Value Hierarchy</u>
		<u>Less than One</u>	<u>Over One</u>	
	(thousands of dollars)			
Cash and Cash Equivalents – Other	\$ 1,765	\$ 1,765	\$ -	
Cash and Cash Equivalents – Money Market Mutual Funds	63,991	63,991	-	Level 1
Securities issued by U.S. Government	202,019	87,260	114,759	Level 1
Securities issued by U.S. Government Agencies and Instrumentalities	103,957	33,680	70,277	Level 2
Securities issued by State and Local Governments	<u>5,694</u>	<u>-</u>	<u>5,694</u>	Level 2
Total	<u>\$ 377,426</u>	<u>\$ 186,696</u>	<u>190,730</u>	

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The securities issued by the U.S. Government and its Agencies and Instrumentalities had AA+ ratings from Standard & Poor's (S&P) and Fitch Ratings (Fitch) and Aa1 ratings from Moody's Investors Service (Moody's). The securities issued by State Governments had ratings of AA- to AAA from S&P, AA to AAA from Fitch, and Aa2 or Aa1 from Moody's. The money market mutual funds included in cash and cash investments had ratings of AAAm from S&P and Aaa-mf ratings from Moody's. The MRES and WMMPA Investment Policies limit investments to certain issuers, types of institutions, and ratings, of which all outstanding investments are in compliance.

CONCENTRATIONS OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer by MRES or WMMPA. Investments held with issuers totaling 5 percent or more of the total portfolio were concentrated as follows:

<u>Issuer</u>	<u>% of Portfolio at December 31</u>	
	<u>2025</u>	<u>2024</u>
U.S Government	49%	54%
Federal Home Loan Bank	12	13
Federal Farm Credit Bank	8	8
Federal National Mortgage Association	1	6

The MRES and WMMPA Investment Policies do not limit the amount of the portfolio that can be invested in securities issued by the U.S. Government or agencies of the U.S. Government. The MRES Investment Policy and state law restrict investments of commercial paper by percentage of portfolio as well as by the amount of a single issuer. Both the MRES and WMMPA Investment Policies address diversification of investments to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, issuer, or class of security.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the estimated fair value of an investment. The maximum maturity under the MRES Investment Policy for operating funds is 397 days. All other MRES funds may have longer maturities consistent with liquidity needs. The maximum maturity under the WMMPA Investment Policy for operating funds is 12 months. All other WMMPA funds have varying maturity limits depending on the anticipated need to make payments from the various funds.

6. INVESTMENT IN MARSHALL WIND FARM, LLC

WMMPA purchased Marshall Wind Farm, LLC (MWF, LLC) in March 2020. MWF, LLC owns nine wind turbines located near Marshall, Minnesota, and is capable of generating 19 MW of power. WMMPA provides financing for the operations of MWF, and it is accounted for as a blended component unit of WMMPA. The revenues and expenses of MWF, LLC were eliminated upon consolidation with WMMPA. MWF, LLC's summary financial information as of December 31, 2025 and 2024, and for the years then ended is as follows:

	<u>2025</u>	<u>2024</u>
	(in thousands)	
Assets		
Current assets	\$ 18	\$ 19
Net Plant	9,125	10,100
Total Assets	9,143	10,119
Deferred Outflows of Resources	1,144	1,185
Total Assets and Deferred Outflows of Resources	<u>\$ 10,287</u>	<u>\$ 11,304</u>
Liabilities		
Current liabilities	\$ -	\$ 8
Other non-current liabilities	2,049	2,042
Total Liabilities	2,049	2,050
Net Position		
Net investment in capital assets	9,125	10,100
Unrestricted	(887)	(846)
Total Net Position	<u>8,238</u>	<u>9,254</u>
Total Liabilities and Net Position	<u>\$ 10,287</u>	<u>\$ 11,304</u>

Statements of Revenues, Expenses, and Changes in Net Position

Revenues and Expenses	<u>2025</u>	<u>2024</u>
	(in thousands)	
Operating revenues	\$ 932	\$ 1,301
 Operating expenses		
Depreciation and amortization	1,016	1,051
Operation and maintenance	733	1,122
Administration and general	55	40
Total operating expenses	<u>1,804</u>	<u>2,213</u>
 Operating Loss	(872)	(912)
 Transfer from (to) WMMPA	<u>(144)</u>	<u>(139)</u>
Change in Net Position	(1,016)	(1,051)
 Net Position		
Net Position, Beginning of year	9,254	10,305
Net Position, End of year	<u>\$ 8,238</u>	<u>\$ 9,254</u>

Statements of Cash Flow

	<u>2025</u>	<u>2024</u>
	(in thousands)	
Cash Flows		
Net cash flow for noncapital financing activities	\$ 119	\$ 56
Net cash flow from operating activities	<u>(119)</u>	<u>(56)</u>
 Net Change in Cash	<u>\$ -</u>	<u>\$ -</u>
Cash, Beginning of year	<u>-</u>	<u>-</u>
Cash, End of year	<u>\$ -</u>	<u>\$ -</u>

7. INVESTMENT IN MARSHALL SOLAR PLUS LLC (MSP LLC)

WMMPA purchased MSP LLC in December 2024. MSP LLC owns a solar farm with battery storage located near Marshall, Minnesota, and can generate 10 MW of power with 5 MW of storage. WMMPA provides financing for the operations of MSP, and it is accounted for as a blended component unit of WMMPA. MSP LLC's summary financial information as of December 31, 2025 and 2024, and for the years then ended is as follows:

Statement of Net Position

	<u>2025</u>	<u>2024</u>
	(in thousands)	
Assets		
Current assets	\$ 334	\$ 140
Net Plant	32,193	33,659
Total Assets	<u>32,527</u>	<u>33,799</u>
Liabilities		
Current liabilities	\$ 62	\$ 31
Other non-current liabilities	<u>-</u>	<u>-</u>
Total Liabilities	62	31
Net Position		
Net investment in capital assets	32,193	33,659
Unrestricted	272	109
Total Net Position	<u>32,465</u>	<u>33,768</u>
Total Liabilities and Net Position	<u>\$ 32,527</u>	<u>\$ 33,799</u>

Statement of Revenues, Expenses, and Changes in Net Position		
Revenues and Expenses	<u>2025</u>	<u>2024</u>
	<u>(in thousands)</u>	
Operating revenues	\$ -	\$ -
Operating expenses		
Depreciation and amortization	1,303	109
Operations and maintenance	311	
Administration and general	<u>493</u>	<u>25</u>
Total operating expenses	<u>2,107</u>	<u>134</u>
Operating Loss	(2,107)	(134)
Transfer from (to) WMMPA	<u>804</u>	<u>134</u>
Change in Net Position	(1,303)	-
Net Position		
Net Position, Beginning of year	<u>33,768</u>	<u>-</u>
Net Acquisition of Assets	<u>-</u>	<u>33,768</u>
Net Position, End of year	<u>\$ 32,465</u>	<u>\$ 33,768</u>

Statement of Cash Flow

	<u>2025</u>	<u>2024</u>
	<u>(in thousands)</u>	
Cash Flows		
Net cash flow for noncapital financing activities	\$ 714	\$ 134
Net cash flow from operating activities	<u>(714)</u>	<u>(134)</u>
Net Change in Cash	<u>\$ -</u>	<u>\$ -</u>
Cash, Beginning of year	<u>-</u>	<u>-</u>
Cash, End of year	<u>\$ -</u>	<u>\$ -</u>

8. INVESTMENT IN PIERRE SOLAR LLC (PS LLC)

WMMPA purchased PS LLC in August 2025. PS LLC owns a solar farm located near Pierre, South Dakota, and can generate 1 MW of power. WMMPA provides financing for the operations of PS, and it is accounted for as a blended component unit of WMMPA. PS LLC's summary financial information as of December 31, 2025 and for the year then ended is as follows:

Statement of Net Position

	<u>2025</u>
	<u>(in thousands)</u>
Assets	
Current assets	\$ 1
Net Plant	<u>1,104</u>
Total Assets	<u>1,105</u>
Liabilities	
Current liabilities	\$ 1
Other non-current liabilities	<u>-</u>
Total Liabilities	1
Net Position	
Net investment in capital assets	<u>1,104</u>
Total Net Position	<u>1,104</u>
Total Liabilities and Net Position	<u>\$ 1,105</u>

Statement of Revenues, Expenses, and Changes in Net Position

Revenues and Expenses	<u>2025</u>
	<u>(in thousands)</u>
Operating revenues	\$ -
Operating expenses	
Depreciation and amortization	32
Operations and maintenance	14
Administration and general	<u>35</u>
Total operating expenses	<u>81</u>
Operating Loss	(81)
Transfer from (to) WMMPA	<u>49</u>
Change in Net Position	(32)
Net Position	
Net Position, Beginning of year	<u>-</u>
Net Acquisition of Assets	<u>1,136</u>
Net Position, End of year	<u>\$ 1,104</u>

Statement of Cash Flow

	<u>2025</u>
	(in thousands)
Cash Flows	
Net cash flow for noncapital financing activities	\$ 37
Net cash flow from operating activities	<u>(37)</u>
Net Change in Cash	<u>\$ -</u>
Cash, Beginning of year	<u>-</u>
Cash, End of year	<u>\$ -</u>

9. MISSOURI BASIN POWER PROJECT

A. Utility Plant

WMMPA has a 16.47 percent undivided ownership in MBPP that includes LRS, which consists of three 570 MW coal-fired, steam, electric-generating units, associated transmission facilities, intangible plant, and the Grayrocks Dam and Reservoir.

B. Coal Supply Contracts

MBPP has an agreement with Western Fuels Association, Inc. (Western Fuels) to purchase sub-bituminous coal for LRS through the year 2034. The price of this coal is fixed at an amount that will produce revenues sufficient, together with all other Western Fuels' revenues, to cover the costs of producing or acquiring and delivering the coal. MBPP is obligated to pay for a minimum amount of coal each year. The average prices of MBPP coal purchases were approximately \$21.87 and \$22.00 per ton in 2025 and 2024, respectively. MBPP purchased approximately 5 million tons of coal during both 2025 and 2024. Minimum coal purchase requirements over the next five years of the contracts for all MBPP participants are as follows:

<u>Year</u>	<u>Tons</u>
2026	4,500,000
2027	3,500,000
2028	2,200,000
2029	1,700,000
2030	1,700,000

Western Fuels entered into various agreements that provide for development and ownership of the Dry Fork Mine. In connection with the development and acquisition of the Dry Fork Mine, the MBPP participants provided financing to Western Fuels. On December 31, 2024 and 2023, the balance of advances owed to WMMPA approximated \$0.7 million and \$0.8 million, respectively. These advances are expected to be fully repaid by 2031.

C. Operating Expenses

Costs of MBPP are allocated to WMMPA based on its 16.47 percent undivided ownership interest, except for energy-related costs, which are allocated based on scheduled generation and adjusted for the relative effects of the LRS heat rate and plant efficiency at the time generation is scheduled. Such costs are included in operating expenses in the Combined Statements of Revenues, Expenses, and Changes in Net Position.

D. Advances to MBPP

WMMPA advances to the MBPP operating agent for working capital purposes totaled approximately \$5 million and \$4 million at December 31, 2025 and 2024, respectively.

10. UTILITY PLANT

Utility plant at December 31, 2025 and 2024, consisted of:

	<u>2025</u>			<u>2024</u>		
	<u>Gross Plant</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>	<u>Gross Plant</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>
	(thousands of dollars)					
Generation	\$ 819,865	\$ 260,382	\$ 559,483	\$ 815,198	\$ 245,052	\$ 570,146
Transmission	203,766	73,082	130,684	200,695	69,914	130,781
General	37,743	14,098	23,645	26,416	13,436	12,980
Intangible	<u>9,274</u>	<u>8,705</u>	<u>569</u>	<u>9,274</u>	<u>8,612</u>	<u>662</u>
Utility Plant in Service	1,070,648	356,267	714,381	1,051,583	337,014	714,569
CWIP	<u>35,155</u>	<u>-</u>	<u>35,155</u>	<u>19,067</u>	<u>-</u>	<u>19,067</u>
Total Utility Plant	<u>\$ 1,105,803</u>	<u>\$ 356,267</u>	<u>\$ 749,536</u>	<u>\$ 1,070,650</u>	<u>\$ 337,014</u>	<u>\$ 733,636</u>

Utility plant activity for the years ended December 31, 2025 and 2024, was:

	<u>January 1, 2025</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>December 31, 2025</u>
(thousands of dollars)					
Non-depreciable Utility Plant					
Land	\$ 6,004	\$ -	\$ -	\$ -	\$ 6,004
CWIP	19,067	33,500	-	(17,412)	35,155
Total Non-depreciable Utility Plant	25,071	33,500	-	(17,412)	41,159
Depreciable Utility Plant					
Depreciable Utility Plant in Service	1,045,579	3,560	(1,907)	17,412	1,064,644
Accumulated Depreciation	(337,014)	(21,292)	2,039	-	(356,267)
Net Depreciable Utility Plant in Service	708,565	(17,732)	132	17,412	708,377
Net Utility Plant	\$ 733,636	\$ 15,768	\$ 132	\$ -	\$ 749,536
	<u>January 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>December 31, 2024</u>
(thousands of dollars)					
Non-depreciable Utility Plant					
Land	\$ 5,067	\$ 937	\$ -	\$ -	\$ 6,004
CWIP	33,989	34,216	-	(49,138)	19,067
Total Non-depreciable Utility Plant	39,056	35,153	-	(49,138)	25,071
Depreciable Utility Plant					
Depreciable Utility Plant in Service	998,185	1,826	(3,570)	49,138	1,045,579
Accumulated Depreciation	(321,445)	(19,813)	4,244	-	(337,014)
Net Depreciable Utility Plant in Service	676,740	(17,987)	674	49,138	708,565
Net Utility Plant	\$ 715,796	\$ 17,166	\$ 674	\$ -	\$ 733,636

11. OTHER NON-CURRENT ASSETS

	<u>2025</u>	<u>2024</u>
(thousands of dollars)		
Other non-current assets consisted of:		
Accumulated change in fair value of hedging derivatives	\$ -	\$ 4,867
Pierre solar project prepayment	-	913
Generation prepayment	328	371
Renewable energy credits	1,124	1,143
Other non-current assets	1,881	885
Total other non-current assets	\$ 3,333	\$ 8,179

12. FINANCING

Power Supply Revenue Bonds

The Power Supply Revenue Bonds (Revenue Bonds) were issued to finance the ownership interest of WMMPA in generation, transmission, and general plant facilities.

Revenue Bond activity for the years ended December 31, 2025 and 2024, was as follows:

	<u>January 1, 2025</u>	<u>Debt Issued</u>	<u>Debt Refunded</u>	<u>Payments or Amortization</u>	<u>December 31, 2025</u>	<u>Amount Due within One Year</u>
Revenue Bonds	\$ 569,535	\$ 27,155	\$ (34,835)	\$ (14,765)	\$ 547,090	\$ 15,435
Unamortized Debt						
Premium	10,884	3,979	(2,051)	(1,560)	11,252	-
Revenue Bonds, Net of Unamortized Premium	\$ 580,419	\$ 31,134	\$ (36,886)	\$ (16,325)	\$ 558,342	\$ 15,435
	<u>January 1, 2024</u>	<u>Debt Issued</u>	<u>Debt Refunded</u>	<u>Payments or Amortization</u>	<u>December 31, 2024</u>	<u>Amount Due within One Year</u>
Revenue Bonds	\$ 583,265	\$ -	\$ -	\$ (13,730)	\$ 569,535	\$ 14,765
Unamortized Debt						
Premium	12,658	-	-	(1,774)	10,884	-
Revenue Bonds, Net of Unamortized Premium	\$ 595,923	\$ -	\$ -	\$ (15,504)	\$ 580,419	\$ 14,765

The original issue amount and the outstanding amount of the Revenue Bonds, net of unamortized debt premium, at December 31, 2025 and 2024, are as follows:

	Original Issue Amount	Amount Outstanding	
		2025	2024
2010 Series C Bonds: Term Bonds (Build America Bonds): 6.77% with annual sinking fund requirements beginning in 2031, due 2046	\$ 99,915	\$ 99,915	\$ 99,915
2015 Series A Bonds: Serial Bonds: 5.00% due 2031 through 2036	34,835	-	34,835
2018 Series A Bonds: Serial Bonds: 5.00% due 2025 through 2029	30,035	23,390	30,035
2018 Series A Bonds: Term Bonds: 5.00% due 2047 through 2049	52,390	52,390	52,390
2019 Series A Bonds: Serial Bonds: 1.988%-2.795% due 2021 through 2034	97,310	86,940	89,440
2019 Series A Bonds: Term Bonds: 3.156%-3.226% due 2039 through 2046	224,710	224,710	224,710
2022 Series A Bonds: Serial Bonds: 5.00% due 2024 through 2030	43,160	32,590	38,210
2025 Series A Bonds: Serial Bonds: 5.00% due 2031 through 2036	27,155	27,155	-
Principal Outstanding		547,090	569,535
Unamortized debt premium		11,252	10,884
Revenue Bonds, including unamortized debt premium		558,342	580,419
Less current maturities		15,435	14,765
Revenue Bonds, including unamortized debt premium and excluding current maturities		<u>\$ 542,907</u>	<u>\$ 565,654</u>

Future Debt service payments for the outstanding Revenue Bonds are as follows:

Year Ending December 31	Principal	Interest	Total	Payments expected to be received from U.S. Treasury
2026	\$ 15,435	\$ 22,310	\$ 37,745	\$ 2,233
2027	16,145	21,979	38,124	2,233
2028	16,890	21,219	38,109	2,233
2029	17,665	20,501	38,166	2,233
2030	18,400	19,848	38,248	2,233
2031-2035	98,710	89,599	188,309	11,018
2036-2040	125,360	68,396	193,756	9,337
2041-2045	152,210	37,955	190,165	4,263
2046-2049	86,275	7,387	93,662	130
	<u>\$ 547,090</u>	<u>\$ 309,194</u>	<u>\$ 856,284</u>	<u>\$ 35,913</u>

2018 Series A Bonds are subject to redemption at par beginning in 2029, at the option of WMMPA. The 2010 Series C Bonds and 2019 Series A Bonds are subject to redemption prior to their stated maturity at the option of WMMPA, in whole or in part, on any date. The redemption price for the 2010 Series C Bonds and 2019 Series A Bonds is the greater of 100 percent of the principal or the sum of present value of the remaining scheduled payments of principal and interest to the maturity date of the 2010 Series C Bonds and 2019 Series A Bonds. The 2022 Series A Bonds and 2025 Series A Bonds are not subject to redemption prior to maturity.

The outstanding bonds are secured by a pledge and assignment of and security interest in (1) the proceeds of the Revenue Bonds; (2) all funds established under the Bond Resolution; (3) all revenues received by MRES under the Power Sale Agreements; and (4) all revenues received from regional transmission organizations, except for revenues received by MRES for member-owned transmission assets. Principal and interest for the current year and total revenue pledged were approximately \$39 million and \$294 million, respectively.

The outstanding bonds contain a provision that in an event of default which has not been remedied, WMMPA will, upon demand of the Trustee, pay over or cause to be paid over to the Trustee all funds held by WMMPA in any fund other than funds in the Debt Service Reserve Account and all revenues when received. The Trustee will apply all funds received during the continuance of the event of default in the following order: (1) for payment of the reasonable and proper charges, expenses, and liabilities of the Trustee, (2) for payment of operating expenses, and (3) for payment of interest and principal on the redemption Bonds and the interest and principal components of Parity Hedging Contract Obligations. Parity Reimbursement Obligations shall not include any payments related to Subordinated Reimbursement Obligations. During 2025, WMMPA issued \$27 million of Power Supply Revenue Refunding Bonds, 2025 Series A Bonds, to advance refund the 2015 Series A Bonds. The cash flow requirements on the 2015 Series A Bonds refunded was \$50 million from January 2026 through January 2036. The cash flow requirements on the 2025 Series A Bonds total \$38 million for the same period. In conjunction with the refunding, WMMPA terminated the interest rate swap associated with the 2015 Series A Bonds. The net present value savings resulting from the advance refunding and termination of the interest rate swap was approximately \$10 million.

Escrowed Bonds outstanding and considered defeased total \$35 and \$0 million at December 31, 2025 and 2024, respectively.

13. DERIVATIVE FINANCIAL INSTRUMENTS

On March 11, 2021, WMMPA executed two interest rate swap amendments related to the executed interest rates swaps. The two swaps were 1) a \$51 million swap for the 2012 Series A Bonds in which payments were expected to commence January 25, 2023, and 2) a \$35 million swap for the 2015 Series A Bonds in which payments will commence on January 21, 2026. The amendments replaced the taxable interest rate approved in the two rate swaps executed in March 2020 with a tax-exempt rate, which should more closely mirror the rate that WMMPA would expect to pay on refunding bonds when issued. WMMPA executed the interest rate swap agreements with Citibank, N.A. (Citi) to manage various risks associated with WMMPA's debt programs.

On October 15, 2025, WMMPA terminated the interest rate swap associated with the 2015 Series A Bonds. A gain of \$4 million was realized upon the termination of the interest rate swap. The gain is included in the unamortized loss on refunding and is being amortized over the remaining maturity of the 2025 Series bonds.

On October 19, 2022, WMMPA terminated the interest rate swap associated with the 2012 Series A Bonds. A gain of \$4 million was realized upon the termination of the interest rate swap. The gain is included in the unamortized loss on refunding and is being amortized over the remaining maturity of the 2022 Series bonds.

The interest rate swaps are a contractual agreement entered into between WMMPA and Citi under which each party agrees to exchange periodic fixed or variable payments, based upon a stated notional amount, over the stated life of the agreement. The net differential paid or received is recognized over the life of the agreement as an adjustment to interest expense. Interest rate swaps determined to be hedging derivatives are designated as cash flow hedges. The specific objectives for each category of effective hedges are summarized as:

- **Pay-Fixed, Receive-Variable Interest Rate Swaps** – WMMPA will pay a fixed rate and receive a variable rate on these swaps. On or about the effective date of the swap, WMMPA plans to issue fixed rate debt and either make or receive a termination payment, which would hedge the change in interest rates between the trade date of the swaps and the effective date of the swaps.

SIGNIFICANT TERMS, CHANGE IN FAIR VALUE, AND CREDIT RATINGS

There were no derivatives as of December 31, 2025, due to the termination of the interest rate swap. The significant terms and credit ratings of WMMPA's hedging derivatives as of December 31, 2024, are shown in the following tables. The variable rates are quoted in terms of the Securities Industry and Financial Markets Association (SIFMA) Swap Index. S&P, Moody's, and Fitch ratings are disclosed for each swap and forward contract.

Associated Bond Issue	Initial Notional Amount	Effective Date	Maturity Date	Terms	Change in Fair Value (12/31/2024)	Fair Value (12/31/2024)
(in thousands)						
Pay-Fixed, Receive-Variable Interest Rate Swaps						
2015 Series A Bonds	\$ 35,000	1/21/2026	1/1/2036	Pay 0.955%; receive SIFMA Swap Index	\$ 1,352	\$ 1,352

RISKS

Credit Risk – WMMPA is exposed to credit risk if the counterparty to an interest rate swap fails to meet the terms and obligations of its contracts.

WMMPA mitigates the credit risk associated with its swaps by entering into transactions with highly rated counterparties. The interest rate swap agreements also contain varying collateral requirements in the event of a credit rating downgrade. Swap contracts with a negative fair value do not expose WMMPA to credit risk. As of December 31, 2024 WMMPA was not exposed to credit risk due to the swaps being recorded in the positive position. The aggregate fair value of hedging derivative instruments in asset (positive) positions was \$4.9 million as of December 31, 2024.

Interest Rate Risk – WMMPA is not exposed to interest rate risk on its interest rate swaps. The pay-fixed, receive-variable interest rate swaps, WMMPA's net payment on the swap, increases as SIFMA swap index decreases.

Basis Risk – WMMPA is not exposed to basis risk due to participating in the pay-fixed, receive-variable interest rate swaps.

Termination Risk – Termination risk is the risk that the swap may be terminated prior to its scheduled maturity date as a result of certain specified events. The swaps associated with the 2015 Series A Bonds provide Citi and WMMPA with the option to terminate either swap under certain conditions at any time.

WMMPA or Citi may terminate any of the swaps if the other party fails to perform under the terms of the respective swap agreements. If any of the swaps are terminated, the associated variable-rate bonds would no longer have a synthetic fixed rate, and WMMPA would be subject to interest rate risk to the extent that the variable-rate bonds were not hedged with another swap or with variable-rate assets. Unless there is a termination option exercised by Citi, WMMPA would owe Citi a termination payment equal to the swap's negative fair value.

The swap agreements include optional early termination provisions granting WMMPA the right, but not an obligation, to terminate the interest rate swaps at par without a termination payment after an effective date or after the breach of certain counterparty credit ratings.

Rollover Risk – Rollover risk is the risk caused by a mismatch between the amortization of a derivative contract and the underlying hedged bonds.

None of WMMPA's effective interest rate swaps are subject to rollover risk, because the maturity dates of the swaps extend to the maturity dates of the related bonds.

Market-access Risk – Each swap associated with underlying variable rate debt subject to tender at the option of the bondholder is subject to market access risk.

If an early termination event occurs, WMMPA could be required to pay or to receive a substantial termination payment.

14. RATE MATTERS

As part of a plan to stabilize the cost of electrical energy to its members, the MRES Board of Directors (Board) has a policy to approve rates under the Long-term Power Sale Agreements that may include the use of the prior year's Net Position to fund a portion of subsequent years' operating expenses. Funds accumulated from prior years were not utilized in establishing the rates for 2024 and 2025. In 2021, the MRES Board approved deferring \$42 million of short-term power sales revenue that will be available to be utilized in subsequent years to stabilize rates. In 2022, the MRES Board approved recognizing \$6 million of the deferred revenue to stabilize rates. Total deferred revenues of \$36 million are included as a regulatory credit on the statement of net position as of December 31, 2025 and 2024.

15. RETIREMENT PLANS

MRES has a 401(k) defined contribution retirement plan covering substantially all of its employees that have more than one year of service. MRES contributes 10 percent of eligible payroll after one year of service, to the plan. Three percent of the MRES contribution is immediately vested, and the remaining 7 percent vests at the rate of 20 percent per year with full vesting after six years of service. Employer contributions totaled approximately \$1.5 million for both 2025 and 2024, or approximately 10 percent of covered payroll. Covered payroll was 97 of total payroll for both 2025 and 2024, respectively. Upon an employee's date of hire, the employee may contribute, on a voluntary basis, to the maximum allowed by law. Employee contributions to the plan totaled approximately \$1.5 million and \$1.4 million in 2025 and 2024, respectively, or approximately 9 and 10 percent of covered payroll for 2025 and 2024, respectively.

MRES has established a 457(b) defined contribution retirement plan covering substantially all of its employees. All contributions to the plan are voluntary employee contributions. MRES does not make any contributions to the plan.

Employee contribution to the plan totaled approximately \$0.5 million in both 2025 and 2024, or approximately 3 percent of covered payroll for both 2025 and 2024.

MRES acts as plan administrator for both plans, and all plan changes are approved by the MRES Board. Employees are responsible for directing in which funds offered in the plans their balance is invested.

16. CONTINGENCIES, COMMITMENTS, AND LITIGATION GENERAL

MRES and WMMPA are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; natural disasters; errors and omissions; injuries to employees and others; and healthcare of MRES employees. MRES and WMMPA carry commercial insurance, subject to certain limits and deductibles, to reduce the financial impact if claims for these risks are asserted or judgments awarded. In May 2022, a tornado caused damage to the Elbow Lake Substation and transmission lines. The transmission lines that were damaged qualified to receive funds from the Federal Emergency Management Agency (FEMA). WMMPA received approximately \$1.4 million from FEMA on February 23, 2024. The coverages in effect were substantially the same for both 2025 and 2024. The deductibles increased \$350,000 for gas turbines and \$150,000 in the base deductible in 2024.

Effective January 1, 2021, MRES switched from a fully insured health insurance plan to a self-funded health insurance plan. MRES mitigated some of the risk of higher than normal claims with stop loss coverage. During 2024 and 2025, the health costs incurred under the self-insured plan were less than the premiums that would have been paid under a fully funded plan. MRES and WMMPA are subject to continually changing federal, state, and regional environmental, health, and safety standards, laws, and regulations. These changes may arise from legislative, regulatory, and judicial action taken in response to public safety and environmental concerns. Compliance with such laws and regulations could result in increased operating costs and reduced operation levels. An inability to comply with certain laws and regulations could result in the complete shutdown of generating units and transmission facilities. At December 31, 2025, MRES and WMMPA believe they are in material compliance with all environmental, health, and safety regulations.

CONTRACT COMMITMENTS

WMMPA has entered into various contracts for the construction of generation and transmission projects. As of December 31, 2025, the remaining obligation on these contract commitments totaled approximately \$194.3 million.

CLEAN AIR ACT

CAA 111(d) Carbon Pollution Emission Guidelines for Existing Stationary Sources:

On May 9, 2024, the Environmental Protection Agency (EPA) published final emission guidelines for states to use in establishing performance standards for regulating carbon dioxide (CO₂) emissions from existing power plants under Section 111(d) of the Clean Air Act (commonly referred to as the “GHG Rule”). The GHG Rule establishes emission guidelines for two categories of coal-fired electric generating units (EGUs): medium-term and long-term. EGUs that permanently cease operation before January 1, 2032, are exempt. The emission guidelines for medium-term facilities – operating on or after January 1, 2032, and ceasing operating by January 1, 2039 – are based on co-firing 40% natural gas. The compliance date for medium-term facilities is January 1, 2030. The emission guidelines for long-term facilities – operating on or after January 1, 2039 – are based on 90% capture of CO₂. The compliance date for long-term facilities is January 1, 2032. States must submit plans setting standards for existing sources using these emission guidelines and incorporating other factors.

Industry and several states have filed petitions for review in the D.C. Circuit Court of Appeals, which is being held in abeyance while EPA reconsiders the GHG Rule. On June 17, 2025, EPA issued a proposed rule to repeal the GHG Rule. EPA is expected to issue a final rule in 2026. The final rule will almost certainly be litigated. The ultimate nature of CO₂ regulation for the power industry is unknown, and this issue is likely to remain unsettled for many years. Thus, it is not possible to predict the estimated financial or operational impact of any future regulations. It is clear that utilities will continue to face significant regulatory uncertainty in this area and could be subject to CO₂ regulations imposed by states seeking to enact their own CO₂ reduction plans.

CCR Rule:

The 2015 Coal Combustion Residuals (CCR) Rule (CCR Rule) mandated closure of unlined surface impoundments upon a specified triggering event. In December 2019, EPA published proposed amendments to the CCR Rule that included new deadlines to cease waste receipt and initiate closure for unlined surface impoundments. The proposed amendments indicated all five unlined surface impoundments at LRS would be required to cease accepting CCR waste streams. On July 29, 2020, EPA released a final rule, which established April 11, 2021, as the cease waste receipt deadline for unlined surface impoundments.

BEPC, as Operating Agent for MBPP, is in the process of implementing a long-term compliance plan for the surface impoundments to meet the CCR Rule. Four surface impoundments have been retrofitted and are in compliance with the CCR Rule. The remaining surface impoundment stopped receiving waste by the April 2021 deadline and is in the process of retrofit or closure activities. The cost to close and retrofit the five surface impoundments at LRS is estimated at \$63.76 million (with \$63.66 million spent to date), which would result in costs of \$11.0 million to WMMPA.

MATS Rule: On May 7, 2024, EPA published a final rule to strengthen and update the Mercury and Air Toxics Standards (MATS) for coal- and oil-fired power plants (commonly referred to as the “MATS Revision Rule”). The MATS Revision Rule eliminates the lignite subcategory for mercury emission limits, lowers the filterable particulate matter limits, and requires all units to install a particulate matter continuous emissions monitoring system. On February 24, 2026, EPA issued a final rule repealing the MATS Revision Rule. The repeal returns affected facilities, including LRS, to the standards established in the 2012 MATS Rule.

Ozone Transport Rule: On March 15, 2023, EPA issued a final rule known as the Ozone Transport Rule to address the interstate transport of air pollution from several states pursuant to the “Good Neighbor” provision of the 2015 Ozone National Ambient Air Quality Standard (NAAQS). The Ozone Transport Rule imposes new requirements for reducing Nitrogen Oxide (NO_x) emissions from power plants located in 23 upwind states. The reductions in NO_x emissions are intended to prevent power plants in the covered states from significantly contributing to nonattainment or interfering with maintenance of the 2015 ozone NAAQS in other states. The Ozone Transport Rule increases the stringency of EPA’s current ozone-season NO_x trading program. On January 30, 2026, EPA issued a proposed rule to conclude that ten states, including Iowa, are meeting their interstate transport requirements for the 2015 ozone NAAQS. If finalized as proposed, affected facilities, including Exira Station, would be removed from any additional seasonal NO_x control requirements imposed under the Good Neighbor Program that is currently be reconsidered by EPA.

Regional Haze: The Regional Haze provisions of the Clean Air Act require states to develop and implement air quality protection plans to reduce pollution that causes visibility impairment in national parks and wilderness areas. To comply with the Wyoming and Federal implementation plans for the first planning period of the Regional Haze Program, LRS installed over-fire air technology and low- NO_x burners for all three units, selective catalytic reduction equipment on Unit 1 and selective non-catalytic reduction equipment on Unit 2 and Unit 3. On December 2, 2024, EPA issued a final partial approval and partial disapproval of Wyoming’s implementation plan for the second planning period (2021-2028) of the Regional Haze Program. On January 31, 2025, BEPC filed a petition for reconsideration with EPA and petition for judicial review of the disapproval. Wyoming and other industry stakeholders filed similar petitions. EPA has granted the petitions for reconsideration but has not yet issued a new proposal.

SUPPLEMENTARY INFORMATION

Western Minnesota Municipal Power Agency
Statements of Net Position

	December 31	
	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:		
Current Assets:		
	(thousands of dollars)	
Cash and cash equivalents:		
Restricted	\$ 32,112	\$ 34,080
Unrestricted	27,430	4,111
Total cash and cash equivalents	59,542	38,191
Short-term investments:		
Restricted	8,697	7,974
Unrestricted	13,802	20,408
Total short-term investments	22,499	28,382
Accounts receivable	10,143	6,881
Advances to MBPP	4,928	4,488
Fuel stock	11,227	13,143
Materials and supplies	8,642	7,147
Interest receivable	550	450
Prepayments and other current assets	6,710	5,830
Total Current Assets	124,241	104,512
Non-Current Assets:		
Long-term investments:		
Restricted	33,277	34,478
Unrestricted	18,214	24,599
Total long-term investments	51,491	59,077
Capital Assets:		
Utility plant in service	1,062,609	1,045,177
Less-accumulated depreciation	(350,616)	(331,959)
Net utility plant in service	711,993	713,218
Construction work in progress	35,155	19,067
Net Capital Assets	747,148	732,285
Advances for mine development	497	570
Unamortized debt expense - regulatory asset	2,645	2,616
Other non-current assets	276	5,144
Total Assets	926,298	904,204
Deferred Outflows of Resources:		
Asset Retirement Obligation	2,385	2,384
Unamortized loss on reacquired debt	3,144	9,185
Total Deferred Outflows of Resources	5,529	11,569
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 931,827	\$ 915,773

Western Minnesota Municipal Power Agency
Statements of Net Position

	December 31	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:	2025	2024
Current Liabilities:	(thousands of dollars)	
Accounts payable - unrestricted	\$ 12,537	\$ 17,667
Accrued taxes	2,991	2,886
Current liabilities payable from restricted assets:		
Accounts payable - restricted	7,470	7,314
Current maturities of revenue bonds	15,435	14,765
Accrued interest	10,848	12,054
Total Current Liabilities	49,281	54,686
Non-Current Liabilities:		
Revenue bonds:		
Principal outstanding	531,655	554,770
Unamortized debt premium	11,252	10,884
Revenue bonds, excluding current maturities	542,907	565,654
Asset retirement obligation	9,376	8,523
Note Payable to MRES	236,279	186,279
Total Non-Current Liabilities	788,562	760,456
Total Liabilities	837,843	815,142
Deferred Inflows of Resources:		
Revenues collected for future costs - regulatory credit	36,464	38,244
Accumulated change in fair value of hedging derivatives	-	4,867
Total Deferred Inflows of Resources	36,464	43,111
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	874,307	858,253
 Net Position:		
Net investment in capital assets	190,641	159,372
Restricted:		
Debt service	55,795	55,544
Capital additions	52	135
Other power supply	1,230	3,164
Total Restricted	57,077	58,843
Unrestricted	(190,198)	(160,695)
Total Net Position	57,520	57,520
TOTAL LIABILITIES, DEFERRED INFLOWS AND RESOURCES AND NET POSITION	\$ 931,827	\$ 915,773

Western Minnesota Municipal Power Agency
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31

	<u>2025</u>	<u>2024</u>
Operating Revenues:	(thousands of dollars)	
Revenues billed MRES	\$ 89,922	\$ 90,799
Other operating income	<u>935</u>	<u>1,304</u>
Total Operating Revenues	<u>90,857</u>	<u>92,103</u>
 Operating Expenses:		
Fuel	28,452	22,037
Purchased power and other power supply operation and maintenance	23,834	22,590
Depreciation and amortization	20,935	19,331
Transmission operation and maintenance	3,129	2,869
Administrative and general	9,059	8,384
Property taxes	<u>3,598</u>	<u>3,500</u>
Total Operating Expenses	<u>89,007</u>	<u>78,711</u>
Operating Income	<u>1,850</u>	<u>13,392</u>
 Non-Operating Revenues (Expenses):		
Investment income	4,297	4,362
Other income	11,940	2,271
Other expense	(438)	(486)
Interest expense	(23,148)	(24,108)
Amortization of financing related costs and premium	1,311	1,694
Unrealized gain (loss) on investments	2,407	1,153
Net costs recoverable in (for) future years:		
Depreciation and amortization in excess of (lower than) principal and amortization of debt related costs and premium	4,188	2,872
Unrealized gain (loss) on investments	<u>(2,407)</u>	<u>(1,153)</u>
Total Non-Operating Expenses	<u>(1,850)</u>	<u>(13,395)</u>
Increase in net position, before capital contributions	-	(3)
Capital contributions	<u>-</u>	<u>3</u>
Change in Net Position	-	-
 Net Position:		
Beginning of year	<u>57,520</u>	<u>57,520</u>
End of year	<u>\$ 57,520</u>	<u>\$ 57,520</u>

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Directors of
Missouri Basin Municipal Power Agency
d/b/a Missouri River Energy Services and
Western Minnesota Municipal Power Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the combined financial statements of Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services and Western Minnesota Municipal Power Agency (MRES and WMMPA), as of and for the year ended December 31, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 2, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MRES and WMMPA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MRES and WMMPA's internal control. Accordingly, we do not express an opinion on the effectiveness of MRES and WMMPA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MRES and WMMPA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
April 2, 2026

PART II – State of Iowa Statutory Reporting

- 25-II-A Official Depositories – A resolution naming official depositories has been approved by the Board of Directors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended December 31, 2025.
- 25-II-B Certified Budget – Disbursements during the year ended December 31, 2025 did not exceed the amounts budgeted.
- 25-II-C Questionable Disbursements – We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 25-II-D Travel Expense – No disbursements of MRES and WMMPA money for travel expenses of spouses of MRES and WMMPA officials or employees were noted.
- 25-II-E Business Transactions – We noted no business transactions between MRES and WMMPA and MRES and WMMPA officials or employees.
- 25-II-F Bond Coverage – Surety bond coverage of MRES and WMMPA officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 25-II-G Board Minutes – No transactions were found that we believe should have been approved in the board minutes but were not.
- 25-II-H Deposits and Investments – We noted no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the MRES/WMMPA investment policy.
- 25-II-I Revenue Bonds – MRES has no revenue bonds outstanding. No instances of non-compliance with the WMMPA revenue bond provisions were noted.
- 25-II-K The audit identified the following material weakness:
No material weaknesses were noted during the audit.