



809 Centennial Way
Lansing, Michigan 48917

FINANCIAL STATEMENTS

December 31, 2024

MICHIGAN PUBLIC POWER AGENCY

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Independent Auditors' Report

To the Board of Commissioners of
Michigan Public Power Agency

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Michigan Public Power Agency (the Agency), as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of the Agency as of December 31, 2024 and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency'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 basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic 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 is fairly stated in all material respects, in relation to the financial statements as a whole.

Prior Year Comparative Information

We have previously audited the Agency's 2023 financial statements and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and each major fund in our report dated April 4, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is presented fairly, in all material respects, with the audited financial statements from which it has been derived.

Baker Tilly US, LLP

Madison, Wisconsin
April 2, 2025

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED)**

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2024

The management of Michigan Public Power Agency (MPPA) offers all persons interested in the financial position of MPPA this narrative, overview, and analysis of MPPA's financial performance during the years ended December 31, 2024, and 2023. It should be read in conjunction with MPPA's financial statements and the accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. MPPA is a municipal power joint action agency and follows proprietary fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Proprietary fund statements offer financial information about the activities and operations of MPPA.

The financial statements are designed to provide readers with a broad overview of MPPA's finances, in a manner like a private sector business.

MPPA owns and administers eight Projects. Seven Projects provide power supply resources and services and one, the General Fund, invests in and manages the infrastructure and systems to operate the General Agency. These Projects are:

- Campbell #3
- Belle River
- Combustion Turbine
- Energy Services
- Transmission
- Landfill Renewable Energy
- AMP Fremont Energy Center (AFEC)
- General Fund

MPPA has different participating members in each Project who are each responsible for their share of all administrative, debt service, and operating expenses.

Each Project is financially independent from one another, supported entirely by the participating members. No monies can be shared between Projects.

The Statement of Revenues, Expenses, and Changes in Net Position presents information reflecting changes in MPPA's net position during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 18 of this report.

MPPA FINANCIAL ANALYSIS

An analysis of MPPA's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position. These two statements report MPPA's net position and changes therein. Consideration must be taken when evaluating MPPA's financial position and results of operations when using the financial presentations due to the legal separation that must be maintained between Projects. However, broad patterns and trends may be observed at this level that should lead the reader to carefully study the financial statements of each Project.

A summary of MPPA's Statement of Net Position is presented below in Table 1. The Statement of Revenues, Expenses, and Changes in Net Position is summarized in Table 2.

MPPA uses fund accounting, Federal Energy Regulatory Commission (FERC) accounting, and special utility industry terminology to ensure and demonstrate compliance with finance-related legal requirements.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2024

MPPA FINANCIAL ANALYSIS (cont.)

Table 1
Statement of Net Position

	<u>2024</u>	<u>2023</u>
Current Assets	\$ 155,879,007	\$ 117,916,015
Non-Current Assets		
Capital Assets	204,546,543	185,566,528
Other Assets	<u>18,324,064</u>	<u>23,123,733</u>
Total Assets	<u>378,749,614</u>	<u>326,606,276</u>
Deferred Outflows of Resources	<u>17,186,293</u>	<u>4,528,430</u>
Current Liabilities		
Accrued Interest Payable	246,703	231,723
Revenue Bonds Payable	4,435,000	4,370,000
Other Current Liabilities	<u>35,827,448</u>	<u>26,159,882</u>
Total Current Liabilities	40,509,151	30,761,605
Non-Current Liabilities		
Liabilities Payable from Restricted Assets		
Member Deposits	27,302,473	26,508,748
Asset Retirement Obligation	18,459,193	5,490,290
Revenue Bonds Payable, Less Current Portion	47,850,000	26,280,000
Unamortized Premium on Bonds Payable	<u>2,097,725</u>	<u>-</u>
Total Non-Current Liabilities	<u>95,709,391</u>	<u>58,279,038</u>
Total Liabilities	<u>136,218,542</u>	<u>89,040,643</u>
Deferred Inflows of Resources	<u>524,974</u>	<u>693,573</u>
Net Position		
Net Investment in Capital Assets	168,607,978	154,222,955
Restricted	4,689,837	4,672,487
Unrestricted	<u>85,894,576</u>	<u>82,505,048</u>
Total Net Position	<u>\$ 259,192,391</u>	<u>\$ 241,400,490</u>

MICHIGAN PUBLIC POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2024

MPPA FINANCIAL ANALYSIS (cont.)

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

	<u>2024</u>	<u>2023</u>
Gross Operating Revenues	\$ 269,725,517	\$ 259,878,345
Non-Operating Revenues	5,014,164	4,158,330
Total Revenues	<u>274,739,681</u>	<u>264,036,675</u>
Depreciation Expense	19,532,513	17,117,076
Other Operating Expenses	235,877,673	232,544,207
Non-Operating Expenses	1,537,594	460,870
Total Expenses	<u>256,947,780</u>	<u>250,122,153</u>
Change in Net Position	17,791,901	13,914,522
Beginning Net Position	<u>241,400,490</u>	<u>227,485,968</u>
Ending Net Position	<u>\$ 259,192,391</u>	<u>\$ 241,400,490</u>

Energy Delivered by Project

	2024		2023	
Project	Capacity Factor	MWh	Capacity Factor	MWh
Campbell #3	79.5%	281,882	67.5%	239,156
Belle River	48.6%	1,029,463	51.0%	1,081,856
Combustion Turbine	9.0%	47,743	11.3%	54,536
Energy Services	N/A	2,016,001	N/A	1,972,929
Landfill	N/A	141,127	N/A	125,643
AFEC	70.0%	213,597	59.7%	182,084

Campbell #3 Project

MPPA has a 4.80% undivided ownership share in J.H Campbell Unit #3, a coal-fired electric generation resource located in Ottawa County, Michigan. Consumers Energy, a regulated operating subsidiary of CMS Energy Corporation, and Wolverine Power Supply Cooperative own the remaining shares of the facility. 10 of MPPA's members participate in this Project. Commercial operation began in September 1980. Campbell #3 is expected to retire on May 31, 2025.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2024

MPPA FINANCIAL ANALYSIS (cont.)

Belle River Project

MPPA has a 18.61% undivided ownership share in Belle River Power Plant, a 2-unit coal-fired electric generation resource in St. Clair County, Michigan. DTE Electric, a regulated operating subsidiary of DTE Energy, owns the remaining share of the facility. Commercial operation commenced at Belle River Unit 1 in August 1984 and Belle River Unit 2 in July 1985. The Belle River Power Plant will be converted to a natural gas-fired peaking resource. Unit 1 is expected to be converted in Q4-2025 and Unit 2 in Q4-2026. 11 of MPPA's members participate in this Project.

Combustion Turbine Project

MPPA owns 100% of the Combustion Turbine Project, a natural gas fired simple cycle electric generation peaking resource located in Kalkaska County, Michigan. Commercial operation began in December 2002. Five of MPPA's members participate in this Project.

Energy Services Project

MPPA owns 100% of the Energy Services Project (ESP). ESP is a contracted power project that executes power purchase agreements with wholesale market participants and developers. ESP also provides market operation services interfacing participating member load and supply resources in the MISO and PJM Regional Transmission Organizations. 21 of MPPA's members participate in this Project.

Landfill Renewable Energy Project

MPPA owns 100% of the Landfill Renewable Energy Project. This Project was formed in response to the passage of Michigan Public Act 295 of 2008. The Act promotes the development of clean and renewable energy. It is a contracted power project where MPPA purchases all power supply and environmental attributes produced by designated landfill gas fueled power generation resources. 14 of MPPA's members participate in this Project.

Transmission Project

MPPA has varying percentages of undivided ownership in designated high voltage electric transmission facilities in Michigan. 13 of MPPA's members participate in this Project.

AMP Fremont Energy Center Project (AFEC)

MPPA has a 5.16% undivided ownership share in the Fremont Energy Center, a natural gas fired combined cycle electric power generation resource located in Sandusky County, Ohio. American Municipal Power (AMP) owns the remaining share of the Project. Commercial operation began in January 2012. 13 of MPPA's members participate in this Project.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2024

MPPA FINANCIAL ANALYSIS (cont.)

General Fund

The General Fund invests in and administers the resources necessary to operate the General Agency. The General Fund is financially supported by member dues as well as contributions from MPPA's service committees, MMEA, and Associate member dues. The service committees provide a venue for MPPA members and municipal utilities that are not MPPA members to participate in activities that do not require financing or the acquisition of assets, including power supply exploration, regulatory compliance, and member operations. The service committees are treated as separate sub-accounts under the General Fund for accounting purposes.

CAPITAL ASSETS

MPPA's investment in capital assets as of December 31, 2024, is \$204,546,543 (net of accumulated depreciation). This investment in capital assets includes investment in plants, transmission systems, land, buildings, improvements, machinery, and equipment. See Note 6 for additional details.

LONG-TERM DEBT

On December 31, 2024, MPPA had a total of \$136,218,542 in total outstanding liabilities. Of this amount, the following represents bond payments payable:

Long Term Debt - Bonds

Combustion Turbine #1 Project	\$ 6,290,000
AMP Fremont Energy Center Project (AFEC)	19,990,000
Belle River Natural Gas Repowering	26,005,000
	<u>\$ 52,285,000</u>

See Note 7 for additional details.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2024

RISK FACTORS & CONSIDERATIONS

The electric utility industry is undergoing a significant transformation. The forces of decarbonization, decentralization, and consumerization driven by technological innovation are rapidly changing how electricity is produced, delivered, and consumed. Public Policy and Law changes at the State and Federal level, along with consumer preferences, are driving significant investment in clean energy and related technologies. Public power utilities and municipal power joint action agencies like MPPA face several risk factors driven by this transformation as well as traditional risks of operating in the electric utility industry. These factors include, but are not limited to: 1) meeting future reliability requirements with rapidly changing power supply resource technologies, 2) end-use customer preferences to own and/or control power supply decisions, 3) potential changes to federal and state energy laws and/or regulatory compliance that could impact the operation of the electric generating units we own or contract supply from, 4) increased competition to serve our member end-use customers from independent power producers, distributed generation, and energy marketers, 5) ability to issue tax exempt financing at competitive rates, 6) load forecasting uncertainty due to economic factors, load growth, energy efficiency, or customer control technologies, 7) volatility of the pricing and/or availability of fuel used to produce power, 8) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy, capacity, fuel, and transmission, and 9) issues relating to cyber security failures. Any of these risk factors, as well as other factors, may influence the financial condition of MPPA and/or its municipal members.

The Clean Energy & Climate Action Package of energy legislation signed by Michigan Governor Whitmer in November 2023 as well as the Infrastructure Investment and Jobs Act passed in November 2021 and the Inflation Reduction Act passed in August of 2022 are and will continue to have significant impact on the electric utility industry. These laws are designed, among other objectives, to modernize energy infrastructure and transition to a clean energy economy. MPPA and its members must navigate implementation of these laws to ensure equal treatment as well as ensure we continue to provide reliable and affordable power supply.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2024

MICHIGAN LEGISLATION

In November 2023, Governor Gretchen Whitmer signed the Clean Energy & Climate Action Package of legislation (Public Acts 229, 231, 233, 234 and 235) that focused on implementing into law recommendations from the MI Healthy Climate Plan, an Executive Directive. The Public Acts address clean energy standards, renewable and energy waste reduction standards, renewable project siting procedures, energy storage targets, and updates to integrated resource plan filing requirements.

Public Act 235 requires an electric provider to achieve a renewable energy credit portfolio of at least the following: (a) through 2029, 15%; (b) in 2030 and through 2034, 50%; and (c) in 2035 and each year thereafter, 60%. It also sets forth a clean energy standard that electric providers must achieve: a) in 2035 through 2039, 80%; and b) in 2040 and each year thereafter, 100%.

Public Act 229 reinstates the energy waste reduction (EWR) requirements for municipal electric utilities and cooperatives. Each year, beginning in 2026, an EWR plan shall achieve incremental energy savings equivalent to 1.5% of total retail electricity sales in megawatt hours calculated from the preceding year. It also requires each utility to offer a low-income EWR program.

Since 2022, the Michigan Municipal Electric Association spent considerable time advocating for legislation that would provide Michigan's municipal power Joint Action Agencies more flexibility in how they conduct meetings while staying in compliance with the Open Meeting Act (OMA). Legislative amendments to the OMA were made and became effective in February 2024.

CONTACTING MPPA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our members, investors, and creditors with a general overview of MPPA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Laurie Valasek, CFO, Michigan Public Power Agency, lvalasek@mpower.org.

MICHIGAN PUBLIC POWER AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2023)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS DECEMBER 2024	DECEMBER 2023
CURRENT ASSETS										
Cash & Cash Equivalents										
Operation & Maintenance Account	\$ 1,357,810	\$ 9,891,325	\$ 1,263,742	\$ 615,201	\$ 1,099,995	\$ 2,048,469	\$ 6,818,067	\$ -	\$ 23,094,609	\$ 21,138,137
Project Account	5,798,832	27,645,083	97,475	-	-	5,940,727	-	-	39,482,117	25,959,528
Working Capital / Other	-	-	-	-	133,505	-	13,639,339	2,112,920	15,885,764	14,479,884
Total Cash and Cash Equivalents	7,156,642	37,536,408	1,361,217	615,201	1,233,500	7,989,196	20,457,406	2,112,920	78,462,490	61,577,549
Restricted Cash - Debt Service	-	-	2,119,684	-	-	2,532,246	-	-	4,651,930	4,619,600
Restricted Cash - Construction Fund	-	18,969,134	-	-	-	-	-	-	18,969,134	-
Investments - Unrestricted	2,969,433	6,084,516	1,197,110	165,152	305,180	2,161,591	5,524,302	542,929	18,950,213	16,206,621
Accrued Interest Receivable	17,870	62,437	12,284	1,695	3,132	22,181	56,688	5,571	181,858	228,492
Accounts Receivable	1,889,941	10,322,578	673,620	512,851	-	5,295	5,601,723	239,531	19,245,539	19,502,415
Fuel Inventory	881,600	9,376,189	31,411	-	-	-	-	-	10,289,200	10,572,621
Materials & Supplies Inventory	-	4,986,549	142,094	-	-	-	-	-	5,128,643	5,208,717
Total Current Assets	12,915,486	87,337,811	5,537,420	1,294,899	1,541,812	12,710,509	31,640,119	2,900,951	155,879,007	117,916,015
NON-CURRENT ASSETS										
Capital Assets										
Utility Plant	84,784,052	523,566,302	35,427,747	3,335,511	-	32,662,020	-	-	679,775,632	646,700,477
Building & Land	244,547	154,027	48,500	-	-	27,598	-	1,725,408	2,200,080	2,308,849
Accumulated Depreciation	(52,691,458)	(392,125,859)	(20,069,731)	(633,969)	-	(10,755,287)	-	(1,152,865)	(477,429,169)	(463,442,798)
Net Property & Equipment	32,337,141	131,594,470	15,406,516	2,701,542	-	21,934,331	-	572,543	204,546,543	185,566,528
Prepaid Expenses & Deposits	760,145	3,890,000	115,766	-	-	771,120	250,000	492,372	6,279,403	6,038,684
Designated Cash										
O & M / Fuel Reserve	1,050,000	-	-	-	-	-	-	-	1,050,000	1,050,000
Investments - Unrestricted	1,454,802	3,523,840	693,305	95,647	176,744	1,251,883	3,199,393	314,437	10,710,051	15,750,439
Restricted Cash - Other	-	-	-	-	-	284,610	-	-	284,610	284,610
Total Non-Current Assets	35,602,088	139,008,310	16,215,587	2,797,189	176,744	24,241,944	3,449,393	1,379,352	222,870,607	208,690,261
TOTAL ASSETS	48,517,574	226,346,121	21,753,007	4,092,088	1,718,556	36,952,453	35,089,512	4,280,303	378,749,614	326,606,276
DEFERRED OUTFLOWS OF RESOURCES										
Asset Retirement Obligations	\$ 3,874,868	\$ 13,311,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,186,293	\$ 4,528,430

MICHIGAN PUBLIC POWER AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2023)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS DECEMBER 2024	DECEMBER 2023
CURRENT LIABILITIES										
Accounts Payable and Accrued Expense	\$ 1,412,784	\$ 20,120,417	\$ 892,467	\$ 960,750	\$ 1,338,868	\$ 308,039	\$ 9,148,452	\$ 1,279,905	\$ 35,461,682	\$ 26,042,049
Member Deposits/Security Deposits	-	-	115,766	-	-	-	250,000	-	365,766	117,833
Accrued Interest Payable	-	46,953	-	-	-	-	-	-	46,953	-
Liabilities Payable from Restricted Assets										
Accrued Interest Payable	-	-	41,829	-	-	157,921	-	-	199,750	231,723
Revenue Bonds Payable - Current	-	-	2,070,000	-	-	2,365,000	-	-	4,435,000	4,370,000
Total Current Liabilities	1,412,784	20,167,370	3,120,062	960,750	1,338,868	2,830,960	9,398,452	1,279,905	40,509,151	30,761,605
NON-CURRENT LIABILITIES										
Member Deposits	760,145	3,890,000	-	-	133,505	-	22,518,823	-	27,302,473	26,508,748
Revenue Bonds Payable	-	26,005,000	4,220,000	-	-	17,625,000	-	-	47,850,000	26,280,000
Unamortized Premium on Bonds Payable	-	2,097,725	-	-	-	-	-	-	2,097,725	-
Asset Retirement Obligation	4,001,880	14,457,313	-	-	-	-	-	-	18,459,193	5,490,290
Total Non-Current Liabilities	4,762,025	46,450,038	4,220,000	-	133,505	17,625,000	22,518,823	-	95,709,391	58,279,038
TOTAL LIABILITIES	6,174,809	66,617,408	7,340,062	960,750	1,472,373	20,455,960	31,917,275	1,279,905	136,218,542	89,040,643
DEFERRED INFLOWS OF RESOURCES										
Gain on Refunding	-	-	30,940	-	-	494,034	-	-	524,974	693,573
NET POSITION										
Net Investment in Capital Assets	32,337,141	122,460,879	9,085,576	2,701,542	-	1,450,297	-	572,543	168,607,978	154,222,955
Restricted - Debt Service	-	-	2,077,855	-	-	2,374,325	-	-	4,452,180	4,387,877
Restricted - Reserve & Contingency	-	-	-	-	-	284,610	-	-	284,610	284,610
Unrestricted (Deficit)	13,880,492	50,579,259	3,218,574	429,796	246,183	11,893,227	3,172,237	2,427,855	85,847,623	82,505,048
TOTAL NET POSITION	\$ 46,217,633	\$ 173,040,138	\$ 14,382,005	\$ 3,131,338	\$ 246,183	\$ 16,002,459	\$ 3,172,237	\$ 3,000,398	\$ 259,192,391	\$ 241,400,490

MICHIGAN PUBLIC POWER AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2023)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS DECEMBER 2024	DECEMBER 2023
OPERATING REVENUES										
Gross Revenue	\$ 12,849,820	\$ 77,784,600	\$ 8,388,980	\$ 1,245,179	\$14,567,604	\$11,749,915	\$ 139,538,045	\$ -	\$ 266,124,143	\$ 256,010,798
Jt Zone Transmission Revenue	-	-	-	6,256,080	-	-	-	-	6,256,080	5,798,705
Jt Zone Transmission Distribution	-	-	-	(6,211,596)	-	-	-	-	(6,211,596)	(5,754,180)
Other	-	-	-	-	-	-	-	3,556,890	3,556,890	3,823,022
Total Operating Revenues	12,849,820	77,784,600	8,388,980	1,289,663	14,567,604	11,749,915	139,538,045	3,556,890	269,725,517	259,878,345
OPERATING EXPENSES										
Cost of Energy - Produced	9,629,058	40,804,652	2,398,352	-	-	6,884,308	-	-	59,716,370	60,240,517
Cost of Power & Capacity - Purchased	-	-	-	-	15,259,403	1,092,269	112,102,870	-	128,454,542	123,357,089
Energy Market Overhead Fees	47,847	226,183	9,568	-	-	-	954,981	-	1,238,579	1,089,760
Rec Purchase/(Disbursement)	-	-	-	-	-	-	-	-	-	-
Transmission	1,803,088	5,640,374	1,253,526	1,159,466	-	394,606	24,445,749	-	34,696,810	35,406,769
Other	-	-	-	-	(857,142)	-	68,250	-	(788,892)	56,951
Administrative & General	509,827	4,500,891	1,423,877	130,197	165,343	427,884	1,966,194	3,436,051	12,560,263	12,393,121
Depreciation	2,678,914	14,764,639	1,088,607	73,381	-	872,555	-	54,417	19,532,513	17,117,076
Total Operating Expenses	14,668,734	65,936,739	6,173,930	1,363,044	14,567,604	9,671,622	139,538,045	3,490,468	255,410,186	249,661,283
Operating Income (Loss)	\$ (1,818,914)	\$ 11,847,861	\$ 2,215,050	\$ (73,381)	\$ -	\$ 2,078,293	\$ -	\$ 66,422	\$ 14,315,331	\$ 10,217,062

MICHIGAN PUBLIC POWER AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2023)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS DECEMBER 2024	TOTALS DECEMBER 2023
NONOPERATING REVENUES (EXPENSES)										
Interest Cost Incurred	\$ -	\$ (46,953)	\$ (83,657)	\$ -	\$ -	\$ (315,842)	\$ -	\$ -	\$ (446,452)	\$ (460,000)
Amortization of Financing-Related Costs	-	2,282	30,671	-	-	137,929	-	-	170,882	194,623
Bond Issuance Expense	-	(385,550)	-	-	-	-	-	-	(385,550)	-
Investment Income	446,926	1,488,599	313,046	39,965	76,228	560,461	1,253,883	141,774	4,320,882	3,032,937
Net Change in Fair Value of Investments	133,401	131,586	21,954	3,277	6,625	44,392	110,774	11,416	463,425	872,214
Lease Income	-	-	-	-	-	-	-	58,975	58,975	58,556
Loss on Disposition of Assets	-	-	(606,796)	-	-	(98,796)	-	-	(705,592)	-
Miscellaneous	-	-	-	-	-	-	-	-	-	(870)
Total Nonoperating Revenues (Expenses)	580,327	1,189,964	(324,782)	43,242	82,853	328,144	1,364,657	212,165	3,476,570	3,697,460
CHANGE IN NET POSITION	\$ (1,238,587)	\$ 13,037,825	\$ 1,890,268	\$ (30,139)	\$ 82,853	\$ 2,406,437	\$ 1,364,657	\$ 278,587	\$ 17,791,901	\$ 13,914,522
CHANGE IN NET POSITION	\$ (1,238,587)	\$ 13,037,825	\$ 1,890,268	\$ (30,139)	\$ 82,853	\$ 2,406,437	\$ 1,364,657	\$ 278,587	\$ 17,791,901	\$ 13,914,522
NET POSITION - BEGINNING OF YEAR	47,456,220	160,002,313	12,491,737	3,161,477	163,330	13,596,022	1,807,580	2,721,811	241,400,490	227,485,968
NET POSITION - END OF YEAR	\$ 46,217,633	\$ 173,040,138	\$ 14,382,005	\$ 3,131,338	\$ 246,183	\$ 16,002,459	\$ 3,172,237	\$ 3,000,398	\$ 259,192,391	\$ 241,400,490

MICHIGAN PUBLIC POWER AGENCY
STATEMENT OF CASH FLOWS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2023)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS DECEMBER 2024	DECEMBER 2023
OPERATING ACTIVITIES										
Received from Customers	\$ 12,429,065	\$ 78,740,520	\$ 8,511,672	\$ 1,195,352	\$ 15,424,747	\$ 11,857,200	\$ 139,309,217	\$ 3,357,385	\$ 270,825,158	\$ 266,657,300
Paid to Suppliers for Goods and Services	(10,843,501)	(43,481,127)	(4,160,995)	(1,057,200)	(15,346,414)	(8,477,092)	(138,166,269)	(1,489,862)	(223,022,460)	(236,189,694)
Paid to Employees for Services	(304,276)	(435,180)	(328,115)	(63,925)	(123,082)	(219,090)	(1,077,270)	(1,356,696)	(3,907,634)	(3,622,286)
Net Cash Flows From (Used in) Operating Activities	1,281,288	34,824,213	4,022,562	74,227	(44,749)	3,161,018	65,678	510,827	43,895,064	26,845,321
CAPITAL AND RELATED FINANCING ACTIVITIES										
Acquisition and Construction of Utility Plant	(157,358)	(33,021,027)	(4,503,756)	-	-	(247,097)	-	(195,753)	(38,124,991)	(9,873,429)
Net Proceeds from Sale of Bonds, Net of Premium										
Received and Issuance Costs Paid	-	27,719,458	-	-	-	-	-	-	27,719,458	-
ARO, Decommissioning, and Remediation	(782,091)	-	-	-	-	-	-	-	(782,091)	-
Principal Payment on Revenue Bonds	-	-	(2,040,000)	-	-	(2,330,000)	-	-	(4,370,000)	(4,300,000)
Interest Paid on Revenue Bonds	-	-	(97,223)	-	-	(334,249)	-	-	(431,472)	(491,457)
Other	-	-	-	-	-	-	-	58,975	58,975	1,518
Net Cash Flows From (Used in) Capital and Related Financing Activities	(939,448)	(5,301,569)	(6,640,979)	-	-	(2,911,346)	-	(136,778)	(15,930,121)	(14,663,368)
NON-CAPITAL FINANCING ACTIVITIES										
Working Capital Contributions	-	-	-	-	-	-	793,724	-	793,724	(129,981)
INVESTING ACTIVITIES										
Investments Purchased	(4,290,833)	(9,476,770)	(1,868,464)	(257,523)	(475,299)	(3,369,079)	(8,612,922)	(845,950)	(29,196,839)	(31,084,846)
Investments Sold	5,557,615	10,861,601	1,599,497	254,596	548,205	3,537,041	8,673,785	924,721	31,957,061	35,429,143
Investment Income	454,926	1,509,527	313,039	40,224	77,304	565,427	1,263,768	143,300	4,367,515	2,958,210
Net Cash Flows From Investing Activities	1,721,708	2,894,358	44,072	37,297	150,210	733,389	1,324,631	222,071	7,127,737	7,302,507
Net Change in Restricted & Unrestricted Cash and Cash Equivalents	2,063,548	32,417,002	(2,574,345)	111,524	105,461	983,061	2,184,033	596,120	35,886,404	19,354,479
RESTRICTED & UNRESTRICTED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,143,094	24,088,540	6,055,246	503,677	1,128,039	9,822,991	18,273,373	1,516,800	67,531,760	48,177,280
RESTRICTED & UNRESTRICTED CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,206,642	\$ 56,505,542	\$ 3,480,901	\$ 615,201	\$ 1,233,500	\$ 10,806,052	\$ 20,457,406	\$ 2,112,920	\$ 103,418,164	\$ 67,531,759

MICHIGAN PUBLIC POWER AGENCY
STATEMENT OF CASH FLOWS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2023)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS DECEMBER 2024	DECEMBER 2023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES										
Operating Income (Loss)	\$ (1,818,914)	\$ 11,847,861	\$ 2,215,050	\$ (73,381)	\$ -	\$ 2,078,293	\$ -	\$ 66,422	\$ 14,315,331	\$ 10,217,062
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:										
Depreciation	2,678,914	14,764,639	1,088,607	73,381	-	872,555	-	54,417	19,532,513	17,117,076
Changes in Assets and Liabilities:										
Accounts Receivable	(420,755)	955,920	122,692	(94,310)	-	107,285	(214,453)	(199,503)	256,876	5,939,480
Fuel Inventory	213,031	-	70,391	-	-	-	-	-	283,422	(196,747)
Materials and Supplies Inventory	-	115,625	(35,551)	-	-	-	-	-	80,074	(522,561)
Prepaid Items and Deposits	-	-	-	-	-	-	-	7,214	7,214	(138,900)
Accounts Payable and Accrued Expense	629,012	7,140,168	561,373	168,537	(44,749)	102,885	280,131	582,277	9,419,634	(5,570,089)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,281,288	34,824,213	4,022,562	74,227	(44,749)	3,161,018	65,678	510,827	43,895,064	26,845,321
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION										
Cash & Cash Equivalents	7,156,642	37,536,408	1,361,217	615,201	1,233,500	7,989,196	20,457,406	2,112,920	78,462,490	61,577,549
O&M/Fuel Reserve	1,050,000	-	-	-	-	-	-	-	1,050,000	1,050,000
Restricted Cash - Debt Service	-	-	2,119,684	-	-	2,532,246	-	-	4,651,930	4,619,600
Restricted Cash - Construction Fund/Other	-	18,969,134	-	-	-	284,610	-	-	19,253,744	284,610
TOTAL RESTRICTED & UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 8,206,642	\$ 56,505,542	\$ 3,480,901	\$ 615,201	\$ 1,233,500	\$ 10,806,052	\$ 20,457,406	\$ 2,112,920	\$ 103,418,164	\$ 67,531,759
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES										
Net Change in Fair Value of Investments	\$ 133,401	\$ 131,586	\$ 21,954	\$ 3,277	\$ 6,625	\$ 44,392	\$ 110,774	\$ 11,416	\$ 463,425	\$ 872,214

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MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 1 – NATURE OF OPERATIONS

Michigan Public Power Agency (MPPA) is a public body politic and corporate of the State of Michigan created in 1978 under Act 448 of the Public Acts of Michigan, 1976, as amended. MPPA was formed to undertake the planning, financing, development, acquisition, construction, improvement, operation, and maintenance of projects to supply electric power and energy for the present or future needs of its members. Each MPPA member is a municipal corporation organized under the laws of the State of Michigan and owns and operates a municipal electric system. Of MPPA's 22 members, 10 are participants in the Campbell #3 Project, 11 in the Belle River Project, five in the Combustion Turbine Project, 13 in the Transmission Project, 21 in the Energy Services Project, 13 in the AFEC Project, and 14 in the Landfill Renewable Energy Project.

The financial statements of the utility are presented in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units.

Basis of Presentation

The financial activities of MPPA are recorded in separate proprietary funds described as follows:

Project Funds

The Campbell #3, Belle River, Combustion Turbine, Energy Services, Landfill Renewable Energy, AFEC, and Transmission Funds account for the financing and operation of MPPA's interest in the respective projects, whereby costs are recovered through participant charges. The accounts of these Funds are maintained in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission. Enterprise funds are accounted for on an accrual basis with a flow of economic resources measurement focus.

General Fund

The General Fund reflects the following:

- The general and administrative activities of MPPA are not related to any specific electric power supply project.
- Cost recovery through participant dues.
- It also includes an overhead contribution from MPPA's service committees, MMEA, and Associate Member dues. The service committees provide a venue for MPPA Members and municipal utilities that are not MPPA members to participate in activities that do not require financing or the acquisition of assets, including power supply exploration, regulatory compliance, and member operations. The service committees are treated as separate sub-accounts under the General Fund for accounting purposes.

Net Position

As required by GASB Statement No. 34, net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 1 – NATURE OF OPERATIONS (cont.)

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, obligations, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with MPPA's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Budgetary Accounting

The Board of Commissioners of MPPA adopts an operating budget each year for all funds, on the same basis of accounting used to reflect actual revenues and expenses in the financial statements. The CEO & General Manager exercises budgetary control.

Use of Estimates

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

Operating Revenues

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

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 1 – NATURE OF OPERATIONS (cont.)

Prepaid Expenses and Deposits

Prepayments include costs of expenses paid in advance for which the future benefits have yet to be realized. Prepayments and Deposits are for a) working capital advances to MPPA's majority-owner operators of its power plants and b) other general and administrative operating costs.

Prepaid Expenses and deposit balances were as follows at December 31:

	<u>2024</u>
Majority Owner Operator	\$ 5,421,265
Other General Operating Items	<u>858,138</u>
Total Prepaid and Deposits	<u>\$ 6,279,403</u>

Accounts Receivable

Accounts receivables are stated at the net invoice amount billed to MPPA's members. Any outstanding receivables are generally collected in full within 15 days of being invoiced. As such, there has been no allowance for doubtful accounts recorded.

Accounts Payable and Accrued Expenses

MPPA pays its plant operators and other third-party energy suppliers according to the terms stated within the individual contracts. Accrued expenses are those expenses related to compensation and benefits that have been earned but not yet paid and are reflected within the balances of the General Fund.

Utility Plant

Additions to and replacements of utility plant are recorded at original cost including any capitalized interest for borrowed funds, prior to the implementation of GASB 89, used to construct the facilities. The Agency will align with the majority owner depreciation schedules when it makes sense to do so. Otherwise, depreciation is recorded using the straight-line method from 3 to 45.5 years.

Inventories

Fuel inventories for the Campbell #3 Project and the Combustion Turbine Project are stated at average cost. As a result of updated information from the operator, DTE Energy, the Belle River fuel inventory has been adjusted to its original cost of acquisition. The materials and supplies inventory for the Belle River Project is controlled by the operator and is stated at average cost. For the Combustion Turbine Project, the materials and supplies inventory are stated at actual cost.

Cash Equivalents

For the purposes of the Statement of Cash Flows, cash equivalents are cash and investments having an initial maturity of three months or less.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 1 – NATURE OF OPERATIONS (cont.)

Unamortized Premiums and Discounts

Bond premiums and discounts are amortized over the life of the bonds based on the effective interest method. Unamortized premiums and discounts are reported on the Statement of Net Position as non-current liabilities and deferred outflows or resources, respectively.

Deferred Outflows 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. In accordance with GASB 83, MPPA will also report certain asset retirement obligations as deferred outflows of resources and amortize those obligations over the remaining life of the related assets. See Note 12 for additional information about Asset Retirement Obligations.

Deferred Inflows 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. Gains on advance refundings are classified as deferred inflows of resources and amortized using the effective interest rate method over the repayment period of the affiliated debt.

Taxes

MPPA is exempt from state and federal income taxes.

Compensated Absences

Under terms of employment, employees earn paid time off according to years of service. Employees can accumulate up to 30 days of personal leave. Employees are paid for unused personal leave upon separation of service. MPPA self-funds short-term disability benefits from the 11th to the 30th day of a covered absence. A separate disability insurance policy compensates employees for covered absences that extend beyond the 30th day. These benefits are reported as accrued expenses under the General Fund on the Statement of Net Position.

Comparative Data

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

Member Deposits

Members provide cash to the individual projects to meet working capital and collateral requirements per their contracts. Such amounts are due back to members at the end of the contract.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 2 – EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has issued Statement No. 102, *Certain Risk Disclosures*, Statement No. 103, *Financial Reporting Model Improvements*, and Statement No. 104, *Disclosure of Certain Capital Assets*. Application of these recently issued accounting pronouncements, when effective, may restate portions of these financial statements.

NOTE 3 – PROJECT AGREEMENTS

Campbell #3 Project

MPPA and Consumers Energy Company (Consumers) entered into the following agreements dated October 1, 1979, as amended, relating to Consumers' Campbell Unit #3 steam-electric generating unit, which went into commercial operation in September 1980:

The Campbell Ownership Agreement provides for MPPA to own a 4.8% undivided interest in Campbell Unit #3, for Consumers to operate Campbell Unit #3, for the sale of surplus electric capacity to Consumers, for operating costs of Campbell Unit #3 to be shared on a pro rata basis, and for MPPA to purchase an undivided ownership interest in the fuel supply for Campbell Unit #3.

The Campbell Transmission Agreement provides for MPPA to purchase a 58.06% undivided ownership interest in certain Consumers' (now METC) 345 kV transmission lines, the method of determining certain charges for utilization of the METC/(Consumers) transmission system, for the sale to METC/(Consumers) of planned excess transmission capacity, if available, and for sharing transmission line operating expenses.

The Campbell Back-Up Agreement provides for Consumers to make backup electric capacity and energy available to MPPA from its electric system reserves in the event of total or partial unavailability of capacity and energy from Campbell Unit #3, and for determination of the associated backup electric capacity and energy charges to MPPA.

MPPA entered a Power Sales Contract and a Project Support Contract with each of the 10 members who elected to participate in the Campbell #3 Project. These contracts provide for the participant to purchase from MPPA the participant's entitlement share, as defined, of the generation and transmission of the Project. Each participant is obligated to pay its share of power, transmission, debt service, backup, and other project-related costs.

On January 30, 2013, MPPA completed financing via a private placement bond through BMO Harris Bank N.A. in the amount of \$23,500,000. The funds were used to finance capital improvements to the Campbell #3 power plant and the installation of necessary environmental controls. This bond was paid in full on January 1, 2023.

Belle River Project

On December 1, 1982, MPPA and Detroit Edison Company (Edison) entered into the following agreements, as amended and restated from time to time, relating to the Belle River Power Plant, which went into commercial operation in August 1984:

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 3 –PROJECT AGREEMENTS (cont.)

Belle River Project cont.

The Belle River Participation Agreement provides for the purchase of and payment for MPPA's ownership interest in Belle River 1, Belle River 2, the Belle River Power Plant site, joint and common facilities, fuel supply stockpile, material and supplies inventory and emission control equipment as well as the sharing of operating costs. This Agreement was amended and restated on May 7, 2024. It also specifies MPPA's and DTE's electric capability and energy entitlements from the Belle River Project. Beginning with the commercial operation date of Belle River 1 on August 1, 1984, and Belle River 2 on July 9, 1985, MPPA became entitled to 18.61% of the Net Electric Generating Capability and Associated Electric Energy from Belle River Power Plant. Substantially all other benefits and obligations are shared by DTE and MPPA in proportion to their respective ownership shares. In accordance with the Agreement, DTE has sole authority to manage, maintain, operate and dispatch the Belle River Power Plant.

The Belle River Transmission Ownership and Operating Agreement with Edison dated December 1, 1982. The Edison Transmission Agreement was supplemented and assigned to ITC concurrently with the sale of Detroit Edison Company's transmission assets to ITC. The agreement provides for MPPA to purchase a 50.41% undivided ownership interest in certain 345 kV Transmission Lines, for ITC to operate the transmission lines, and for the sharing of operating costs.

MPPA entered into the Belle River Transmission Ownership and Operating Agreement with Consumers Energy, dated December 1, 1982. The Consumers Transmission Agreement was supplemented and assigned to METC concurrently with the sale of Consumers' transmission assets to METC. The agreement provides MPPA with a 90% undivided ownership interest in certain METC designated transmission lines, for METC to operate the transmission lines, for the sharing of operating costs, and the method for determining certain annual adjustment charges for utilization of transmission facilities now owned by METC.

MPPA entered a Power Sales Contract and a Project Support Contract with each of the 11 members who elected to participate in the Belle River Project. These contracts were amended and restated on December 1, 2024. These contracts provide for the participants to purchase from MPPA their entitlement share, as defined, of generation and transmission of the Project. Each participant has the option to participate in a financing or provide a cash contribution. Each participant is obligated to pay its share of power, transmission, and other Project-related costs. Only participants that choose to participate in a financing are obligated to pay its share of debt service costs.

On December 18, 2024, MPPA completed a financing via the issuance of the 2024 Series A Bonds in the amount of \$26,005,000. Eight participants elected to participate in the financing. The bond proceeds along with the \$7,297,500 cash contribution amounts from participants not electing to participate in the bond financing will be used, together with certain funds of MPPA, to finance a portion of MPPA's share of the cost of improvements to the Belle River Power Plant, including but not limited to converting Belle River Power Plant's fuel source from coal to natural gas, and to pay the costs of issuing the 2024 Series A Bonds.

Combustion Turbine Project

The construction of the Combustion Turbine Project was completed in 2002 and is 100% owned by MPPA. It consists of (a) Pratt & Whitney FT-8 60.5 MW, nominal nameplate rating, simple cycle combustion turbine

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 3 –PROJECT AGREEMENTS (cont.)

Combustion Turbine Project (cont.)

generating unit fueled with natural gas located in Kalkaska County, Michigan, (b) a natural gas pipeline and metering equipment to connect to natural gas facilities, (c) a 69 kV transmission line and associated equipment to deliver the output of the CT Project to the transmission system, and (d) an undivided ownership interest in certain transmission lines in the Michigan Joint Zone, a single joint pricing zone with the Midwest ISO that includes METC, MPPA, Wolverine, and Michigan South Central Power Agency .

In late 2012, MPPA entered into a long-term transportation and storage agreement with ANR Pipeline Company (ANR). ANR owns and operates an existing interstate natural gas pipeline system which transports natural gas to markets located in Michigan near the plant. MPPA has established an interconnection between its facilities at the plant and the natural gas pipeline facilities of ANR to provide for the transportation of natural gas necessary to operation of the plant.

MPPA entered a Power Sales Contract and a Project Support Contract with each of the five members who elected to participate in the Combustion Turbine Project. These contracts provide for the participant to purchase from MPPA the participant's entitlement share, as defined, of the generation and transmission of the Project. Each participant is obligated to pay its share of power, transmission, debt service, and other Project-related costs.

Transmission Project

In 2006, MPPA purchased an undivided ownership in certain 345kV transmission lines in the Michigan Joint Zone.

MPPA entered into Transmission Sharing Agreements with each of the 13 members who elected to participate in the Transmission Project. These contracts provide for the participant to purchase from MPPA the participant's transmission utilization share, as defined, of transmission of the Project. Each participant is obligated to pay its share of transmission and other Project-related costs.

AMP Fremont Energy Center Project (AFEC)

In June 2012, in partnership with American Municipal Power (AMP), MPPA purchased a 5.16% undivided ownership interest in the AFEC Project, including real property, rights to licenses, permits, Project agreements and environmental attributes and capacity costs. The generating plant is operated by AMP and was placed into commercial operation in January 2012

MPPA entered a Power Sales Contract and a Project Support Contract with each of the 13 members who elected to participate in the AFEC Project. These contracts provide for the participant to purchase from MPPA the participant's entitlement share, as defined, of the generation of the Project. Each participant is obligated to pay its share of power, debt service, and other Project-related costs.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 3 –PROJECT AGREEMENTS (cont.)

Landfill Renewable Energy Project (Landfill)

This is a contracted power project where MPPA purchases all power supply and environmental attributes produced by designated landfill gas fueled power generation resources.

MPPA entered into a Renewable Energy Purchase Agreement with each of the 14 members who elected to participate in the Landfill Project. These contracts provide for the participant to purchase from MPPA the participant's renewable energy share, as defined, of the capacity, energy and renewable energy credits. Each participant is obligated to pay its share of power, renewable energy credits, other Project-related costs.

Energy Services Project (ESP)

ESP is a contracted power project that executes power purchase agreements with wholesale market participants and developers. ESP also provides market operation services interfacing participating member load and supply resources.

MPPA has entered into an Energy Services Agreement with each of the 21 members who elected to participate in the ESP. These contracts provide for MPPA to provide to the participant market operation services and for participants to participate in power purchase commitments (PPC), as defined, of capacity, energy, and renewable energy credits. Each participant is obligated to pay its share of the capacity, energy, renewable energy credits, and other Project-related costs.

NOTE 4 – CASH AND INVESTMENTS

MPPA adopted an investment policy, in accordance with the bond resolutions, that allows it to invest in U.S. Treasury obligations, certain federal agency securities, bonds, direct and general obligations of any state, certificates of deposit with qualified United States institutions, repurchase agreements with qualified institutions, municipal obligations, time deposits, bankers' acceptances, commercial paper, and pooled investment funds.

MPPA's investment in US Government and Agency debt obligations, Municipal Bonds and other permitted investments at year end consists of:

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 4 – CASH AND INVESTMENTS (cont.)

	<u>Bank Value</u>
Restricted & Unrestricted Cash and Cash Equivalents	
Checking	\$ 4,840,432
Money Market Funds	<u>98,577,732</u>
Total Restricted & Unrestricted Cash and Cash Equivalents	103,418,164
 Unrestricted Assets Invested	
U.S. Treasury Notes	27,121,400
Agency Notes	<u>2,538,864</u>
 Total Unrestricted Assets Invested	29,660,264
 Total Cash & Investments	 <u>\$ 133,078,428</u>

Fair Value Measurement

MPPA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances, whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. MPPA's assessment of the significance of inputs to these fair value measurements required judgement and considers factors specific to each asset or liability.

As of December 31, 2024, the following investments are recorded at fair value using the Matrix Pricing Technique:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes	\$ -	\$ 27,121,400	\$ -	\$ 27,121,400
Federal Home Loan Bank	-	49,306	-	49,306
Federal Farm Credit Bank Notes	-	109,641	-	109,641
Fannie Mae Mortgage Association Notes	-	1,520,526	-	1,520,526
Freddie Mac Mortgage Backed Securities	-	859,391	-	859,391
Total Investments by Fair Value Level	<u>\$ -</u>	<u>\$ 29,660,264</u>	<u>\$ -</u>	<u>\$ 29,660,264</u>

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 4 – CASH AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, MPPA's deposits may not be returned to MPPA. Deposits in banks are insured by the FDIC in the amount of \$250,000 for all interest-bearing accounts.

On December 31, 2024, MPPA had \$98,002,262 in uninsured and uncollateralized deposits. MPPA's investment policy does not require collateralization of deposits but rather restricts the financial institutions that can be used based on the equity and market ratings of the financial institution's debt.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MPPA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. On December 31, 2024, MPPA had \$29,660,264 in investments subject to custodial credit risk. MPPA's policy is to have all investment securities held by its agent in MPPA's name.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2024, MPPA's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Moody's</u>
US Treasury Bonds	AA+	Aaa
US Agency Securities	AA+	Aaa
Money Market Funds	AAA	Aaa

MPPA's investment policy requires that investments be rated AA or equivalent by Standard & Poor's or Moody's. Money market funds are required to be rated AAA or equivalent by Standard & Poor's or Moody's.

Concentration of Credit Risk

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

MPPA's investment policy does not limit the amount of the portfolio that can be invested in U.S. government agency securities or any one issuer of such investments. MPPA limits its investment in a single issuer of state and local debt to 33% of its total portfolio. Investments in a single issuer of money market funds are limited to 75% of its total portfolio. All other types of approved investments in a single issuer are limited to 50% of MPPA's total portfolio. MPPA does not have any investments exceeding 5% of its total portfolio.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 4 – CASH AND INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MPPA's investment policy restricts operational funds to maturities of one year or less, reserve, and contingency funds to five years or less, and debt service reserve funds to 10 years or less.

On December 31, 2024, MPPA's investments were as follows:

Investment Type	Fair Value	Maturity in Years	
		Less than 1 Year	1-5 Years
US Treasury	\$ 27,121,400	\$ 16,411,349	\$ 10,710,051
Agency Notes	2,538,864	2,538,864	-
Total Investments	\$ 29,660,264	\$ 18,950,213	\$ 10,710,051

NOTE 5 – RESTRICTED ASSETS

MPPA's bond resolutions require the segregation of bond proceeds, establishment of various funds, and prescribe the application of MPPA's revenues. Also, it defines what type of securities MPPA may invest in. The funds established by the resolution are detailed in the Statement of Net Position. MPPA is compliant with all bond resolution funding requirements.

NOTE 6 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Capital Assets:	Balance 01/01/2024	Additions & Reclasses	Deletions & Reclasses	Balance 12/31/2024
Building & Land	\$ 2,308,849	\$ 195,753	\$ (304,522)	\$ 2,200,080
Utility Plant in Service	645,751,067	10,781,256	(7,555,510)	648,976,813
Work in Progress (Construction/Retirement)	949,410	29,849,409	-	30,798,819
Less: Accumulated Depreciation	(463,442,798)	(21,140,807)	7,154,436	(477,429,169)
Net Utility Plant	\$ 185,566,528	\$ 19,685,611	\$ (705,596)	\$ 204,546,543

Campbell #3 Project

Consumers Energy (CE) obtained regulatory approval of a settlement agreement from the Michigan Public Service Commission (MPSC Order) on June 23, 2022. The MPSC Order was appealed by Wolverine Power Supply Cooperative. The appeal was denied by the Court of Appeals on March 23, 2023. The MPSC Order approved, among other things, accelerating the retirement by 15 years of the J.H. Campbell facility (Units 1, 2 and 3) to a date to occur on or before May 31, 2025. The authorization to early retire J.H. Campbell

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 6 – CHANGES IN CAPITAL ASSETS (cont.)

Campbell #3 Project (cont.)

was tied to several other provisions but two key provisions related to replacement of the lost power supply and accounting regulatory treatment of the undepreciated rate base of the J.H Campbell facility:

1. Authorization granted to CE to purchase, and rate base the New Covert Generation Station (1,000 MW CCGT)
2. Permission for CE to recover the unrecovered book balance of J.H. Campbell facility through the Company's proposed regulatory asset treatment, with a return on capital equal to the Company's weighted average cost of capital through 2039.

MPPA considers this a temporary impairment in accordance with GASB 43, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* and has continued to depreciate the asset on the same useful life as CE (see #2 above. CE will depreciate through 2039) and when the plant is officially retired, MPPA will recognize an impairment loss.

NOTE 7 – NON-CURRENT LIABILITIES

Belle River Project

The following bonds have been issued by MPPA:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>
12/18/2024	Belle River Capital Expenditures	1/1/2032	5.00%	\$ 26,005,000

The following obligations are outstanding at 12/31/2024:

2024 Series A Bonds	\$ 26,005,000
Less: Current Portion	-
Total	<u>\$ 26,005,000</u>

MPPA's annual debt service requirements are collected from participating member municipalities and from transfers from the Project account during the period preceding the required interest and principal payments. Debt service requirements to be collected during each of the five years following December 31, 2024, and in three-year increment thereafter to maturity, are as follows:

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 7 – NON-CURRENT LIABILITIES

Belle River Project (cont.)

Year Ending December 31	Principal	Interest	Total
2025	\$ -	\$ -	\$ -
2026	3,155,000	1,347,203	4,502,203
2027	3,360,000	1,142,500	4,502,500
2028	3,525,000	974,500	4,499,500
2029	3,705,000	798,250	4,503,250
2030-2032	12,260,000	1,245,750	13,505,750
Total	\$ 26,005,000	\$ 5,508,203	\$ 31,513,203

Non-current liabilities as of December 31, 2024:

	01/01/2024			12/31/2024
	Balance	Additions	Reductions	Balance
Revenue Bonds	\$ -	\$ 26,005,000	\$ -	\$ 26,005,000
Unamortized Premium on Bonds Payable	-	2,100,007	(2,282)	2,097,725
Current Maturities	-	-	-	-
Asset Retirement Obligation	687,123	15,624,520	(1,854,330)	14,457,313
Member Deposits	3,890,000	-	-	3,890,000
Total Non-Current Liabilities	\$ 4,577,123	\$ 43,729,527	\$ (1,856,612)	\$ 46,450,038

AFEC Project

The following bonds have been issued by MPPA:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>
October 6, 2021	Refinancing of 2012 Bonds	1/1/2032	1.58%	\$ 24,610,000

The following obligations are outstanding at 12/31/2024:

2021 Series A Bonds	\$ 19,990,000
Less: Current Portion	(2,365,000)
Total	\$ 17,625,000

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 7 – NON-CURRENT LIABILITIES (cont.)

AFEC Project (cont.)

MPPA's annual debt service requirements are collected from participating member municipalities and from transfers from the Project account during the period preceding the required interest and principal payments. Debt service requirements to be collected during each of the five years following December 31, 2024, and in three-year increment thereafter to maturity, are as follows:

Year Ending December 31	Principal	Interest	Total
2025	\$ 2,365,000	\$ 315,842	\$ 2,680,842
2026	2,400,000	278,475	2,678,475
2027	2,440,000	240,555	2,680,555
2028	2,475,000	202,003	2,677,003
2029	2,520,000	162,898	2,682,898
2030-2032	7,790,000	247,349	8,037,349
Total	\$ 19,990,000	\$ 1,447,122	\$ 21,437,122

Non-Current

Liabilities as of December 31, 2024:

	01/01/2024 Balance	Additions	Reductions	12/31/2024 Balance
Revenue Bonds	\$ 22,320,000	\$ -	\$ (2,330,000)	\$ 19,990,000
Current Maturities	(2,330,000)	(35,000)	-	(2,365,000)
Total Non-Current Liabilities	\$ 19,990,000	\$ (35,000)	\$ (2,330,000)	\$ 17,625,000

Direct Placement

MPPA entered a direct placement of its debt for the AFEC 2021 Series A Refunding Revenue bonds in the amount of \$24,610,000. The bonds are subject to the terms and conditions of the original bond resolution. As a covenant of the refunding, MPPA agrees to maintain \$3 million in unrestricted funds in an account with the purchasing bank of the direct placement. There are no additional covenants associated with the direct placement debt or additional finance related consequences related to significant events of default, termination events or subjective acceleration clauses.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 7 – NON-CURRENT LIABILITIES (cont.)

Combustion Turbine Project

The following bonds have been issued by MPPA:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>
October 30, 2020	Refinancing of 2011 bonds	1/1/2027	1.33%	\$ 12,305,000

The following obligations are outstanding at 12/31/2024:

2020 Series A Bonds	\$ 6,290,000
Less: Current Portion	(2,070,000)
Total	\$ 4,220,000

MPPA's annual debt service requirements are collected from participating member municipalities and from transfers from the Project account during the period preceding the required interest and principal payments. Debt service requirements to be collected during each of the remaining three years following December 31, 2024, are as follows:

<u>Year Ending December 31</u>		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2025	\$	2,070,000	\$	83,657	\$	2,153,657
2026		2,095,000		56,126		2,151,126
2027		2,125,000		28,263		2,153,263
Total	\$	6,290,000	\$	168,046	\$	6,458,046

Non-Current Liabilities as of December 31, 2024:

	<u>01/01/2024 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2024 Balance</u>
Revenue Bonds	\$ 8,330,000	\$ -	(2,040,000)	\$ 6,290,000
Current Maturities	(2,040,000)	(30,000)	-	(2,070,000)
Total Non-Current Liabilities	\$ 6,290,000	\$ (30,000)	\$ (2,040,000)	\$ 4,220,000

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 7 – NON-CURRENT LIABILITIES (cont.)

Combustion Turbine Project (cont.)

Direct Placement

MPPA entered a direct placement of its debt for the Combustion Turbine 2020 Series A Refunding Revenue bonds in the amount of \$12,305,000. The bonds are subject to the terms and conditions of the original bond resolution. As a covenant of the refunding, MPPA agrees to maintain \$1 million in unrestricted funds in an account with the purchasing bank of the direct placement. There are no additional covenants associated with the direct placement debt or additional finance related consequences related to significant events of default, termination events or subjective acceleration clauses.

Campbell #3 Project

Non-current Liabilities as of December 31, 2024:

	01/01/2024			12/31/2024		
	Balance	Additions	Reductions	Balance		
Asset Retirement Obligation	\$ 4,803,167	\$ 139,217	\$ (940,504)	\$ 4,001,880		
Member Deposits	760,145	-	-	760,145		
Total Non-Current Liabilities	\$ 5,563,312	\$ 139,217	\$ (940,504)	\$ 4,762,025		

Energy Services Project

Non-current Liabilities as of December 31, 2024:

	01/01/2024			12/31/2024		
	Balance	Additions	Reductions	Balance		
Member Deposits	\$ 21,725,098	\$ 1,262,325	\$ (468,600)	\$ 22,518,823		
Total Non-Current Liabilities	\$ 21,725,098	\$ 1,262,325	\$ (468,600)	\$ 22,518,823		

Landfill Renewable Energy Project

Non-current Liabilities as of December 31, 2024:

	01/01/2024			12/31/2024		
	Balance	Additions	Reductions	Balance		
Member Deposits	\$ 133,505	\$ -	\$ -	\$ 133,505		
Total Non-Current Liabilities	\$ 133,505	\$ -	\$ -	\$ 133,505		

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 8 – EMPLOYEE RETIREMENT PLAN

MPPA employees are covered by a defined contribution retirement pension plan, the Michigan Public Power Agency Plan (Plan), which is administered by Mission Square. MPPA makes an annual contribution based on a percentage of employee earnings on behalf of each employee. The Plan follows the Standard 401(a) plan offered by Mission Square. Required contributions by MPPA are 15% of employee salaries. Employees do not make contributions to the Plan. The contribution requirements are established and can be amended by the MPPA Board of Commissioners. Total contributions to the Plan by MPPA for the years ended December 31, 2024, 2023, and 2022 were approximately \$427,920, \$414,600, and \$402,399, respectively.

NOTE 9 – CONTRACTS AND COMMITMENTS

Contract with Consumers Energy

MPPA contracted with Consumers to purchase fuel coal to maintain a stockpile level of 11,421 wet tons for the Campbell Unit #3 plant for the 2024 calendar year. The coal is purchased at the prevailing market price at the time of delivery. MPPA also purchased an additional stockpile of coal as a substitute for its proportionate interest in the materials and supply inventory at Campbell Unit #3. This stockpile is maintained at a level to approximate MPPA's ownership interest in the materials and supply inventory at the Campbell plant.

Power Purchase Agreements

The Agency has entered into long-term contracts for the purchase of capacity and energy to meet the anticipated load requirements of its members.

NOTE 10 – RISK MANAGEMENT

MPPA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with industry standard deductibles.

MPPA is committed to maintaining adequate amounts of coverage to insure against these risks.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 11 – CONCENTRATION OF RISK

Credit risk represents the risk of loss that would occur if customers do not meet their financial obligations to MPPA. Concentration of risk occurs when significant customers possess similar characteristics that would cause their ability to meet contractual obligations to be affected by the same events.

MPPA has one member who is considered a significant customer that accounted for \$55.2 million (20.5%) of MPPA gross revenues in 2024.

NOTE 12 – BOND COVENANT DISCLOSURES

Combustion Turbine Project

Compliance with Funding Requirements

Debt Service Coverage

	<u>2024</u>
Gross Operating Revenues	\$ 8,388,980
Investment Income	313,046
Gross Defined Revenues	<u>8,702,026</u>
Operating Expenses	6,173,930
Less: Depreciation	<u>(1,088,607)</u>
Gross Defined Expenses	<u>5,085,323</u>
Net Defined Earnings	<u>3,616,703</u>
Debt Service (Principal, Interest)	2,153,657
Required Revenues (1.1x Debt Service)	2,369,023
Revenues in Excess of Coverage Requirements	<u><u>\$ 1,247,680</u></u>

All Project revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are retired.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 12 – BOND COVENANT DISCLOSURES (cont.)

AFEC Project

Compliance with Funding Requirements

Debt Service Coverage

	<u>2024</u>
Gross Operating Revenues	\$ 11,749,915
Investment Income	560,461
Gross Defined Revenues	<u>\$ 12,310,376</u>
Operating Expenses	\$ 9,671,621
Less: Depreciation	(872,555)
Gross Defined Expenses	<u>\$ 8,799,066</u>
Net Defined Earnings	<u>\$ 3,511,310</u>
Debt Service (Principal, Interest)	\$ 2,680,842
Required Revenues (1.1x Debt Service)	2,948,926
Revenues in Excess of Coverage Requirements	<u><u>\$ 562,383</u></u>

All Project revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are retired.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2024

NOTE 13 – ASSET RETIREMENT OBLIGATIONS

MPPA follows GASB Statement 83 *Certain Asset Retirement Obligations*, which addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets that are incurred upon the acquisition, construction, development, or normal operation of the assets. MPPA's asset retirement obligations consist primarily of costs associated with the closure of ash and scrubber ponds at MPPA's jointly owned plants, of which, MPPA owns a minority share. Per GASB 83, asset retirement obligations are recognized in the period in which they are incurred if a reasonable estimate of fair value can be made. The asset retirement obligations are accreted to their present value at the end of each reporting period. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over their useful life. MPPA uses information from DTE and Consumers Energy to estimate the cash flows to determine the obligation.

Balances as of December 31, 2024, are as follows:

<u>Asset Retirement Obligations</u>	<u>Belle River</u>	<u>Campbell #3</u>	<u>Total</u>
Opening Balance	\$ 687,123	\$ 4,803,167	\$ 5,490,290
Accretion/Settlements	15,296,632	139,217	15,435,849
Adjustments	(1,526,442)	(940,504)	(2,466,946)
Ending Balance	\$ 14,457,313	\$ 4,001,880	18,459,193

MPPA's ownership percentage in the Belle River Project and Campbell #3 Project is 18.61% and 4.80%, respectively.

S U P P L E M E N T A L I N F O R M A T I O N

MICHIGAN PUBLIC POWER AGENCY
CAMPBELL #3 PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2024 AND 2023

	YTD 2024 ACTUAL	YTD 2024 BUDGET	OVER (UNDER) 2024 BUDGET	YTD 2023 ACTUAL
OPERATING REVENUE				
Energy	\$ 3,077,032	\$ 3,228,593	(151,561)	\$ 2,909,206
Transmission	1,803,088	1,769,936	33,152	1,482,746
Fuel	7,969,700	8,260,347	(290,647)	6,188,841
TOTAL OPERATING REVENUE	\$ 12,849,820	\$ 13,258,876	\$ (409,056)	\$ 10,580,793
OPERATING EXPENSE				
PRODUCTION				
Fuel	\$ 7,969,700	\$ 8,260,347	\$ (290,647)	\$ 6,188,841
Operations & Maintenance	1,659,358	1,534,603	124,755	1,860,066
MISO Market Overhead Fee	47,847	50,000	(2,153)	42,159
Total Operations & Maintenance Expense	\$ 9,676,905	\$ 9,844,950	\$ (168,045)	\$ 8,091,066
TRANSMISSION				
Operations & Maintenance	\$ 531,045	\$ 515,287	\$ 15,758	\$ 348,663
Utilization Charge	1,272,043	1,254,649	17,394	1,134,083
Total Transmission Expense	\$ 1,803,088	\$ 1,769,936	\$ 33,152	\$ 1,482,746
ADMINISTRATIVE & GENERAL				
CECo	\$ 42,327	\$ 121,197	\$ (78,870)	\$ 36,894
MPPA				
- Salaries & Benefits	305,496	318,070	(12,574)	244,205
- Outside Services	110,170	285,177	(175,007)	178,302
- All Other A & G	51,834	59,546	(7,712)	47,581
Total Administrative & General Expense	\$ 509,827	\$ 783,990	\$ (274,163)	\$ 506,982
DEPRECIATION	\$ 2,678,914	\$ 2,282,345	\$ 396,569	\$ 2,649,413
TOTAL OPERATING EXPENSE	\$ 14,668,734	\$ 14,681,221	\$ (12,487)	\$ 12,730,207
OPERATING INCOME (LOSS)	\$ (1,818,914)	\$ (1,422,345)	\$ (396,569)	\$ (2,149,414)
OTHER REVENUE (EXPENSE)				
Interest Income	\$ 446,926	\$ 300,000	\$ 146,926	\$ 298,542
Net Change in Fair Value of Investments	133,401	-	133,401	212,970
TOTAL OTHER REVENUE (EXPENSE)	\$ 580,327	\$ 300,000	\$ 280,327	\$ 511,512
CHANGE IN NET POSITION	\$ (1,238,587)	\$ (1,122,345)	\$ (116,242)	\$ (1,637,902)

MICHIGAN PUBLIC POWER AGENCY
BELLE RIVER PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2024 AND 2023

	YTD 2024 ACTUAL	YTD 2024 BUDGET	OVER (UNDER) 2024 BUDGET	YTD 2023 ACTUAL
OPERATING REVENUE				
Energy	\$ 42,383,804	\$ 37,270,641	\$ 5,113,163	\$ 34,543,028
Transmission	5,927,331	5,920,472	6,859	4,553,899
Fuel	29,473,465	35,645,273	(6,171,808)	32,128,463
TOTAL OPERATING REVENUE	\$ 77,784,600	\$ 78,836,386	\$ (1,051,786)	\$ 71,225,390
OPERATING EXPENSE				
PRODUCTION				
Fuel	\$ 29,473,465	\$ 35,645,273	\$ (6,171,808)	\$ 32,128,463
Operations & Maintenance	11,331,187	12,693,383	(1,362,196)	10,668,243
Reactive Revenue Distribution	-	-	-	36,609
MISO Market Overhead Fee	226,183	270,000	(43,817)	224,996
Total Operations & Maintenance Expense	\$ 41,030,835	\$ 48,608,656	\$ (7,577,821)	\$ 43,058,311
TRANSMISSION				
Operations & Maintenance	\$ 3,270,407	\$ 3,265,389	\$ 5,018	\$ 2,171,844
Utilization Charge	8,380,294	8,097,545	282,749	7,456,154
ITC Revenue Distribution	(6,010,327)	(5,742,462)	(267,865)	(5,364,212)
Total Transmission Expense	\$ 5,640,374	\$ 5,620,472	\$ 19,902	\$ 4,263,786
ADMINISTRATIVE & GENERAL				
DECo	\$ 3,405,071	\$ 4,082,771	\$ (677,700)	\$ 3,442,851
ITC	286,957	300,000	(13,043)	288,506
MPPA				
- Salaries & Benefits	436,693	389,677	47,016	361,913
- Outside Services	309,551	447,484	(137,933)	315,019
- All Other A & G	62,619	72,326	(9,707)	63,503
Total Administrative & General Expense	\$ 4,500,891	\$ 5,292,258	\$ (791,367)	\$ 4,471,792
DEPRECIATION	\$ 14,764,639	\$ 14,388,245	\$ 376,394	\$ 12,276,895
TOTAL OPERATING EXPENSE	\$ 65,936,739	\$ 73,909,631	\$ (7,972,892)	\$ 64,070,784
OPERATING INCOME (LOSS)	\$ 11,847,861	\$ 4,926,755	\$ 6,921,106	\$ 7,154,606
OTHER REVENUE (EXPENSE)				
Interest Income	\$ 1,488,599	\$ 900,000	\$ 588,599	\$ 1,008,316
Amortization	2,282	-	2,282	-
Bond Issuance Costs	(385,550)	-	(385,550)	-
Interest Expense	(46,953)	-	(46,953)	-
Net Change in Fair Value of Investments	131,586	-	131,586	185,259
TOTAL OTHER REVENUE (EXPENSE)	\$ 1,189,964	\$ 900,000	\$ 289,964	\$ 1,193,575
CHANGE IN NET POSITION	\$ 13,037,825	\$ 5,826,755	\$ 7,211,070	\$ 8,348,181

MICHIGAN PUBLIC POWER AGENCY
COMBUSTION TURBINE PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2024 AND 2023

	YTD 2024 ACTUAL	YTD 2024 BUDGET	OVER (UNDER) 2024 BUDGET	YTD 2023 ACTUAL
OPERATING REVENUE				
Energy	\$ 5,871,526	\$ 5,676,907	\$ 194,619	\$ 6,002,445
Transmission	1,563,323	1,653,552	(90,229)	1,382,317
Fuel	954,131	3,130,541	(2,176,410)	1,350,391
TOTAL OPERATING REVENUE	\$ 8,388,980	\$ 10,461,000	\$ (2,072,020)	\$ 8,735,153
OPERATING EXPENSE				
PRODUCTION				
Fuel	\$ 954,131	\$ 3,130,541	\$ (2,176,410)	\$ 1,350,391
Operations & Maintenance	1,444,221	1,320,847	123,374	789,489
MISO Market Overhead Fee	9,568	10,000	(432)	7,689
Total Operations & Maintenance Expense	\$ 2,407,920	\$ 4,461,388	\$ (2,053,468)	\$ 2,147,569
TRANSMISSION				
Operations & Maintenance	\$ 1,253,526	\$ 1,343,755	\$ (90,229)	\$ 1,071,751
ADMINISTRATIVE & GENERAL				
Traverse City	\$ 631,009	\$ 498,000	\$ 133,009	\$ 486,574
MPPA				
- Salaries & Benefits	328,115	337,913	(9,798)	260,367
- Outside Services	140,294	278,815	(138,521)	224,547
- All Other A & G	324,459	237,472	86,987	231,055
Total Administrative & General Expense	\$ 1,423,877	\$ 1,352,200	\$ 71,677	\$ 1,202,543
DEPRECIATION	\$ 1,088,607	\$ 1,197,371	\$ (108,764)	\$ 1,054,003
TOTAL OPERATING EXPENSE	\$ 6,173,930	\$ 8,354,714	\$ (2,180,784)	\$ 5,475,866
OPERATING INCOME (LOSS)	\$ 2,215,050	\$ 2,106,286	\$ 108,766	\$ 3,259,287
OTHER REVENUE (EXPENSE)				
Interest Income	\$ 313,046	\$ 160,000	\$ 153,046	\$ 200,241
Amortized Gain on Refunding	30,671	30,671	-	40,617
Interest Expense	(83,657)	(83,657)	-	(107,344)
Net Change in Fair Value of Investments	21,954	-	21,954	33,808
Loss on Disposition of Assets	(606,796)	-	(606,796)	-
Miscellaneous	-	-	-	-
TOTAL OTHER REVENUE (EXPENSE)	\$ (324,782)	\$ 107,014	\$ (431,796)	\$ 167,322
CHANGE IN NET POSITION	\$ 1,890,268	\$ 2,213,300	\$ (323,032)	\$ 3,426,609

MICHIGAN PUBLIC POWER AGENCY
TRANSMISSION PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2024 AND 2023

	YTD 2024 ACTUAL	YTD 2024 BUDGET	OVER (UNDER) 2024 BUDGET	YTD 2023 ACTUAL
OPERATING REVENUE				
Transmission Revenue	\$ 1,245,179	\$ 1,514,388	\$ (269,209)	\$ 1,164,872
Joint Zone Revenue	6,256,080	5,600,000	656,080	5,798,705
Joint Zone Distribution	(6,211,596)	(5,554,820)	(656,776)	(5,754,180)
TOTAL OPERATING REVENUE	\$ 1,289,663	\$ 1,559,568	\$ (269,905)	\$ 1,209,397
OPERATING EXPENSE				
TRANSMISSION				
Operations & Maintenance	\$ 1,128,266	\$ 1,209,299	\$ (81,033)	\$ 966,340
Operation Joint Zone	31,200	31,200	-	31,200
Total Transmission Expense	\$ 1,159,466	\$ 1,240,499	\$ (81,033)	\$ 997,540
ADMINISTRATIVE & GENERAL				
MPPA				
- Salaries & Benefits	\$ 63,925	\$ 69,483	\$ (5,558)	\$ 64,058
- Outside Services	50,238	231,838	(181,600)	130,931
- All Other A & G	16,034	17,748	(1,714)	16,868
Total Administrative & General Expense	\$ 130,197	\$ 319,069	\$ (188,872)	\$ 211,857
DEPRECIATION	\$ 73,381	\$ 73,381	\$ -	\$ 63,375
TOTAL OPERATING EXPENSE	\$ 1,363,044	\$ 1,632,949	\$ (269,905)	\$ 1,272,772
OPERATING INCOME (LOSS)	\$ (73,381)	\$ (73,381)	\$ -	\$ (63,375)
OTHER REVENUE (EXPENSE)				
Interest Income	\$ 39,965	\$ 30,000	\$ 9,965	\$ 28,585
Net Change in Fair Value of Investments	3,277	-	3,277	8,001
TOTAL OTHER REVENUE (EXPENSE)	\$ 43,242	\$ 30,000	\$ 13,242	\$ 36,586
CHANGE IN NET POSITION	\$ (30,139)	\$ (43,381)	\$ 13,242	\$ (26,789)

**MICHIGAN PUBLIC POWER AGENCY
LANDFILL PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2024 AND 2023**

	2024 ACTUAL	UNAUDITED 2024 BUDGET	OVER (UNDER) 2024 BUDGET	2023 ACTUAL
OPERATING REVENUE				
Energy	\$ 15,424,746	\$ 15,368,779	\$ 55,967	\$ 13,406,625
Sale of RECs	(857,142)	(806,527)	(50,615)	(892,288)
TOTAL OPERATING REVENUE	\$ 14,567,604	\$ 14,562,252	\$ 5,352	\$ 12,514,337
OPERATING EXPENSE				
PURCHASED POWER				
Energy	\$ 15,259,403	\$ 15,189,490	\$ 69,913	\$ 13,264,924
REC Disbursement	(857,142)	(806,527)	(50,615)	(892,288)
Total Purchased Power Expense	\$ 14,402,261	\$ 14,382,963	\$ 19,298	\$ 12,372,636
ADMINISTRATIVE & GENERAL				
MPPA				
- Salaries & Benefits	\$ 123,082	\$ 134,395	\$ (11,313)	\$ 104,252
- Outside Services	19,725	20,120	(395)	15,847
- All Other A & G	22,536	24,774	(2,238)	21,602
Total Administrative & General Expense	\$ 165,343	\$ 179,289	\$ (13,946)	\$ 141,701
TOTAL OPERATING EXPENSE	\$ 14,567,604	\$ 14,562,252	\$ 5,352	\$ 12,514,337
OPERATING INCOME (LOSS)	\$ -	\$ -	\$ -	\$ -
OTHER REVENUE (EXPENSE)				
Interest Income	\$ 76,228	\$ 60,000	\$ 16,228	\$ 60,425
Net Change in Fair Value of Investments	6,625	-	6,625	24,429
TOTAL OTHER REVENUE (EXPENSE)	\$ 82,853	\$ 60,000	\$ 22,853	\$ 84,854
CHANGE IN NET POSITION	\$ 82,853	\$ 60,000	\$ 22,853	\$ 84,854

MICHIGAN PUBLIC POWER AGENCY
AFEC PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2024 AND 2023

	2024 ACTUAL	UNAUDITED 2024 BUDGET	OVER (UNDER) 2024 BUDGET	2023 ACTUAL
OPERATING REVENUE				
Energy & Capacity	\$ 11,749,915	\$ 13,378,120	\$ (1,628,205)	\$ 12,066,968
TOTAL OPERATING REVENUE	\$ 11,749,915	\$ 13,378,120	\$ (1,628,205)	\$ 12,066,968
OPERATING EXPENSE				
PRODUCTION				
Fuel	\$ 4,600,017	\$ 5,772,361	\$ (1,172,344)	\$ 5,040,629
Fixed O & M	1,897,681	1,897,681	-	1,819,081
Variable O & M	386,610	376,825	9,785	358,705
Net PJM Expense	(27,553)	200,000	(227,553)	155,428
Reactive Revenue Distribution	(110,159)	(110,159)	-	(110,159)
Capacity Credit	(385,435)	(395,680)	10,245	(778,389)
MISO Capacity Purchase	1,615,416	1,616,147	(731)	1,572,264
Total Operations & Maintenance Expense	\$ 7,976,577	\$ 9,357,175	\$ (1,380,598)	\$ 8,057,559
TRANSMISSION				
LMP Price Differential	\$ 394,606	\$ 624,571	\$ (229,965)	\$ 648,303
ADMINISTRATIVE & GENERAL				
AMP	\$ 123,886	\$ 120,750	\$ 3,136	\$ 105,609
MPPA				
- Salaries & Benefits	219,090	232,014	(12,924)	217,006
- Outside Services	44,340	46,740	(2,400)	42,827
- All Other A & G	40,568	46,028	(5,460)	44,657
Total Administrative & General Expense	\$ 427,884	\$ 445,532	\$ (17,648)	\$ 410,099
DEPRECIATION	\$ 872,555	\$ 892,240	\$ (19,685)	\$ 1,023,540
TOTAL OPERATING EXPENSE	\$ 9,671,622	\$ 11,319,518	\$ (1,647,896)	\$ 10,139,501
OPERATING INCOME (LOSS)	\$ 2,078,293	\$ 2,058,602	\$ 19,691	\$ 1,927,467
OTHER REVENUE (EXPENSE)				
Interest Income	\$ 560,461	\$ 400,000	\$ 160,461	\$ 424,829
Amortization	137,929	137,929	-	154,006
Interest Expense	(315,842)	(315,842)	-	(352,656)
Net Change in Fair Value of Investments	44,392	-	44,392	88,418
Loss on Disposition of Assets	(98,796)	-	(98,796)	-
TOTAL OTHER REVENUE (EXPENSE)	\$ 328,144	\$ 222,087	\$ 106,057	\$ 314,597
CHANGE IN NET POSITION	\$ 2,406,437	\$ 2,280,689	\$ 125,748	\$ 2,242,064

MICHIGAN PUBLIC POWER AGENCY
ENERGY SERVICES PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2024 AND 2023

	2024 ACTUAL	UNAUDITED 2024 BUDGET	OVER (UNDER) 2024 BUDGET	2023 ACTUAL
OPERATING REVENUE				
Energy & Capacity	\$ 115,092,296	\$ 105,409,795	\$ 9,682,501	\$ 112,780,644
Transmission	24,445,749	32,143,626	(7,697,877)	26,942,643
TOTAL OPERATING REVENUE	\$ 139,538,045	\$ 137,553,421	\$ 1,984,624	\$ 139,723,287
OPERATING EXPENSE				
PURCHASED POWER				
Energy & Capacity	\$ 88,572,349	\$ 82,612,426	\$ 5,959,923	\$ 85,511,951
Energy Market Overhead Fee	954,981	1,350,000	(395,019)	814,916
Energy Market Purchases	23,530,522	19,616,009	3,914,513	23,522,736
Reactive Revenue Distribution	-	-	-	218,334
REC Purchases	68,250	-	68,250	949,239
Total Purchased Power Expense	\$ 113,126,102	\$ 103,578,435	\$ 9,547,667	\$ 111,017,176
TRANSMISSION				
Operations & Maintenance	\$ 22,238,156	\$ 28,358,499	\$ (6,120,343)	\$ 25,101,204
Transmission Transfer to TSC	2,207,593	3,785,127	(1,577,534)	1,841,439
Total Transmission Expense	\$ 24,445,749	\$ 32,143,626	\$ (7,697,877)	\$ 26,942,643
ADMINISTRATIVE & GENERAL				
MPPA				
- Salaries & Benefits	\$ 1,077,270	\$ 1,105,016	\$ (27,746)	\$ 904,443
- Outside Services	721,448	533,624	187,824	696,138
- All Other A & G	167,476	192,720	(25,244)	162,887
Total Administrative & General Expense	\$ 1,966,194	\$ 1,831,360	\$ 134,834	\$ 1,763,468
TOTAL OPERATING EXPENSE	\$ 139,538,045	\$ 137,553,421	\$ 1,984,624	\$ 139,723,287
OPERATING INCOME (LOSS)	\$ -	\$ -	\$ -	\$ -
OTHER REVENUE (EXPENSE)				
Interest Income	\$ 1,253,883	\$ 850,000	\$ 403,883	\$ 910,750
Net Change in Fair Value of Investments	110,774	-	110,774	272,750
TOTAL OTHER REVENUE (EXPENSE)	\$ 1,364,657	\$ 850,000	\$ 514,657	\$ 1,183,500
CHANGE IN NET POSITION	\$ 1,364,657	\$ 850,000	\$ 514,657	\$ 1,183,500

MICHIGAN PUBLIC POWER AGENCY
GENERAL FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2024 AND 2023

	2024 ACTUAL	UNAUDITED 2024 BUDGET	OVER (UNDER) 2024 BUDGET	2023 ACTUAL
OPERATING REVENUE				
Participant Dues & Charges	\$ 1,264,199	\$ 1,254,068	\$ 10,131	\$ 1,203,110
Charges for Services:				
MMEA Charges	550,902	480,600	70,302	497,670
Total Committee Revenues	1,741,789	1,901,698	(159,909)	2,122,242
Miscellaneous	-	-	-	-
TOTAL OPERATING REVENUE	\$ 3,556,890	\$ 3,636,366	\$ (79,476)	\$ 3,823,022
OPERATING EXPENSE				
ADMINISTRATIVE & GENERAL				
MMEA - Direct Expenses	\$ 496,902	\$ 426,600	\$ 70,302	\$ 445,590
Service Committee - Direct Expenses	1,634,673	1,794,582	(159,909)	2,021,442
Salaries & Benefits	485,952	524,341	(38,389)	447,205
Office Supplies & Expense	24,195	34,626	(10,431)	22,555
Insurance	67,455	76,092	(8,637)	72,548
Outside Services	149,035	178,846	(29,811)	123,252
Meeting & Travel	34,342	48,658	(14,316)	27,869
Rent & Building Maintenance	27,145	40,272	(13,127)	30,982
Miscellaneous	6,150	6,150	-	6,150
Dues & Assessments	510,202	503,899	6,303	487,086
Total Administrative & General Expense	\$ 3,436,051	\$ 3,634,066	\$ (198,015)	\$ 3,684,679
DEPRECIATION	\$ 54,417	\$ 42,233	\$ 12,185	\$ 49,850
TOTAL OPERATING EXPENSE	\$ 3,490,468	\$ 3,676,299	\$ (185,830)	\$ 3,734,529
OPERATING INCOME (LOSS)	\$ 66,422	\$ (39,933)	\$ 106,354	\$ 88,493
OTHER REVENUE (EXPENSE)				
Interest Income	\$ 141,774	\$ 100,000	\$ 41,774	\$ 101,250
Net Change in Fair Value of Investments	11,416	-	11,416	46,579
Recognized Bldg Lease Income	58,975	66,192	(7,217)	58,556
Miscellaneous	-	-	-	(870)
TOTAL OTHER REVENUE (EXPENSE)	\$ 212,165	\$ 166,192	\$ 45,973	\$ 205,515
CHANGE IN NET POSITION	\$ 278,587	\$ 126,259	\$ 152,327	\$ 294,008