

Nebraska Municipal Power Pool

Independent Auditor's Report and Financial Statements

March 31, 2025



Nebraska Municipal Power Pool

March 31, 2025

Contents

Independent Auditor's Report	1
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Financial Statements

Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

Board of Directors
Nebraska Municipal Power Pool
Lincoln, Nebraska

Opinion

We have audited the financial statements of Nebraska Municipal Power Pool, which comprise the statement of financial position as of March 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nebraska Municipal Power Pool, as of March 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nebraska Municipal Power Pool 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nebraska Municipal Power Pool's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Nebraska Municipal Power Pool'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 Nebraska Municipal Power Pool'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.

Forvis Mazars, LLP

Lincoln, Nebraska
May 28, 2025

Nebraska Municipal Power Pool
Statement of Financial Position
March 31, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 459,944
Certificates of deposit	25,000
Accounts receivable	8,935
Due from coalition members	913,929
Prepaid expenses	<u>116,830</u>
Total current assets	<u><u>\$ 1,524,638</u></u>

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 101,040
Accrued expenses	800,859
Unearned revenue	<u>500</u>
Total current liabilities	<u>902,399</u>

Net Assets

Without donor restrictions - undesignated	<u>622,239</u>
Total liabilities and net assets	<u><u>\$ 1,524,638</u></u>

Nebraska Municipal Power Pool

Statement of Activities Year Ended March 31, 2025

Activities Without Donor Restrictions

Revenues and Other Support

Program revenue	\$ 7,778,734
Champion dues	15,083
Investment return	<u>17,949</u>

Total revenues and other support	<u>7,811,766</u>
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Operating Expenses

Coalition support services	7,722,534
Utility services	76,906
Management and general	<u>12,606</u>

Total operating expenses	<u>7,812,046</u>
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Change in Net Assets Without Donor Restrictions	<u>(280)</u>
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Net Assets, Beginning of Year	<u>622,519</u>
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Net Assets, End of Year	<u><u>\$ 622,239</u></u>
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Nebraska Municipal Power Pool

Statement of Functional Expenses

Year Ended March 31, 2025

	Program Activities		Supporting Activities	
	Coalition Support Services	Utility Services	Management and General	Total Expenses
Payroll and benefits	\$ 7,722,034	\$ -	\$ -	\$ 7,722,034
Professional fees	500	24,200	12,606	37,306
Conferences	-	52,706	-	52,706
Total expenses	<u>\$ 7,722,534</u>	<u>\$ 76,906</u>	<u>\$ 12,606</u>	<u>\$ 7,812,046</u>

Nebraska Municipal Power Pool

Statement of Cash Flows

Year Ended March 31, 2025

Operating Activities

Change in net assets	\$ (280)
Changes in	
Accounts receivable	135,300
Due from coalition members	(71,147)
Prepaid expenses and other current assets	(11,673)
Accounts payable	88,288
Accrued expenses	(118,186)
Unearned revenue	<u>(140)</u>
Net cash provided by operating activities	<u>22,162</u>

Investing Activities

Proceeds from redemption of certificates of deposit	<u>115,000</u>
Net cash provided by investing activities	<u>115,000</u>

Increase in Cash and Cash Equivalents 137,162

Cash and Cash Equivalents, Beginning of Year 322,782

Cash and Cash Equivalents, End of Year \$ 459,944

Nebraska Municipal Power Pool

Notes to Financial Statements

March 31, 2025

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Nebraska Municipal Power Pool (NMPP) was incorporated to promote the common good and general welfare of communities served by municipal utilities by providing support to and coordination among organizations dedicated to supporting municipal utilities, engaging in legislative and regulatory advocacy, and rendering assistance in the fields of municipal utility oriented energy, communications and delivery of such other essential municipal utility services that enhance the quality of life of citizens of the communities served. NMPP's operations consist of dues from NMPP Energy Champions and various programs. Programs include Coalition Support Services and Utility Services. The Coalition Support Services program includes activities related to NMPP's provision of staff to organizations dedicated to supporting municipal utilities. The Utility Services program includes activities of NMPP that support municipal utilities.

NMPP, Municipal Energy Agency of Nebraska (MEAN), National Public Gas Agency (NPGA) and Public Alliance for Community Energy (ACE), comprise a coalition referred to by the trade name NMPP Energy. This coalition of entities provides energy-related services to communities while sharing facilities and management personnel. None of the organizations included in NMPP Energy are responsible for the obligations, liabilities or debts of any of the other organizations in the coalition.

Use of Estimates

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

Cash and Cash Equivalents

The Federal Deposit Insurance Corporation (FDIC) insures transaction accounts up to \$250,000 per covered institution. NMPP's deposits were covered by FDIC insurance at March 31, 2025.

NMPP considers all liquid investments with original maturities of three months or less to be cash equivalents. At March 31, 2025 cash equivalents consisted of a money market mutual fund.

Financial Accounting Standards Board Accounting Standards Codification Topic 820, *Fair Value Measurements* (Topic 820), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Money market mutual funds are carried at cost, and thus not included within the fair value hierarchy.

Nebraska Municipal Power Pool

Notes to Financial Statements

March 31, 2025

Certificates of Deposit and Investment Return

Certificates of deposit are carried at cost, which approximates fair value. Investment return consists entirely of interest income and was \$17,949 for 2025.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The amount billed to customers consists of the contracted amount, of which NMPP has an unconditional right to receive. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. Management does not believe an allowance for doubtful accounts is necessary at March 31, 2025 based upon a review of outstanding receivables and historical collection information. Accounts receivable at March 31, 2025 and 2024 is \$8,935 and \$144,235, respectively.

Prepaid Expenses

At March 31, 2025, prepaid expenses consist of employee related benefits for which payment is required in advance.

Unearned Revenue and Revenue Recognition

Revenue from NMPP Energy Champion dues and the provision of products and services is recognized as NMPP satisfies performance obligations under contracts, as more fully described in Note 5. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which NMPP expects to be entitled to in exchange for providing Champion membership benefits or goods and services. The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. NMPP determines the transaction price based on standard rates for goods and services provided. Customer advances are reflected in unearned revenue. Unearned revenue at March 31, 2025 and 2024 is \$500 and \$640, respectively.

Net Assets

Net assets, revenues, and contributions are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions.

At March 31, 2025, none of NMPP's net assets were subject to donor restrictions.

Income Taxes

NMPP was incorporated under the Nebraska Nonprofit Corporation Act and is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, NMPP is subject to federal income tax on any unrelated business taxable income. NMPP files tax returns in the U.S. federal jurisdiction.

Nebraska Municipal Power Pool

Notes to Financial Statements

March 31, 2025

Joint Costs of the Coalition

NMPP incurs joint costs that include personnel and general and administrative costs for coalition members which are included in the Coalition Support Services program. Coalition members are charged their allocated portion of these costs. The payment to NMPP is reported as coalition support services revenue on the statement of activities. The joint costs are included in operating expenses on the statement of activities and statement of functional expenses. Accrued expenses on the statement of financial position include expenses incurred under NMPP's paid time off program for time off earned but not yet taken. Coalition members are charged their allocated portion of these costs when time off is taken. Amounts due from coalition members on the statement of financial position include the allocated amount owed by each coalition member for accrued expenses related to NMPP's paid time off program which totaled approximately \$550,000 at March 31, 2025.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function.

Note 2: Employee Benefit Plan

NMPP sponsors a defined contribution savings plan (Plan) covering all employees with three months of service and having attained the age of 20½ years. Employees may contribute to the Plan on a before income tax basis. Employees who elect to participate must contribute a minimum of six percent of their salary. NMPP contributes nine percent of each participating employee's salary. Total contributions by NMPP, principally allocated to coalition members, to the Plan were approximately \$469,000 for the year ended March 31, 2025. Total contributions for 2025 are net of forfeitures of approximately \$14,000. The employee benefit plan costs are included in operating expenses in the statement of activities and payroll and benefits in the statement of functional expenses.

Note 3: Transactions with Coalition Members

A summary of amounts due from coalition members as of March 31, 2025, is as follows:

Due from MEAN	\$ 843,042
Due from NPGA	36,350
Due from ACE	<u>34,537</u>
Due from coalition members	<u><u>\$ 913,929</u></u>

Nebraska Municipal Power Pool

Notes to Financial Statements

March 31, 2025

Payroll and benefits incurred by NMPP which have been charged to coalition members during 2025, is as follows:

MEAN	\$ 6,871,434
NPGA	436,200
ACE	<u>414,400</u>
Total payroll and benefits	<u><u>\$ 7,722,034</u></u>

Note 4: Liquidity and Availability

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of March 31, 2025 consist of the following:

Financial assets:

Cash and cash equivalents	\$ 459,944
Certificates of deposit	25,000
Accounts receivable	<u>8,935</u>

Financial assets available to meet cash needs
for general expenditures within one year

\$ 493,879

The majority of accounts payable and accrued expenses reported in the statement of financial position at March 31, 2025 represent personnel and general and administrative costs under the Coalition Support Services program. These costs will be liquidated as they come due through the collection of the due from coalition members balance also reported in the statement of financial position at March 31, 2025.

NMPP's liquidity policy acknowledges all of NMPP's operations are funded by charges for services and assessments to coalition members. NMPP will not regularly maintain operating funds. NMPP will utilize a pre-billing system with coalition members to provide adequate liquidity. NMPP manages liquidity and reserves by reviewing targets annually to ensure that the funding levels continue to provide the expected level of liquidity protection. During the year ended March 31, 2025, the level of liquidity and reserves was managed within the policy requirements.

Nebraska Municipal Power Pool

Notes to Financial Statements

March 31, 2025

Note 5: Revenue from Agreements

Program Revenue

Performance obligations are determined based on the nature of the goods or services provided by NMPP in accordance with the related contract. The transaction price is based on standard rates for goods and services provided.

Revenue for performance obligations which are satisfied over time is recognized ratably over the period based on time elapsed. For the year ended March 31, 2025, NMPP recognized revenue from contracts with coalition members of \$7,722,034.

Revenue for performance obligations which are satisfied at a point in time is generally recognized when goods or services are provided to customers at a single point in time and NMPP does not believe it is required to provide additional goods or services related to the contract. For the year ended March 31, 2025, NMPP recognized \$56,700 of event related revenue from point in time sales.

Champion Dues Revenue

Revenue from dues paid by organizations who participate in the NMPP Energy Champion Program is reported at the amount that reflects the consideration to which NMPP expects to be entitled in exchange for providing program benefits.

NMPP bills dues annually. Revenue is recognized as performance obligations are satisfied, which is ratably over the annual term. For the year ended March 31, 2025, NMPP recognized revenue from champion dues of \$15,083.

Note 6: Subsequent Events

Subsequent events have been evaluated through May 28, 2025, which is the date the financial statements were available to be issued.