

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
(INCLUDING CONNECTICUT TRANSMISSION MUNICIPAL
ELECTRIC ENERGY COOPERATIVE –
A BLENDED COMPONENT UNIT)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors and Members
Connecticut Municipal Electric Energy Cooperative
Norwich, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Connecticut Municipal Electric Energy Cooperative, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Connecticut Municipal Electric Energy Cooperative's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Connecticut Municipal Electric Energy Cooperative, as of December 31, 2024 and 2023, and the changes in financial position, and, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Connecticut Municipal Electric Energy Cooperative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 14 to the financial statements, effective January 1, 2024, Connecticut Municipal Electric Energy Cooperative adopted new accounting guidance for accounting changes. The guidance requires that changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period. Our opinions are not modified with respect to this matter.

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 Connecticut Municipal Electric Energy Cooperative's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Connecticut Municipal Electric Energy Cooperative's basic financial statements. The combining schedule of net position, combining schedule of revenues, expenses and changes in net position, and the schedule of revenues, expenses and changes in net position for CMEEC power supply and transmission operations and the combining schedule of net position and combining schedule of changes in net position for the fiduciary funds are presented for purposes of additional analysis and are 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 audits 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedule of net position, combining schedule of revenues, expenses and changes in net position, and the schedule of revenues, expenses and changes in net position for CMEEC power supply and transmission operations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2025, on our consideration of the Connecticut Municipal Electric Energy Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Connecticut Municipal Electric Energy Cooperative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Connecticut Municipal Electric Energy Cooperative's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
April 4, 2025

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2024, 2023, AND 2022**

The following discussion and analysis of the financial performance of Connecticut Municipal Electric Energy Cooperative including Connecticut Transmission Electric Energy Cooperative as a blended component (referred to as CMEEC for the purposes of this discussion) provides an overview of the activities for the fiscal year ended December 31, 2024, in comparison with December 31, 2023. This information should be read in conjunction with CMEEC's financial statements and the related footnotes.

Financial Highlights

- Total operating revenues decreased by 17% compared to the prior year due to the pass through of lower operating expenses. Although the total load for 2024 of 1,133,104 MWh was 23,215 MWh higher than the load for 2023 of 1,109,889 MWh, the purchased power expense was lower than 2023 by approximately \$27.7 million.
- Total operating expenses decreased by 16% compared to the prior year mainly due to a decrease in purchased power costs which reflect lower market prices, whereas power costs in 2023 were more volatile.
- Net nonoperating expenses for 2024 of \$3.1 was 30% lower than 2023 net nonoperating expense mainly resulting from members electing not to distribute excess equity.

Overview of Operations

CMEEC procures wholesale electric energy for its Members, which include six municipal electric utilities in the state of Connecticut: Norwich Public Utilities, Groton Utilities, Jewett City Department of Public Utilities, Third Taxing District of the City of Norwalk, South Norwalk Electric and Water, and Bozrah Light & Power. CMEEC has also been the wholesale power supplier to the Mohegan Tribal Utility Authority since its inception in 1996.

CMEEC manages power supply contracts, forward energy contracts, and the financing, acquisition, construction, and operation of generating resources. CMEEC supplies power to its Members and wholesale customers through various sources, including, bi-lateral transactions and purchases from ISO-NE, with a fuel mix that primarily includes natural gas, nuclear, hydroelectric, solar and other renewable resources; hydroelectric power from massive power dams in Canada and New York.

CMEEC's all-requirements model requires its Members to contractually commit to purchase essentially all their electric power requirements from CMEEC. This commitment results in a joint action agency with cooperative strengths vital to CMEEC's dealings with other utilities and counterparties, the investment community, and other energy industry stakeholders.

Critical Accounting Policies

The accounting records of CMEEC are maintained using the Government Accounting Standards Board (GASB) reporting standards, the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts, and the Generally Accepted Accounting Principles of the United States (GAAP) using the economic resources measurement focus and the accrual basis of accounting. Application of the accounting methods for regulatory operations is also included in these financial statements. This accounting guidance relates to the deferral of revenues and expenses to future periods in which the revenues are earned, or the expenses are recoverable through the rate-making process, which is governed by the Board of Directors.

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2024, 2023, AND 2022**

Critical Accounting Policies (Continued)

The financial statements for CMEEC include a blended component unit, Connecticut Transmission Municipal Electric Energy Cooperative (CTMEEC) dba Transco. The combining statements, showing the financial information for each entity separately can be found at the end of the audit report.

Analysis of 2024 Financial Results

Statement of Net Position

STATEMENTS OF NET POSITION		
	2024	2023
ASSETS		
UTILITY PLANT AND PROPERTY	\$ 50,430	\$ 53,410
CURRENT ASSETS	52,962	59,128
OTHER ASSETS	21,147	22,970
TOTAL ASSETS	\$ 124,539	\$ 135,508
DEFERRED OUTFLOWS OF RESOURCES	\$ 517	\$ 580
LIABILITIES		
CURRENT LIABILITIES	\$ 18,329	\$ 31,819
OTHER LIABILITIES	44,812	40,510
LONG-TERM LIABILITIES	48,377	50,966
TOTAL LIABILITIES	\$ 111,518	\$ 123,295
DEFERRED INFLOWS OF RESOURCES	\$ 632	\$ 681
NET POSITION		
Net Investment in Capital Assets	9,554	8,229
Restricted for Debt Service	2,302	2,318
Unrestricted	1,050	1,565
Total Net Position	\$ 12,906	\$ 12,112

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2024, 2023, AND 2022**

Analysis of 2024 Financial Results (Continued)

In 2024, CMEEC placed in service two building improvement assets – a fire suppression system for the room housing computer servers and the replacement of the roof on their office building – resulting in an increase of \$0.1 million in General Plant in Service. Total Utility Plant and Property decreased by \$3.0 million mainly due to the increase in accumulated depreciation according to schedule.

Current assets decreased by \$6.2 million mainly due to a decrease of \$2.5 million in Cash and Cash Equivalents and a decrease of \$4.3 million in Short-Term Investments mainly driven by a payment related to accrued charges for the Community Solar Gardens, as a long-term dispute was resolved in 2024. Total Other Assets decreased by \$1.8 million due to the following:

Costs to be Recovered decreased by \$1.5 million mostly due to scheduled amortization.

The decrease of \$0.4 million in Debt Service Funds and Decommissioning Funds was due to the payments on the bond schedules and the mark-to-market adjustments.

Investment in Hydro Quebec increased by \$0.1 million due to a capital call.

The Deferred Outflows of Resources decreased by \$0.1 million due to amortization from the bond schedules.

Current liabilities decreased by \$13.5 million due to a decrease of \$9.7 million and a decrease of \$3.1 million in Accounts Payable and Accrued Liabilities respectively mainly driven by the payment of accrued charges regarding the resolution of Community Solar Gardens dispute.

The increase of \$4.3 million in Other Liabilities was mainly from increases of the Rate Stabilization Funds from lower energy costs.

Long-term debt, Net of Current Portion decreased by \$2.5 million due to scheduled principal payments on the Bonds.

Right-to-Use lease liability decreased by \$0.1 million due to scheduled amortization of the MicroGen project leases.

The decrease of \$0.1 million in Deferred Inflows of Resources was due to amortization from the bond schedules.

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2024, 2023, AND 2022**

Analysis of 2024 Financial Results (Continued)

Statement of Revenues, Expenses, and Changes in Net Position

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
	2024	2023
OPERATING REVENUES		
Electric Power Supply Revenues	\$ 90,984	\$ 104,847
Electric Transmission Revenues	18,190	16,919
Uses of (Additions to) Rate Stabilization Funds and Other	(2,547)	6,727
Total Operating Revenues	<u>106,627</u>	<u>128,493</u>
OPERATING EXPENSES		
Purchased Power and Generation Costs	77,144	98,854
Transmission Costs	14,190	13,004
Administrative and General	8,205	7,743
Depreciation and Amortization	3,202	3,161
Total Operating Expenses	<u>102,741</u>	<u>122,762</u>
NET OPERATING INCOME	3,886	5,731
NONOPERATING INCOME (EXPENSE)	(3,092)	(10,096)
INCOME BEFORE SPECIAL ITEMS	794	(4,365)
SPECIAL ITEMS - LEGAL SETTLEMENT AND REIMBURSEMENTS	<u>-</u>	<u>(797)</u>
CHANGE IN NET POSITION	794	(5,162)
Net Position - Beginning of Year	<u>12,112</u>	<u>17,274</u>
NET POSITION - END OF YEAR	<u><u>\$ 12,906</u></u>	<u><u>\$ 12,112</u></u>

The 17% decrease in total operating revenues as compared to the prior year was mainly due to a decrease in purchased power expenses. The total load for 2024 was 1,133,104 MWh, which was 23,215 MWh higher than the load for 2023 of 1,109,889 MWh. Due to the nature of CMEEC being a pass-through not for profit entity, income is driven by operating costs and debt service and fluctuates accordingly.

Total operating expenses decreased by 16% compared to the prior year mainly due to a decrease in market prices for purchased power costs. Purchased power costs for 2024 were \$21.7 million lower than 2023. These lower costs, offset by a higher load for 2024 of 23,215 MWh, still resulted in Purchased Power and Generation Costs 22% lower than 2023. Transmission costs in 2024 rose approximately 9% higher than 2023, driven by increased transmission rates.

Administrative and General expenses increased by 6% due to slight increases in outside service expense for legal and other consultants as well as a decrease in the amount of salaries and overhead allocated to projects.

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2024, 2023, AND 2022**

Analysis of 2024 Financial Results (Continued)

Net non-operating expenses decreased by \$7.0 million. This is due to a decrease of \$6.4 million in excess equity distributions to members, and a \$1.2 million decrease in other expenses from the Pierce close out expenses recorded in 2023 of \$1.6 million and restitution payments received of \$0.4 million recorded in 2024.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, cash and cash equivalents are equal to bank deposits and short-term investments available for immediate use. In 2024, the net decrease in cash and cash equivalents of \$2.5 million remained relatively flat in comparison to 2023.

Analysis of 2024 Statement of Fiduciary Net Position

In 2024, CMEEC determined the Municipal Competitive Trust Funds, Economic Development Funds, and the Conservation and Load Management Fund should be classified as Fiduciary Funds. The activity of these custodial funds is detailed on the Statement of Changes in Fiduciary Net Position.

The total cash and cash equivalents and investment funds of \$29.0 million increased by \$1.2 million due to total additions of \$3.9 million from contributions and interest offset by withdrawals of \$2.7 million.

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2024, 2023, AND 2022**

Analysis of 2023 Financial Results

Statement of Net Position

STATEMENTS OF NET POSITION		
	2023	2022
ASSETS		
UTILITY PLANT AND PROPERTY	\$ 53,410	\$ 53,870
CURRENT ASSETS	59,128	66,046
OTHER ASSETS	22,970	36,041
TOTAL ASSETS	\$ 135,508	\$ 155,957
DEFERRED OUTFLOWS OF RESOURCES	\$ 580	\$ 643
LIABILITIES		
CURRENT LIABILITIES	\$ 31,819	\$ 34,271
OTHER LIABILITIES	40,510	39,562
LONG-TERM LIABILITIES	50,966	64,762
TOTAL LIABILITIES	\$ 123,295	\$ 138,595
DEFERRED INFLOWS OF RESOURCES	\$ 681	\$ 731
NET POSITION		
Net Investment in Capital Assets	8,229	(1,329)
Restricted for Debt Service	2,318	2,521
Unrestricted	1,565	16,082
Total Net Position	\$ 12,112	\$ 17,274

In 2023, Total Utility Plant and Property decreased by \$2.2 million mainly due to the increase in accumulated depreciation according to schedule.

Current assets decreased by \$6.9 million mainly due to a decrease of \$3.2 million in receivables and Deposits for Current Debt Service requirements being \$2.5 million lower.

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2024, 2023, AND 2022**

Analysis of 2023 Financial Results (Continued)

Total Other Assets decreased by \$9.4 million due to the following:

Costs to be Recovered decreased by \$2.7 million mostly from the final collection due from the members for the portion of the 2013 Series A Power Supply Bonds that were redeemed, along with the amortization of the bond related deferral schedules.

The decrease of \$8.7 million in Debt Service Funds and Decommissioning Funds was due to the use of the funds built up in 2022 for the January 2023 redemption of the unrefunded portion of the 2013 Series A Power Supply Bonds, and the reduced Debt Service Reserve balances needed for the 2021 and 2022 bond series.

The Deferred Outflows of Resources decreased by \$0.1 million due to the scheduled amortization from the bond refundings.

Current liabilities decreased by \$2.5 million due to a decrease of \$1.3 million in accrued liabilities and a decrease of \$1.2 million in accrued interest on long-term debt driven by the lower interest requirements of the 2021 and 2022 bond series. The accrued liabilities decrease of \$1.3 million is due to the amortization of \$1.2 million received in connection with the declaration of commercial operations by our fuel cell Power Purchase Agreement counterparty in December 2022, and a decrease of \$0.8 million in counterparty margin offset by an increase in REC (Renewable Energy Credit) reserve of \$0.8 million.

Total Other Liabilities increased by \$2.2 million mainly from an increase of Regulatory Liabilities and Municipal Competitive Trusts offset by a decrease of the Conservation and Load Management Funds.

The increase of \$1.6 million in regulatory liabilities was mainly due to the change in Fair Market Valuation Adjustments for Investments.

Long-term debt; net of current portion decreased by \$13.8 million.

Long-term debt; net of current portion decrease by \$14.4 million mostly due to the redemption of the unrefunded portion of the 2013 Series A Power Supply Bonds.

Right-to-Use lease liability increased by \$0.6 million driven by the lease agreements with property owners related to the MicroGen Project.

The decrease of \$0.1 million in Deferred Inflows of Resources was due to the scheduled amortization from the bond refundings.

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2024, 2023, AND 2022**

Analysis of 2023 Financial Results (Continued)

Statement of Revenues, Expenses, and Changes in Net Position

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
	2023	2022
OPERATING REVENUES		
Electric Power Supply Revenues	\$ 104,847	\$ 113,412
Electric Transmission Revenues	16,919	15,665
Uses of (Additions to) Rate Stabilization Funds and Other	6,727	6,562
Total Operating Revenues	<u>128,493</u>	<u>135,639</u>
OPERATING EXPENSES		
Purchased Power and Generation Costs	98,854	108,446
Transmission Costs	13,004	16,540
Administrative and General	7,743	7,087
Depreciation and Amortization	3,161	3,056
Total Operating Expenses	<u>122,762</u>	<u>135,129</u>
NET OPERATING INCOME	5,731	510
NONOPERATING INCOME (EXPENSE)	<u>(10,096)</u>	<u>(2,072)</u>
INCOME BEFORE SPECIAL ITEMS	(4,365)	(1,562)
SPECIAL ITEMS - LEGAL SETTLEMENT AND REIMBURSEMENTS	<u>(797)</u>	<u>(1,081)</u>
CHANGE IN NET POSITION	(5,162)	(2,643)
Net Position - Beginning of Year	<u>17,274</u>	<u>19,917</u>
NET POSITION - END OF YEAR	<u><u>\$ 12,112</u></u>	<u><u>\$ 17,274</u></u>

Total operating revenues decreased by 5% compared to the prior year mainly due to a decrease in loads and operating costs. The total load for 2023 was 1,109,889 MWh which is 102,169 MWh lower than the load for 2022 of 1,212,058 MWh. Due to the nature of CMEEC being a pass-through not for profit entity, income is driven by operating costs and debt service and fluctuates accordingly.

Total operating expenses decreased by 9% compared to the prior year mainly due to a decrease in power and transmission costs. Power costs for 2023, while still quite volatile, were substantially lower than 2022. This combined with the lower load for 2023 resulted in Purchased Power and Generation Costs 9% lower than 2022. Although transmission rates in 2023 were higher than 2022, load management efforts helped keep the total costs 21% lower than 2022.

Administrative and General expenses increased by 9% in 2023 as compared to 2022 due to slight increases in salary expense, employee benefits expense, outside service expense for auditors and other consultants, and board and governance related expenses as well as a decrease in allocated salaries and overhead to projects.

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2024, 2023, AND 2022**

Analysis of 2023 Financial Results (Continued)

Net non-operating expenses increased by \$8.0 million. This is from an increase of \$1.6 million due to the final paid expense of the unrefunded portion of the 2013 Series A Power Supply Bonds, a \$1.3 million increase in Excess Equity Distributions to Members, and a \$5.1 million change in Costs to be Recovered from Future Billings to Members due mainly from the 2022 refunding of the 2013 Series A Bonds as well as insurance reimbursement received for legal fees associated with the ongoing criminal case, further discussed in footnote 14 of the audited financial statements.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, cash and cash equivalents are equal to bank deposits and short-term investments available for immediate use. In 2023, the cash and cash equivalents of \$7.7 million decreased by \$2.7 million mainly due to the final payment of the unrefunded portion of the 2013 Series A Power Supply Bonds.

Overview of Projects

CMEEC projects continued to provide value to its Members with a combined net benefit of \$11.5 million in 2024. The majority of the value was derived from the Community Solar Garden, MicroGen, Transmission Project #1, and Hydro Quebec projects off set by the Subase Fuel Cell. Project net benefit increased from \$6.3 million in 2023 mostly as a result of the finalization of contract negotiations involving the Community Solar Gardens.

Liquidity and Capital Resources

CMEEC maintains a strong liquidity position, with sufficient cash reserves to meet its short-term obligations. By state statute, CMEEC has legal authority to issue long-term tax-exempt and taxable electric power supply revenue and transmission system bonds to borrow money at relatively low interest rates for obtaining electric generating and transmission facilities. Repayment of interest received by bond-holders – the lender of money to CMEEC – is generally tax-exempt because the money borrowed is used for nonprofit essential municipal utility purposes. CMEEC bonds are secured by power sales and transmission service contracts between CMEEC and its Members and wholesale customers.

Debt Service Coverage and Long-Term Debt Ratings

For the fiscal years ending on December 31, 2024, and December 31, 2023, CMEEC met all covenants for its short and long-term debt, including all payments and debt servicing requirements. In accordance, CMEEC collections for the sale of output and service exceeded the required 110% of Aggregate Debt Service for the bond covenants.

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2024, 2023, AND 2022**

Debt Service Coverage and Long-Term Debt Ratings (Continued)

CMEEC's Long-Term Debt Ratings are as follows:

Debt Series	Fitch Ratings	Moody's Investors Service
Power Supply System Revenue Bonds, 2022 Series A	AA-	Aa3
Transmission Services Revenue Bonds, 2021 Series A	AA-	Aa3

Risk Factors

CMEEC faces various risks and uncertainties, including economic volatility, changes in federal and state regulations, and potential litigation. Management continuously monitors these risks and implements strategies to mitigate their impact on CMEEC's financial position and operations.

Forward-Looking Statements

This MD&A contains forward-looking statements that are subject to various risks and uncertainties. Actual results may differ materially from those expressed or implied in these statements due to factors such as changes in economic conditions, legislative developments, or unexpected events.

Conclusion

The financial performance of CMEEC for the fiscal year ended December 31, 2024, reflects its commitment to fiscal responsibility and prudent management of resources. Despite economic challenges and evolving regulatory requirements, CMEEC remains well-positioned to meet the needs of its Members.

BASIC FINANCIAL STATEMENTS

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

	2024	2023
ASSETS		
UTILITY PLANT AND PROPERTY		
Land	\$ 60	\$ 60
Intangible Plant and Property in Service	861	861
General Plant in Service	97,775	97,651
Right-to-Use Lease Assets	3,086	3,086
Construction Work in Progress	-	27
Total	101,782	101,685
Less: Accumulated Depreciation and Amortization	51,352	48,275
Net Utility Plant and Property	50,430	53,410
CURRENT ASSETS		
Cash and Cash Equivalents	5,152	7,691
Short-Term Investments	25,080	29,394
General Reserve Fund	529	661
Deposit for Current Debt Service	3,528	2,914
Accounts Receivable	1,235	1,243
Accounts Receivable from Related Parties	15,529	15,492
Inventories	776	583
Other Current Assets	1,133	1,150
Total Current Assets	52,962	59,128
OTHER ASSETS		
Costs to be Recovered from Future Billings	17,891	19,379
Debt Service Funds and Decommissioning Funds	2,872	3,274
Investment in Hydro Quebec	384	317
Total Other Assets	21,147	22,970
 Total Assets	 124,539	 135,508
DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	517	580
Total Deferred Outflows of Resources	517	580

See accompanying Notes to Basic Financial Statements.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

	2024	2023
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 2,450	\$ 3,128
Current Portion of Right-to-Use Lease Liability	139	137
Accounts Payable	14,150	23,833
Accrued Liabilities	477	3,582
Accrued Interest on Long-Term Debt	1,113	1,139
Total Current Liabilities	<u>18,329</u>	<u>31,819</u>
OTHER LIABILITIES		
Regulatory Liabilities	2,410	2,288
Rate Stabilization Funds	41,753	37,749
Asset Management Reserve Deferral	108	96
Other Liabilities	541	377
Total Other Liabilities	<u>44,812</u>	<u>40,510</u>
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Portion	46,267	48,717
Right-to-Use Lease Liability, Net of Current Portion	2,110	2,249
Total Long-Term Liabilities	<u>48,377</u>	<u>50,966</u>
Total Liabilities	111,518	123,295
DEFERRED INFLOWS OF RESOURCES		
Deferred Charge on Refunding	632	681
Total Deferred Inflows of Resources	<u>632</u>	<u>681</u>
NET POSITION		
Net Investment in Capital Assets	9,554	8,229
Restricted:		
Debt Service	2,302	2,318
Unrestricted	1,050	1,565
Total Net Position	<u>\$ 12,906</u>	<u>\$ 12,112</u>

See accompanying Notes to Basic Financial Statements.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Electric Power Supply Revenues	\$ 90,984	\$ 104,847
Electric Transmission Revenues	18,190	16,919
Uses of (Additions to) Rate Stabilization Funds and Other	<u>(2,547)</u>	<u>6,727</u>
Total Operating Revenues	106,627	128,493
OPERATING EXPENSES		
Purchased Power and Generation Costs	77,144	98,854
Transmission Costs	14,190	13,004
Administrative and General	8,205	7,743
Depreciation and Amortization	<u>3,202</u>	<u>3,161</u>
Total Operating Expenses	<u>102,741</u>	<u>122,762</u>
NET OPERATING INCOME	3,886	5,731
NONOPERATING INCOME (EXPENSE)		
Interest and Investment Income	(613)	171
Interest Expense	(1,783)	(1,480)
Other Expense	(409)	(1,644)
Excess Equity Distributions to Members	-	(6,350)
Change in Bond Expenses to be Recovered from Future		
Billings to Members	<u>(287)</u>	<u>(793)</u>
Net Nonoperating Expense	<u>(3,092)</u>	<u>(10,096)</u>
INCOME BEFORE SPECIAL ITEMS	794	(4,365)
SPECIAL ITEMS - LEGAL SETTLEMENT AND REIMBURSEMENTS	<u>-</u>	<u>(797)</u>
CHANGE IN NET POSITION	794	(5,162)
Net Position - Beginning of Year	<u>12,112</u>	<u>17,274</u>
NET POSITION - END OF YEAR	<u><u>\$ 12,906</u></u>	<u><u>\$ 12,112</u></u>

See accompanying Notes to Basic Financial Statements.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 115,780	\$ 132,909
Cash Paid to Suppliers:		
Fuel and Purchased Power	(77,337)	(98,736)
Transmission Costs	(14,190)	(13,004)
Administrative and General	(19,569)	(8,897)
Cash Paid to Employees:		
Salaries and Benefits	(5,488)	(5,578)
Cash Paid for Special Items	-	(797)
Net Cash Provided (Used) by Operating Activities	<u>(804)</u>	<u>5,897</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Excess Equity Distribution (to) from Members	-	(548)
Net Cash Provided (Used) by Noncapital Investing Activities	<u>-</u>	<u>(548)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(97)	(96)
Principal Payments - Right-to-Use Lease Liability	(137)	(134)
Principal Payments - Long-Term Debt	(2,630)	(13,526)
Interest Payment on Debt	(2,293)	(3,955)
Net Cash Used by Capital and Related Financing Activities	<u>(5,157)</u>	<u>(17,711)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Contributions to) or Drawdowns from Special Funds	(212)	11,198
Net Purchase and (Sale) of Short-Term Investments	3,634	(1,521)
Net Cash Provided by Investing Activities	<u>3,422</u>	<u>9,677</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,539)	(2,685)
Cash and Cash Equivalents - Beginning of Year	<u>7,691</u>	<u>10,376</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,152</u></u>	<u><u>\$ 7,691</u></u>

See accompanying Notes to Basic Financial Statements.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 3,886	\$ 5,731
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	3,202	3,161
Special Items - Legal Settlement and Reimbursements	-	(797)
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(29)	3,230
(Increase) Decrease in Inventories	(193)	(21)
(Increase) Decrease in Other Assets and General Reserve Fund	149	197
(Increase) Decrease in Costs to be Recovered from Future Billings to Members	1,363	2,959
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(13,197)	(2,618)
Increase (Decrease) in Rate Stabilization Funds	4,004	(5,868)
Increase (Decrease) in Asset Management Reserve Deferral	12	12
Increase (Decrease) in Regulatory Liabilities	(165)	(108)
Increase (Decrease) in Other Liabilities	164	19
Total Adjustments	<u>(4,690)</u>	<u>166</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (804)</u>	<u>\$ 5,897</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash Investing, Capital, and Financing Transactions:		
Interest Income	\$ (613)	\$ -
Other Income (Expense)	(409)	-
Change in Bond Expenses to be Recovered through Future Billings	(287)	(793)
Amortization of Debt Discount and Premium and Issuance Expenses	498	1,315
Excess Equity Distribution to Members Transferred to Special Funds	<u>-</u>	<u>(5,802)</u>
Net Noncash Investing, Capital, and Financing Transactions	<u>\$ (811)</u>	<u>\$ (5,280)</u>

See accompanying Notes to Basic Financial Statements.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
STATEMENTS OF FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

	Custodial Funds	
	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 4,761	\$ 4,671
Investments	24,221	23,074
Total Assets	<u>\$ 28,982</u>	<u>\$ 27,745</u>
NET POSITION		
Restricted for Municipal Competitive Trust	\$ 24,221	\$ 23,074
Restricted for Economic Development Fund	1,624	1,572
Restricted for Conservation and Load Management Fund	3,137	3,099
Total Net Position	<u>\$ 28,982</u>	<u>\$ 27,745</u>

See accompanying Notes to Basic Financial Statements.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

	Custodial Funds	
	2024	2023
ADDITIONS:		
Contributions	\$ 2,507	\$ 3,329
Repayments	268	230
Investment Income:		
Net Change in Fair Value of Investments	391	618
Interest Income	793	453
Total Additions	<u>3,959</u>	<u>4,630</u>
DEDUCTIONS:		
Withdrawal	<u>2,722</u>	<u>3,379</u>
Total Deductions	<u>2,722</u>	<u>3,379</u>
CHANGE IN NET POSITION	<u>1,237</u>	<u>1,251</u>
Net Position - Beginning, As Originally Reported	27,745	-
Restatement	<u>-</u>	<u>26,494</u>
Net Position - As Restated	<u>27,745</u>	<u>26,494</u>
NET POSITION - END OF YEAR	<u><u>\$ 28,982</u></u>	<u><u>\$ 27,745</u></u>

See accompanying Notes to Basic Financial Statements.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 1 NATURE OF OPERATIONS

Organization

Connecticut Municipal Electric Energy Cooperative (CMEEC) was organized in 1976 as a public corporation under Connecticut Public Act 75-634, subsequently codified as Title 7-233, Chapter 101a of the General Statutes of Connecticut, as amended. In addition, CMEEC is required to comply with Connecticut Public Acts 17-73 and 18-50. CMEEC is owned and governed by six member utilities (the Members). The Members include the municipal electric utilities of the Cities of Norwich and Groton, the Borough of Jewett City, the Second and Third Taxing Districts of the City of Norwalk, and Bozrah Light and Power Company. It is empowered to undertake the planning, financing, acquisition, construction, and operation of facilities for the generation and transmission of electric power and energy for its member utilities and others. Under the bylaws of CMEEC, a member delegation and board of directors were established to act as regulatory bodies for the review and approval of cost recovery through rates on an annual basis. The bylaws have been amended over the years to remain current with the statutory environment, with no fundamental operating changes effected. The last amendment was in 2021.

Blended Component Unit

Connecticut Transmission Municipal Electric Energy Cooperative (dba: Transco), a blended component unit of CMEEC, was organized in 2009 as a public corporation under Connecticut Public Act 75-634, subsequently enacted as Title 7-233, Chapter 101a of the General Statutes of Connecticut, as amended. It is empowered to undertake the transmission of electric power and energy for its member utilities (the Members) and others. The Members of CMEEC are Members of Transco. CMEEC has determined that Transco is a blended component unit as they pay all costs of Transco through a Comprehensive Management Service Agreement, and the governance of Transco are the same as CMEEC. The separate financials statement for Transco can be obtained from management of CMEEC. See Note 8 for combining information.

Operations

CMEEC has entered into power sales contracts with each of the Members. Under the contracts, each of the utilities agreed to purchase essentially all of its electric power required for resale from CMEEC, with CMEEC's electric revenues to consist of billings for resale of power. The contracts obligate each system to pay for their share of CMEEC's fixed costs, which consist primarily of debt service and CMEEC administrative and general costs on a take-or-pay basis. The Members maintain this fixed cost obligation whether or not they take any power from CMEEC.

In addition to the Members, CMEEC provides wholesale electric service to the Mohegan Tribal Utility Authority (MTUA).

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The proprietary and fiduciary fund financial statement are reported using the economic resources measurement focus and the accrual basis of accounting.

As the governing body of CMEEC consists of members appointed by various local governments, the accounting records of CMEEC are maintained using the standards established by the Governmental Accounting Standards Board (GASB), the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC), and accounting principles generally accepted in the United States of America (GAAP).

Application of the accounting methods for regulatory operations is also included in these financial statements. This accounting guidance relates to the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process, which is governed by the board of directors. The more significant accounting policies are summarized below.

Additionally, CMEEC reports Custodial Funds which are primarily utilized to account for monies held as custodian for other governments.

Utility Plant and Property

Utility plant and property is stated at historical cost and is defined as assets with an initial cost of more than \$25,000 and an estimated life of more than three years. These costs include an allocation of direct and indirect charges for engineering, supervision and administrative expenses. Amortization of intangible plant in service is computed on the straight-line method over the estimated useful life of each unit under contract, ranging from 10 to 30 years. Depreciation of general plant in service is computed on the straight-line method over the estimated lives of the assets ranging from 3 to 42 years. Costs related to plant not placed into service are classified as construction-in-process. Depreciation does not commence until the item is placed in service. For assets sold or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is distributed through the CMEEC billing process or is reflected in net income for the period.

Investment in Hydro Quebec

This investment is recorded at cost and represents CMEEC's 0.84% equity ownership interest in the Hydro Quebec Phase I and Phase II Transmission Facilities. Effective November 2020, CMEEC entered into an agreement with H.Q. Energy Services (U.S.) for the transfer of use rights associated with CMEEC's interest in the project for a monthly fee of \$58 through October 2025.

Debt Service Funds and Decommissioning Funds

Proceeds from the sale of revenue bonds were deposited in the special funds in accordance with the bond resolutions. Assets in the debt service funds are held by the trustee and invested until required for debt service payments in accordance with the provisions of bond resolutions.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash is equivalent to bank account cash balances available for immediate use. CMEEC maintains their cash in bank deposit accounts that, at times, may exceed federally insured limits. CMEEC has not experienced any losses in such accounts and believe they are not exposed to any significant credit risk on cash. From time to time, CMEEC may hold cash equivalents that consist of short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less. These amounts are stated at cost and are adjusted for amortization of premium or accretion of discount, which approximates market value.

Short-Term Investments

Investments consist of debt and equity securities and are reported at fair value per GASB requirements.

General Reserve Fund

The General Reserve Fund is established pursuant to CMEEC's Power Supply Revenue Bond Resolution and CMEEC's Transmission Services Revenue Bond Resolution. These funds are unrestricted and can be used for any lawful purpose.

Accounts Receivable

Accounts receivable are recorded at net realizable value. Provision for credit losses on customer accounts is made in amounts required to maintain an adequate allowance to cover anticipated losses. No allowance was recorded as of December 31, 2024 and 2023.

Effect of Accounting Standards on Current Period Financials

The Following Governmental Accounting Standards Board (GASB) statements have been evaluated and applied as indicated. Application of these standards may restate portions of these financial statements.

GASB 84 Fiduciary Activities

GASB Statement 84 addresses the consistency and comparability of fiduciary activity reporting in order to assess the accountability of governments in their role as fiduciaries. Effective January 1, 2024, CMEEC re-evaluated funds held and determined that Municipal Competitive Trusts, Conservation and Load Management, and Economic Development Funds previously reported on the Statement of Net Position should be reclassified and reported on the Statement of Fiduciary Net Position.

GASB 96 Subscription-Based Information Technology Arrangements (SBITA)

GASB Statement 96 addresses SBITA contracts that convey control of the right-to-use another party's information technology. CMEEC annually evaluates SBITA activity for applicability to this standard and has determined it has no material amounts to report under this standard.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of Accounting Standards on Current Period Financials (Continued)

GASB 101 Compensated Absences

GASB Statement 101 addresses the recognition and measurement for compensated absences. Prior to issuance of this statement, CMEEC's financial statements included amounts owed for accumulated leave under its vacation leave. An evaluation was done effective January 1, 2024, and it was determined that CMEEC had no other material amounts to report under this standard.

Inventories

Material replacement parts inventories are valued at cost on a first-in, first-out basis. Fuel inventories are valued at cost on a weighted-average basis. Renewable energy credits are valued at cost on a first-in, first-out basis and are purchased in accordance with contracted terms with certain customers.

Other Current Assets

Other current assets include amounts recorded as prepaid expenses and underbillings to customers. In the event there is a cost in excess of a contracted rate, there is an unbilled asset that is collected over future periods in accordance with contract stipulations. Underbillings are recorded at net realizable value.

Costs to be Recovered from Future Billings and Regulatory Liabilities

Rates for power billings to the Members are designed to recover CMEEC's allowable service costs as defined by the Power Supply System Revenue Bond Resolution, as amended, and power sales contracts. Certain expenses are not included as costs in the current period and are recognized in future periods when such expenses will be recovered through rates charged to the Members and are included as costs to be recovered from future billings in the accompanying statements of net position. These deferrals represent regulatory assets and primarily result from rates that are designed to recover the principal component of debt service. The difference between charges associated with specific assets and the principal payments of debt associated with those assets and currently recovered in rates is deferred and amortized over the life of the related debt. These deferred expenses consist of depreciation and amortization and funded interest costs after in-service date.

Additionally, certain circumstances result in a benefit that is not recognized in the period in which it occurs, but instead is passed through to the Members through the rate setting process at a future date in a manner as approved by the board of directors. These are considered regulatory liabilities and are included as other liabilities in the accompanying statement of net position. Regulatory liabilities are primarily comprised of fair market valuation adjustments for investments and certain reserves collected in advance of the related costs, but may also include debt related amounts due to timing differences in the depreciation and amortization discussed above and the timing of the recovery through the rates.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Costs to be Recovered from Future Billings and Regulatory Liabilities (Continued)

Unamortized debt discount or premium is amortized based on the interest method over the lives of the respective bond issues. The excess of the reacquisition price over the net carrying amount of refunded bonds is included in costs to be recovered from future billings or regulatory liabilities to the Members and is being amortized using the bonds-outstanding method over the life of the new issues. The net change in bond-related expenses is recorded as “change in bond expenses to be recovered” in the accompanying statements of revenues, expenses and changes in net position.

Additional costs may be agreed upon by the Members to be recovered through future billings. These deferrals are detailed in the disclosures at Note 5 and additionally in Note 14.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources expenditure until then. CMEEC reports a deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period or periods and so will not be recognized as an inflow of resources expenditure until then. CMEEC reports a deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Rate Stabilization Fund

CMEEC holds funds in Rate Stabilization Funds for each Member. These funds are adjusted monthly during the billing cycle. When a Member billing rate provides revenues in excess of the actual monthly service costs, the excess revenues are deferred by adding funds to these accounts. Conversely, when a Member billing rate does not provide sufficient revenue to recover the actual service costs, revenue is realized by reducing the funds in these accounts. Initial billing rates are set for each Member in January, based on budgeted costs, and may be modified at any time by notification from the Member.

Asset Management Reserve Deferral

Funds are set aside each year for future decommissioning of CMEEC’s MicroGen units.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Items

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

Net Position Flow Assumptions

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Significant estimates are used in the areas of general plant in service and certain commitments and contingencies as discussed in Note 14. Actual results could differ from those estimates.

Reclassifications

Certain amounts reported in the prior year basic financial statements and notes were reclassified to conform with current year presentation.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 3 UTILITY PLANT AND PROPERTY

Utility plant and property activity for the year ended December 31, 2024, consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Utility Plant and Property not Being Depreciated:					
Land	\$ 60	\$ -	\$ -	\$ -	\$ 60
Construction in Progress	27	26	-	(53)	-
Total Utility Plant and Property not Being Depreciated	87	26	-	(53)	60
Utility Plant and Property Being Depreciated:					
Intangible Plant and Property in Service	861	-	-	-	861
Right-to-Use - Leases	3,086	-	-	-	3,086
General Plant in Service	97,651	71	-	53	97,775
Total Utility Plant and Property Being Depreciated	101,598	71	-	53	101,722
Less Accumulated Depreciation for:					
Intangible Plant and Property in Service	783	-	-	-	783
Right-to-Use - Leases	693	154	-	-	847
General Plant in Service	46,799	2,923	-	-	49,722
Total Accumulated Depreciation	48,275	3,077	-	-	51,352
Total Utility Plant and Property Being Depreciated, Net	53,323	-	-	-	50,370
Utility Plant and Property, Net	\$ 53,410	\$ (2,980)	\$ -	\$ -	\$ 50,430

Depreciation expense related to utility plant and property was \$2,923 for the year ended December 31, 2024.

Amortization expense related to right-to-use leased assets was \$154 for the year ended December 31, 2024.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 3 UTILITY PLANT AND PROPERTY (CONTINUED)

Utility plant and property activity for the year ended December 31, 2023, consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Utility Plant and Property not Being Depreciated:					
Land	\$ 60	\$ -	\$ -	\$ -	\$ 60
Construction in Progress	-	27	-	-	27
Total Utility Plant and Property not Being Depreciated	60	27	-	-	87
Utility Plant and Property Being Depreciated:					
Intangible Plant and Property in Service	861	-	-	-	861
Right-to-Use - Leases	2,212	874	-	-	3,086
General Plant in Service	97,745	69	163	-	97,651
Total Utility Plant and Property Being Depreciated	100,818	943	163	-	101,598
Less Accumulated Depreciation for:					
Intangible Plant and Property in Service	783	-	-	-	783
Right-to-Use - Leases	481	212	-	-	693
General Plant in Service	44,013	2,949	163	-	46,799
Total Accumulated Depreciation	45,277	3,161	163	-	48,275
Total Utility Plant and Property Being Depreciated, Net	55,541	-	-	-	53,323
Utility Plant and Property, Net	\$ 55,601	\$ (2,191)	\$ -	\$ -	\$ 53,410

Depreciation expense related to utility plant and property was \$2,949 for the year ended December 31, 2023.

Amortization expense related to right-to-use leased assets was \$212 for the year ended December 31, 2023.

NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, CMEEC's deposit will not be returned. CMEEC does not have a deposit policy for custodial credit risk.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$8,616 of CMEEC's bank balance of \$9,366 was uninsured and uncollateralized as of December 31, 2024.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Cash Equivalents

Cash equivalents and short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At December 31, 2024, CMEEC's cash equivalents amounted to \$1,080. The following table provides summary of CMEEC's cash equivalents as rated by nationally recognized statistical rating organizations.

	<u>Fitch</u>
U.S. Bancorp	A+
StoneX Group	BB-

Investments

Special funds and short-term investments consist of U.S. government securities, municipal bonds, federal agency obligation, and bank certificates of deposit in accordance with the provisions of bond resolutions. Special funds included in investments are the debt service funds, municipal competitive trust funds, and deposits for current debt service, less any amounts considered to be cash or cash equivalents.

Management determines the proper classifications of investments in obligations with fixed maturities and marketable equity securities at the time of purchase and reevaluates such designations as of each balance sheet date. Please see Note 2 for related restrictions on these funds.

As of December 31, 2024, CMEEC's investments consisted of the following:

	<u>Fair Value</u>	<u>Maturity in Years</u>		
		<u>Less than 1</u>	<u>1 to 10</u>	<u>More than 10</u>
Special Funds and Short-Term Investments:				
Interest-Bearing Investments:				
U.S. Government Securities	\$ 36,573	\$ 8,854	\$ 27,719	\$ -
U.S. Government Agencies	7,483	3,307	4,120	56
Corporate Bonds	7,496	3,589	3,907	-
Total	<u>51,552</u>	<u>\$ 15,750</u>	<u>\$ 35,746</u>	<u>\$ 56</u>
Other Investments:				
Mutual Funds	4,149			
Total Investments	<u>\$ 55,701</u>			

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
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NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2023, CMEEC's investments consisted of the following:

	Fair Value	Maturity in Years		
		Less than 1	1 to 10	More than 10
Special Funds and Short-Term Investments:				
Interest-Bearing Investments:				
U.S. Government Securities	\$ 34,836	\$ 16,759	\$ 18,077	\$ -
U.S. Government Agencies	8,530	1,394	6,931	205
Corporate Bonds	11,222	5,731	5,491	-
Total	54,588	\$ 23,884	\$ 30,499	\$ 205
Other Investments:				
Mutual Funds	4,068			
Total Investments	\$ 58,656			

Presented below is the rating of investments for each debt instrument type at fair value as of December 31, 2024:

Average Rating	U.S. Government Securities	U.S. Government Agencies	Corporate Bonds
AAA	\$ 31,598	\$ 3,393	\$ 1,251
AA1	-	-	548
AA2	-	-	2,824
AA3	-	-	1,054
A1	-	-	1,740
Unrated	4,975	4,090	79
Total	\$ 36,573	\$ 7,483	\$ 7,496

Presented below is the rating of investments for each debt instrument type at fair value as of December 31, 2023:

Average Rating	U.S. Government Securities	U.S. Government Agencies	Corporate Bonds
AAA	\$ 32,721	\$ 3,910	\$ 2,627
AA1	-	-	820
AA2	-	-	1,960
AA3	-	-	1,767
A1	-	-	3,787
Unrated	2,115	4,620	261
Total	\$ 34,836	\$ 8,530	\$ 11,222

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
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NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value of Financial Instruments

CMEEC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements).

Presented below are the recurring fair value measurements for each investment type as of December 31, 2024:

	December 31, 2024	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities:				
U.S. Government Securities	\$ 36,573	\$ -	\$ 36,573	\$ -
U.S. Government Agencies	7,483	-	7,483	-
Corporate Bonds	7,496	3,371	4,125	-
Equity Securities:				
Mutual Funds	4,149	4,149	-	-
Total Investments by Fair Value Level	<u>\$ 55,701</u>	<u>\$ 7,520</u>	<u>\$ 48,181</u>	<u>\$ -</u>

Presented below are the recurring fair value measurements for each investment type as of December 31, 2023:

	December 31, 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities:				
U.S. Government Securities	\$ 34,836	\$ 34,836	\$ -	\$ -
U.S. Government Agencies	8,530	-	8,530	-
Corporate Bonds	11,222	11,222	-	-
Equity Securities:				
Mutual Funds	4,068	4,068	-	-
Total Investments by Fair Value Level	<u>\$ 58,656</u>	<u>\$ 50,126</u>	<u>\$ 8,530</u>	<u>\$ -</u>

Government and Agency Securities and Corporate Bonds – U.S. Treasury bills, notes, and bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other government and agency securities are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

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NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

Money Market and Mutual Funds – Money market and mutual funds are valued at the quoted price of shares held by CMEEC at year-end.

For purposes of the preceding disclosure, the estimated fair value of a financial instrument is the estimated amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

Of the total investments for the years ended December 31, 2024 and 2023, \$28,608 and \$32,308, respectively, are reflected as Current Assets on the statements of net position. These represent short-term investments and deposits in special funds for current debt service.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. CMEEC's investment policy addresses interest rate risk by defining the allowable investment terms, investments and maximum allocation to each asset class.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. CMEEC's investment policy addresses credit risk by defining the allowable investments and maximum allocation to each asset class.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, CMEEC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. CMEEC's investments are not exposed to custodial credit risk at December 31, 2024. Furthermore, CMEEC, as an issuer of tax-exempt obligations, must not engage in any arbitrage practice prohibited by the arbitrage regulations promulgated under Section 103(c) of the Internal Revenue Code (IRC). In no event should funds be invested in a manner that will violate the provision of such Section 103(c). CMEEC's investment policy addresses custodial credit risk by defining the allowable investment terms, investments and maximum allocation to each asset class.

Concentrations of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment with a single issuer. CMEEC's investment policy places limits on the percentage of investments that may be held with any one issuer and varies by investment type.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
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NOTE 5 COSTS TO BE RECOVERED FROM FUTURE BILLINGS AND REGULATORY LIABILITIES

Costs to be recovered from future billings and deferred outflows and inflows related to refunding represent amounts that will be recovered by CMEEC and Transco through future rates as follows:

	2024	2023
CMEEC:		
Project-Related Deferrals	\$ 2,233	\$ 2,357
Legal-Related Deferrals	4,263	4,625
Restitution-Related Deferrals	233	-
Other Deferrals	308	377
Deferred Charge on Refunding	(351)	51
Transco:		
Costs to be Recovered from Future Billings	10,854	11,669
Deferred Charge on Refunding	236	250
Total	<u>\$ 17,776</u>	<u>\$ 19,329</u>

As of December 31, regulatory liabilities consist of the following:

	2024	2023
CMEEC:		
Debt-Related Deferrals	\$ 1,572	\$ 2,006
Fair Market Valuation Adjustments for Investments	838	69
Total	<u>\$ 2,410</u>	<u>\$ 2,075</u>

NOTE 6 DEBT AND LONG-TERM LIABILITIES

Change in Long-Term Liabilities

The following is a summary of changes in debt and long-term liabilities for the year ended December 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable:					
Bonds Payable - Direct Placement	\$ 45,505	\$ -	\$ 2,400	\$ 43,105	\$ 2,450
Bond Premium	6,340	-	728	5,612	-
Total Bonds Payable	51,845	-	3,128	48,717	2,450
Other Liabilities:					
Deferred Compensation	377	-	69	308	-
MicroGen Decommissioning Liability	96	12	-	108	-
Right-to-Use Lease Liability	2,386	-	137	2,249	139
Total Long-Term Liabilities	<u>\$ 54,704</u>	<u>\$ 12</u>	<u>\$ 3,334</u>	<u>\$ 51,382</u>	<u>\$ 2,589</u>

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NOTE 6 DEBT AND LONG-TERM LIABILITIES (CONTINUED)

Change in Long-Term Liabilities (Continued)

The following is a summary of changes in debt and long-term liabilities for the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable:					
Bonds Payable	\$ 11,256	\$ -	\$ 11,256	\$ -	\$ -
Bonds Payable - Direct Placement	47,025	-	1,520	45,505	2,400
Bond Premium	8,405	-	2,065	6,340	728
Total Bonds Payable	66,686	-	14,841	51,845	3,128
Other Liabilities:					
Deferred Compensation	358	19	-	377	-
MicroGen Decommissioning Liability	84	12	-	96	-
Right-to-Use Lease Liability	1,778	742	134	2,386	137
Total Long-Term Liabilities	<u>\$ 68,906</u>	<u>\$ 773</u>	<u>\$ 14,975</u>	<u>\$ 54,704</u>	<u>\$ 3,265</u>

Bonds Payable

A schedule of bonds outstanding at December 31, 2024, is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding December 31,	
					2024	2023
CMEEC:						
Transmission Service Revenue Bonds (2021 Series A)	10/5/21	1/1/39	5.0	\$ 11,410	\$ 9,980	\$ 10,695
Power Supply System Revenue Bonds (2022 Series A)	10/6/22	1/2/38	5.0	19,255	18,365	19,255
Transco:						
Transmission System Revenue Bonds (2021 Series A)	10/5/21	1/1/42	5.0	16,360	14,760	15,555
Total					<u>\$ 43,105</u>	<u>\$ 45,505</u>

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NOTE 6 DEBT AND LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

The debt service requirements for CMEEC's consolidated direct debt outstanding as of December 31, 2024, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,450	\$ 2,155	\$ 4,605
2026	2,485	2,032	4,517
2027	2,520	1,909	4,429
2028	2,560	1,782	4,342
2029	2,595	1,655	4,250
2030 - 2034	13,665	6,282	19,947
2035 - 2039	13,170	2,736	15,906
2040 - 2042	3,660	364	4,024
Total	<u>\$ 43,105</u>	<u>\$ 18,915</u>	<u>\$ 62,020</u>

The premium amortization schedule is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 686
2026	644
207	601
2028	557
2029	513
Thereafter	2,611
Total	<u>\$ 5,612</u>

The CMEEC 2021 Series A Transmission Service Revenue Bonds noted above were used to refund the outstanding balance of the 2012 Series A Transmission Service Revenue Bonds. The excess of the reacquisition price over the net carrying amount of the refunded bonds is included in costs to be recovered from future billings or regulatory liabilities (depending on the net balance as of the year then ended) and is being amortized using the bonds-outstanding method over the life of the new issues. The unamortized balance at December 31, 2024 and 2023, is \$1,298 and \$1,490, respectively, and is being recovered over the life of the new bonds.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
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NOTE 6 DEBT AND LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

The Transco 2021 Series A Transmission System Revenue Bonds noted above were used to refund the outstanding balance of the 2012 Series A Transmission Service Revenue Bonds. The excess of the reacquisition price over the net carrying amount of the refunded bonds is included in costs to be recovered from future billings or regulatory liabilities (depending on the net balance as of the year then ended) and is being amortized using the bonds-outstanding method over the life of the new issues. The unamortized balance at December 31, 2024 and 2023, is \$2,072 and \$2,301, respectively, and is being recovered over the life of the new bonds.

The CMEEC 2022 Series A Power Supply System Revenue Bonds noted above were used to refund a portion of the outstanding balance of the 2013 Series A CMEEC Power Supply System Revenue Bonds. The excess of the reacquisition price over the net carrying amount of the refunded bonds is included in costs to be recovered from future billings or regulatory liabilities (depending on the net balance as of the year then ended) and is being amortized using the bonds-outstanding method over the life of the new issues. The unamortized balance at December 31, 2024 and 2023 is \$2,241 and \$2,549, respectively, and is being recovered over the life of the new bonds.

Each series of revenue bonds is collateralized by a pledge of revenues derived by CMEEC or Transco, as applicable, from the operating of its power supply system and/or transmission service. The Power Supply System Bond Resolution and CMEEC Transmission Services Revenue Bond Resolution contain various restrictive covenants that require, among other things, that CMEEC establish rates each year sufficient to recover all operating costs, to recover 110% of debt service and to maintain required amounts in the special funds. The Transco Transmission System Bond Resolution contains various restrictive covenants that require, among other things, that Transco establish rates each year sufficient to recover all operating costs, to recover 100% of debt service and to maintain required amounts in the special funds.

Lines of Credit

On August 1, 2017, CMEEC established a line of credit with Bank of America. Effective April 29, 2024, the agreement was amended increasing the available amount from \$40,000 to \$50,000, bearing interest at BSBY Market Index Rate plus 0.65%. The line is subject to various nonfinancial and financial covenants. Failure to comply with any of the covenants or violation of any of the remaining terms of the agreement are considered an event of default and could result in acceleration of payment or additional collateralization requirements. The line is secured through revenues pledged for payment, with the pledge being subordinate and junior to those noted for the revenue bonds above. During the year ended December 31, 2024, \$16,500 was drawn down and repaid. As of December 31, 2024, there was no balance outstanding. As of December 31, 2023, \$15,000 was drawn down and repaid. As of December 31, 2023, there was no balance outstanding. A fee of 0.29% is assessed on any unused balance. The line is currently set to expire on April 29, 2027.

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NOTE 6 DEBT AND LONG-TERM LIABILITIES (CONTINUED)

MicroGen Project

During 2009 and 2010, CMEEC entered into lease agreements with property owners located in the service territory of the Members and customers for the purpose of installing the equipment pertaining to the MicroGen Project (formerly known as 50 in 5 Project). There are fifteen leases in total under the project, with term expirations ranging from 2038 to 2039. Rent under the individual leases range from \$12 to \$13 per year. These leases are accounted for in accordance with GASB Statement 87, Leases.

Expected future payments under these leases are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 139	\$ 43	\$ 182
2026	142	40	182
2027	145	38	183
2028	147	35	182
2029	150	32	182
2030 - 2034	796	116	912
2035 - 2039	730	38	768
Total	<u>\$ 2,249</u>	<u>\$ 342</u>	<u>\$ 2,591</u>

NOTE 7 BLENDED COMPONENT UNIT INFORMATION

The following table presents the condensed combining statement of net position for CMEEC and Transco as of December 31, 2024:

	<u>CMEEC</u>	<u>Transco</u>	<u>Eliminations</u>	<u>Total</u>
Assets:				
Net Utility Plant and Property	\$ 19,877	\$ 30,553	\$ -	\$ 50,430
Investment in Hydro Quebec	384	-	-	384
Investment in TRANSCO	32,633	-	(32,633)	-
Special Funds	1,948	924	-	2,872
Current Assets	45,691	7,271	-	52,962
Amounts Due from Primary				
Government	-	1,386	(1,386)	-
Other Assets	7,037	10,854	-	17,891
Total Assets	<u>107,570</u>	<u>50,988</u>	<u>(34,019)</u>	<u>124,539</u>
Deferred Outflows of Resources:				
Deferred Charge on Refunding	281	236	-	517

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NOTE 7 BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

	CMEEC	Transco	Eliminations	Total
Liabilities:				
Current Liabilities	\$ 15,775	\$ 2,554	\$ -	\$ 18,329
Amounts Due to Component Unit	1,386	-	(1,386)	-
Other Liabilities	2,951	-	-	2,951
Long-Term Liabilities	32,340	16,037	-	48,377
Rate Stabilization Funds	41,753	-	-	41,753
Asset Management Reserve				
Deferral	108	-	-	108
Total Liabilities	94,313	18,591	(1,386)	111,518
Deferred Inflows of Resources:				
Deferred Charge on Refunding	632	-	-	632
Net Position:				
Net Investment in Capital Assets	(3,905)	13,459	-	9,554
Restricted for Debt Service	1,536	766	-	2,302
Unrestricted	15,275	18,408	(32,633)	1,050
Total Net Position	<u>\$ 12,906</u>	<u>\$ 32,633</u>	<u>\$ (32,633)</u>	<u>\$ 12,906</u>

The following table presents the condensed combining statement of revenues, expenses, and changes in net position for CMEEC and Transco for the year ended December 31, 2024:

	CMEEC	Transco	Eliminations	Total
Operating Revenues:				
Electric Power Supply Revenues	\$ 90,984	\$ -	\$ -	\$ 90,984
Electric Transmission Revenues	18,190	32,355	(32,355)	18,190
Uses of (Additions to) Rate Stabilization Funds and Other	(2,547)	-	-	(2,547)
Total Operating Revenues	106,627	32,355	(32,355)	106,627
Operating Expenses:				
Purchased Power and Generation Costs	77,144	-	-	77,144
Transmission Costs	16,994	29,551	(32,355)	14,190
Administrative and General	6,868	1,337	-	8,205
Depreciation and Amortization	1,853	1,349	-	3,202
Total Operating Expenses	102,859	32,237	(32,355)	102,741
Net Operating Income (Loss)	3,768	118	-	3,886
Nonoperating Income (Expenses):				
Interest and Investment Income	(642)	29	-	(613)
Interest Expense	(1,325)	(458)	-	(1,783)
Other Expense	(409)	-	-	(409)
Change in Bond Expenses to be Recovered from Future Billings to Members	(598)	311	-	(287)
Net Nonoperating Expense	(2,974)	(118)	-	(3,092)
Change in Net Position	794	-	-	794
Net Position - Beginning of Year	12,112	32,633	(32,633)	12,112
Net Position - End of Year	<u>\$ 12,906</u>	<u>\$ 32,633</u>	<u>\$ (32,633)</u>	<u>12,906</u>

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NOTE 7 BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

The following table presents the condensed combining statement of cash flows for CMEEC and Transco for the year ended December 31, 2024:

	CMEEC	Transco	Total
Net Cash Provided (Used) by:			
Operating Activities	\$ (3,371)	\$ 2,567	\$ (804)
Capital and Related Financing Activities	(3,654)	(1,503)	(5,157)
Investing Activities	3,499	(77)	3,422
Net Increase (Decrease) in Cash and Cash Equivalents	(3,526)	987	(2,539)
Cash and Cash Equivalents - Beginning of Year	4,677	3,014	7,691
Cash and Cash Equivalents - End of Year	<u>\$ 1,151</u>	<u>\$ 4,001</u>	<u>\$ 5,152</u>

The following table presents the condensed combining statement of net position for CMEEC and Transco as of December 31, 2023:

	CMEEC	Transco	Eliminations	Total
Assets:				
Net Utility Plant and Property	\$ 19,115	\$ 31,902	\$ -	\$ 51,017
Investment in Hydro Quebec	317	-	-	317
Investment in TRANSCO	32,633	-	(32,633)	-
Special Funds	2,418	856	-	3,274
Current Assets	52,945	6,183	-	59,128
Amounts Due from Primary Government	-	1,508	(1,508)	-
Other Assets	10,103	11,669	-	21,772
Total Assets	117,531	52,118	(34,141)	135,508
Deferred Outflows of Resources:				
Deferred Charge on Refunding	330	250	-	580
Liabilities:				
Current Liabilities	28,916	2,903	-	31,819
Amounts Due to Component Unit	1,508	-	(1,508)	-
Other Liabilities	2,665	-	-	2,665
Long-Term Liabilities	34,134	16,832	-	50,966
Rate Stabilization Funds	37,749	-	-	37,749
Asset Management Reserve Deferral	96	-	-	96
Total Liabilities	105,068	19,735	(1,508)	123,295
Deferred Inflows of Resources:				
Deferred Charge on Refunding	681	-	-	681
Net Position:				
Net Investment in Capital Assets	(5,539)	13,768	-	8,229
Restricted for Debt Service	1,552	766	-	2,318
Unrestricted	16,099	18,099	(32,633)	1,565
Total Net Position	<u>\$ 12,112</u>	<u>\$ 32,633</u>	<u>\$ (32,633)</u>	<u>\$ 12,112</u>

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NOTE 7 BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

The following table presents the condensed combining statement of revenues, expenses, and changes in net position for CMEEC and Transco for the year ended December 31, 2023:

	CMEEC	Transco	Eliminations	Total
Operating Revenues:				
Electric Power Supply Revenues	\$ 104,847	\$ -	\$ -	\$ 104,847
Electric Transmission Revenues	16,919	29,360	(29,360)	16,919
Uses of (Additions to) Rate Stabilization Funds and Other	6,727	-	-	6,727
Total Operating Revenues	128,493	29,360	(29,360)	128,493
Operating Expenses:				
Purchased Power and Generation Costs	98,854	-	-	98,854
Transmission Costs	15,660	26,704	(29,360)	13,004
Administrative and General	6,557	1,186	-	7,743
Depreciation and Amortization	1,812	1,349	-	3,161
Total Operating Expenses	122,883	29,239	(29,360)	122,762
Net Operating Income (Loss)	5,610	121	-	5,731
Nonoperating Income (Expenses):				
Interest and Investment Income	111	60	-	171
Interest Expense	(1,000)	(480)	-	(1,480)
Other Expense	(1,644)	-	-	(1,644)
Excess Equity Distribution to Members	(6,350)	-	-	(6,350)
Change in Bond Expenses to be Recovered from Future Billings to Members	(1,092)	299	-	(793)
Net Nonoperating Expense	(9,975)	(121)	-	(10,096)
Income Before Distributions and Special Items	(4,365)	-	-	(4,365)
Special Items - Legal Settlement and Reimbursements	(797)	-	-	(797)
Change in Net Position	(5,162)	-	-	(5,162)
Net Position - Beginning of Year	17,274	32,633	(32,633)	17,274
Net Position - End of Year	\$ 12,112	\$ 32,633	\$ (32,633)	\$ 12,112

The following table presents the condensed combining statement of cash flows for CMEEC and Transco for the year ended December 31, 2023:

	CMEEC	Transco	Total
Net Cash Provided (Used) by:			
Operating Activities	\$ 4,753	\$ 2,395	\$ 7,148
Noncapital Financing Activities	(548)	-	(548)
Capital and Related Financing Activities	(16,151)	(1,560)	(17,711)
Investing Activities	8,540	(114)	8,426
Net Increase (Decrease) in Cash and Cash Equivalents	(3,406)	721	(2,685)
Cash and Cash Equivalents - Beginning of Year	8,083	2,293	10,376
Cash and Cash Equivalents - End of Year	\$ 4,677	\$ 3,014	\$ 7,691

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NOTE 8 RETIREMENT PLANS

National Rural Electric Cooperative Association Retirement Security Plan

The National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the IRC. Each co-op in the plan including CMEEC elects to participate in the plan. CMEEC can choose to withdraw from the RS Plan, subject to plan provisions that require them to fully fund its share of RS Plan liabilities before withdrawing. The RS Plan is sponsored and administered by NRECA and is a cost-sharing pension plan that has the characteristics described in paragraph 2 of GASB Statement No. 78.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The total annual contribution is determined actuarially to be sufficient in funding the benefits of the RS Plan as a level percentage of covered payroll over the average expected remaining working lifetime of its participants. The amount is determined annually. This total annual contribution is allocated based on CMEEC's RS Plan provisions and participant demographics (in particular, the average age of participants and each participant's base pay level). CMEEC must contribute annually in accordance with the terms of the RS Plan and may amend certain benefit provisions changing the corresponding contribution level after the effective date of the amendment.

CMEEC contributions to the RS Plan in 2024 and in 2023 represented less than 5% of the total contributions made to the plan by all participating employers. Contribution rates are determined by NRECA based on funding levels and projected obligations to be paid out. Required contributions to the plan for 2024 and 2023 as a percent of covered payroll were 26.49% and 26.77%, respectively.

CMEEC made contributions to the plan of \$850 in 2024 and \$915 in 2023 and had no amounts payable to the RS plan as of December 31, 2024 and 2023. Amounts contributed to the RS Plan for 2024 and 2023 were 100% of the contributions required by NRECA for each respective year. Average employees covered under the plan totaled 23.1 and 24.7 for the years ended December 31, 2024 and 2023, respectively. There have been no significant changes that affect the comparability of 2024 and 2023 contributions.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 8 RETIREMENT PLANS (CONTINUED)

National Rural Electric Cooperative Association Retirement Security Plan (Continued)

Plan benefits under the RS Plan follow a graduated benefit model where 1.9% of the participant's final average effective salary is multiplied by years of benefit service. Benefits are not adjusted for increases in the cost-of-living (COLA). Participants become eligible to begin collecting benefits upon the normal retirement date, which is considered to be the first day of the month coincident with or next following a participant's attainment of age 65. CMEEC may amend certain benefit terms of the plan, including benefit levels provided for each year of service, normal retirement age, COLA adjustments to retiree annuity payments, eligibility for participation, and required employee contributions to the plan. Other plan terms, such as vesting periods, forms of payment, and factors used to reduce benefits for early retirement and conversion of benefits to optional forms of payment, are governed at the overall plan level and cannot be adjusted by CMEEC (such provisions require approval by the NRECA board of directors).

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was 85.4% funded on January 1, 2023, and 100.5% funded on January 1, 2022, based on the PPA funding target and PPA actuarial value of assets on those dates. The RS Plan must meet minimum funding requirements under ERISA, as determined by Internal Revenue Service regulations.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

The RS Plan must file annual reports with the U.S. Department of Labor (Form 5500) that include a copy of the RS Plan annual financial statements. An electronic copy of Form 5500, and the plan's annual financial statements, can be obtained by going to www.efast.dol.gov and using the search tool (Employer Identification Number 530116145; Plan Number 333). Copies of the RS Plan's annual financial statements are also available to cooperative representatives by calling NRECA's Member Contact Center at 866-673-2299.

Defined Contribution Plan

CMEEC also has a plan under Section 401(k) of the IRC covering all eligible employees. Under the plan, CMEEC contributes 1% of the employee's full salary. CMEEC's contribution expense under the plan was \$33 and \$45 for the years ended December 31, 2024 and 2023, respectively.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 8 RETIREMENT PLANS (CONTINUED)

Other Postemployment Benefits

CMEEC has certain postemployment contracts in which an annual annuity is provided starting at retirement (at or after the age of 62) or after 10 years of service under the agreement. Actual benefits vary by individual agreement. The cost of the annual annuity payment is covered through fully funded insurance policies, with assets and associated liabilities valued at \$308 and \$376 at December 31, 2024 and 2023, respectively. The first payment was in March 2012. Payments continue through 2032.

Executive Benefit Restoration

CMEEC also has an employment contract that provides executive benefit restoration to the CEO due to retirement security plan benefits lost from IRS limitations. According to calculations set forth in the contract, CMEEC makes contributions to 457(b) and 457(f) retirement savings plans on the CEO's behalf. The amounts contributed were \$56 and \$52 for the years ended December 31, 2024 and 2023, respectively.

NOTE 9 EQUITY DISTRIBUTIONS

Pursuant to terms under the membership agreement, annually the Members are eligible for an equity distribution from CMEEC for any amount in excess of a 20% equity to total equity and debt ratio. During the years ended December 31, 2024 and 2023, the members collectively took distributions of \$-0- and \$6,350, respectively.

NOTE 10 RELATED PARTY TRANSACTIONS

Related parties consist of Members that have representation on the board of directors of CMEEC and Transco, which includes all six current Members. Operating revenues currently billed and amounts due from related parties are summarized below:

	2024		2023	
	Revenues from Related Parties	Accounts Receivable from Related Parties	Revenues from Related Parties	Accounts Receivable from Related Parties
Members				
Groton Utilities	\$ 30,815	\$ 4,587	\$ 37,252	\$ 6,455
Norwich Public Utilities	29,456	5,539	32,558	4,339
Jewett City Depart. Public Utilities	2,829	334	2,896	376
Third Taxing Dist. City of Norwalk	5,867	608	6,467	526
South Norwalk Electric and Water	9,842	952	10,589	929
Bozrah Light & Power	19,591	3,509	20,157	2,867
Total	<u>\$ 98,400</u>	<u>\$ 15,529</u>	<u>\$ 109,919</u>	<u>\$ 15,492</u>

Amounts due to member utilities of \$-0- is included in accounts payable as of December 31, 2024 and 2023.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 11 POWER SUPPLY ACTIVITIES

Power Purchase and Sale Forward Contracts

CMEEC manages risks associated with power supply commitments and excess capacity by entering into forward contracts for the purchase and sale of electricity in the normal course of business. None of these contracts are on a take-or-pay basis. These contracts qualify for the normal purchases and sales exception under GAAP and are not accounted for as derivatives.

Risk Management

CMEEC developed risk management policies and procedures for fuel swap, option contract, and power purchase and sale forward contract activities. The objectives of the risk management policies are to optimize power supply resources, control costs, and manage price volatility to the Members and customers.

NOTE 12 CONTRACTS

CMEEC provides the Mohegan Tribal Utility Authority (MTUA) its full requirements for wholesale electric service pursuant to the Restated and Amended Agreement for the Supply of Electric Power and Energy (the MTUA Contract) beginning January 1, 2014. Under the MTUA Contract, MTUA agrees to purchase from CMEEC essentially all electric capacity and energy that MTUA will require for its own retail sales. On September 23, 2021, this agreement was amended, extending the initial term through December 31, 2031.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Legal Proceedings

On November 8, 2018, a federal grand jury returned two indictments against certain members and former members of CMEEC's leadership team. One indictment charged five individuals including two officers, two then-current board members, and one former board member with criminal law violations. The second indictment charged two of the five individuals, including one officer and the former board member. CMEEC fully cooperated with the government during these criminal proceedings and as an organization is not named as a defendant in the proceedings.

On December 21, 2021, a jury returned a verdict in the first criminal proceeding acquitting two defendants on all counts, and acquitting the remaining three defendants on all but one count related to the activities alleged to have occurred in 2015. In May, 2023, judgment was entered against and sentences were imposed upon the three convicted defendants, and restitution orders were issued by the court in November, 2023, entitling CMEEC to a total award of restitution in the amount of \$790, of which \$603 remains outstanding as of December 31, 2024.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Proceedings (Continued)

The three convicted defendants appealed all aspects of the guilty verdicts, including the restitution orders. Also, in the wake of sentencing and the restitution order in the criminal proceeding in federal district court, CMEEC filed a petition for a writ of mandamus requiring the district court to order the convicted defendants to make restitution of amounts CMEEC advanced for the defense of the criminal proceedings, and that petition was considered along with the convicted defendants' appeal. On September 6, 2024 all aspects of the district court's judgement were affirmed, including denial of CMEEC's petition, and the three convicted defendants did not opt to further appeal the case. On October 30, 2024, an order for voluntary surrender of the defendants was issued, and all three of the convicted defendants reported to prison in December 2024.

On December 6, 2024, Pretrial Diversion Program Agreements were signed between the government and the two defendants named in the second indictment.

CMEEC advanced the legal expenses of the five indicted individuals in the criminal proceeding underlying the first indictment through the conclusion of sentencing and restitution proceedings for the convicted defendants in the district court due to and after CMEEC's D&O insurance carrier denied coverage for the legal expenses in 2018. In May and June 2023, CMEEC informed the convicted individuals that CMEEC would not advance their legal fees incurred in pursuing their appeal and would cease advancing legal fees incurred by the two indicted individuals in defending against the second indictment.

On June 21, 2023, one of the convicted individuals filed a civil action against CMEEC, alleging that CMEEC is legally obligated to advance his legal fees and costs incurred in pursuing his appeal of his conviction and to continue to advance his legal fees and costs of defense of the second indictment. CMEEC denies the allegations and filed counterclaims against the individual which remain pending. CMEEC also filed a third-party complaint against its D&O insurance carrier, asserting that the insurance policy obligates the insurer to advance to the individual his legal fees and costs incurred in pursuing the appeal of his criminal conviction and in defense of the second indictment. The carrier filed an answer and defenses denying CMEEC's claims.

CMEEC is also involved in arbitration with one of the indicted individuals regarding termination benefits, and CMEEC filed counterclaims against the individual. The arbitration proceeding is stayed until there is a final resolution of the criminal matter(s). Until conclusion of those matters, management is unable to determine potential exposure or likelihood of outcomes in the arbitration.

CMEEC is subject to other claims that arise in the normal course of business. In the opinion of management, no such matters are expected to have a materially adverse effect on the Company's financial position or results of operations.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Cost Reimbursement

In the criminal case proceedings described above, the balance of unrecovered legal representation costs of the defendants was \$4,263 and \$4,625 for the years ended December 31, 2024 and 2023, respectively, with the corresponding annual amounts being recorded as a special item in the accompanying financial statements. To date, CMEEC's D&O insurance company, which initially denied coverage for the legal expenses, has paid \$5,629 of the legal fees paid by CMEEC on behalf of the indicted individuals following a court ruling in a separate civil action CMEEC filed against the insurance carrier that the carrier wrongfully denied coverage for the expenses and breached the insurance contract. CMEEC is actively pursuing litigation against the D&O insurance carrier for full reimbursement of the legal fees advanced, plus interest. The civil litigation was administratively closed pending resolution of the criminal proceedings.

NOTE 14 ACCOUNTING CHANGES AND ERROR CORRECTIONS

A. CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

For the year ended December 31, 2024, CMEEC determined the Municipal Competitive Trust, Economic Development Fund, and Conservation and Load Management Fund were fiduciary funds. The effect of correcting that error is shown in column A of the table below.

B. ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

The error correction resulted in a restatement of beginning net position as of January 1, 2023, as follows:

	Balance as Previously Reported at December 31, 2022	Error Correction (A)	Balance As Adjusted January 1, 2023
Fiduciary Funds:			
Custodial Funds	\$ -	\$ 26,494	\$ 26,494
Total Fiduciary Funds	<u>\$ -</u>	<u>\$ 26,494</u>	<u>\$ 26,494</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION RETIREMENT SECURITY PLAN
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 850	\$ 915	\$ 879	\$ 854	\$ 891	\$ 851	\$ 942	\$ 635	\$ 704	\$ 635
Contributions in Relation to the Actuarially Determined Contribution	<u>850</u>	<u>915</u>	<u>879</u>	<u>854</u>	<u>891</u>	<u>851</u>	<u>942</u>	<u>635</u>	<u>704</u>	<u>635</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Schedule:

Significant Changes in Plan Contributions

In 2009, 2010, and 2013, the contribution rates were increased to supplement a lower recognized investment return than the 8.5% expected annual return. In 2018 and 2019, the contribution rate was increased in order to improve the funded status of the plan and reach projected funded status of 100%. In 2020, 2021, and 2022 the contribution rates were increased to supplement a lower recognized investment return than the 6.75% expected annual return.

COMBINING SCHEDULES

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2024
(IN THOUSANDS)

ASSETS	<u>CMEEC</u>	<u>TRANSCO</u>	<u>Eliminations</u>	<u>Total</u>
UTILITY PLANT AND PROPERTY				
Land	\$ 60	\$ -	\$ -	\$ 60
Intangible Plant and Property in Service	861	-	-	861
Right-to-Use Lease Assets	3,086	-	-	3,086
General Plant in Service	44,832	52,943	-	97,775
Total	48,839	52,943	-	101,782
Less: Accumulated Depreciation and Amortization	28,962	22,390	-	51,352
Net Utility Plant and Property	19,877	30,553	-	50,430
CURRENT ASSETS				
Cash and Cash Equivalents	1,151	4,001	-	5,152
Short-Term Investments	23,446	1,634	-	25,080
General Reserve Fund	529	-	-	529
Deposit for Current Debt Service	2,364	1,164	-	3,528
Accounts Receivable	1,213	22	-	1,235
Accounts Receivable from Related Parties	15,529	1,386	(1,386)	15,529
Inventories	776	-	-	776
Other Current Assets	683	450	-	1,133
Total Current Assets	45,691	8,657	(1,386)	52,962
OTHER ASSETS				
Costs to be Recovered from Future Billings	7,037	10,854	-	17,891
Debt Service Funds and Decommissioning Funds	1,948	924	-	2,872
Investment in Hydro Quebec	384	-	-	384
Investment in Transco	32,633	-	(32,633)	-
Total Other Assets	42,002	11,778	(32,633)	21,147
Total Assets	107,570	50,988	(34,019)	124,539
DEFERRED OUTFLOWS OF RESOURCES				
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	281	236	-	517
Total Deferred Outflows of Resources	281	236	-	517

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
DECEMBER 31, 2024
(IN THOUSANDS)

LIABILITIES AND NET POSITION	CMEEC	TRANSCO	Eliminations	Total
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	\$ 1,655	795	\$ -	\$ 2,450
Current Portion of Right-to-Use Lease Liability	139	-	-	139
Accounts Payable	14,513	1,023	(1,386)	14,150
Accrued Liabilities	110	367	-	477
Accrued Interest on Long-Term Debt	744	369	-	1,113
Total Current Liabilities	17,161	2,554	(1,386)	18,329
OTHER LIABILITIES				
Regulatory Liabilities	2,410	-	-	2,410
Rate Stabilization Funds	41,753	-	-	41,753
Asset Management Reserve Deferral	108	-	-	108
Other Liabilities	541	-	-	541
Total Other Liabilities	44,812	-	-	44,812
LONG-TERM LIABILITIES				
Long-Term Debt, Net of Current Portion	30,230	16,037	-	46,267
Right-to-Use Lease Liability, Net of Current Portion	2,110	-	-	2,110
Total Long-Term Liabilities	32,340	16,037	-	48,377
Total Liabilities	94,313	18,591	(1,386)	111,518
DEFERRED INFLOWS OF RESOURCES				
DEFERRED INFLOWS OF RESOURCES				
Deferred Charge on Refunding	632	-	-	632
Total Deferred Inflows of Resources	632	-	-	632
NET POSITION				
Net Investment in Capital Assets	(3,905)	13,459	-	9,554
Restricted for:				
Debt Service	1,536	766	-	2,302
Unrestricted	15,275	18,408	(32,633)	1,050
Total Net Position	\$ 12,906	\$ 32,633	\$ (32,633)	\$ 12,906

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
DECEMBER 31, 2024
(IN THOUSANDS)

	<u>CMEEC</u>	<u>TRANSCO</u>	<u>Eliminations</u>	<u>Consolidated</u>
OPERATING REVENUES				
Electric Power Supply Revenues	\$ 90,984	\$ -	\$ -	\$ 90,984
Electric Transmission Revenues	18,190	32,355	(32,355)	18,190
Additions to Rate Stabilization Funds and Other	<u>(2,547)</u>	<u>-</u>	<u>-</u>	<u>(2,547)</u>
Total Operating Revenues	106,627	32,355	(32,355)	106,627
OPERATING EXPENSES				
Purchased Power and Generation Costs	77,144	-	-	77,144
Transmission Costs	16,994	29,551	(32,355)	14,190
Administrative and General	6,868	1,337	-	8,205
Depreciation and Amortization	<u>1,853</u>	<u>1,349</u>	<u>-</u>	<u>3,202</u>
Total Operating Expenses	102,859	32,237	(32,355)	102,741
NET OPERATING INCOME (LOSS)	3,768	118	-	3,886
NONOPERATING INCOME (EXPENSE)				
Interest and Investment Income	(642)	29	-	(613)
Interest Expense	(1,325)	(458)	-	(1,783)
Other Expense	(409)	-	-	(409)
Changes in Bond Expenses to be Recovered from				
Future Billings to Members	<u>(598)</u>	<u>311</u>	<u>-</u>	<u>(287)</u>
Net Nonoperating Expense	<u>(2,974)</u>	<u>(118)</u>	<u>-</u>	<u>(3,092)</u>
CHANGE IN NET POSITION	794	-	-	794
Net Position - Beginning of Year	<u>12,112</u>	<u>32,633</u>	<u>(32,633)</u>	<u>12,112</u>
NET POSITION - END OF YEAR	<u>\$ 12,906</u>	<u>\$ 32,633</u>	<u>\$ (32,633)</u>	<u>\$ 12,906</u>

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR CMEEC POWER SUPPLY AND TRANSMISSION OPERATIONS
DECEMBER 31, 2024
(IN THOUSANDS)

	CMEEC Power Supply Operations	CMEEC Transmission Operations	CMEEC Total
OPERATING REVENUES			
Electric Power Supply Revenues	\$ 90,984	\$ -	\$ 90,984
Electric Transmission Revenues	2,912	15,278	18,190
Uses of (Additions to) Rate Stabilization Funds and Other	<u>(3,242)</u>	<u>695</u>	<u>(2,547)</u>
Total Operating Revenues	90,654	15,973	106,627
OPERATING EXPENSES			
Purchased Power and Generation Costs	77,144	-	77,144
Transmission Costs	111	16,883	16,994
Administrative and General	6,868	-	6,868
Depreciation and Amortization	<u>1,853</u>	<u>-</u>	<u>1,853</u>
Total Operating Expenses	<u>85,976</u>	<u>16,883</u>	<u>102,859</u>
NET OPERATING INCOME (LOSS)	4,678	(910)	3,768
NONOPERATING INCOME (EXPENSE)			
Interest and Investment Income	(695)	53	(642)
Interest, Amortization, and Issuance Expense	(777)	(548)	(1,325)
Other Expense	(409)	-	(409)
Change in Bond Expenses to be Recovered from Future Billings to Members	<u>(254)</u>	<u>(344)</u>	<u>(598)</u>
Net Nonoperating Expense	<u>(2,135)</u>	<u>(839)</u>	<u>(2,974)</u>
CHANGE IN NET POSITION	2,543	(1,749)	794
Net Position - Beginning of Year	<u>16,149</u>	<u>(4,037)</u>	<u>12,112</u>
NET POSITION - END OF YEAR	<u><u>\$ 18,692</u></u>	<u><u>\$ (5,786)</u></u>	<u><u>\$ 12,906</u></u>

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2024**

The Custodial Funds are primarily utilized to account for monies held as custodian for other governments.

Conservation and Load Management Fund

This fund is established pursuant to Sec. 7-233y of the Connecticut General Statutes. The Statute requires each municipal electric utility to accrue and deposit funds each year for the purpose of investment in renewable resources and for conservation and load management programs. The funds are legally owned by the members who determine the timing and use of the funds.

Economic Development Fund

This fund is established pursuant to the CMEEC rate structure and participant designations to collect 0.5 mils/kWh for the total kWh of load. Contributions may be changed by participants at any time. Participation levels vary by Member. Funds shall be used for economic development activities.

Municipal Competitive Trust

The Municipal Competitive Trust (MCT) was established in 2003 to provide a means for the Members to accumulate funds and enhance their financial position and flexibility in an increasingly competitive energy industry. Pursuant to resolution of the CMEEC board of directors, monies deposited in the MCT can be used to maintain rate stability and rate competitiveness, provide for retirement or liquidation of certain debt obligations, and pay for certain capital expenses related to power supply or infrastructure improvements. MCT is invested in corporate and bank certificates of deposit (fully insured), treasury bills, municipal bonds and government agencies per investment policy.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
COMBINING SCHEDULE OF NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

	Custodial Funds					
	Municipal Competitive Trust		Economic Development Fund		Conservation and Load Management Fund	
	2024	2023	2024	2023	2024	2023
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,624	\$ 1,572	\$ 3,137	\$ 3,099
Investments	24,221	23,074	-	-	-	-
Total Assets	<u>\$ 24,221</u>	<u>\$ 23,074</u>	<u>\$ 1,624</u>	<u>\$ 1,572</u>	<u>\$ 3,137</u>	<u>\$ 3,099</u>
NET POSITION						
Restricted for Municipal Competitive Trust	\$ 24,221	\$ 23,074	\$ -	\$ -	\$ -	\$ -
Restricted for Economic Development Fund	-	-	1,624	1,572	-	-
Restricted for Conservation and Load Management Fund	-	-	-	-	3,137	3,099
Total Net Position	<u>\$ 24,221</u>	<u>\$ 23,074</u>	<u>\$ 1,624</u>	<u>\$ 1,572</u>	<u>\$ 3,137</u>	<u>\$ 3,099</u>

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
COMBINING SCHEDULE OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2024 AND 2023
(IN THOUSANDS)

	Custodial Funds					
	Municipal Competitive Trust		Economic Development Fund		Conservation and Load Management Fund	
	2024	2023	2024	2023	2024	2023
ADDITIONS:						
Contributions	\$ -	\$ 912	\$ 17	\$ 14	\$ 2,490	\$ 2,403
Repayments	268	230	-	-	-	-
Investment Income:						
Net Change in Fair Value of Investments	391	618	-	-	-	-
Interest Income	689	390	35	19	69	44
Total Additions	1,348	2,150	52	33	2,559	2,447
DEDUCTIONS:						
Withdrawal	201	21	-	91	2,521	3,267
Total Deductions	201	21	-	91	2,521	3,267
CHANGE IN NET POSITION	1,147	2,129	52	(58)	38	(820)
Net Position - Beginning, As Originally Reported	23,074	-	1,572	-	3,099	-
Restatement	-	20,945	-	1,630	-	3,919
Net Position - As Restated	23,074	20,945	1,572	1,630	3,099	3,919
NET POSITION - END OF YEAR	<u>\$ 24,221</u>	<u>\$ 23,074</u>	<u>\$ 1,624</u>	<u>\$ 1,572</u>	<u>\$ 3,137</u>	<u>\$ 3,099</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors and Members
Connecticut Municipal Electric Energy Cooperative
Norwich, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Connecticut Municipal Electric Energy Cooperative, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Connecticut Municipal Electric Energy Cooperative basic financial statements, and have issued our report thereon dated April 4, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Forms and Letters - Audit's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Connecticut Municipal Electric Energy Cooperative's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Connecticut Municipal Electric Energy Cooperative's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
April 4, 2025

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Financial Statement Findings

2024-001	Financial Statement Presentation
Type of Finding:	Significant Deficiency in Presentation of Financial Reporting
Criteria or Specific Requirement	One of the responsibilities of management is to understand and implement Governmental Accounting Standards Board (GASB) standards as they become effective. It was noted in the current year that GASB 84 was improperly assessed and implemented which caused a change in the financial statement presentation.
Condition	During the current year, accounts were reevaluated and determined to be fiduciary funds which required an adjustment in financial statement presentation.
Effect	The financial statements now include custodial funds to report the balance and activity of previous reported assets and liabilities.
Cause	CMEEC did not accurately consider and apply the relevant provisions of GASB 84.
Recommendation	We recommend that CMEEC monitor upcoming GASB standards and their effect on the financial statement to ensure they are properly implemented.
Views of Responsible Officials	Management agrees with the auditors' recommendations.

