Heartland Consumers Power District
d/b/a Heartland Energy

Independent Auditor’s Reports and Financial Statements

December 31, 2024 and 2023

Heartland Consumers Power District
d/b/a Heartland Energy
Contents
December 31, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Heartland Consumers Power District d/b/a Heartland Energy
Madison, South Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Heartland Consumers Power District d/b/a Heartland Energy (Heartland), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Heartland's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Heartland Consumers Power District d/b/a Heartland Energy 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Heartland, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Heartland's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Heartland'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 Heartland'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 pension information 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 GAAS, 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 Heartland's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is 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 9, 2025, on our consideration of Heartland'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 Heartland'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 Heartland's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Lincoln, Nebraska
April 9, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Heartland Consumers Power District d/b/a Heartland Energy's (Heartland) financial statements provides the reader an overview of the financial activities for 2024, 2023 and 2022. Heartland's financial statements are comprised of three components: (1) Management's Discussion and Analysis, (2) financial statements, and (3) notes to the financial statements. Please read this in conjunction with the audited financial statements and footnotes contained herein.

Overview of Financial Statements

The balance sheets present information on Heartland's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Heartland is improving or deteriorating.

Heartland's overall financial position is summarized below (in thousands). This information is derived from the financial statements and records of Heartland.

	Condensed Balance Sheets As of December 31,			Fiscal Year-to-Year Percentage Change	
	2024	2023	2022	From 2023 to 2024	From 2022 to 2023
Current assets	$ 39,391	$ 42,050	$ 29,843	(6.3)%	40.9%
Capital assets, net	2,139	2,167	2,193	(1.3)%	(1.2)%
Costs recoverable from future billings	24,473	26,485	27,927	(7.6)%	(5.2)%
Other noncurrent assets	16,578	9,631	18,390	72.1%	(47.6)%
Total assets	82,581	80,333	78,353	2.8%	2.5%
Deferred outflows of resources	2,228	2,648	3,078	(15.9)%	(14.0)%
Total assets and deferred outflows of resources	$ 84,809	$ 82,981	$ 81,431	2.2%	1.9%
Current liabilities	$ 9,764	$ 9,873	$ 8,957	(1.1)%	10.2%
Noncurrent liabilities	23,660	23,031	24,306	2.7%	(5.2)%
Total liabilities	33,424	32,904	33,263	1.6%	(1.1)%
Deferred inflows of resources	16,230	16,233	16,298	(0.0)%	(0.4)%
Net investment in capital assets	2,139	2,167	2,193	(1.3)%	(1.2)%
Restricted	321	232	232	38.4%	—%
Unrestricted	32,695	31,445	29,445	4.0%	6.8%
Total net position	35,155	33,844	31,870	3.9%	6.2%
Total liabilities, deferred inflows of resources and net position	$ 84,809	$ 82,981	$ 81,431	2.2%	1.9%

Heartland's overall net position increased by $1,311,461, $1,974,426, and $3,944,417 in 2024, 2023, and 2022 respectively.

Costs recoverable from future billings are comprised of charges incurred in relation to Heartland's bond issuances, costs incurred by Heartland for initial payments on long-term capacity contracts and a prepayment of $35 million made by Heartland during 2018 to terminate a transmission contract which was no longer necessary. The decreases in this balance in 2024 and 2023 represent the scheduled amortization of these costs. Other noncurrent assets increased significantly from 2023 to 2024 primarily as a result of an increase in notes receivable related to Heartland's economic development program. Other noncurrent assets decreased significantly from 2022 to 2023, primarily as a result of certain long-term investments now being included within current assets based on their stated maturities. This also caused the majority of the increase in current assets from 2022 to 2023. Reductions of future billings are included within deferred inflows of resources and are comprised primarily of Board approved transfers for rate stabilization. During 2022, Heartland realized additional revenues from the impacts of winter storms and certain market conditions, and the Board approved transferring $3.5 million for rate stabilization related to these excess revenues.

Results of Operations

The statements of revenues, expenses and changes in net position present information showing how Heartland's net position changed during the most recent fiscal year.

A summary of revenues and expenses is provided in the table that follows (in thousands except power sales).

	Condensed Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31,			**Fiscal Year-to-Year Percentage Change**	
	2024	**2023**	**2022**	**From 2023 to 2024**	**From 2022 to 2023**
Power sales					
Customer energy (MWh)	449,375	481,625	488,997	(6.7)%	(1.5)%
Customer cumulative demand (kW)	839,817	891,109	894,914	(5.8)%	(0.4)%
Revenues					
Customer revenue	$ 39,184	$ 40,872	$ 40,873	(4.1)%	(0.0)%
Contracted requirements revenue	2,395	2,434	2,544	(1.6)%	(4.3)%
Surplus sales revenue	8,595	7,568	13,787	13.6%	(45.1)%
Pension revenue	-	-	57	—%	(100.0)%
Other operating revenue	2,097	1,673	1,243	25.3%	34.6%
Transfer for rate stabilization	-	-	(3,500)	—%	(100.0)%
Total operating revenue	$ 52,271	$ 52,547	$ 55,004	(0.5)%	(4.5)%

	Condensed Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31, 2024	2023	2022	Fiscal Year-to-Year Percentage Change From 2023 to 2024	From 2022 to 2023
Expenses					
Cost of power	$ 40,762	$ 40,222	$ 40,015	1.3%	0.5%
Transmission	2,704	2,669	2,540	1.3%	5.1%
Production	14	15	10	(6.7)%	50.0%
Depreciation	130	127	130	2.4%	(2.3)%
Taxes	24	21	21	14.3%	—%
Administration and general	5,443	5,086	4,739	7.0%	7.3%
Pension	105	46	-	100.0%	—%
Amortization	3,145	3,019	2,984	4.2%	1.2%
Total operating expenses	52,327	51,205	50,439	2.2%	1.5%
Operating income (loss)	(56)	1,342	4,565	(104.2)%	(70.6)%
Total nonoperating revenues (expenses), net	1,367	632	(620)	(116.3)%	(201.9)%
Change in net position	1,311	1,974	3,945		
Net position, beginning of year	33,844	31,870	27,925		
Net position, end of year	$ 35,155	$ 33,844	$ 31,870		

Operating revenues include firm power sales to Heartland's wholesale rate customers, other contracted sales, short-term energy sales on the surplus market, and other revenues. Demand and energy sales for 2024 were 839 MW and 449,375 MWh, respectively. Heartland's wholesale customer peak demand was 88 MW in 2024. Demand and energy sales for 2023 were 891 MW and 481,625 MWh, respectively. The 2023 peak demand of Heartland's long-term wholesale customers was 94 MW. Heartland's wholesale customer demand and energy sales for 2022 were 895 MW and 488,997 MWh, respectively. Heartland's wholesale customer peak demand for 2022 was 80 MW. The decrease in surplus sales revenue in 2023 was a result of a stronger market in 2022. Heartland has not modified rates in recent years which has led to a stable revenue stream from long-term customers. The reduction in customer revenue is a result of less demand and energy sales in 2024 compared to 2023.

Heartland has other energy sales contracts, in addition to its wholesale customers. The contracted requirements revenue mitigates exposure to the surplus market for excess power and the contracts typically contain fixed pricing and quantities. Many of these contracts are unit contingent and Heartland is not required to provide replacement power.

Surplus energy sales are the sales of energy produced by Heartland's resources in excess of the energy required by Heartland's customers and other contracts. These sales are considered short term and non-firm. The quantity of surplus energy and revenue is dependent upon multiple factors including availability of resources, customer and other contract requirements, and market and contractual pricing. Surplus sales revenues were higher in 2022 as a result of the impact of Winter Storm Elliot and pricing in 2022.

Heartland purchases power to meet the total contract resource obligations to its customers. The purchased power contracts include base-load resources, renewable generation facilities, market purchases, and additional capacity purchases required to comply with the resource reserve requirements for maintaining regional reliability.

Heartland is a member of Public Power Generation Agency (PPGA), an interlocal agency created under Nebraska statute to build WEC2, a 220 megawatt coal-fired project near Hastings, Nebraska. PPGA financed construction of WEC2 directly, rather than obtaining funding from its members. Heartland's participation in PPGA is for 80 megawatts. Heartland also has a contract with North Iowa Municipal Electric Cooperative Association (NIMECA) in which NIMECA purchases output of WEC2 for the life of the unit. NIMECA's contract is for 20 megawatts and includes all owners' costs.

The nonoperating revenues/expenses include interest on bonds, investment income, amortization of debt issuance costs and the deferred loss on refunding, and other expense items. Heartland recognized increased investment income in both 2024 and 2023 as a result of the interest rate market and increased investment balances. Interest expense decreased during 2024 as a result of decreased total notes payable and long-term debt balances for a majority of the 2024 fiscal year.

During December 2022, a polar vortex resulted in persistent and extreme cold weather that covered most of Northern United States, including the SPP region. This weather event (Winter Storm Elliot) led to an increase in energy demand. The market experienced price volatility for utilities buying or selling energy during this weather event. As a result of our resource planning and base-load resources, Heartland was able to navigate the weather event favorably, from both an operational and financial standpoint.

Contact Information

This financial report is designed to provide a general overview of Heartland's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mike Malone, P.O. Box 248, Madison, SD 57042.

Heartland Consumers Power District
d/b/a Heartland Energy
Balance Sheets
December 31, 2024 and 2023

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	$ 9,402,251	$ 17,228,250
Restricted cash and cash equivalents	341,053	257,987
Short-term investments	22,974,225	16,540,733
Accounts receivable	5,474,203	6,837,593
Notes receivable, current portion	1,091,316	994,624
Prepaid expenses and other current assets	108,253	190,750
Total Current Assets	39,391,301	42,049,937
Noncurrent Assets		
Notes receivable, net of allowance of $961,759 in 2024 and $852,898 in 2023	13,520,726	9,049,674
Long-term investments	2,490,168	14,248
Capital assets, net	2,138,934	2,166,667
Costs recoverable from future billings	24,472,782	26,484,533
Net pension asset	3,823	9,659
Other noncurrent assets	563,430	557,614
Total Noncurrent Assets	43,189,863	38,282,395
Deferred Outflows of Resources		
Deferred outflows for pensions	660,109	761,691
Deferred loss on debt refunding	1,567,521	1,886,339
Total Deferred Outflows of Resources	2,227,630	2,648,030
Total Assets and Deferred Outflows of Resources	$ 84,808,794	$ 82,980,362

See Notes to Financial Statements

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	2024	2023
Current Liabilities		
Current maturities of long-term debt	$ 3,550,474	$ 3,440,198
Accounts payable	5,526,439	5,903,784
Accrued expenses	646,367	481,563
Accrued interest payable	39,770	47,675
Total Current Liabilities	9,763,050	9,873,220
Noncurrent Liabilities		
Long-term debt, net	23,020,300	22,470,850
Other noncurrent liabilities	639,757	559,772
Total Noncurrent Liabilities	23,660,057	23,030,622
Total Liabilities	33,423,107	32,903,842
Deferred Inflows of Resources		
Deferred inflows for pensions	480,388	482,682
Reductions of future billings	15,750,000	15,750,000
Total Deferred Inflows of Resources	16,230,388	16,232,682
Net Position		
Net investment in capital assets	2,138,934	2,166,667
Restricted for debt service	317,547	222,439
Restricted for pensions	3,823	9,659
Unrestricted	32,694,995	31,445,073
Total Net Position	35,155,299	33,843,838
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 84,808,794	$ 82,980,362

Heartland Consumers Power District
d/b/a Heartland Energy
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Customer requirements	$ 39,184,375	$ 40,871,531
Other contracted requirements	2,394,940	2,433,348
Surplus sales revenue	8,595,202	7,567,744
Other operating revenue	2,096,762	1,673,177
Total Operating Revenues	52,271,279	52,545,800
Operating Expenses		
Cost of power	40,761,999	40,221,562
Transmission	2,704,231	2,668,916
Production	14,012	15,403
Depreciation	130,138	127,241
Taxes	23,866	20,504
Administration and general	5,443,471	5,085,782
Pension	105,124	45,704
Amortization	3,144,668	3,018,716
Total Operating Expenses	52,327,509	51,203,828
Operating Income (Loss)	(56,230)	1,341,972
Nonoperating Revenues (Expenses)		
Investment income	1,967,899	1,474,800
Interest expense	(780,488)	(910,743)
Amortization expense	(13,065)	(13,065)
Other	193,345	81,462
Net Nonoperating Revenues	1,367,691	632,454
Change in Net Position	1,311,461	1,974,426
Net Position, Beginning of Year	33,843,838	31,869,412
Net Position, End of Year	$ 35,155,299	$ 33,843,838

Heartland Consumers Power District
d/b/a Heartland Energy
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Receipts from customers	$ 39,860,850	$ 40,523,021
Receipts from others	13,773,819	12,215,286
Payments to suppliers	(46,754,302)	(44,681,009)
Payments to employees	(2,415,837)	(2,324,549)
Net Cash Provided by Operating Activities	4,464,530	5,732,749
Cash Flows from Noncapital Financing Activities		
Proceeds from issuance of promissory notes	4,100,000	2,079,625
Payments on promissory notes	(625,274)	(573,768)
Payments on revenue bonds	(2,815,000)	(2,670,000)
Interest paid	(469,575)	(601,992)
Other nonoperating receipts	302,206	142,108
Net Cash Provided by (Used in) Noncapital Financing Activities	492,357	(1,624,027)
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(102,904)	(101,176)
Payments for power projects	(1,061,300)	(1,782,545)
Net Cash Used in Capital and Related Financing Activities	(1,164,204)	(1,883,721)
Cash Flows from Investing Activities		
Purchases of investment securities	(21,046,351)	(4,996,085)
Proceeds from sales and maturities of investment securities	12,730,790	12,252,111
Issuance of notes receivable	(5,838,965)	(3,433,833)
Repayments of notes receivable	1,162,365	921,355
Investment income received	1,456,545	1,342,816
Net Cash Provided by (Used in) Investing Activities	(11,535,616)	6,086,364
Change in Cash and Cash Equivalents	(7,742,933)	8,311,365
Cash and Cash Equivalents, Beginning of Year	17,486,237	9,174,872
Cash and Cash Equivalents, End of Year	$ 9,743,304	$ 17,486,237
Composition of Cash and Cash Equivalents		
Cash and cash equivalents	$ 9,402,251	$ 17,228,250
Restricted cash and cash equivalents	341,053	257,987
Total	$ 9,743,304	$ 17,486,237

Heartland Consumers Power District
d/b/a Heartland Energy
Statements of Cash Flows - Continued
Years Ended December 31, 2024 and 2023

	2024	2023
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	$ (56,230)	$ 1,341,972
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	3,274,806	3,145,957
Changes in balance sheet operating items		
Accounts receivable	1,363,390	192,507
Prepaid expenses and other assets	(90,498)	191,697
Net pension asset	5,836	(229)
Deferred outflows for pensions	101,582	111,657
Accounts payable	(377,345)	681,048
Accrued expenses	245,283	133,864
Deferred inflows for pensions	(2,294)	(65,724)
Net Cash Provided by Operating Activities	$ 4,464,530	$ 5,732,749
Supplemental Cash Flows Information		
Increase in allowance for notes receivable	$ 108,861	$ 60,646
Amortization of deferred loss on debt refunding	318,818	318,818

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

Nature of Operations

Heartland Consumers Power District d/b/a Heartland Energy (Heartland) is a public corporation and a political subdivision of the State of South Dakota created under the Consumers Power District Law for the purpose of supplying electric energy. Heartland is empowered by the Consumers Power District Law to finance, own, and operate, either singly or jointly with others and anywhere within or without the boundaries of Heartland or the State of South Dakota, any electric light and power plants, lines, and systems or interest therein for the generation and transmission of electric power and energy. Heartland has firm power customers in the four-state region of Minnesota, Nebraska, Iowa and South Dakota.

Rates for wholesale electric service are set by the Heartland Board of Directors. Neither the South Dakota Public Utilities Commission nor any other commission has jurisdiction over Heartland with respect to Heartland's rates and charges for power sales to its customers.

Reporting Entity

In evaluating how to define the entity for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of a number of criteria, including: (1) Heartland's ability to appoint a voting majority of another entity's governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on Heartland and (3) the entity's fiscal dependency on Heartland. Based upon the above criteria, Heartland has determined that it has no reportable component units.

Basis of Accounting

Heartland's activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. Heartland's accounting records are maintained in accordance with accounting principles generally accepted in the United States of America for regulated utilities and generally follow the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC). Heartland prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Heartland's accounting policies also follow the provisions of GASB Codification Section Re10, *Regulated Operations*, which permits an entity with cost-based rates to defer certain costs or income that would otherwise be recognized when incurred to the extent that the rate-regulated entity is recovering or expects to recover such amounts in rates charged to its customers. This method includes the philosophy that debt service requirements, as opposed to depreciation or amortization, are a cost for rate making purposes.

Use of Estimates

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

Cash Equivalents

Heartland considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. At December 31, 2024 and 2023, cash equivalents consisted of money market funds.

Investments and Investment Income

Investments in money market mutual funds are carried at cost, which approximates fair value. Investments in U.S. agency obligations and U.S. Treasuries are carried at fair value. Fair value is determined based on quoted market prices or yields currently available on comparable securities of issuers with similar credit ratings.

Investment income consists of interest income and realized and unrealized gains and losses.

Accounts and Notes Receivable

Accounts receivable are stated at the amount billed to customers. Accounts receivable are ordinarily due 20 days after the issuance of the invoice. Delinquent receivables are charged off as they are deemed uncollectible. Management does not believe an allowance for doubtful accounts is necessary for accounts receivable at December 31, 2024 and 2023, as there were no delinquent accounts. Notes receivable relate to Heartland's economic development program (see Note 3) and amounts due generally follow amortization schedules contained within the related note agreements. Management has established an allowance for doubtful accounts for notes receivable of $961,759 and $852,898 at December 31, 2024 and 2023, respectively.

Capital Assets

Capital assets are recorded at cost at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of each asset, which is normally 20 - 30 years for utility plant, 5 - 10 years for vehicles, furniture, and various office equipment and 40 years for buildings.

Compensated Absences

Employees earn vacation days at varying rates depending on years of service. In the event of termination, an employee is reimbursed for accumulated vacation time. Expense and the related liability are recognized when earned and vacation benefits are redeemable as time off or in cash. Employees earn sick leave at the rate of approximately one day per month. Upon normal retirement, an employee can use any accumulated sick time to pay for certain qualified medical expenses. Expense and the related liability for sick leave benefits are recognized when earned and sick leave benefits are redeemable as time off or in cash to pay for qualified medical expenses. Compensated absences expected to be used during the next fiscal year are classified as a current liability in accrued expenses. The remaining balance is reflected as a noncurrent liability.

Regulated Operations

Rates for Heartland's regulated operations are established and approved by the Board of Directors. Heartland applies the provisions of GASB Codification Section Re10, *Regulated Operations*, which provide for the deferral of expenses which are expected to be recovered through customer rates over some future period (costs recoverable from future billings) and reductions in earnings to cover future expenditures (reductions of future billings). Costs recoverable from future billings are primarily comprised of charges incurred in relation to Heartland's bond issuances, costs incurred by Heartland for initial payments made on long-term capacity contracts and a prepayment of $35 million made by Heartland during 2018 to terminate a transmission contract which is no longer necessary. These costs are being amortized in future rate periods when such costs are included in the revenue requirements to establish electric rates. Reductions of future billings are comprised of the unrealized net gains on investments and Board approved transfers for rate stabilization.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue and expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. Heartland's contributions and net pension asset are recognized on the accrual basis of accounting.

Net Position Classification

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

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

Unrestricted - This component of net position consists of the net amount of the assets, liabilities and deferred inflows and outflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

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

Classification of Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with Heartland's ongoing operations. The principal operating revenues are charges to customers for services. Operating expenses include the cost of power, transmission expenses, administrative expenses, depreciation of capital assets, and amortization of Heartland's regulatory asset. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Taxes

Heartland is exempt from federal income taxes as it is a political subdivision of the state of South Dakota. Heartland may be subject to franchise taxes in states in which it operates. Franchise tax expense was $2,460 and $2,230 in 2024 and 2023, respectively.

Implementation of New Accounting Pronouncement

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. Heartland adopted this standard on January 1, 2024. The implementation of this new standard did not have a material impact on Heartland's financial statements.

Note 2. Deposits, Investments and Investment Return

Heartland's investing is performed in accordance with the investment policy adopted by its Board of Directors and applicable state statutes. Heartland may invest in certificates of deposit, time deposits, repurchase agreements, and various U.S. Treasury securities and U.S. agency obligations.

Deposits

State statutes require banks either to give bond or to pledge government securities to Heartland in the amount of Heartland's deposits. Heartland's cash deposits are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits in excess of the $250,000 FDIC limits are covered by collateral held in a Federal Reserve Bank pledge account or by an agent for Heartland and thus, no custodial risk exists. No legal opinion has been obtained regarding the enforceability of any collateral arrangements.

Investments

At December 31, 2024 and 2023, Heartland had the following investments and maturities:

		Maturities in Years			
	Carrying Value	Less Than 1	1-5	6-10	Credit Ratings (Moody's)
December 31, 2024					
Money market mutual funds	$ 8,054,214	$ 8,054,214	$ -	$ -	Aaa-mf
U.S. treasury securities	25,459,183	22,974,225	2,484,958	-	Aaa
U.S. agency obligations	5,210	-	5,210	-	Aaa
	$ 33,518,607	$ 31,028,439	$ 2,490,168	$ -	
December 31, 2023					
Money market mutual funds	$ 15,929,710	$ 15,929,710	$ -	$ -	Aaa-mf
U.S. treasury securities	16,540,732	16,540,732	-	-	Aaa
U.S. agency obligations	14,248	-	14,248	-	Aaa
	$ 32,484,690	$ 32,470,442	$ 14,248	$ -	

Disclosures About Fair Value of Assets and Liabilities

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

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

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

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

Heartland's investments in money market mutual funds are carried at cost and thus are not included within the fair value hierarchy. Heartland's investments in U.S. treasury securities and U.S. agency obligations are measured at fair value on a recurring basis, and are classified within Level 2 of the fair value hierarchy.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Heartland's investment policy provides limitations on the maturities of the various types of investments as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Heartland's investment policy establishes requirements for all investment securities to be in compliance with ratings established in bond indentures, for which substantially all investments are held.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, Heartland would not be able to recover the value of its investment securities that are in the possession of an outside party. Heartland's investments in U.S. agency obligations are held in a book entry system in an account designated as a customer account at the Federal Reserve and the custodian's internal records identify Heartland as owner.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with the amount of investments Heartland has with any one issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government are excluded from this requirement. Heartland's investment policy limits the amount of its investment portfolio that may be invested in any one issuer, other than U.S. government securities, to 10%. No investments at December 31, 2024 and 2023 exceeded 5%.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets at December 31, 2024 and 2023 as follows:

	2024	2023
Carrying value		
Bank deposit accounts	$ 1,689,090	$ 1,556,528
Investments	33,518,607	32,484,690
	$ 35,207,697	$ 34,041,218

Included in the following balance sheet captions:

	2024	2023
Current Assets		
Cash and cash equivalents		
Operating funds	$ 241,064	$ 132,405
General reserve funds	7,580,379	13,285,082
Revolving loan fund program accounts	1,448,026	1,424,123
Rate stabilization fund	132,782	2,386,640
Total	9,402,251	17,228,250
Restricted cash and cash equivalents		
Debt service funds	341,053	257,987
Short-term investments		
General reserve funds	7,115,591	3,796,560
Rate stabilization fund	15,858,634	12,744,173
Total	22,974,225	16,540,733
Noncurrent Assets		
Long-term investments		
Rate stabilization fund	2,490,168	14,248
	$ 35,207,697	$ 34,041,218

Investment Return

Investment return for the years ended December 31, 2024 and 2023 consisted of interest income, realized gains, and unrealized gains and losses on unrestricted investments of $1,757,665 and $1,294,711, respectively. Unrealized gains and losses on restricted investments are deferred and reported as reductions of future billings shown as a deferred inflow of resources in accordance with the provisions of GASB Codification Section Re10, *Regulated Operations*.

Note 3. Notes Receivable

Type of Notes	2024 January 1,	Additions	Reductions	December 31,	Due Within One Year
4.0% note in connection with Heartland's economic development program, payable in monthly installments, original maturity of December 2016.	$ 120,719	$ -	$ -	$ 120,719	$ -
0.0% to 5.0% notes in connection with the Intermediary Relending Program Promissory Note (see Note 13), due in monthly installments through June 2040	5,528,561	2,438,965	650,413	7,317,113	549,983
0.0% to 4.0% notes in connection with the Rural Economic Development Loan Agreement and Rural Economic Development Grant Agreement (see Note 13), due in monthly installments through December 2043	5,247,916	3,400,000	511,952	8,135,969	541,333
Allowance for notes receivable	(852,898)	(108,861)	-	(961,759)	-
Total notes receivable, net	$ 10,044,298	$ 5,730,104	$ 1,162,365	$ 14,612,042	$ 1,091,316

Type of Notes	2023 January 1,	Additions	Reductions	December 31,	Due Within One Year
4.0% note in connection with Heartland's economic development program, payable in monthly installments, original maturity of December 2016	$ 120,719	$ -	$ -	$ 120,719	$ -
0.0% to 5.0% notes in connection with the Intermediary Relending Program Promissory Note (see Note 13), due in monthly installments through January 2040	4,488,304	1,468,833	428,576	5,528,561	482,675
0.0% to 4.0% notes in connection with the Rural Economic Development Loan Agreement and Rural Economic Development Grant Agreement (see Note 13), due in monthly installments through November 2043	3,775,695	1,965,000	492,779	5,247,916	511,949
Allowance for notes receivable	(792,252)	(60,646)	-	(852,898)	-
Total notes receivable, net	$ 7,592,466	$ 3,373,187	$ 921,355	$ 10,044,298	$ 994,624

Interest income on these notes totaled $210,234 and $180,089 for 2024 and 2023, respectively, and is included within investment income on the statements of revenues, expenses and changes in net position.

Note 4. Capital Assets

Capital assets activity for 2024 and 2023 was:

2024	Beginning Balance	Additions	Retirements	Ending Balance
Heartland headquarters building	$ 2,959,217	$ 64,904	$ -	$ 3,024,121
General plant	1,008,219	38,000	(30,020)	1,016,199
Land	80,402	-	-	80,402
Total capital assets	4,047,838	102,904	(30,020)	4,120,722
Less accumulated depreciation	(1,881,171)	(130,137)	29,520	(1,981,788)
Capital assets, net	$ 2,166,667	$ (27,233)	$ (500)	$ 2,138,934
2023				
Heartland headquarters building	$ 2,858,041	$ 101,176	$ -	$ 2,959,217
General plant	1,008,219	-	-	1,008,219
Land	80,402	-	-	80,402
Total capital assets	3,946,662	101,176	-	4,047,838
Less accumulated depreciation	(1,753,930)	(127,241)	-	(1,881,171)
Capital assets, net	$ 2,192,732	$ (26,065)	$ -	$ 2,166,667

Note 5. Credit Facilities

Line of Credit

Heartland entered into a revolving credit agreement with a financial institution that provides for borrowings up to $10,000,000. The agreement was amended and renewed on July 1, 2024, with an expiration date of July 1, 2027. Borrowings under the credit agreement bear interest at varying rates, and cannot exceed a maximum rate, which is based on the applicable index at the time of funding and is defined in the agreement. The agreement also provides for standby letters of credit, not to exceed $5,000,000 in the aggregate. The amount available under Heartland's revolving credit agreement is reduced by the amount of any issued standby letters of credit. Heartland had no outstanding borrowings on this line at December 31, 2024 and 2023. This revolving credit agreement is secured as described in Note 6.

Letter of Credit

As financial security for Heartland's performance under certain financial transmission rights and transmission congestion rights in regional transmission organizations in which Heartland participates, Heartland has obtained a standby letter of credit for $1.5 million at December 31, 2024 and 2023. The letter of credit expires July 1, 2027.

Note 6. Long-term Liabilities

Long-term liabilities at December 31, 2024 consisted of the following:

	2024				
Type of Debt	January 1,	Additions	Reductions	December 31,	Due Within One Year
3.1-6.137% Revenue Bonds, Series 2018, with interest and principal payments due annually beginning December 2019 through December 2031	$ 2,305,000	$ -	$ 2,305,000	$ -	$ -
1.84% Revenue Bonds, Series 2021, with interest and principal payments due annually beginning December 2021 through December 2029	15,840,000	-	510,000	15,330,000	2,960,000
1.0% Intermediary Relending Program Promissory Note, due annually on October 16 with a final payment due October 16, 2036	384,973	-	27,988	356,985	28,268
1.0% Intermediary Relending Program Promissory Note, due annually on June 25 with a final payment due June 25, 2040	485,760	-	26,980	458,780	27,250
1.0% Intermediary Relending Program Promissory Note, due annually on November 10, with a final payment due November 10, 2046	868,240	-	33,768	834,472	34,082
1.0% Intermediary Relending Program Promissory Note, due annually on October 11, beginning in October 2021, with a final payment due October 11, 2047	901,673	-	33,433	868,240	33,744
1.0% Intermediary Relending Program Promissory Note, total amount to be drawn $1,000,000, principal payments due annually, beginning in June 2023, final payment due in June 2049	965,302	-	32,908	932,394	33,102
1.0% Intermediary Relending Program Promissory Note, due annually on September 20, with a final payment due September 20, 2053	700,000	300,000	-	1,000,000	-
1.0% Intermediary Relending Program Promissory Note, due annually on May 1, with a final payment due May 1, 2054	-	1,000,000	-	1,000,000	-
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $3,299 through April 2031	293,490	-	42,887	250,603	39,588
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $10,417, through March 2028	541,652	-	135,421	406,231	125,004
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $3,202, through March 2028	166,501	-	41,626	124,875	38,424
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $5,500, through July 2028	341,000	-	71,500	269,500	66,000

Type of Debt	2024 January 1,	Additions	Reductions	December 31,	Due Within One Year
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $10,417, through June 2029	$ 687,490	$ -	$ 135,421	$ 552,069	$ 125,004
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $3,334, through August 2029	229,967	-	43,342	186,625	40,008
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $12,500, beginning December 2025 through November 2033	1,200,000	-	-	1,200,000	-
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $11,500, beginning August 2026 through August 2034	-	1,100,000	-	1,100,000	-
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $17,700, beginning November 2026 through November 2034	-	1,700,000	-	1,700,000	-
Total bonds and notes payable	25,911,048	4,100,000	3,440,274	26,570,774	3,550,474
Compensated absences	701,353	93,177	-	794,530	154,773
Total long-term liabilities	$ 26,612,401	$ 4,193,177	$ 3,440,274	$ 27,365,304	$ 3,705,247

Long-term liabilities at December 31, 2023 consisted of the following:

	2023				
Type of Debt	January 1,	Additions	Reductions	December 31,	Due Within One Year
3.1-6.137% Revenue Bonds, Series 2018, with interest and principal payments due annually beginning December 2019 through December 2031	$ 4,475,000	$ -	$ 2,170,000	$ 2,305,000	$ 2,305,000
1.84% Revenue Bonds, Series 2021, with interest and principal payments due annually beginning December 2021 through December 2029	16,340,000	-	500,000	15,840,000	510,000
1.0% Intermediary Relending Program Promissory Note, due annually on October 16 with a final payment due October 16, 2036	412,684	-	27,711	384,973	27,988
1.0% Intermediary Relending Program Promissory Note, due annually on June 25 with a final payment due June 25, 2040	512,473	-	26,713	485,760	26,980
1.0% Intermediary Relending Program Promissory Note, due annually on November 10, with a final payment due November 10, 2046	901,673	-	33,433	868,240	33,744
1.0% Intermediary Relending Program Promissory Note, due annually on October 11, beginning in October 2021, with a final payment due October 11, 2047	934,775	-	33,102	901,673	33,409
1.0% Intermediary Relending Program Promissory Note, total amount to be drawn $1,000,000, principal payments due annually, beginning in June 2023, final payment due in June 2049	820,375	179,625	34,698	965,302	32,880
1.0% Intermediary Relending Program Promissory Note, due annually on September 20, with a final payment due September 20, 2053	-	700,000	-	700,000	-
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $3,299 through April 2031	333,078	-	39,588	293,490	42,887
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $10,417, through March 2028	666,656	-	125,004	541,652	135,421
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $3,202, through March 2028	204,925	-	38,424	166,501	41,626
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $5,500, through July 2028	401,500	-	60,500	341,000	71,500
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $10,417, through June 2029	802,077	-	114,587	687,490	135,421
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $3,334, through August 2029	269,975	-	40,008	229,967	43,342
0% Rural Economic Development Promissory Note, with principal payments due in monthly installments of $12,500, beginning December 2025 through November 2033	-	1,200,000	-	1,200,000	-
Total bonds and notes payable	27,075,191	2,079,625	3,243,768	25,911,048	3,440,198
Compensated absences	625,107	76,246	-	701,353	141,581
Total long-term liabilities	$ 27,700,298	$ 2,269,481	$ 3,357,378	$ 26,612,401	$ 3,581,779

Debt service requirements at December 31, 2024 are as follows:

	Principal	Interest	Total
2025	$ 3,550,474	$ 332,080	$ 3,882,554
2026	3,981,808	280,576	4,262,384
2027	4,167,530	223,680	4,391,210
2028	4,134,179	165,479	4,299,658
2029	4,008,869	105,691	4,114,560
2030-2034	3,388,943	165,708	3,554,651
2035-2039	1,140,494	142,096	1,282,590
2040-2044	993,050	88,538	1,081,588
2045-2049	805,523	40,331	845,854
2050-2054	399,904	10,387	410,291
	$ 26,570,774	$ 1,554,566	$ 28,125,340

During 2018, Heartland issued Electric System Taxable Revenue Bonds, Series 2018, in the amount of $32,855,000 to provide funds to terminate a transmission contract which was no longer necessary in connection with the operation of Heartland's electric system. The Series 2018 bonds and the revolving credit agreement described in Note 5 are secured equally and ratably by a pledge of (a) the proceeds of the sale of the Series 2018 bonds, pending application thereof, (b) the revenues of Heartland's electric system, after application to operating expenses in accordance with the bond resolution, and (c) all funds and accounts established under the bond resolution, including income, if any, from investments thereof.

In June 2021, Heartland refunded $20,375,000 of its Electric System Taxable Revenue Bonds, Series 2018, with proceeds from the issuance of Electric System Taxable Revenue Direct Purchase Bonds, Series 2021, in the amount of $16,830,000, and also using existing resources. The Series 2021 bonds bear interest annually at a fixed rate of 1.84%. Principal payments are due annually, beginning December 1, 2022 and having a final maturity of December 1, 2029. The refunding was completed to achieve a cash flow savings of approximately $3,105,000 and a net present value savings of approximately $1,502,000. At December 31, 2024, $20,375,000 of the refunded Series 2018 bonds remain outstanding.

Heartland has executed credit agreements with three financial institutions, totaling $6,218,177, in relation to the nine Rural Economic Development Promissory Notes disclosed above. The credit agreements allow Heartland to retain drawing capacity at least equal to the issued and outstanding amount of the Rural Economic Development Promissory Notes. There were no amounts outstanding under these credit agreements at December 31, 2024 and 2023.

Note 7. Power Sales Agreements

Heartland is a party to electric power sales agreements with municipalities in South Dakota, Minnesota, Nebraska and Iowa, whereby Heartland has undertaken to provide primary power to and to supplement existing power sources of the parties. Rates are established annually by the Board of Directors. The majority of these agreements expire in 2040. Heartland also has power sales agreements with the State of South Dakota to provide service to various state institutions.

Note 8. Commitments

Public Power Generation Agency (PPGA)

Heartland has entered into an agreement with other utilities, creating an interlocal, PPGA. In connection with PPGA, Heartland has also entered into a long-term participation power agreement whereby Heartland has agreed to share in the energy output of the Whelan Energy Center Unit 2, a 220 MW coal-fired power plant, which became commercially operational in May 2011. Heartland's commitment is for 36.36%, or 80 MW, of the output of the project, which extends to the later of the life of the project or January 2041, which represents the date of final maturity on the bonds issued by PPGA for the project.

Note 9. Retirement Plans

Defined Benefit Plan

Plan Description

Heartland participates in the South Dakota Retirement System (SDRS or the Plan). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. Authority for establishing, administering, and amending plan provisions are found in South Dakota Codified Law (SDCL) 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at http://sdrs.sd.gov/pulications.aspx or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Contributions

Covered employees are required by state statute to contribute a percentage of their salary (6%) to the Plan, and Heartland is required to match the employee contribution. The contribution requirements of plan members and Heartland are established and may be amended by the Plan's board of trustees. Contributions made to the Plan by Heartland were $164,672 and $151,995 during 2024 and 2023, respectively, and were in accordance with statutory rates. The employees' contributions during 2024 and 2023 were $139,198 and $131,206, respectively, and were in accordance with statutory rates.

Benefits

The Plan provides retirement, disability, and survivor benefits based on an employer's membership class within the Plan. Heartland is a Class A member in the Plan.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

Members that were hired on or after July 1, 2017 are Generational members. Class A Generational members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. CRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current cost-of-living adjustment (COLA) process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
    - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than to the baseline actuarial accrued liabilities, the COLA will be:
    - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 reduced the minimum COLA from 0.5% to 0.0%.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Pension Assets and Liabilities, Pension Revenue and Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024 and 2023, Heartland reported an asset of $3,823 and $9,659, respectively, for its proportionate share of the collective net pension asset for the Plan. The net pension asset was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate these amounts was determined by an actuarial valuation as of those dates. Heartland's proportionate share of the net pension asset was based on Heartland's share of contributions to the Plan relative to all employer contributions to the Plan for the measurement period. At December 31, 2024 and 2023, Heartland's proportion was 0.944% and 0.0989%, respectively.

For the years ended December 31, 2024 and 2023, Heartland recognized pension expense of $105,124 and $45,704, respectively. At December 31, 2024 and 2023, Heartland reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2024		December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 353,966	$ -	$ 273,768	$ -
Net difference between projected and actual earnings on pension plan investments	143,984	-	64,301	-
Changes of assumptions	63,022	480,388	330,202	482,682
Heartland contributions subsequent to the measurement date	99,137	-	93,420	-
Total	$ 660,109	$ 480,388	$ 761,691	$ 482,682

The deferred outflows of resources related to pensions resulting from Heartland contributions subsequent to the measurement date will be recognized as a reduction of pension expense in the fiscal year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,		
2025	$	(133,931)
2026		184,219
2027		18,795
2028		11,501
	$	80,584

Actuarial assumptions – The total pension liability in the June 30, 2024 and 2023 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	7.66% at entry to 3.15% after 25 years of service
Discount rate	6.50%, net of pension plan investment expense
Future COLAs	
2024	1.71%
2023	1.91%

Mortality rates for active and retired participants and beneficiaries for the June 30, 2024 and 2023 actuarial valuation were based on Pub-2010 amount-weighted Mortality Tables, projected generationally with improvement scale MP-2020. Mortality rates for disabled members were based on the PubG-2010 Disabled Member Mortality Table.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study, for the period of July 1, 2016 to June 30, 2021.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of portions of the portfolio. SDIC is governed by the Prudent Man Rule. Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.).

The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2024 and 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
June 30, 2024		
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	100.0%	
June 30, 2023		
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	100.0%	

Discount rate – The discount rate used to measure the total pension liability in 2024 and 2023 was 6.50%, for both years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate, and that contributions from employers will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Heartland's proportionate share of the net pension (asset) liability to changes in the discount rate – The following presents Heartland's proportionate share of the net pension (asset) liability calculated using the discount rate of 6.50%, as well as what Heartland's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Heartland's proportionate share of the net pension (asset) liability			
December 31, 2024	$ 1,942,389	$ (3,823)	$ (1,596,430)
December 31, 2023	1,979,603	(9,659)	(1,636,495)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued South Dakota Retirement System financial report.

Defined Contribution Plan

In addition to the above retirement plan, Heartland has a savings plan with the National Rural Electric Cooperative Association, which is a defined contribution plan. Employees are eligible to participate in this plan after one month of service. The National Rural Electric Cooperative Association board of directors has the authority to establish and amend provisions to the plan. Heartland matches up to 4% of participating employees' salaries; employees must contribute a minimum of 1% of their salaries. The contributions made by, and related expense of, Heartland for the years ended December 31, 2024 and 2023 were $92,950 and $85,970, respectively. No forfeitures were used to reduce Heartland's contributions during 2024 and 2023. The contributions made by Heartland employees for the years ended December 31, 2024 and 2023 were $145,323 and $154,675, respectively.

Note 10. Significant Estimates and Concentrations

Major Customers

Sales to two customers were approximately 34% and 35%, respectively, of total operating revenues for the years ended December 31, 2024 and 2023, respectively. Approximately 32% and 38%, respectively, of total accounts receivable were owed from two customers at December 31, 2024 and 2023.

Note 11. Risk Management

Heartland is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and others; and natural disasters. Heartland carries commercially available insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the three preceding years.

Note 12. Statutory Reporting Requirement

Section 3 of Chapter 49-38 of the South Dakota Codified Laws requires that certain information be set forth in the annual reports of consumer power districts. Additional information, as required, is as shown below:

	2024	2023
Employees (unaudited)	12	13
Total kilowatt hours sold (unaudited)	948,512,299	870,796,729
Total salaries	$ 2,427,785	$ 2,294,007
Maintenance expense	227,450	205,521

Note 13. Segment Information

In accordance with the provisions of the Intermediary Relending Program Loan Agreements, Rural Economic Development Loan Agreement and Rural Economic Development Grant Agreement, Heartland is required to create and maintain a revolving loan fund. Heartland administers this revolving loan fund as a division within its Heartland operations. Condensed 2024 and 2023 financial information for the revolving loan fund is presented below:

Condensed Balance Sheets

	2024	2023
Current assets	$ 2,548,289	$ 2,443,750
Other assets	13,520,726	9,049,671
Total assets	$ 16,069,015	$ 11,493,421
Liabilities		
Current liabilities	$ 606,738	$ 637,325
Noncurrent liabilities	10,650,301	7,140,848
Total liabilities	11,257,039	7,778,173
Net Position	4,811,976	3,715,248
Total liabilities and net position	$ 16,069,015	$ 11,493,421

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2024	2023
Nonoperating revenues (expenses)		
Investment income	$ 210,234	$ 180,090
Interest expense	(47,137)	(36,971)
Bad debt expense	(108,861)	(60,646)
Other	1,042,492	543,504
Change in net position	1,096,728	625,977
Net position, beginning of year	3,715,248	3,089,271
Net position, end of year	$ 4,811,976	$ 3,715,248

Condensed Statements of Cash Flows

	2024	2023
Net cash provided by (used in)		
Noncapital financing activities	$ 4,476,508	$ 2,011,702
Investing activities	(4,452,605)	(2,349,015)
Change in cash	23,903	(337,313)
Cash, beginning of year	1,424,123	1,761,436
Cash, end of year	$ 1,448,026	$ 1,424,123

Required Supplementary Information

Heartland Consumers Power District
d/b/a Heartland Energy
Schedule of Heartland's Proportionate Share of the Net Pension Asset (Liability)
South Dakota Retirement System
December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Heartland's proportion of the net pension asset (liability)	0.094%	0.099%	0.099%	0.097%	0.096%	0.10%	0.088%	0.086%	0.088%	0.087%
Heartland's proportionate share of the net pension asset (liability)	$ 3,823	$ 9,659	$ 9,430	$ 743,804	$ 4,169	$ 10,862	$ 2,049	$ 7,850	$ (296,707)	$ 370,005
Heartland's covered payroll	$ 2,226,892	$ 2,063,002	$ 1,984,305	$ 1,994,372	$ 1,830,061	$ 1,851,811	$ 1,552,936	$ 1,458,085	$ 1,394,520	$ 1,390,734
Heartland's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	0.17%	0.47%	0.48%	37.30%	0.23%	0.59%	0.13%	0.54%	-21.28%	26.61%
Plan fiduciary net position as a percentage of the total pension liability	100.00%	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.08%	96.89%	104.10%

Note: Information presented in this schedule has been determined as of Heartland's measurement date (June 30) of the collective net pension asset (liability) in accordance with GASB 68.

Heartland Consumers Power District
d/b/a Heartland Energy
Schedule of Heartland's Contributions
South Dakota Retirement System
December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 164,672	$ 151,995	$ 149,321	$ 140,160	$ 130,219	$ 126,003	$ 124,500	$ 107,920	$ 103,771	$ 99,453
Contributions in relation to the statutorily required contribution	(164,672)	(151,995)	(149,321)	(140,160)	(130,219)	(126,003)	(124,500)	(107,920)	(103,771)	(99,453)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Heartland's covered payroll	$ 2,427,785	$ 2,294,007	$ 2,164,488	$ 1,990,372	$ 1,826,903	$ 1,779,121	$ 1,729,063	$ 1,506,831	$ 1,422,500	$ 1,377,344
Contributions as a percentage of covered payroll	6.78%	6.63%	6.90%	7.04%	7.13%	7.08%	7.20%	7.16%	7.29%	7.22%

Note: Information presented in this schedule has been determined as of Heartland's most recent fiscal year-end (December 31) in accordance with GASB 68.

Supplementary Information

Heartland Consumers Power District
d/b/a Heartland Energy
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Agriculture/ Intermediary Relending Program	10.767	N/A	$ -	$ 5,975,643
United States Department of Agriculture/Rural Economic Development Loans and Grants	10.854	N/A	-	7,147,912
			$ -	$ 13,123,555

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Heartland Consumers Power District d/b/a Heartland Energy (Heartland) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Heartland, it is not intended to and does not present the financial position, changes in net position or cash flows of Heartland.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Heartland has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Federal Loan Programs

The federal loan programs listed subsequently are administered directly by Heartland, and balances and transactions relating to these programs are included in Heartland’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2024, consists of:

Assistance Listing Number	Program Name	Outstanding Balance at December 31, 2024
10.767	Intermediary Relending Program	$ 5,487,833
10.854	Rural Economic Development Loans and Grants	$ 6,635,960

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

Independent Auditor's Report

Board of Directors
Heartland Consumers Power District d/b/a Heartland Energy
Madison, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Heartland Consumers Power District d/b/a Heartland Energy (Heartland), which comprise Heartland's balance sheet as of December 31, 2024, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Heartland'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 Heartland's internal control. Accordingly, we do not express an opinion on the effectiveness of Heartland's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Forvis Mazars, LLP

Lincoln, Nebraska
April 9, 2025

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Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Heartland Consumers Power District d/b/a Heartland Energy
Madison, South Dakota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Heartland Consumer Power District d/b/a Heartland Energy's (Heartland) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Heartland's major federal program for the year ended December 31, 2024. Heartland's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Heartland Consumers Power District d/b/a Heartland Energy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of Heartland and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Heartland's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Heartland's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Heartland's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Heartland's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Heartland's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Heartland's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Heartland's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

Lincoln, Nebraska
April 9, 2025

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified?	☐ Yes	☒ None Reported
Material weakness(es) identified?	☐ Yes	☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over the major federal award program:

Significant deficiency(ies) identified?	☐ Yes	☒ None Reported
Material weakness(es) identified?	☐ Yes	☒ No

5. Type of auditor's report issued on compliance for the major federal program:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
10.767	Intermediary Relending Program

8. Dollar threshold used to distinguish between Type A and Type B programs: $750,000.

9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

Reference Number	Finding
No matters are reportable.	

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
No matters are reportable.	

Heartland Consumers Power District
d/b/a Heartland Energy
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024

Reference Number	Summary of Finding	Status

No matters are reportable.