

Silver State Energy Association

Annual Financial Report

June 30, 2025 and 2024

Silver State Energy Association

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Introductory Section

(Unaudited)

January 20, 2026

To the Board of Directors
Silver State Energy Association
Las Vegas, Nevada

We are pleased to present the Annual Financial Report (AFR) of the Silver State Energy Association (the SSEA) for the fiscal years ended June 30, 2025, and 2024. The AFR was prepared in conformance with accounting principles generally accepted in the United States of America (GAAP).

The SSEA's management is responsible for the completeness and reliability of the financial information presented in this report. To provide reasonable assurance of the proper recording of transactions, management has established and maintains a system of internal accounting and other controls. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits derived. Where necessary, the basic financial statements include amounts based upon management's best estimates and judgments.

The SSEA Cooperative Agreement requires an annual audit of the basic financial statements of the SSEA. Baker Tilly US, LLP, a firm of licensed certified public accountants, has audited the SSEA's basic financial statements as of and for the year ended June 30, 2025. The objective of the independent audit was to provide reasonable assurance that the basic financial statements of the SSEA are free of material misstatement. An independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded there was a reasonable basis for rendering an unmodified ("clean") opinion that the SSEA's basic financial statements for the fiscal year ended June 30, 2025, are fairly presented in all material respects in conformity with GAAP.

Management's Discussion and Analysis (MD&A) provide a narrative introduction, overview and analysis of the basic financial statements. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

The Reporting Entity and its Services

The SSEA is a joint powers agency comprised of public agencies that are authorized by law to engage in certain activities associated with the acquisition and disposition of electric power to meet their own needs and those of their customers. The SSEA was created under Nevada Revised Statutes (NRS) Chapter 277, *Cooperative Agreements: States, Counties, Cities, Districts and other Public Agencies*, and is a political subdivision of the State of Nevada (the State or Nevada) and was established on August 1, 2007. The SSEA is governed by a Cooperative Agreement among its five members, each member with an appointed Board representative, which includes:

The Southern Nevada Water Authority, a political subdivision of the State charged with managing the region's water resources.

The City of Boulder City, Nevada a municipal corporation of the State since 1960. The Boulder City municipal electric utility serves the portion of the incorporated area of the City that is populated.

Overton Power District No. 5, a not-for-profit general improvement district created in 1935 by the State. The District's service area encompasses the northeast quadrant of Clark County, Nevada, which includes the City of Mesquite and the unincorporated towns of Bunkerville, Glendale, Logandale, Moapa and Overton

Lincoln County Power District No. 1, a not-for-profit general improvement district created in 1935 by the State. The District's service area encompasses most of Lincoln County, Nevada and a portion of Clark County, Nevada known as the Coyote Springs, LLC.

The Colorado River Commission of Nevada, an executive agency of the State responsible for acquiring and managing Nevada's share of water and hydropower resources from the Colorado River.

Operations and Budgets

The operations of the SSEA are broken down into projects, each with specific member participants, project scope, objectives, budgets and timelines. Each member has determined if and to what degree they wish to participate in each of the three existing Project Service Agreements (PSAs). As required by the Cooperative Agreement, an Administrative and General (A&G) Expense budget is approved by the Board on or before June 1 of each year. Additionally, the Board approves specific budgets for each of the capital projects and periodically reviews expenditures to date for those projects.

Management and Staffing

The SSEA has no employees. Necessary staff is provided by two of the member agencies: the Colorado River Commission (CRC) and the Southern Nevada Water Authority (SNWA). Currently, the Board appointed SSEA manager is also the Director of Energy Management for the SNWA. Personnel supporting the trading, analysis, accounting, project management and administrative functions are balanced between CRC and SNWA employees.

Factors Affecting Financial Condition

Relevant Financial Policies

In accordance with the SSEA Cooperative Agreement, two working capital bank accounts have been established, one of which is interest bearing. The amount of working capital is set by the Agreement at 3 months of budgeted expenses. If any member's working capital account is in excess of the minimum required 3 months expenses, the SSEA Manager may suspend billings to the member until the amount of the member's working capital is reduced to an amount equal to the member's required share.

On an annual basis, any fiscal year-end working capital balance will be applied to the following year's working capital needs. If excess working capital remains after it has been applied to the following year's working capital needs, it will be refunded, including interest, upon request by the member.

Long-term Financial Planning

To date, the SSEA has not engaged in documented long-term financial planning. Potential future drivers of major funding requirements have been identified, but have not received preliminary evaluation, such as if the SSEA would be called upon to fund energy facilities on behalf of its members. Potential funding sources, including the possibility of the SSEA issuing debt as well as the requisites to successfully issuing the debt, have not been evaluated.

Major Initiatives

The SSEA is engaged on behalf of its members on several major energy fronts, which are best addressed by focusing on each of the specific PSAs currently in place.

Project Service Agreement #1: Joint Generation Resource Planning and Evaluation. This project involves joint exploration, research, investigation, review, evaluation and feasibility of implementing, operating and maintaining electric generation projects and such other projects, whether physical or financial, designed to meet the future power needs of member participants. Of the original \$1 million project budget, only \$10,000 has been expended and there are currently no active energy targets being sought.

Project Services Agreement #2: Eastern Nevada Transmission Project Development Agreement. This project involves joint exploration, research, investigation, review, and evaluation of the feasibility of constructing 230-kilovolt high-voltage transmission lines and related facilities to allow the interconnection of the participant member electrical systems with the Mead Substation in Nevada. This project was replaced in May of 2014 with PSA #2A, a continuation of PSA #2, on a reduced scope with a five-year term and budget of \$100,000. In early 2016, a project right of way was granted and the project is awaiting a decision by the members to move forward. PSA #2 was completed and terminated effective July 17, 2019.

Project Services Agreement #3: Power Supply Management Services Agreement. This project allows member participants to request that the SSEA provide various power supply management services in connection with the operation, scheduling or optimization to meet a project participant's needs. Fiscal year 2014 was the first full year during which the SSEA provided full service to two of its members, the City of Boulder City and the SNWA, as well as targeted power purchases and sales for other members, which could choose to become full-service members at any time.

Sincerely,

SILVER STATE ENERGY ASSOCIATION

By: 
Scott P. Krantz, SSEA Manager

Dated: January 20, 2026

By: 
Michael L. Gonzales, Energy Accounting

Dated: January 20, 2026

Silver State Energy Association

Board of Directors, Members and SSEA Staff
For the Years Ended June 30, 2025 and 2024

Board of Directors

Shae Pelkowski, Colorado River Commission of Nevada
Kevin Bethel, Southern Nevada Water Authority
Joseph Stubitz, City of Boulder City
Richard Katschke, Lincoln County Power District No. 1
Jack Nelson, Overton Power District No. 5

Members

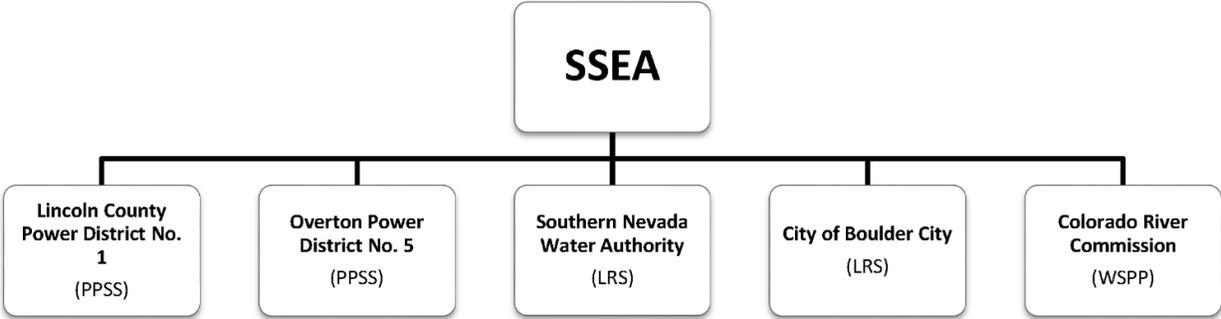
Colorado River Commission of Nevada
Southern Nevada Water Authority
City of Boulder City
Lincoln County Power District No. 1
Overton Power District No. 5

SSEA Staff

Scott P. Krantz, SSEA Manager

Silver State Energy Association

Organization Chart
For the Years Ended June 30, 2025, and 2024



Financial Section

Independent Auditors' Report

To the Board of Directors of
Silver State Energy Association

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Silver State Energy Association (SSEA), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the SSEA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the SSEA as of June 30, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the SSEA 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 the SSEA'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 SSEA'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 SSEA'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 required supplementary information, as listed 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026 on our consideration of the SSEA'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 SSEA'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 SSEA's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
January 20, 2026

Management's Discussion and Analysis

Management's Discussion and Analysis

We offer readers this narrative overview and analysis of the financial activities of the Silver State Energy Association (the SSEA) for the fiscal years ended June 30, 2025, and 2024. We encourage readers to consider the information presented here in conjunction with our audited basic financial statements and additional information furnished in our letter of transmittal accompanying this report.

Financial Highlights

In 2025 and 2024, the SSEA completed its twelfth and eleventh full year of providing Load Requirements Service for two of its members.

Power sales and assessments to members for the year ended 2025 were \$1.9 million lower compared to 2024 because of decreased energy costs in 2025 compared to 2024. Power sales and assessments to members for the year ended 2024 were \$15.5 million lower compared to 2023 because of decreased energy costs in 2024 compared to 2023.

Energy measured in MWh, delivered to the SSEA members increased by 3.4% due to an increase in members' energy requirements in 2025 and decreased by 2.0% in 2024 due to a decrease in members' energy requirements.

Financial Statement Overview

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the SSEA's basic financial statements. The SSEA's basic financial statements are comprised of proprietary (enterprise) fund financial statements and notes to the basic financial statements.

Fund Financial Statements

A fund is a fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for specific activities or objectives. The SSEA maintains one type of fund, a proprietary fund.

A proprietary fund reports all the SSEA's operations. The operations are reported like a private sector business enterprise. There are three basic financial statements presented: 1) comparative statements of net position; 2) comparative statements of revenues, expenses and changes in net position; and 3) comparative statements of cashflows.

The comparative statements of net position present the SSEA's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as "net position." The comparative statements of revenues, expenses and changes in net position outline how the SSEA's net position has changed over time. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cashflows. Thus, revenues and expenses are reported in this statement for some items that will result in cashflows in future fiscal years.

Silver State Energy Association

Management's Discussion and Analysis (Unaudited) For the Years Ended June 30, 2025, and 2024

The primary purpose of the statements of cashflows is to provide relevant information about the SSEA's cash receipts and cash payments; these are segregated among operating, capital and related financing, and investing activities.

The proprietary fund financial statements can be found in the "Basic Financial Statements" section of this report.

Notes to Basic Financial Statements

The notes provide additional information pertaining to the SSEA's operations and financial position and are an integral part of the financial statements.

The notes on the basic financial statements can also be found in the "Basic Financial Statements" section of this report.

Proprietary Fund Financial Analysis

Member Investment in Capitalized Project Costs June 30, 2025, 2024 and 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Southern Nevada Water Authority	\$ -	\$ 257,407	\$ 257,407
City of Boulder City	-	-	-
Lincoln County Power District No. 1	43,106	43,106	43,106
Overton Power District No. 5	<u>120,698</u>	<u>120,698</u>	<u>120,698</u>
Total capitalized project costs	<u>\$ 163,804</u>	<u>\$ 421,211</u>	<u>\$ 421,211</u>

All of the SSEA's net position is in capital assets. Existing capital assets are the result of joint exploration, research, investigation, review and evaluation of the feasibility of constructing a 230-kilovolt high-voltage transmission line to serve the needs of the SSEA's members.

Silver State Energy Association

Management's Discussion and Analysis (Unaudited) For the Years Ended June 30, 2025, and 2024

Summary Statements of Net Position June 30, 2025, 2024 and 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
ASSETS			
Current assets	\$ 49,362,002	\$ 73,354,840	\$ 34,061,832
Noncurrent assets	<u>1,909,522</u>	<u>1,891,527</u>	<u>27,912,376</u>
 Total assets	 51,271,524	 75,245,367	 61,974,208
 Deferred Outflow of Resources			
LIABILITIES			
Current liabilities	<u>36,361,438</u>	<u>38,879,264</u>	<u>33,404,054</u>
Deferred Inflow of Resources	<u>11,746,282</u>	<u>35,945,892</u>	<u>28,148,943</u>
 NET POSITION	 <u>\$ 163,804</u>	 <u>\$ 421,211</u>	 <u>\$ 421,211</u>

Cash at fiscal year-end 2025 decreased by \$4.3 million from 2024 due to lower energy cost.

Accounts receivable decreased from \$.5 million in 2024 to \$.7 million in 2025 reflecting a lower amount of power sales to non-members.

Accounts receivable from members increased from \$6.0 million in 2024 to \$8.4 million in 2025 due to a decrease in energy market prices.

Prepaid items increased from \$24.5 million in 2024 to \$26.8 million in 2025. The increase of \$2.3 million from 2024 to 2025 reflects an increase in prepaid future energy costs.

Accounts payable decreased from \$8.1 million in 2024 to \$6.7 million in 2025, representing amounts due for energy purchases and transmission and ancillary services.

Unearned revenue - advances from members increased from \$30.3 million in 2024 to \$32.3 million in 2025, primarily because the SSEA collected on behalf of SNWA advance payment for interconnection from Townsite Solar 2 LLC in 2025.

Cash at fiscal year-end 2024 decreased by \$4.1 million from 2023 due to lower energy cost.

Accounts receivable decreased from \$1.4 million in 2023 to \$.5 million in 2024 reflecting a lower amount of power sales to non-members.

Accounts receivable from members decreased from \$6.8 million in 2023 to \$6.0 million in 2024 due to a decrease in energy market prices.

Silver State Energy Association

Management's Discussion and Analysis (Unaudited) For the Years Ended June 30, 2025, and 2024

Prepaid items increased from \$13.3 million in 2023 to \$24.5 million in 2024. The increase of \$11.2 million from 2023 to 2024 reflects an increase in prepaid future energy costs.

Accounts payable increased from \$7.7 million in 2023 to \$8.1 million in 2024, representing amounts due for energy purchases and transmission and ancillary services.

Unearned revenue - advances from members increased from \$25.3 million in 2023 to \$30.3 million in 2024, primarily because of the increase in prepaid items in 2024.

Summary Statements of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2025, 2024 and 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 73,774,607	\$ 75,643,432	\$ 91,136,718
Operating expenses	<u>74,617,717</u>	<u>77,120,993</u>	<u>91,754,302</u>
Operating income (loss)	(843,110)	(1,477,561)	(617,584)
Nonoperating revenues	<u>843,110</u>	<u>1,477,561</u>	<u>617,584</u>
Change in net position	-	-	-
Net position, beginning of year	421,211	421,211	421,211
Assignment of right of way license from SSEA to SNWA for Eastern Nevada Transmission Project	<u>(257,407)</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ 163,804</u>	<u>\$ 421,211</u>	<u>\$ 421,211</u>

Power sales and other assessments to members in 2025 decreased \$1.9 million and total operating revenues decreased \$6 million from 2024. Total operating expenses in 2025 decreased \$2.5 million from 2024. The megawatt hour sales increased from 1.32 million MWh in 2024 to 1.36 million MWh in 2025, a change of 3.4%.

Power sales and other assessments to members in 2024 decreased \$15.5 million and total operating revenues decreased \$11 million from 2023. Total operating expenses in 2024 decreased \$14.6 million from 2023. The megawatt hour sales stayed approximately the same at 1.35 million MWh in 2023 to 1.32 million MWh in 2024, a change of 2.0%.

Silver State Energy Association

Management's Discussion and Analysis (Unaudited) For the Years Ended June 30, 2025, and 2024

Annual Power Sales to Members (in MWh) For the Year Ended June 30, 2025, 2024 and 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Colorado River Commission of Nevada	-	-	-
Southern Nevada Water Authority and Network	1,201,810	1,163,989	1,189,003
City of Boulder City	163,556	156,045	157,558
Lincoln County Power District No. 1	-	-	-
Overton Power District No. 5	-	-	-
	<hr/>	<hr/>	<hr/>
Total power sales in MWh	<u>1,365,366</u>	<u>1,320,034</u>	<u>1,346,561</u>

Summary Analysis for the year ended June 30, 2025

Member assessments for deferred projects had no activity as the Eastern Nevada Transmission Project (ENTP) received full project right-of-way grant in early 2016. Project participants are evaluating options for further development of this project. In March 2025 the SSEA assigned a portion of the right of way for the Eastern Nevada Transmission Project in the amount of \$257,407 to Southern Nevada Water Authority.

Investment income decreased from \$1,477,561 in 2024 to \$843,110 in 2025 mainly due to interest revenue was calculated on a \$21.4 million lower collateral balance with ADM.

Net position was reduced by \$257,407 for a remaining balance of \$163,804 in 2025. The entire net position consists of investment in the ENTP.

Summary Analysis for the year ended June 30, 2024

Member assessments for deferred projects had no activity as the Eastern Nevada Transmission Project (ENTP) received full project right-of-way grant in early 2016. Project participants are evaluating options for further development of this project.

Investment income increased from \$629,818 in 2023 to \$1,477,561 in 2024 mainly due to interest revenue from ADM.

Net position stayed the same at \$421,211 in 2024. The entire net position consists of investment in the ENTP.

Silver State Energy Association

Management's Discussion and Analysis (Unaudited) For the Years Ended June 30, 2025, and 2024

Economic Factors

Local Economy - While some indicators point to deceleration, others suggest acceleration. According to the University of Nevada, Las Vegas' Center for Business and Economic Research (CBER), employment growth and declining unemployment rates are positive signs. However, a projected decline in gaming revenue may temper overall economic growth. Tariff disruptions and potential inflationary pressure add to the uncertainty, making the outlook for 2025 and 2026 mixed.

Requests for Information

This financial report is designed to provide a general overview of the SSEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Silver State Energy Association
Manager, Energy Accounting
100 City Parkway
Suite 700, MS 115
Las Vegas, NV 89106

This report is also available on the SSEA website:

<http://www.silverstateenergy.org/>

Basic Financial Statements

Silver State Energy Association

Statements of Net Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,489,752	\$ 7,822,908
Accounts receivable	682,275	462,323
Accounts receivable, members	8,361,760	6,084,829
Prepaid items	36,600,272	58,957,368
Investment derivative instruments due within one year	227,943	27,412
	<u>49,362,002</u>	<u>73,354,840</u>
Noncurrent Assets		
Capitalized project costs	163,804	421,211
Investment derivative instruments	1,745,718	1,470,316
	<u>1,909,522</u>	<u>1,891,527</u>
Total assets	<u>\$ 51,271,524</u>	<u>\$ 75,246,367</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 6,691,876	\$ 8,137,023
Unearned revenue (advances from members)	32,269,562	30,342,241
Unearned credit additional facility option fee	400,000	400,000
	<u>39,361,438</u>	<u>38,879,264</u>
Deferred Inflows of Resources		
Regulatory credits	11,746,282	35,945,892
	<u>11,746,282</u>	<u>35,945,892</u>
Net Position		
Net investment in capital assets	<u>\$ 163,804</u>	<u>\$ 421,211</u>

See notes to basic financial statements

Silver State Energy Association

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Power sales and member assessments	\$ 73,774,607	\$ 75,643,432
Operating Expenses		
Administrative and general	478,653	481,282
Outside services	2,370,111	2,136,867
Power purchases and related expenses	71,768,953	74,502,844
Total operating expenses	<u>74,617,717</u>	<u>77,120,993</u>
Operating loss	<u>(843,110)</u>	<u>(1,477,561)</u>
Nonoperating Revenues (Expenses)		
Investment income	843,110	1,477,561
Change in fair value of derivatives	(614,173)	(23,639,591)
Regulatory deferrals	614,173	23,639,591
Total nonoperating revenues	<u>843,110</u>	<u>1,477,561</u>
Income (loss) before contributions	-	-
Assignment of right of way license from SSEA to SNWA for Eastern Nevada Transmission Project	<u>(257,407)</u>	<u>-</u>
Change in net position	(257,407)	-
Net Position, Beginning	<u>421,211</u>	<u>421,211</u>
Net Position, Ending	<u>\$ 163,804</u>	<u>\$ 421,211</u>

See notes to basic financial statements

Silver State Energy Association

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Cash received from power sales and member assessments	\$ 71,277,724	\$ 77,294,395
Cash payments for good and services	<u>(76,453,990)</u>	<u>(82,882,479)</u>
Net cash from operating activities	<u>(5,176,266)</u>	<u>(5,588,084)</u>
Cash Flows From Investing Activities		
Investment income received	<u>843,110</u>	<u>1,477,561</u>
Net cash from investing activities	<u>843,110</u>	<u>1,477,561</u>
Net increase (decrease) in cash and cash equivalents	(4,333,156)	(4,110,523)
Cash and Cash Equivalents, Beginning	<u>7,822,908</u>	<u>11,933,431</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 3,489,752</u></u>	<u><u>\$ 7,822,908</u></u>
Reconciliation of Operating Loss to Net Cash From Operating Activities		
Operating loss	\$ (843,110)	\$ (1,477,561)
Adjustment to reconcile operating loss to net cash from operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(219,952)	961,539
Accounts receivable, members	(2,276,931)	689,424
Prepaid items	22,357,096	(11,236,696)
Hedging derivative instruments	-	24,460,843
Increase (decrease) on operating liabilities:		
Accounts payable	(1,445,147)	434,823
Unearned revenue (advances from members)	1,927,321	5,040,387
Regulatory credits	<u>(24,675,543)</u>	<u>(24,460,843)</u>
Net cash in operating activities	<u><u>\$ (5,176,266)</u></u>	<u><u>\$ (5,588,084)</u></u>
Noncash Capital and Related Financing Activities		
Change in unrealized gain (losses) on investment derivative instruments	<u><u>\$ 614,173</u></u>	<u><u>\$ (2,117,715)</u></u>
Proceeds from hedge settlements held by third party as collateral	<u><u>\$ -</u></u>	<u><u>\$ 19,373,870</u></u>
Change in valuation of hedging derivative instruments	<u><u>\$ -</u></u>	<u><u>\$ 5,086,973</u></u>
Assignment of right of way license from SSEA to SNWA for Eastern Nevada Transmission Project	<u><u>\$ (257,407)</u></u>	<u><u>\$ -</u></u>

See notes to basic financial statements

Silver State Energy Association

Notes to Basic Financial Statements

June 30, 2025 and 2024

1. Summary of Significant Accounting Policies

The financial statements of the SSEA have been prepared in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Under the provisions of Chapter 277 of the Nevada Revised Statutes (NRS), public agencies may enter into an agreement for the joint exercise of any power, privilege or authority and may create a separate legal or administrative entity to conduct the joint or cooperative undertaking.

The SSEA is an association of public agencies with the common goal of jointly planning, developing, owning and operating power resources to meet their own needs and those of their customers. The economies of scale produced by the SSEA offer improved project development opportunities and power purchasing capabilities, the sharing of resources and expertise and the opportunity for jointly managed energy needs. The SSEA is a political subdivision of the State of Nevada (the State or Nevada) and was established August 1, 2007, through a cooperative agreement pursuant to the Interlocal Cooperation Act.

The SSEA was established as a joint venture through an interlocal agreement among the member agencies (Members) consisting of the City of Boulder City, the Colorado River Commission of Nevada (CRC), Lincoln County Power District No. 1, Overton Power District No. 5 and the Southern Nevada Water Authority (SNWA). SNWA provides commodity services for the following entities, among others: the City of Henderson, the City of Las Vegas, the City of North Las Vegas, the Clark County Water Reclamation District and the Las Vegas Valley Water District.

As appropriate projects are selected for development, the Members involved in each project enter into a project service agreement (PSA) indicating each participating Member's allocation of project costs.

The business and other affairs of the SSEA are conducted by a Board of Directors (the Board) consisting of one director appointed by each Member. The appointed director may, but need not be, a member of the governing body of the Member.

GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

The SSEA has examined its position relative to its Members and determined that there are no requirements that would cause the basic financial statements of the SSEA to be included in the Members' or any other entities' financial reports. In addition, no entities were determined to be component units of the SSEA.

Silver State Energy Association

Notes to Basic Financial Statements

June 30, 2025 and 2024

Basic Financial Statements

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) applicable to government units as prescribed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended*. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The SSEA is not subject to rate regulation by federal or state utility regulatory bodies such as the Federal Energy Regulatory Commission (FERC) or the Public Utilities Commission of Nevada.

The SSEA is accounted for as an enterprise fund, which is a proprietary fund type. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods and services to customers on a continual basis be financed primarily through user charges.

The financial statements include statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Proprietary (Enterprise) Fund Financial Statements

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the SSEA are power sales and member assessments (charges for services). Operating expenses include administrative and general expenses, outside services and the cost of purchased power and related expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

Timely preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts. Accordingly, these estimates may require revision in future periods.

Prioritization and Use of Available Resources

When both restricted resources and other resources can be used for the same purposes, it is the SSEA's policy to use restricted resources first.

Assets, Deferred Outflows, Liabilities and Deferred Inflows

Cash

The SSEA defines cash to include cash on hand and demand deposits. For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

Silver State Energy Association

Notes to Basic Financial Statements
June 30, 2025 and 2024

Risk Management

The SSEA often carried cash on deposit with a financial institution in excess of federally insured limits. The financial institution pledges sufficient collateral (AAA rated instruments) with the Nevada State Treasurer for all amounts that exceed the applicable FDIC insurance.

Receivables, Operating Revenues and Unearned Revenues

Amounts due from Members and others are recorded at net realizable value and consist of amounts due for administrative and general expenses and project costs. It is the SSEA's policy to write off uncollectible receivables based on a case-by-case evaluation of facts and circumstances. No allowance for uncollectible amounts receivable has been established since management does not anticipate any material collection loss in respect to delinquent accounts.

In accordance with the cooperative agreement, revenues from Member assessments are recorded when general and administrative expenses and project costs are incurred. Unearned revenues (advances from Members) represent any amounts received from Members in excess of incurred expenses and costs.

Prepaid Items

Prepaid items at year end primarily consist of payments related to the SSEA's commitments related to future power purchases (Note 6).

Capital Assets (Capitalized Project Costs)

Consistent with industry standards and GAAP, the expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation are held in a capitalized account in accordance with the provisions of FERC. If the project continues to completion, these amounts would be capitalized to property and equipment. If the project is abandoned, they would be charged to expense at that time.

Derivatives

To provide electrical energy at a known and budgeted cost, the SSEA actively manages a portfolio of energy resources and adheres to a strict set of energy risk management procedures established to fulfill the Energy Risk Management Policy adopted by the Board. The portfolio is composed of forward electricity contracts as well as electricity and natural gas financial contracts that exist solely for the purpose of serving the SSEA's projected energy requirements over the next five years.

The forward electricity contracts are "normal purchases and sales contracts" and, therefore, they are outside the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

As of June 30, 2025 and 2024, prepaid items related to future purchases of power were \$26,827,651 and \$24,509,204, respectively.

The SSEA accounts for derivative instruments, including electricity and natural gas financial contracts using GASB 53. This Statement requires that the SSEA report its derivative instruments at fair value. Changes in fair value for effective hedges are to be reported as deferred inflows and outflows of resources on the Statements of Net Position. Changes in fair value of derivative instruments not meeting the criteria for an effective hedge or that are associated with investments are to be reported in the nonoperating revenues section of the Statements of Revenues, Expenses and Changes in Net Position.

Silver State Energy Association

Notes to Basic Financial Statements

June 30, 2025 and 2024

See Note 6 for further discussion related to the electricity and natural gas financial contracts.

Regulatory Debits and Credits

The SSEA follows GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), for regulatory accounting. Under GASB 62, the SSEA defers unrealized gains and losses related to changes in fair value of investment derivatives as they will be returned or recovered from members in future billings.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Accumulated Increase or Decrease in Fair Value of Hedging derivatives

The accumulated increase in fair value of hedging derivatives represents the change in value of derivative instruments that are deemed to be an effective hedge.

Net Position

In the proprietary fund financial statements, net position is reported as net investment in capital assets, restricted or unrestricted. Net position is reported as restricted when constraints placed on it are either imposed by external parties (such as creditors, grantors, contributors or other governments) or imposed by law through a constitutional provision or enabling legislation.

Operating Revenues

Operating revenues consist of charges to members for sales associated with the procurement of electricity.

Operating Expenses

Operating expenses include the operations and administrative expenses of the SSEA, as well as purchased power.

Comparative Data

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

Silver State Energy Association

Notes to Basic Financial Statements
June 30, 2025 and 2024

2. Stewardship and Accountability

Budgetary Information

The SSEA manager prepares a tentative budget for administrative and general expenses for each fiscal year on or before April 15th with the final budget being adopted by the Board on or before June 1st of each year. The SSEA administrative and general expenses incurred during any fiscal year may not exceed the budgeted level authorized by the Board. This budget may be amended by the Board as necessary.

Budgets for each project are established consistent with the requirements of each PSA.

3. New and Future Accounting Pronouncements

The requirements of the following GASB Statements are effective for future fiscal years ending after June 30, 2025: GASB has approved GASB No. 103, *Financial Reporting Model Improvements* and GASB No. 104, *Disclosure of Certain Capital Assets*.

Management is evaluating the effect of the implementation of these statements.

4. Capital Project Costs

For the years ended June 30, 2025 and 2024, capital asset activities were as follows:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>
Business-Type Activities				
Capital assets not being depreciated or amortized	\$ 421,211	\$ -	\$ (257,407)	\$ 163,804
Capitalized project costs	\$ 421,211	\$ -	\$ (257,407)	\$ 163,804
	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>
Business-Type Activities				
Capital assets not being depreciated or amortized	\$ 421,211	\$ -	\$ -	\$ 421,211
Capitalized project costs	\$ 421,211	\$ -	\$ -	\$ 421,211

5. Project Service Agreements (PSA)

Except for Colorado River Commission (CRC), each Member is required to execute one or more PSAs with the SSEA within two years from the date the Member becomes a signatory to the cooperative agreement and within two years from the date when all PSAs to which the Member is a signatory are no longer effective.

On November 7, 2007, the Board approved PSA No. 1, *Joint Generation Resource Planning and Evaluation (PSA #1)*. The project participants include the City of Boulder City, Overton Power District No. 5, Lincoln County Power District No. 1 and SNWA.

Silver State Energy Association

Notes to Basic Financial Statements

June 30, 2025 and 2024

PSA #1 involves the joint exploration, research, investigation, review, evaluation and feasibility of implementing, operating and maintaining electric generation projects and such other projects, whether physical or financial, that may be designed to meet the future power needs of the project participants.

The project consists of three phases. The first two phases have been completed. The third phase, has been put on hold by the members.

The project term was November 7, 2007, through December 31, 2010, with provisions to continue from year-to-year thereafter. The project budget is \$1,000,000. Since this is an activity intended to identify projects for future development by the SSEA and not a particular contemplated project, intended to result in the development of capital assets under GAAP and FERC provisions, the related costs are not capitalized, but are recorded as period costs when incurred.

On June 11, 2008, the Board approved PSA No. 2, Eastern Nevada Transmission Project (PSA #2). The project participants are the City of Boulder City, Overton Power District No. 5, Lincoln County Power District No. 1 and SNWA.

PSA #2 involves the joint exploration, research, investigation, review and evaluation of the feasibility of constructing 230kV high voltage electrical transmission lines and related facilities to allow the interconnection of the participant electrical systems with the Mead Substation in Southern Nevada. Work performed under this agreement includes siting, permitting and preliminary design of the proposed transmission lines, of which \$421,211 has been recorded as capitalized project costs under the provisions of GAAP and FERC.

The original project term was June 11, 2008, through June 11, 2011, unless terminated earlier by the project participants. PSA #2 was amended on February 28, 2011, to extend its term for an additional three years. The project budget was \$2,600,000.

On July 17, 2014, the Board approved PSA No. 2A, Eastern Nevada Transmission Project (PSA #2A). The project participants are the City of Boulder City, Overton Power District No. 5, Lincoln County Power District No. 1 and SNWA. PSA #2A supersedes PSA #2, which concluded in June 2014.

PSA #2A is a continuation of the project commenced under PSA #2, but with a reduced scope of work and a reduced budget of \$100,000, of which \$37,184 has been recorded as capitalized project costs under the provisions of GAAP and FERC. The project is now complete.

On November 10, 2009, the Board approved PSA No. 3, Power Supply Management Services Agreement (PSA #3). The project participants are the City of Boulder City, Lincoln County Power District No. 1, Overton Power District No. 5 and SNWA.

PSA #3 allows the project participants to request that the SSEA provide various power supply management services in connection with the operation, scheduling, hedging or optimization of a project participant's resources or in furtherance of meeting the power supply needs of a project participant. There are two service schedules offered under PSA #3: 1) Load Requirements Service (LRS), which includes full commodity management and 2) Power Purchase and Sale Service (PPSS), which enables the project participant to buy and sell specifically requested products with the SSEA.

The project term is November 10, 2009, to termination of the cooperative agreement. The project budget is to be developed as service is initiated by project participants. Since this is an activity intended to provide ongoing services to the participants and not a particular contemplated project that is intended to result in the development of capital assets, under GAAP and FERC provisions, the related costs are not capitalized but are recorded as period costs when incurred.

Silver State Energy Association

Notes to Basic Financial Statements

June 30, 2025 and 2024

Under the provisions of service schedule LRS of PSA #3, the SSEA has been delivering energy to the City of Boulder City since June 1, 2011 and to SNWA since April 1, 2013. Overton Power District No. 5 and Lincoln County Power District No. 1 entered service schedule PPSS under PSA #3 on September 1, 2011 and October 1, 2011, respectively.

In March 2025 the SSEA assigned a portion of the right of way for the Eastern Nevada Transmission Project in the amount of \$257,407 to Southern Nevada Water Authority.

6. Other Information

Fair Value

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The SSEA utilizes market data or assumptions that market participants would use in pricing the asset, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

GASB Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by GASB Statement No. 72 are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs that reflect the SSEA's own assumptions about factors that market participants would use in pricing the asset or liability.

As of June 30, 2025 and 2024, the hedging derivatives and investment derivatives are valued using level 1 inputs.

Derivatives

Certain forward electricity and natural gas contracts of the SSEA are settled by a cash payment that is equal to the differential between the contract price and the settlement price (financially settled).

Financially settled forward electricity and natural gas contracts are derivative instruments as defined by GASB 53. The SSEA has entered into hedging transactions in the natural gas and electricity energy markets.

The SSEA is required to test its derivative transactions for hedge effectiveness as of the reporting date as defined by GASB 53. The SSEA's outstanding electricity financial contracts were determined by management to be effective, while the natural gas financial contracts do not meet the hedge effectiveness criteria. Accordingly, changes in fair value of electricity financial contracts are reported as deferred inflows and outflows of resources on the Statements of Net Position, while changes in fair value of natural gas financial contracts are reported in the nonoperating section of the Statements of Revenues, Expenses and Changes in Net Position and then deferred using regulatory accounting.

Silver State Energy Association

Notes to Basic Financial Statements

June 30, 2025 and 2024

The fair value for each of the SSEA's derivative transactions have been determined by computing the difference between the contractual forward price and the published forward price at the respective energy market's settlement point(s) at market closing as of June 30, 2025 and 2024. All of the derivative transactions are settled and are valued at either the Henry Hub, SoCal Border or the Palo Verde Hub, which are settlement hubs in the natural gas and electricity energy markets, respectively.

In 2024, the remaining contracts for electricity hedges were settled early and, as of June 30, 2025 and 2024, the SSEA has recorded hedged assets of \$0, respectively.

The following tables provide information related to the SSEA's outstanding electricity financial contracts as of June 30, 2024.

June 30, 2024					Ending Fair Value	
Business-Type Activities	Trade Date	Contract Date	Notional Amount (MWhs)	Change in Fair Value	Classification	Amount
Fair Value Hedges						
Power Fixed for Index						
Unrealized			-	\$ (21,521,876)	Hedged asset	\$ -
Total			-			\$ -

Natural gas financial contracts - During the years ended June 30, 2025 and 2024, the SSEA has recorded nonoperating loss \$614,173 and, \$2,117,715, respectively.

The following tables provide information related to the SSEA's outstanding natural gas financial contracts as of June 30, 2025 and 2024:

June 30, 2025					Ending Fair Value	
Business-Type Activities	Trade Date	Contract Date	Notional Amount (MMBTU)	Change in Fair Value	Classification	Amount
Investment Derivative						
Gas Fixed for Index Unrealized	03/09/2021 – 3/26/2025	08/01/2025 – 12/31/2029	7,465,000	\$ 614,173	Investment derivative instruments	\$ 1,973,661
Total						\$ 1,973,661

June 30, 2024					Ending Fair Value	
Business-Type Activities	Trade Date	Contract Date	Notional Amount (MMBTU)	Change in Fair Value	Classification	Amount
Investment Derivative						
Gas Fixed for Index Unrealized	03/16/2020 – 5/2/2024	08/01/2024 – 12/31/2028	9,142,500	\$ (2,117,715)	Investment derivative instruments	\$ 1,497,728
Total						\$ 1,497,728

Silver State Energy Association

Notes to Basic Financial Statements

June 30, 2025 and 2024

Credit Risk - All of the SSEA's derivative transactions were transacted on exchanges. Exchanges are designed to avoid contract defaults and credit risk. Exchanges utilize clearinghouses to guarantee the performance of each market participant for each transaction. The clearinghouse requires every market participant to deposit funds into a margin account. There is a required deposit for a percent of the nominal value of outstanding contracts and a deposit to reflect each market participant's daily gain or loss in the market. These funds are held by the clearinghouse and available to settle any defaults by market participants, thus mitigating credit risk related to the SSEA's outstanding financially settled forward contracts.

Basis Risk - The SSEA is exposed to basis risk on its electricity derivative transactions because the pricing point of the hedging instrument is different than that of the physical electricity location the SSEA is hedging. A hedge effectiveness test was performed as per GASB 53 and hedges were determined to be effective for the periods ended June 30, 2023. As of June 30, 2025 and 2024 there were no effective hedges.

Termination Risk - The SSEA is exposed to termination risk on its derivative transactions because a counterparty may fail to perform under the terms of one or more contracts, resulting in the termination of the contract with that counterparty. The SSEA's termination risk is mitigated for those forward contracts transacted on the Exchanges.

Commitments

In relation to the aforementioned forward energy contracts, the SSEA had commitments at June 30, 2025 and 2024 to sell energy in the amounts of \$66,502,512 and \$170,525,648, respectively (net of commitments to purchase energy). The SSEA intends to enter into additional energy supply contracts in the future as the delivery period for the committed sales nears.

Litigation

The SSEA is exposed to various risks of loss. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

The SSEA is not currently a party to any litigation. However, the SSEA may, from time-to-time, be a party in various litigation matters. It is management's opinion, based upon advice from legal counsel, that the risk of financial losses to the SSEA from such litigation, if any, will not have a material adverse effect on the SSEA's future financial position, results of operations or cashflows. Accordingly, no provision has been made for any such losses.

The SSEA does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

7. Subsequent Event

Management has performed a search for and determined there were no events subsequent to January 20, 2026 requiring accounting recognition or disclosure through the date the accompanying financial statements were available for issuance.

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

To the Board of Directors of
Silver State Energy Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Silver State Energy Association (the SSEA), which comprise the SSEA's statement of net position as of June 30, 2025, 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 January 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SSEA'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 the SSEA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SSEA'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 the SSEA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

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

Madison, Wisconsin
January 20, 2026