FORGING FUTURE GENERATIONS

2019 Annual Report
Corn Belt Power Cooperative

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Years ago, Corn Belt Power Cooperative's founders forged future generations by laying the groundwork for an organization that's served electric cooperative members for decades. Undoubtedly, those who created this organization knew the decisions they made then would have an impact even now.

Today, we use those same concepts and objectives to ensure safe, reliable and affordable electricity and provide a high quality of life for today and tomorrow's members. We did this in 2019 by:

- Hardening our transmission system, with new lines, poles and substation and switching station infrastructure.
- Diversifying Corn Belt Power's generation portfolio. Our relationship with Basin Electric Power Cooperative, and its new renewable projects, mitigates future risk should one generation resource cease.
- Equipping employees with the leadership skills and training necessary to take on the future. We are molding Corn Belt Power's future by ensuring our employees adhere to the seven cooperative principles and cooperative business model.
- Building and serving our communities through economic development and volunteering.
- Reinforcing our message and building relationships with those who will be responsible for energy policy in the future.

Our cooperative's mission of enhancing the quality of life for those we serve remains unchanged.

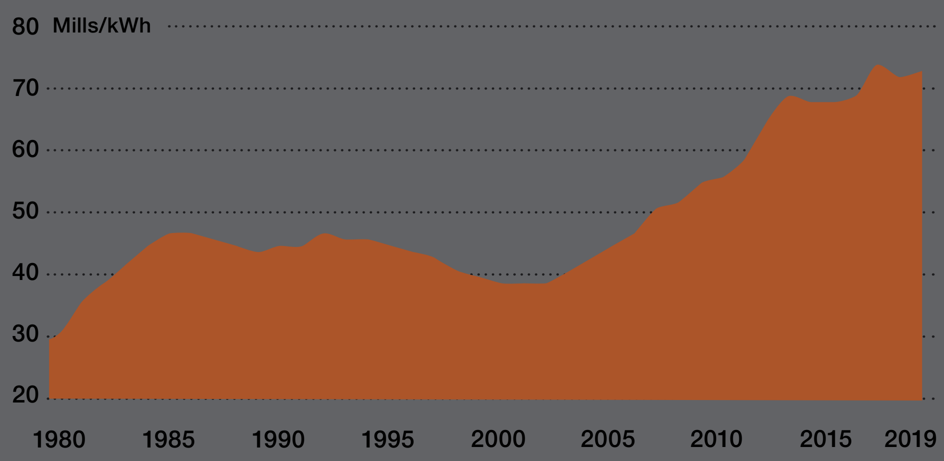
Kenneth H. Kuyper
Executive Vice President
and General Manager

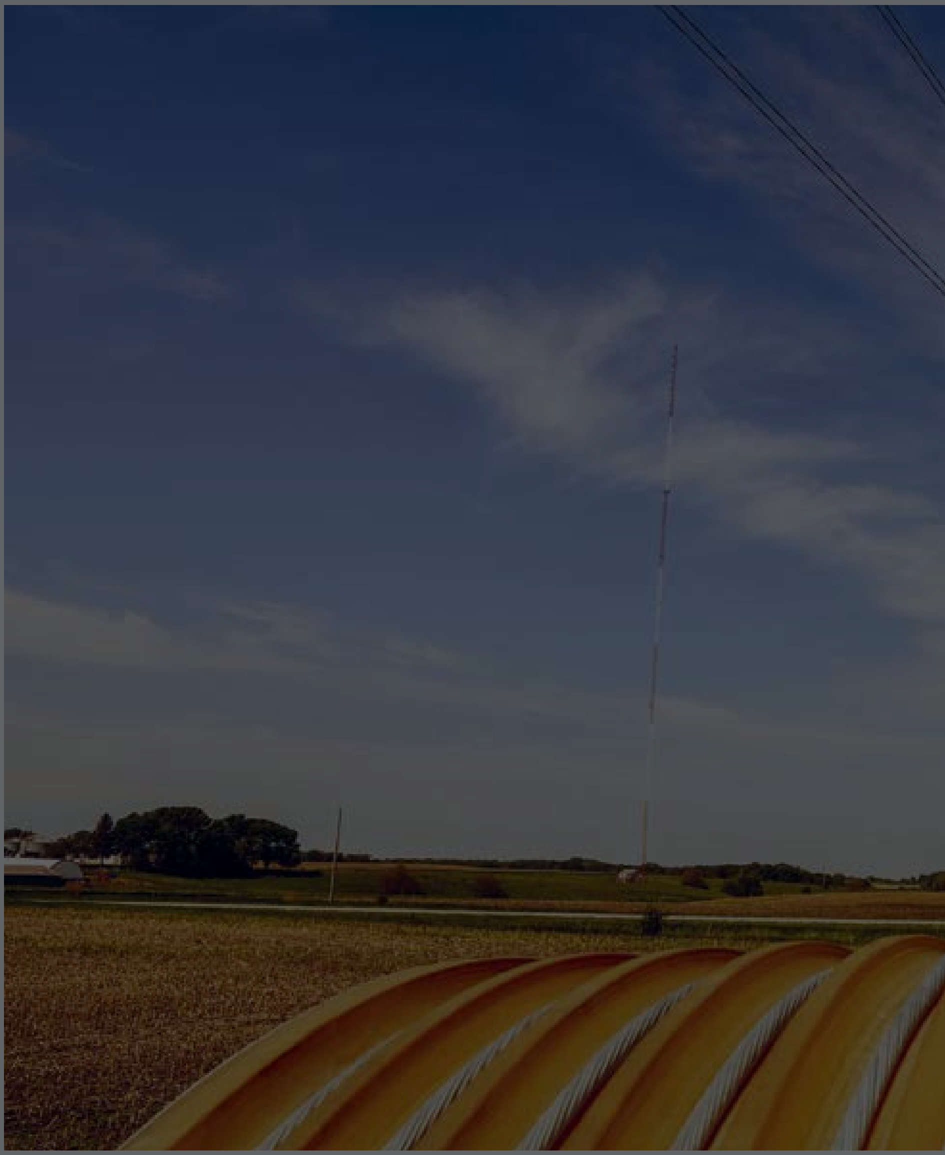
Scott Stecher
President, Board of Directors

EXECUTIVE REPORT

Member Cooperative Rates

Average member system cost, including substation charge; calculated average member co-op rate reflects power sold to municipals and others served by the cooperatives.





Corn Belt Power crews reconductor a 2.11-mile section of line southeast of Humboldt on June 4 along the Hope to Burt 161 kilo-volt transmission line. Crews reconductored more than 60 miles of line in 2019 to enhance system reliability.

Our goal at Corn Belt Power Cooperative...

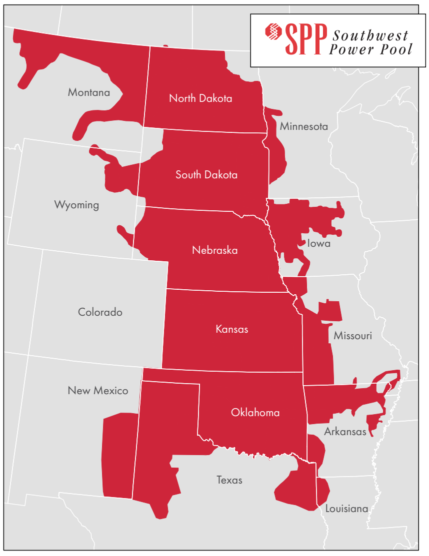
is to enhance the quality of life of those we serve by putting our member-cooperatives first. As we do that today, we're also laying the groundwork for tomorrow's members by "Forging Future Generations."

In 2019, we continued our long-term goal of upgrading and improving our transmission system. Just like our founders did in the 1930's and 1940's, we continue to construct a system that will serve cooperative member-owners for years to come. We built and/or reconductored more than 60 miles of transmission line in 2019. Like in 2018, optical ground wire, or fiber, was installed on the transmission structure in place of static wire. Also new in 2019 were ductile iron poles. Ductile iron poles are stronger than wood, more environmentally friendly and safer to install. Numerous improvements and advancements have been made at substations and switching stations across our service territory.

We are able to complete these projects because of the decision we made in 2015 to join the Southwest Power Pool (SPP). Our membership in SPP ensures we receive a return on the investments we make in our transmission infrastructure. These decisions are made with reliability and cost at top of mind. These improvements in infrastructure are aimed at containing future cost and enhancement of reliability.

Corn Belt Power has joint ownership of Walter Scott Units 3 and 4 coal plants. These units are in compliance with the new Affordable Clean Energy (ACE) Rule. ACE recognizes the investments made by both Basin Electric and Corn Belt Power in our jointly-owned coal units.

Transmission is just one facet of Corn Belt Power's business. In 2019, a proposed new regulation, known as the "Affordable Clean Energy (ACE) Rule," was released and became effective in September. The new rule provides Corn Belt Power and our power supplier, Basin Electric Power Cooperative, with an achievable plan under the Clean Air Act. ACE recognizes the investments made by Basin Electric and Corn Belt Power in its coal-based facilities to improve efficiency and reduce carbon dioxide emissions. On this front, our relationship with Basin Electric has proved to be worthwhile. By effectively communicating our member-cooperative's viewpoints, we continue to aid and assist Basin Electric's goals and mission to be a low-cost power supplier to cooperative member-owners across its footprint.

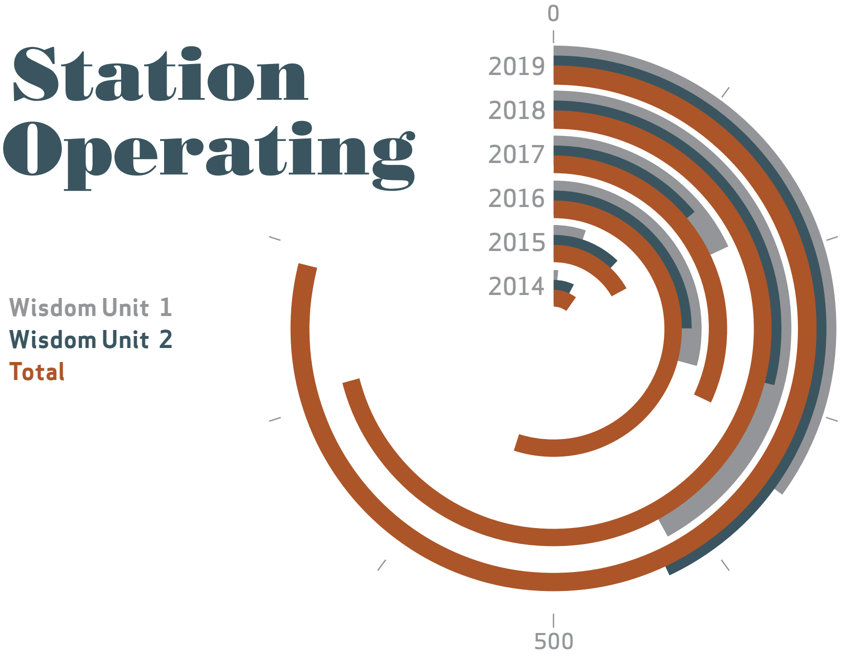


On the generation side, it was another busy year at Wisdom Station. The Wisdom units continued to see increased operations in 2019. Increased generation outages in the SPP system the last two years, along with low, stable natural gas prices have moved the Wisdom units up in the SPP generation mix. The shuttering of other fossil fuel plants and growth of wind generation resources in the SPP footprint have also led to Wisdom units running more. As a peaking resource it is essential that Wisdom Station maintains high availability and starting reliability. The operations and maintenance personnel at Wisdom Station work hard to ensure the units are available and that they operate properly when called upon. This can be difficult at times, especially for Wisdom Unit 1, which was designed to be a baseload unit, but is now being operated like a peaking resource.

Left: Grant Jackson, control operator, Wisdom Station, monitors Wisdom Unit 1 during the plant's annual required Southwest Power Pool Operational Test late January 2020.

Right: Corn Belt Power Cooperative joined Southwest Power Pool (SPP) in 2015. The cooperative's Wisdom Station units are in the SPP generation footprint. These units maintain high availability and starting reliability.

Wisdom Station Annual Operating Hours



Top: Corn Belt Power's new solar array at Wisdom Station features 600 total panels, totaling 150 kilowatts of renewable generation.

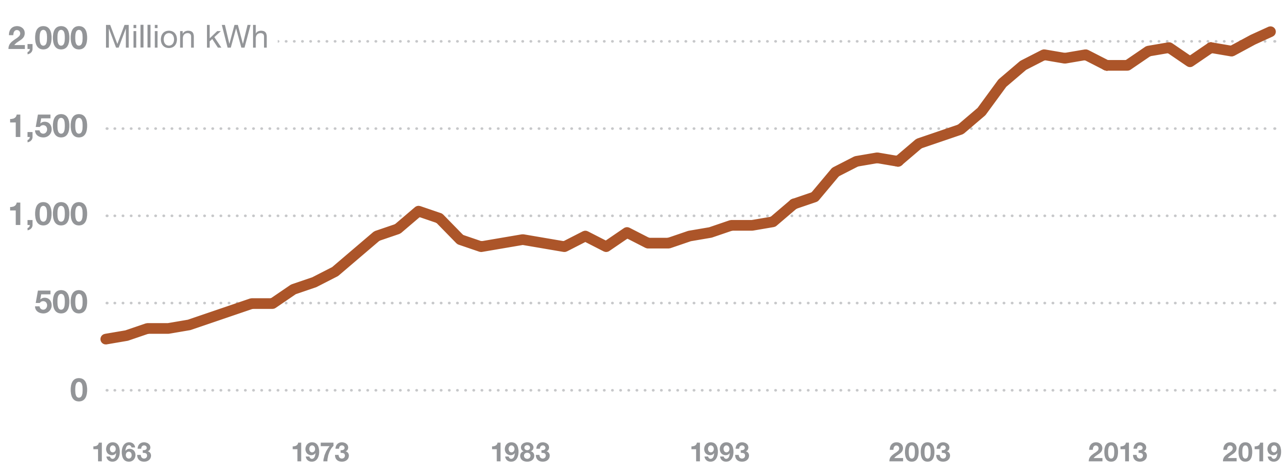
Bottom: Building and maintaining relationships with legislators and policymakers is a top priority for electric cooperatives. Far left, Rick Olesen, president/CEO and far right, Tresa Hussong, vice president of customer/corporate relations, both of Iowa Lakes Electric Cooperative, speak with U.S. Sen. Chuck Grassley in Washington D.C., during the April 2019 NRECA Legislative Conference.

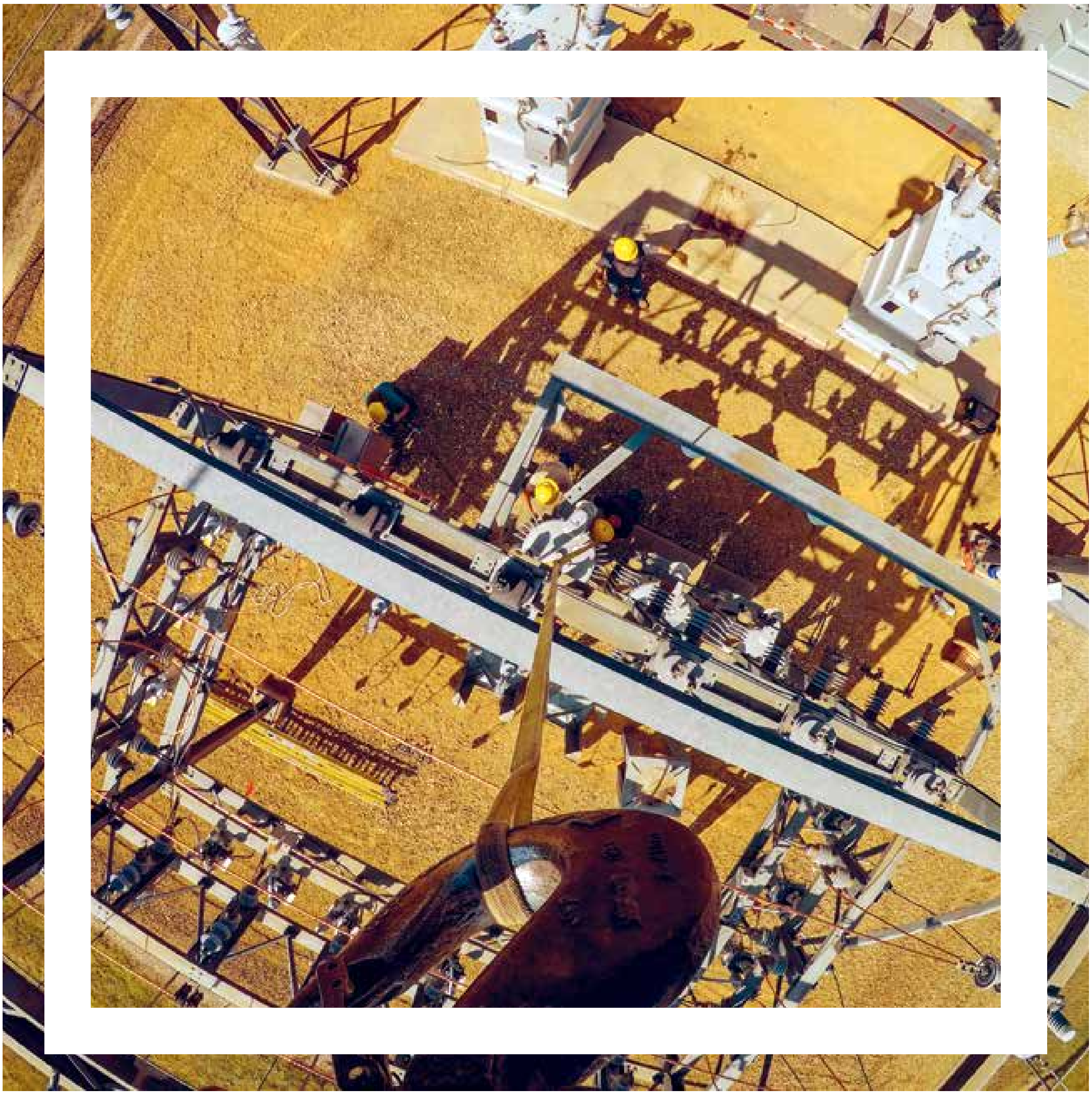
Wisdom Unit 2 underwent a combustion inspection in 2019. The combustion inspection takes place once every 600 starts. This standard maintenance practice reduces the risk of an expensive, unplanned outage in the future.

Also at Wisdom Station is a new solar array. The project features 600 total panels, with 75 kilowatts of generation on fixed-tilt arrays and 75 kilowatts on single-axis tracking arrays. The array is located on the land that was previously covered with a coal pile. The need for a coal pile ceased when Wisdom Unit 1 was converted from coal to natural gas.

Corn Belt Power continues to forge relationships with those who make energy policy. At the end of 2019, after months of lobbying, the U.S. House of Representatives and the President passed the Rural Act and Secure Act in to law. The Rural Act protects more than 900 electric cooperatives throughout the nation from the risk of losing their tax-exempt status when they accept government grants for disaster relief, broadband service and other programs that benefit co-op members. The Secure Act lowers the amount of premiums paid by cooperative pension plans to the Pension Benefit Guaranty Corporation.

Total Sales





Top: Corn Belt Power crews upgrade the Melrose substation from 2,500 to 7,500 kilo-volt-amperes. Crews completed the job ahead of new load coming onto the cooperative's system.

Bottom: The first ever Leadership Exploration and Development class and Kathy Peterson, program facilitator, PeopleWorks, Inc., pose for a group photo during a March 6 Duane Arnold Energy Center tour.

"Forging Future Generations" requires Corn Belt Power to invest in the future of its workforce. In 2019, we graduated our first LEAD class. LEAD is a program to help develop leadership skills in existing employees. It stands for Leadership Exploration and Development. Over the next several years, Corn Belt Power Cooperative will lose hundreds of years of experience and knowledge to retirement. We are confident we have the employees in place to carry on Corn Belt Power's great tradition.

Corn Belt Power's board of directors conduct monthly business at the April 1 meeting. The board, led by Scott Stecher, president, met 12 times in 2019.

Keeping our employees on the job is vital to reaching our goals. We want to make sure each and every employee returns to his or her family at night the same way they came into work. We have a robust safety training program that will serve us well into the future.

As we look to the future, it's important to remember the past. Many have served our member-cooperatives either as an employee or board member. We thank them for their many years of dedicated service. We are fortunate to have a current board of directors that takes an active interest in the operation of our cooperative. Their decision-making continues to make us a strong organization and will continue to do so for years to come.

Kenneth H. Kuyper

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Executive Vice President
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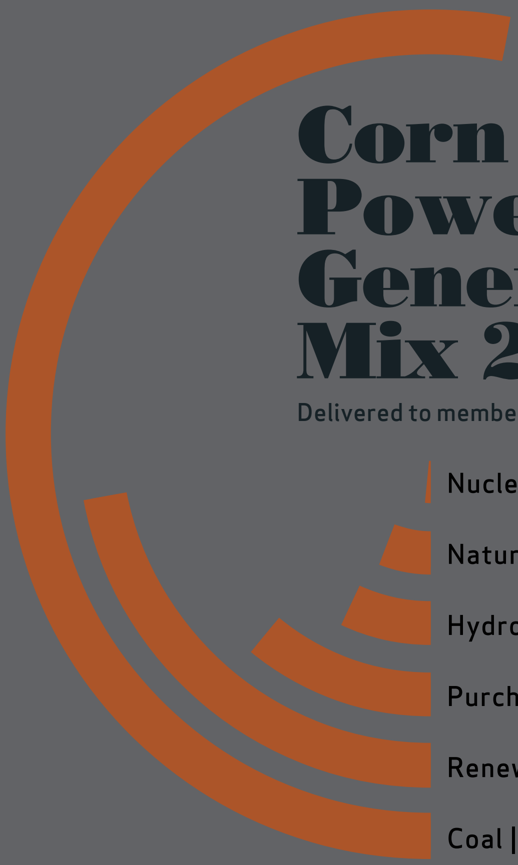
Scott Stecher
President, Board of Directors

2019 YEAR IN REVIEW

Corn Belt Power Generation Mix 2019*

Delivered to member systems



*Estimated percentages comprise Basin Electric Power Cooperative's and Western Area Power Administration's generation supplies.

This information does not allow any cooperative member to claim environmental attributes of power supply since some renewable energy certificates are sold to improve the economics of the renewable generation.

Corn Belt Power hired contractors to install a new 161/69 kilo-volt auto transformer at Corn Belt Power's Hampton substation in February 2019. The new transformer helps serve Franklin REC load.

Shaping, strengthening grid for today and tomorrow's members

We have a responsibility to "Forge Future Generations." While keeping the lights on is priority number one, making sure those lights stay on for years to come is also important.

Corn Belt Power Cooperative takes that task to heart across all levels of the organization — in the board room, control center, generation facilities, transmission system and offices.

Hampton substation's new transformer

On Wednesday, February 20, contractors upgraded the Hampton substation and installed a new 161/69 kilo-volt auto transformer. Due to age, a component inside the existing transformer failed, bringing about the need for a replacement.

Hurricane Michael and the devastation it caused delayed the transformer build for three months. The new transformer is now in place for years to come.

Corn Belt Power Cooperative installed ductile iron poles across its system as part of the 2019 system improvement plan. Ductile iron poles enhance reliability and are more environmentally friendly. Devin Chesler, apprentice lineman, helps unload the first delivery of ductile iron poles into the Corn Belt Power pole yard.

New ductile iron poles harden system

As part of its reconductoring and system improvement plan, Corn Belt Power Cooperative set new poles across its service territory. Rather than the traditional wood poles, transmission crews installed ductile iron poles.

Ductile iron is what it sounds like – metal poles. As Jeremy Stattelman, transmission superintendent, puts it, these poles are resistant to half of the reasons Corn Belt Power would ever have an outage.

“These poles are resistant to rotting, insects, fires and much more,” Stattelman said. “They are certainly much stronger than wood and have a service life of more than 75 years.”

The use of ductile iron comes down to cost and availability.

"Our wood suppliers are having a difficult time supplying the market with 65-foot and taller poles," Stattelman said. "It comes down to harvesting the wood needed to produce the poles and with wildfires and dry weather in the west, there's a supply shortage. What poles we use comes down to the size of the job and what types of material we need. If the numbers work out, in a lot of cases ductile iron will not only enhance reliability but also keep a lid on cost."

The use of ductile iron comes down to cost and availability.

Corn Belt Power received its first shipment of ductile iron poles in July 2019. Poles that are 70-feet tall and shorter come as one piece. Poles taller than 70-feet come in two pieces.

Ductile iron doesn't just add to reliability, it's also environmentally friendly.

"The poles are made of 96 percent recycled steel," Stattelman said. "They come from things like recycled cars, car parts, washers, dryers, etc. At the end of their life, they're taken back to the factory, melted down and made into an entirely new pole."

The poles are close to 50 percent lighter than their wood counterparts, thus making them safer to use and transport.

2019 Sales to Corn Belt Power Member Cooperatives

Includes sales to member cooperatives for special loads and municipals

COOPERATIVE	2018 kWh BILLED BY CORN BELT POWER	2019 kWh BILLED BY CORN BELT POWER
BOONE VALLEY ELECTRIC COOPERATIVE	10,718,266	10,396,841
BUTLER COUNTY REC	279,057,974	284,400,338
CALHOUN COUNTY REC	44,862,162	46,634,570
FRANKLIN REC	66,706,624	67,019,813
GRUNDY COUNTY REC	71,587,501	72,784,678
IOWA LAKES ELECTRIC COOPERATIVE	617,001,072	615,194,836
MIDLAND POWER COOPERATIVE	365,075,438	340,500,208
NIMECA/WEBSTER CITY	114,462,129	107,964,678
PRAIRIE ENERGY COOPERATIVE	300,705,140	329,292,233
RACCOON VALLEY ELECTRIC COOPERATIVE	146,476,919	146,984,833


TEREX

Corn Belt Power linemen reconductor 23 miles of line between the Klemme and Sheffield substations. The new conductor leaves room for future growth on Corn Belt Power's system.

Corn Belt Power crews install new regulators at the Kelsey substation. Due to age of existing infrastructure, crews installed regulators at Ackley, Vincent, Lakota and Dolliver substations in 2019.

Improvements power the future

As part of a larger system upgrade, Corn Belt Power Cooperative electrical maintenance crews completed regulator replacements at the Ackley, Vincent, Lakota, Dolliver and Kesley substations. Due to age of existing infrastructure, crews also replaced transformers at the Carrollton, Packard, Midway and Buck Creek substations.

The long-awaited new substation at Shell Rock Ethanol was finished in 2019. The new substation is rated to serve a 10,000 kilo-volt-ampere load.

Humboldt electrical maintenance crews upgraded the 161 kilovolt switches from 1,600 to 2,000 ampere switches at the Burt substation. At the same time, crews replaced coupling capacitor voltage transformers (CCVTs). CCVTs are the devices on Corn Belt Power's system that transform higher voltage to a lower voltage for metering.

In July, Hampton and Humboldt electrical maintenance crews upgraded the Melrose substation from 2,500 to 7,500 kilo-volt-amperes, in preparation for new load coming onto Corn Belt Power's system.

To meet demand for additional load, crews also upgraded the substation at Hawkeye Pride to 7,500 kilo-volt-amperes for Prairie Energy Cooperative.

Line conductor replacement is ongoing throughout Corn Belt Power's system. Corn Belt Power linemen completed a 23-mile reconductoring project from Klemme to Sheffield substations. New 336.4 aluminum conductor steel reinforced (ACSR) wire will replace the old lower capacity ACSR conductor. Optical ground wire (OPGW) will replace the static wire providing a fiber path between substations.

Corn Belt Power hired contractors to rebuild the Wellsburg to Dinsdale transmission line, which includes all new ductile iron poles. The 27-mile stretch of line saw an improvement with larger capacity 477 ACSR oval (motion resistant) conductor and OPGW (fiber) installation.

Maintaining a diverse power supply

Neal 4 is one of Corn Belt Power's jointly owned coal fired units in Sioux City, Iowa. The unit is in compliance under the new Affordable Clean Energy (ACE) Rule.

ACE Rule

The Environmental Protection Agency's (EPA) proposed new regulation, known as the "Affordable Clean Energy (ACE) Rule," was released on June 19, 2019, and replaces the Clean Power Plan. The rule, published in the Federal Register on July 8, became effective on September 6, 2019.

The proposed ACE rule provides Basin Electric and Corn Belt Power with an achievable plan consistent with the EPA's authority under the Clean Air Act.

This is good news as ACE recognizes the investments made by Basin Electric and Corn Belt Power in its coal-based facilities to improve efficiency and reduce CO_2 emissions. In finalizing the rule, the EPA recognized the challenges associated with complying with a rate-based standard of performance, given the variable operation of power plants and the correlation with the emissions rate.

Combustion inspection at Wisdom Unit 2

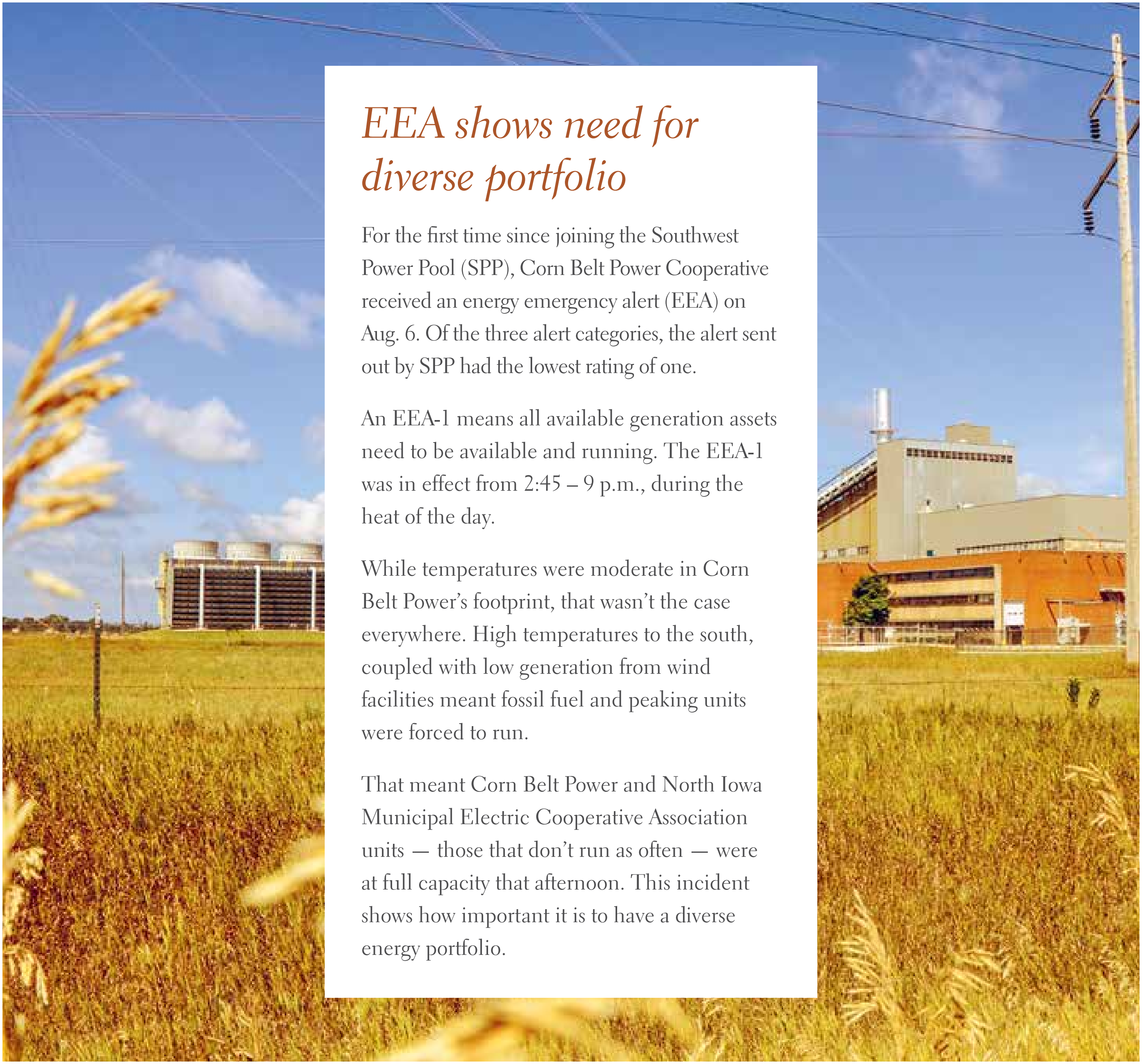
Every time Wisdom Station's Unit 2 hits 600 starts, it needs a combustion inspection. That inspection took place in late September.

The old combustion hardware was removed and sent to General Electric for a detailed inspection. At General Electric, the parts are checked for damage from wear and thermal stress. Following the inspection, General Electric will advise Corn Belt Power on the best option for refurbishing the parts to like-new condition.

While there won't necessarily be any performance enhancements to the unit following the inspection, by replacing the combustion hardware, Corn Belt Power reduces the risk of an expensive, unplanned future outage.

Top: No coal at Wisdom Station means no need for an ash silo. The plant's ash silo was demolished and removed in 2019.

Bottom: Patrick Connor, plant manager, Wisdom Station, helps a contractor perform a Wisdom Unit 2 combustion inspection. The unit is due for an inspection every 600 starts. The inspection took place in September.



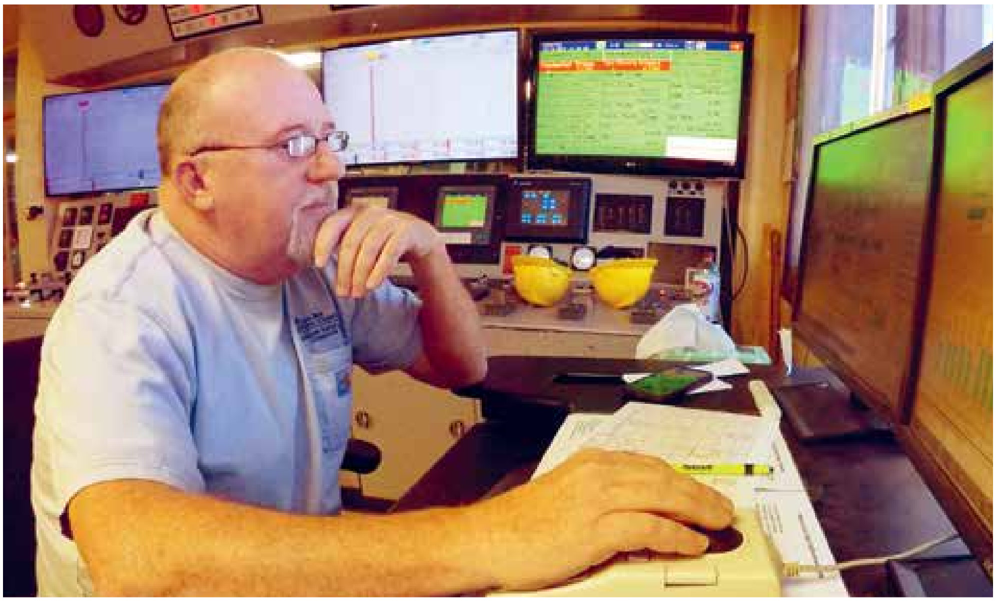
EEA shows need for diverse portfolio

For the first time since joining the Southwest Power Pool (SPP), Corn Belt Power Cooperative received an energy emergency alert (EEA) on Aug. 6. Of the three alert categories, the alert sent out by SPP had the lowest rating of one.

An EEA-1 means all available generation assets need to be available and running. The EEA-1 was in effect from 2:45 – 9 p.m., during the heat of the day.

While temperatures were moderate in Corn Belt Power's footprint, that wasn't the case everywhere. High temperatures to the south, coupled with low generation from wind facilities meant fossil fuel and peaking units were forced to run.

That meant Corn Belt Power and North Iowa Municipal Electric Cooperative Association units — those that don't run as often — were at full capacity that afternoon. This incident shows how important it is to have a diverse energy portfolio.



Steve Smith, control operator, Wisdom Station monitors Wisdom Unit 2 operations during the plant's annual required Southwest Power Pool Operational Test late January 2020. Wisdom Station employees remain busy as the plant continues to be called to run in the Southwest Power Pool market.

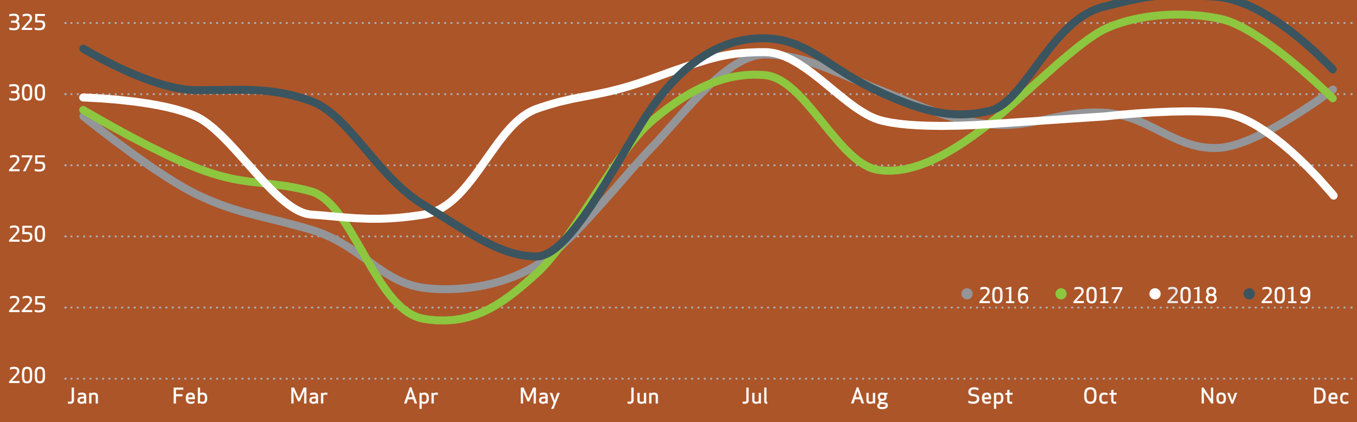
Wisdom continues to see increased operations

It was another busy year for Corn Belt Power's Wisdom Station. Overall, the plant continues to generate power in the Southwest Power Pool market at levels not seen in recent years.

Wind production drives the market prices in our area and market prices drive generation. Wind production can't be ramped up if there is an unexpected increase in load.

Furthermore, larger baseload resources that are offline can't start up quickly enough to catch a load increase. When this happens, the units at Wisdom Station can help bridge the gap between renewables and larger baseload resources. The same is true when wind production is less than forecast. If more generation is needed, the Wisdom units can be called to operate while the larger baseload resources are starting up.

Corn Belt Power System Peak Demand – Monthly



The new 150 kilo-watt solar array at Wisdom Station began generating electricity at the end of October. The array features fixed-tilt and single-axis tracking panels.

Wisdom solar project takes shape

When Corn Belt Power's Wisdom Unit 1 was converted from coal to natural gas in 2014, the need for a coal pile ceased. A portion of the space formerly occupied by a tall pile of coal is home to a 150 kilowatt solar array.

The project features 600 total panels, with 75 kilowatts of generation on fixed-tilt arrays and 75 kilowatts on single-axis tracking arrays. While adding more solar generation to its already diverse energy portfolio is important, Corn Belt Power also hopes to learn a little about new and emerging technologies.

LEAD graduates and facilitator pose for a photo at the cooperative's first LEAD graduation ceremony. Pictured back row, from left, Brittany Dickey, development finance director; Marena Fritzler, marketing director; Matt Donald, electrical maintenance foreman; Tyler Herrig, electronics technician; Sam Moore, accountant II; Josie Ubben, engineering and operations assistant; and Kathy Peterson, LEAD facilitator, PeopleWorks, Inc.; and front row, from left, Mike Finnegan, system electrical superintendent; Jeremy Stattelman, transmission superintendent; and Patrick Connor, plant manager.

Molding a future workforce

LEAD program graduates first class

Over the next several years, Corn Belt Power Cooperative will lose hundreds of years of experience and knowledge to retirement. Corn Belt Power is not alone. Cooperatives across the country face the same issue as many leaders see retirement on the near horizon, which is why training the next crop of cooperative leaders is vital.

In May, the inaugural Leadership Exploration and Development (LEAD) class completed and graduated the 18-month course. LEAD is a program designed to develop leadership skills in existing employees. Corn Belt Power established the program with Kathy Peterson of PeopleWorks, Inc. Participants learn about topics such as setting goals, leading change, managing stress and dealing with difficult conversations. Those in the program attend sessions about cooperative financials, generating sources, electric rates and the cooperative business model.

"This was a group of truly amazing people," Peterson said. "Every one of them had a strong desire to learn and improve their leadership skills. It was fun to see the appreciation they gained for each other and the work that's done in different areas within Corn Belt's system. They helped each other grow – within and outside of the training – and I am confident that will continue even though the first group's LEAD program has concluded."

2019 RLF Activity

REDL&G: Rural Economic Development Loan & Grant
REDG: Rural Economic Development Grant
REDL: Rural Economic Development Loan
IRP: Intermediary Relending Program
RLF: Revolving Loan Fund

Iowa River Dentistry, Iowa Falls:

- Corn Belt Power loaned $202,500 from new USDA REDL funds
- Existing dental practice purchase; retained five jobs and created one
- Midland Power Cooperative requested Corn Belt Power sponsor this application

Estherville Area Growth Partnership, Estherville:

- 42 acre industrial park with projected 2020 completion
- Corn Belt Power and Iowa Lakes Electric Cooperative approved up to $500,000 from their RLFs

Humboldt County Conservation, Humboldt:

- Construct two new rental cabins at Joe Sheldon Park
- Building Trades Program constructed the cabins
- Corn Belt Power and Midland Power Cooperative each loaned $50,000 from their RLFs

West Forty Market, LLC, Greene:

- Acquire grocery store in Greene
- Retained three jobs and created one
- Corn Belt Power and Butler County REC each loaned $169,250 from their RLFs

Country Maid, West Bend:

- Ambient cake roll equipment purchase
- Created three new jobs
- Corn Belt Power and Iowa Lakes Electric Cooperative each loaned $124,000 from their RLFs

J&J Custom Meats, Whittemore:

- New meat locker created three jobs
- Corn Belt Power and Midland Power Cooperative loaned $150,000 from their RLFs and Iowa Lakes Electric Cooperative loaned $250,000 from its RLF

Humboldt County Hospital, Humboldt:

- 37,740-square-foot building addition for new clinic space, wellness hub and conference room/staff education area
- Project anticipated to add up to nine jobs per year over the next three years
- Corn Belt Power loaning $360,000 from new REDG
- Midland Power Cooperative loaning $1,000,000 from new REDL

Hancock County Health Systems, Britt:

- 15,000-square-foot renovation for surgical services, emergency, laboratory and Senior Life Solution departments; projected 2021 completion
- Will create 14 new positions
- Corn Belt Power loaning $640,000 from new REDL
- Prairie Energy Cooperative loaning $360,000 from new REDG

Hawkeye Mold & Tool, Charles City:

- 22,400-square-foot building expansion to support blow molding production
- Will create 10 new jobs due to expansion
- Corn Belt Power and Butler County REC will each loan $200,000 from their RLFs

Pipho Family Dentistry, Denver

- New 2,100-square-foot office building for Denver Family Dental with projected 2021 completion
- Project anticipated to add 10 new jobs
- Corn Belt Power will loan $176,000 from its RLF and $360,000 from new REDG
- Butler County REC requested Corn Belt Power sponsor this application

Building community through economic development

REDL&G program remains strong

Last year proved to be another strong year for Corn Belt Power's revolving loan fund. Projects across the co-op's service territory took advantage of the fund to either start or expand their businesses. To date, Corn Belt Power has loaned to more than 120 projects, totaling more than $19 million and created and/or retained more than 2,020 jobs.

Brittany Dickey, development finance director, Corn Belt Power, and Jed Skogerboe, manager of business and community development, Iowa Lakes Electric Cooperative, finalize an RLF loan with Darin Massner, CEO, Country Maid. Country Maid used the loan to purchase new cake roll equipment. The project created three new jobs.

2019 Energy Supplied

Supplied by Corn Belt Power to Basin Electric and NIMECA

	LOCATION	FUEL	MWH 2018	MWH 2019	ANNUAL CAPACITY FACTOR 2019
WISDOM 1	Spencer, Iowa	Natural Gas/Fuel Oil	1,756	3,583	1.12%
WISDOM 2	Spencer, Iowa	Natural Gas/Fuel Oil	9,687	8,048	2.30%
DAEC	Palo, Iowa	Nuclear	489,541	523,572	97.34%
WALTER SCOTT 3	Council Bluffs, Iowa	Coal	163,501	147,590	64.26%
WALTER SCOTT 4	Council Bluffs, Iowa	Coal	328,437	237,631	60.55%
NEAL 4	Sioux City, Iowa	Coal	355,129	176,031	27.62%
CROSSWIND	Ayrshire, Iowa	Wind	62,256	65,489	35.60%
HANCOCK	Hancock County, Iowa	Wind	25,561	22,794	23.19%
ILEC WIND	Superior/Lakota, Iowa	Wind	70,470	69,830	37.96%

Rand Fisher, president, Iowa Area Development Group, presents an Impact Award to Corn Belt Power's Brittany Dickey, Jim Vermeer, Scott Stecher and Ken Kuyper. The award honors the cooperative's key account programs and investment in rural economic development activity.

Corn Belt Power recognized for outstanding work

Corn Belt Power Cooperative was presented with an Iowa Area Development Group (IADG) Impact Award for leadership development at its annual meeting in April. Corn Belt Power's efforts include an outstanding key accounts program, participation and utilization of the USDA Rural Economic Development Loan & Grant Program, the Corn Belt Power Fund, and investment in industrial parks, sites and speculative buildings.

Two key staff were recognized for achievement and contribution both in Iowa and nationally. Jim Vermeer, vice president, business development, was honored at the 2018 National Rural Economic Development Association (NREDA) Annual Conference for completing nearly a decade serving on the NREDA Board. Vermeer was recognized as the NREDA Economic Development Professional of the Year in 2011 and served on numerous committees and in several leadership roles, including President in 2017. Brittany Dickey, development finance director, was also recognized with the President's Award for outstanding leadership. IADG's Bruce Nuzum, senior vice president of finance and operations, and Dickey developed a workshop to train members on the fundamentals of Revolving Loan Fund administration.

Golf tournament brings together key accounts, co-op employees

Corn Belt Power and its member-cooperatives hosted key account representatives at a networking golf tournament Monday, June 3 in Livermore, Iowa.

Seven Corn Belt Power member co-ops and 19 area key accounts made up the 16 teams that hit Livermore's Spring Valley Golf Course.

"It has been a few years since we hosted the key accounts golf tournament," said Jim Vermeer, vice president, business development, Corn Belt Power. "This is a great way for our member-cooperatives and key account representatives to spend some quality time together. We want to build rapport with those individuals and business leaders who really help to build and maintain our area's strong economy and business climate."

Chris Jones, energy advisor, Iowa Lakes Electric Cooperative, watches for his ball to sink at Corn Belt Power's key account networking golf event in June.

New and Expanding Loads

Land Mark Products, Milford
Food processing; 985 KW; served by Iowa Lakes Electric Cooperative

Pivot Point, Spencer
Seed distribution center; 400 KW; served by Iowa Lakes Electric Cooperative

Data Farm
5.4 MW, served by Grundy County REC

Trinity Rail, Shell Rock
Railcar repair facility; 9.5 MW; served by Butler County REC

Flint Hills Resources, Shell Rock
Ethanol expansion; 4.5 MW; served by Butler County REC

Prestage Foods of Iowa, Eagle Grove
Pork processing; 10 MW; served by Prairie Energy Cooperative

Shells by Design, Garner
Pastry processing; 200 KW; served by Prairie Energy Cooperative

Hawkeye Pride Egg Farm, Corwith
Poultry expansion; 3.7 MW; served by Prairie Energy Cooperative

ReNewtrient, Clarion
Chicken litter processing; 1.5 MW; served by Prairie Energy Cooperative

Daybreak, Eagle Grove
Cage free barns and egg processing; 2.2 MW; served by Prairie Energy Cooperative

Total New Load: 38.385 MW*

*Number includes load that will be fully operational in 2020

New ag/housing/other load

Franklin: 0.63 MW
Calhoun: 1 MW
Midland: 1 MW
Prairie: 0.5 MW
Butler: 1.6 MW
Grundy: 0.1 MW
Raccoon Valley: 0.2 MW
Iowa Lakes: 0.5 MW

Reinforcing our message

State Fair sees new display

The Touchstone Energy Cooperatives of Iowa had a new look to their booth at the 2019 Iowa State Fair.

Iowa's three generation and transmission cooperatives and the Iowa Association of Electric Cooperatives designed the new display, which features interactive elements and video.

The goal was to strategically simplify and amplify messaging for the 4-H family audience while developing a digital survey interface to send qualified leads to distribution co-ops for post fair follow-up.

Iowa hosts Touchstone Energy economic development summit

Developing rural economies and retaining employees was the main topic of discussion Aug. 6 – 8 at the Des Moines Social Club. More than 140 cooperative representatives from across the country took part in the summit hosted by Touchstone Energy and the rural electric co-ops of Iowa.

The three day event showcased Touchstone Energy's team of experts on how to take strategy and community development to the next level.

Top: Roger Hammen, member service representative, Midland Power Cooperative, speaks with a cooperative member at the Iowa State Fair. In 2019, Iowa's electric cooperatives unveiled a new booth setup at the State Fair.

Bottom: Iowa's electric cooperatives hosted the first ever Touchstone Energy Main Street Summit at the Des Moines Social Club in August. The summit brought together community and economic development leaders from across the country for a week of learning.

Forging relationships at BEL meeting

In conjunction with the Iowa Rural Power Education Foundation and the Iowa Environmental Council, the Beneficial Electrification League (BEL) held the first ever Electrify Iowa! conference where nearly 100 registered attendees heard from speakers in early September about environmentally beneficial electrification.

Beneficial electrification means devices and electrical appliances like water heaters, ovens, clothes dryers and vehicles have the potential to become greener over time without additional consumer action. As electric generation becomes more renewable and environmentally responsible, the devices that use electricity automatically become greener compared to those that use fossil fuels like gas, propane and natural gas.

Speakers at the event included Chuck Soderberg, Iowa Rural Power Education Foundation and Iowa Association of Electric Cooperatives and Kerri Johannsen, Iowa Environmental Council.

Top: Corn Belt Power and its member-cooperatives took part in the first ever Electrify Iowa! conference in September. The conference centered around beneficial electrification and the future of electricity.

Bottom: Mike Naig, Iowa Secretary of Agriculture, visits with Corn Belt Power member-cooperatives in October. The secretary's visit was part of his 99 county tour. The group discussed issues facing rural Iowans.

Building relationships with policymakers

U.S. Representative Steve King and U.S. Senator Chuck Grassley visited Humboldt during the first week of July. Rep. King held an event July 2 at the Dakota City VFW and Sen. Grassley toured and spoke with attendees on July 3 at Jet Co. in Humboldt. At the events, each legislator spoke on rural topics.

Mike Naig, Iowa Secretary of Agriculture, visited with Corn Belt Power and member co-ops Oct. 9. The group discussed issues facing rural Iowa.

Safeguarding the 6-gigahertz band

In October 2019, Corn Belt Power along with dozens of other entities, signed a letter urging the Federal Communications Commission to rethink allowing unlicensed use of the 6 GHz band. Unlicensed use could interfere with critical utility communications.

Many electric utilities use the 6 GHz spectrum band to support real-time operations, including supervisory control and data acquisition that is used to monitor and control generating units, transmission lines and substation equipment as well as system protection.

Corn Belt Power also reached out to its congressional delegation for help on this matter.

Iowa electric cooperative employees and directors discuss the Rural and Secure Acts with U.S. Sens. Joni Ernst and Chuck Grassley. The Rural Act and Secure Act were both signed into law at the end of 2019.

Protecting tax status and employee retirements

At the end of 2019, after months of lobbying, the U.S. House of Representatives and the President passed the Rural Act and Secure Act in to law. The Rural Act protects more than 900 electric cooperatives throughout the nation from the risk of losing their tax-exempt status when they accept government grants for disaster relief, broadband service and other programs that benefit co-op members.

The Secure Act lowers the amount of premiums paid by cooperative pension plans to the Pension Benefit Guaranty Corporation.

Both provisions were attached to a bipartisan spending bill at the end of the year.

Energy Efficiency Savings, Commercial & Industrial

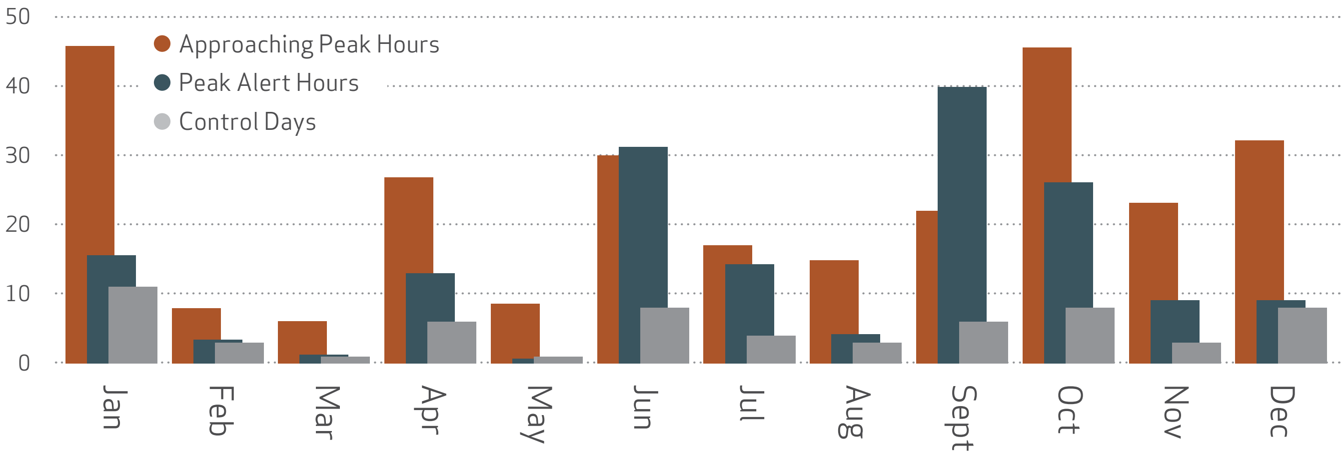
COMMERCIAL & INDUSTRIAL/AG OTHER	603,734 kWh
COMMERCIAL & INDUSTRIAL/VARIABLE FREQUENCY DRIVE MOTORS	1,598,975 kWh
COMMERCIAL & INDUSTRIAL AG LIGHTING	23,148,345 kWh

Shaping communities one hour at a time

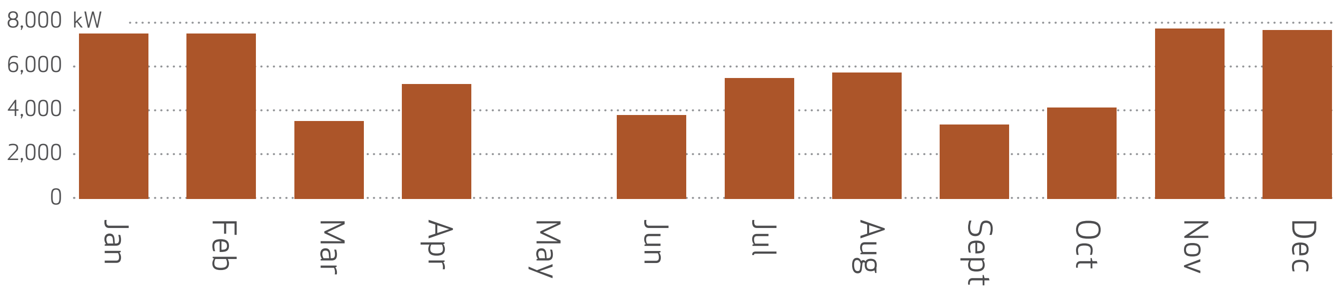
Amy Howard, communications specialist, Iowa Lakes Electric Cooperative was the 2019 Touchstone Energy Volunteer Challenge grand prize winner. Howard donated her $500 grand prize to the Pack Away Hunger campaign in Estherville. The campaign at Estherville Lincoln Central Elementary helps provide meals to students in need. Together, Corn Belt Power employees and employees of member-cooperatives donated thousands of volunteer hours to local initiatives.

Amy Howard, right, communications specialist, Iowa Lakes Electric Cooperative, won the Touchstone Energy Challenge grand prize in 2019. She donated her $500 prize to the Estherville Lincoln Central Elementary backpack program.

2019 Load Control



2019 Load Management Demand Reduction



Hardening our digital environment

Jon Behounek, system operator, Corn Belt Power, oversees the control center in late 2019. Corn Belt Power is taking steps to solidify its SCADA and corporate network security.

Cyber security a main priority

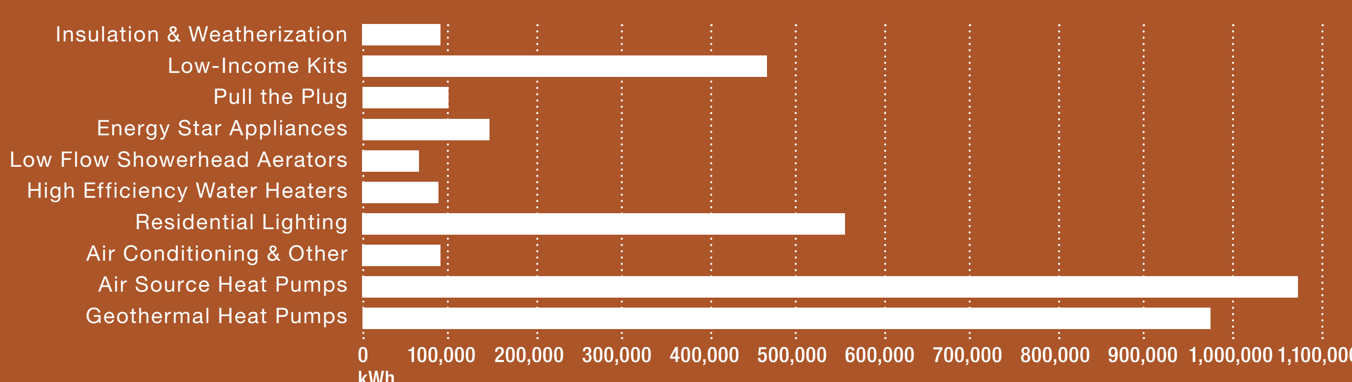
Cyber security is an essential part of any business. Corn Belt Power is no exception. The cooperative held an intense cyber security training session in December 2018 and continued to promote safe practices in 2019. Keeping its member-cooperative's information and corporate technology infrastructure safe is key.

"Our approach is best described as 'Defense in Depth' a concept in which multiple layers of security controls are placed throughout Information Technology," said Jon Myer, one of Corn Belt Power's information technology administrators. "The intent is to provide redundancy in the event a security control fails or a vulnerability is exploited that can cover aspects of personnel, technical, procedural and physical security for the duration of the system's lifecycle. Having said that, we have two separate networks, SCADA that controls the electrical grid and our corporate network that we use for all the other Corn Belt Power business needs."

Throughout the year, information technology staff upgraded anti-virus software and firewalls across the entire co-op. Each of these systems is now much more robust, allowing for a safer digital environment.

Energy Efficiency Savings, Residential

RECs + NIMECA/Webster City



Finance

Corn Belt Power remains financially strong

Standard and Poor's Global Ratings and Kroll Bond Rating Agency affirmed Corn Belt Power's "A" ratings and stable outlook. According to the ratings agencies, "The stable outlook indicates that they do not expect to change the rating during the two-year outlook period, based on financial projections, we believe that the utility's lenders will continue to benefit from a sound financial cushion attributable directly to operating cash flows or operating cash flows and funds segregated in connection with prior-period revenue deferrals."

Strengths noted in the reports include:

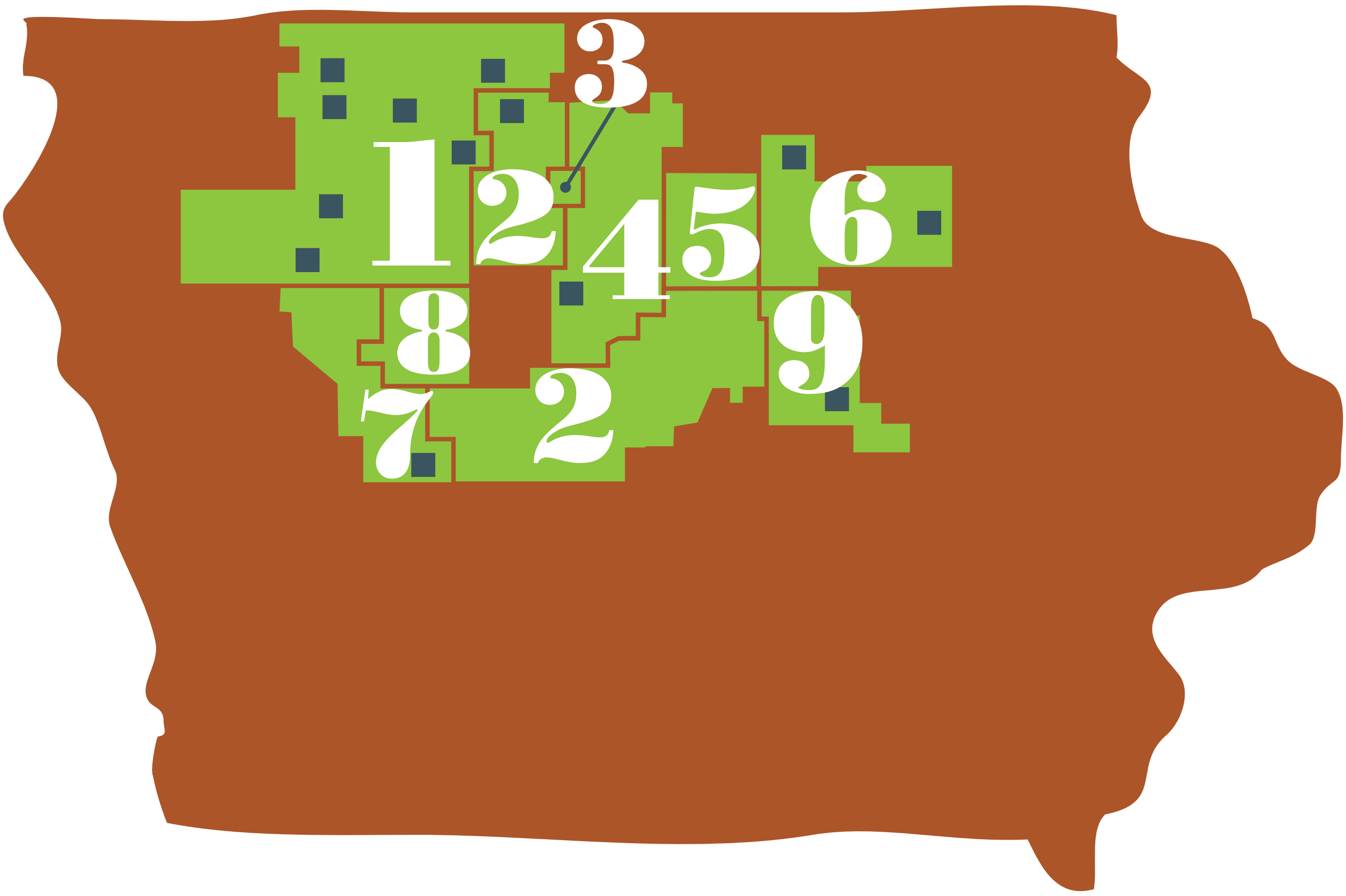
- A long-term contract with Basin Electric Power Cooperative (Basin) extending through 2075, which enhances operational stability;
- Long-term contracts with its nine member cooperatives, which match the term of Corn Belt Power's contract with Basin, extending through 2075; and
- Rate-setting autonomy for Corn Belt Power and each of its member cooperatives.

Weaknesses noted in the reports were as follows:

- Lower financial metrics, offset partially by stability and lower risk;
- A concentrated customer base, with roughly 31 percent of the cooperative's energy sales attributable to the system's top 10 customers, most of which are ethanol refineries;
- High reliance upon coal-fired generating units for about two-thirds of the cooperative's total power supply.

"This is great news for Corn Belt Power and its member-cooperatives," said Karen Berte, senior vice president, finance and administration, Corn Belt Power. "The continued "A" ratings highlight the work our board and team has done to put Corn Belt Power in the best position possible, not only for now but long into the future."

Karen Berte, senior vice president, finance and administration, Corn Belt Power, reviews favorable audit results with the board of directors during the cooperative's March board meeting.



1. Iowa Lakes Electric Cooperative
2. Midland Power Cooperative
3. Boone Valley Electric Cooperative
4. Prairie Energy Cooperative
5. Franklin REC
6. Butler County REC
7. Raccoon Valley Electric Cooperative
8. Calhoun County REC
9. Grundy County REC

■ North Iowa Municipal Electric Cooperative Association (NIMECA)

Serving municipal utilities of Algona, Alta, Bancroft, Coon Rapids, Graettinger, Grundy Center, Laurens, Milford, New Hampton, Spencer, Sumner, Webster City and West Bend.

New Employees

Kevin Hapes, application support specialist

Justin Hesnard, apprentice electrician

Travis Kampen, communication technician

Ethan Petersen, apprentice lineman

Collin Weber, energy services engineer

Wayne Wolthuizen, control operator

Retirement

David Heyden, foreman

Title Changes

Chris Bruening, system operator to outage coordinator

Ryan Cornelius, manager, corporate relations to vice president, corporate relations

Matt Donald, journeyman electrician to foreman

Jacob McCullough, apprentice electrician to journeyman electrician

Mitch Thompson, journeyman electrician to system operator

Service Awards

Dan Shiflett, 40 years, right-of-way and construction superintendent

Shane Darr, 20 years, journeyman lineman

Scott Gilderhus, 20 years, mechanic

Jon Girres, 20 years, journeyman electrician

Chris Shillington, 20 years, communication technician

Kevin White, 15 years, shift operator

Connor Almond, 10 years, journeyman lineman

Adam Bird, 10 years, journeyman lineman

Marena Fritzler, 10 years, marketing director

Justin Hinners, 10 years, journeyman lineman

Carla Hofmaster, 10 years, safety and environmental coordinator

Jacob Olberding, 10 years, vice president, power supply

Mark Saxton, 10 years, journeyman lineman

Chris Bruening, 5 years, outage coordinator

Eric Hankey, 5 years; SCADA technician

Howard Henkelvig, 5 years, journeyman lineman

Grant Jackson, 5 years, control operator

Jim Mertz, 5 years, foreman

In Remembrance

Steve DePauw, control operator

Joel Haynes, outage coordinator

Board of Directors

Scott Stecher
President, Prairie Energy Cooperative

Dale Schaefer
Vice President, Franklin REC

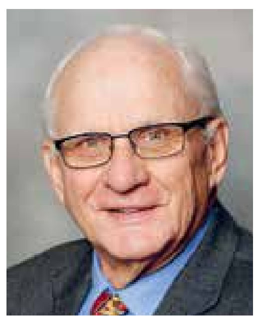
Jerry Beck
Secretary, Iowa Lakes Electric Cooperative

David Onken
Treasurer, Raccoon Valley Electric Cooperative

Larry Rohach
Assistant Secretary/Treasurer, Grundy County REC

Charles Gilbert
Basin Electric Power Cooperative Representative, Midland Power Cooperative

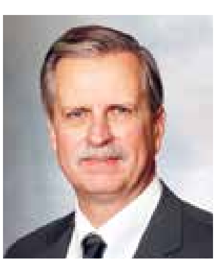
Gary Poppe
Butler County REC



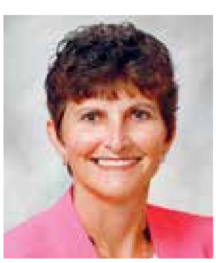
LaVerne Arndt
Calhoun County REC

Brad Honold
North Iowa Municipal Electric Cooperative Association

Department Heads



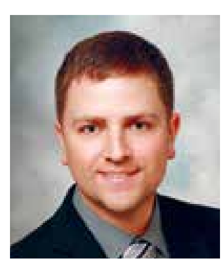
Ken Kuyper
Executive Vice President and General Manager



Karen Berte
Senior Vice President, Finance and Administration

Kevin Bornhoft
Vice President, Engineering and System Operations

Ryan Cornelius
Vice President, Corporate Relations



Jacob Olberding
Vice President, Power Supply

Jim Vermeer
Vice President, Business Development

Corn Belt Power Cooperative

is a generation and transmission electric cooperative owned by its member systems. Corn Belt Power provides electricity to nine member cooperatives and one member municipal cooperative that serve farms, rural residences, small towns and commercial and industrial members in 41 counties in northern Iowa.

FINANCIALS

Independent Auditors' Report

The Board of Directors
Corn Belt Power Cooperative:

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Corn Belt Power Cooperative, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of revenue and expenses, comprehensive income, membership capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corn Belt Power Cooperative as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 2(g) to the financial statements, in 2019 Corn Belt Power Cooperative adopted new accounting guidance on Accounting Standards Update (ASU) 2016-01, *Financial Instruments Overall (Subtopic 825-10) Recognition and Measurement of Financial Assets and Financial Liabilities.* Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 4, 2020 on our consideration of Corn Belt Power Cooperative's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on the 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 Corn Belt Power Cooperative's internal control over financial reporting and compliance.

KPMG LLP

Omaha, Nebraska
March 4, 2020

Balance Sheets

DECEMBER 31, 2019 AND 2018

ASSETS	2019	2018
ELECTRIC PLANT:		
In service	$ 555,227,449	537,831,416
Less, accumulated depreciation	(293,305,725)	(266,121,674)
	261,921,724	271,709,742
Construction work in progress	7,403,849	9,760,236
Nuclear fuel, net of amortization	3,530,441	8,087,633
	272,856,014	289,557,611
OTHER PROPERTY AND INVESTMENTS:		
Nonutility property	158,958	145,669
Investment in the National Rural Utilities Cooperative Finance Corporation (NRUCFC)	4,806,905	4,748,997
Decommissioning funds	61,454,828	50,042,346
Other investments	74,650,733	69,383,065
Special funds	45,600,291	45,490,720
Notes receivable	7,244,443	8,112,841
Other assets	1,773,839	928,141
	195,689,997	178,851,779
DEFERRED CHARGES:		
DAEC regulatory asset	873,272	1,936,568
Decommissioning regulatory asset	6,457,470	15,606,194
Bond refinancing regulatory asset	1,130,782	-
	8,461,524	17,542,762
CURRENT ASSETS:		
Cash and cash equivalents	5,537,313	3,952,001
Special funds	5,700,000	3,700,000
Member accounts receivable	13,078,748	11,602,158
Other receivables	2,454,196	1,286,395
Inventories:		
Fuel	4,350,011	3,737,240
Materials and supplies	10,365,124	11,046,880
Prepayments	429,463	579,947
	41,914,855	35,904,621
	$ 518,922,390	521,856,773

Balance Sheets

DECEMBER 31, 2019 AND 2018

MEMBERSHIP CAPITAL AND LIABILITIES	2019	2018
MEMBERSHIP CAPITAL:		
Memberships, at $100 per membership	$ **1,100**	1,100
Deferred patronage dividends, restricted	**93,429,651**	87,441,000
Other equities	**60,751,267**	59,833,091
Accumulated other comprehensive income	**162,506**	899,540
	154,344,524	148,174,731
LONG-TERM DEBT:		
Federal Financing Bank	**159,320,966**	170,850,443
Revenue bonds	**13,235,000**	12,687,500
NRUCFC	**78,790,813**	82,343,186
CoBank	**3,272,500**	4,042,500
USDA Intermediary Relending Program	**5,838,425**	5,814,025
	260,457,704	275,737,654
Less, current maturities of long-term debt	**16,548,391**	16,497,450
	243,909,313	259,240,204
OTHER LONG-TERM LIABILITIES:		
DAEC decommissioning liability	**67,917,292**	64,749,000
Ash landfill retirement obligation	**3,008,096**	1,959,858
Deferred compensation plan	**69,684**	15,946
	70,995,072	66,724,804
CURRENT LIABILITIES:		
Current maturities of long-term debt	**16,548,391**	16,497,450
Short-term debt	**17,000,000**	16,000,000
Accounts payable	**6,652,629**	7,676,785
Accrued property and other taxes	**3,058,709**	3,092,005
Deferred credits	**5,708,704**	3,707,882
Accrued interest and other	**705,048**	742,912
	49,673,481	47,717,034
	$ **518,922,390**	521,856,773

See accompanying notes to financial statements.

Statements of Revenue and Expenses

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING REVENUE:		
Sale of electric energy	$ **140,312,190**	136,310,872
Other	**17,267,683**	16,385,519
Total operating revenue	**157,579,873**	152,696,391
OPERATING EXPENSES:		
Operation:		
Steam and other power generation	**30,749,752**	34,620,273
Purchased power, net	**56,384,328**	67,450,635
Transmission	**5,433,815**	5,306,682
Sales	**2,938,281**	2,643,507
Administrative and general	**5,012,016**	4,077,350
Maintenance:		
Steam and other power generation	**7,572,335**	7,190,644
Transmission	**1,830,440**	1,853,760
General plant	**145,827**	163,819
Depreciation and decommissioning	**31,475,831**	14,690,278
Gain on the disposition of property	**(13,292)**	(3)
Total operating expenses	**141,529,333**	137,996,945
Net operating revenue	**16,050,540**	14,699,446
INTEREST AND OTHER DEDUCTIONS:		
Interest on long-term debt	**10,540,460**	9,180,187
Interest during construction	**(76,242)**	(321,313)
Other interest and deductions	**635,650**	511,844
Total interest and other deductions	**11,099,868**	9,370,718
Net operating margin	**4,950,672**	5,328,728
NONOPERATING MARGIN:		
Interest and dividend income	**2,685,127**	768,148
Patronage income	**4,856,092**	18,475,364
Other, net	**227,259**	277,324
Total nonoperating margin	**7,768,478**	19,520,836
Net margin	$ **12,719,150**	24,849,564

See accompanying notes to financial statements.

Statements of Comprehensive Income

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Net margin	$ 12,719,150	24,849,564
Change in unrealized gain in fair value of debt securities	317,065	(7,821,263)
Comprehensive income	$ 13,036,215	17,028,301

See accompanying notes to financial statements.

Statements of Cash Flows

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin	$ 12,719,150	24,849,564
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation and decommissioning	31,475,831	14,690,278
Amortization of nuclear fuel	4,548,271	3,370,460
Undistributed patronage earnings from other investments	(4,856,092)	(18,475,364)
Changes in current assets and liabilities:		
Receivables	(3,296,763)	1,057,158
Inventories	68,985	3,382,142
Prepayments	150,484	(358,726)
Other - deferred charges	(1,077,044)	15,946
Accounts payable	(1,200,115)	(1,973,038)
Accrued property and other taxes	(33,296)	110,844
Deferred credits	2,000,822	2,700,968
Accrued interest and other	(37,864)	(10,168)
Net cash provided by operating activities	40,462,369	29,360,064
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to electric plant, net	(17,043,933)	(21,683,836)
Additions to nuclear fuel	8,921	(2,885,736)
Sale of nonutility plant	(13,289)	19,944
Deductions to decommissioning fund	167,500	-
Distributions from special funds	2,172,987	11,629,991
Additions to special funds	(2,282,558)	(55,956,818)
Additions to other investments, other assets, investments in NRUCFC, and notes receivable	(631,618)	(2,241,887)
Deductions to other investments, other assets, investments in NRUCFC, and notes receivable	1,690,930	1,408,520
Net cash used in investing activities	(15,931,060)	(69,709,822)

Statements of Cash Flows

YEARS ENDED DECEMBER 31, 2019 AND 2018

		2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt		**14,102,500**	81,000,000
Repayment of long-term debt		**(29,382,450)**	(44,173,613)
Funds advanced short-term borrowings		**4,000,000**	18,000,000
Funds repaid short-term borrowings		**(3,000,000)**	(8,000,000)
Patronage dividends paid		**(5,820,349)**	(4,503,945)
Net cash provided (used) in financing activities		**(20,100,299)**	42,322,442
Net increase in cash, cash equivalents, and restricted cash		**4,431,010**	1,972,684
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT:			
Beginning of year		**8,580,142**	6,607,458
End of year	$	**13,011,152**	8,580,142
RECONCILIATION TO CASH, CASH EQUIVALENTS AND RESTRICTED CASH:			
Cash and cash equivalents	$	**5,537,313**	3,952,001
Special funds/commercial paper		**5,700,000**	3,700,000
Revolving loan funds		**1,773,839**	928,141
	$	**13,011,152**	8,580,142
NONCASH INVESTING AND FINANCING ACTIVITY:			
Construction work in progress included in accounts payable	$	**175,959**	133,758

See accompanying notes to financial statements.

Statements of Membership Capital

YEARS ENDED DECEMBER 31, 2019 AND 2018

				Other Equities		
	Total	**Membership**	**Deferred patronage dividends**	**Statutory surplus**	**Reserve for contingent losses**	**Accumulated other comprehensive income (loss)**
Balance, December 31, 2017	$ 135,642,359	1,100	67,862,811	17,462,231	41,595,414	8,720,803
2018 net margin	24,849,564	-	24,074,118	775,446	-	-
Revenue deferred patronage dividends	8,016	-	8,016	-	-	-
Change in net unrealized gain in fair value of investments	(7,821,263)	-	-	-	-	(7,821,263)
Patronage dividends paid	(4,503,945)	-	(4,503,945)	-	-	-
Balance, December 31, 2018	148,174,731	1,100	87,441,000	18,237,677	41,595,414	899,540
Cumulative-effect change in accounting principle	(1,054,099)	-	-	-	-	(1,054,099)
2019 net margin	12,719,150	-	11,800,974	918,176	-	-
Revenue deferred patronage dividends	8,026	-	8,026	-	-	-
Change in net unrealized gain in fair value of debt securities	317,065	-	-	-	-	317,065
Patronage dividends paid	(5,820,349)	-	(5,820,349)	-	-	-
Balance, December 31, 2019	$ 154,344,524	1,100	93,429,651	19,155,853	41,595,414	162,506

See accompanying notes to financial statements.

(1) Organization

Corn Belt Power Cooperative (the Cooperative) is a Rural Utilities Service (RUS) financed generation and transmission cooperative created and owned by nine distribution cooperatives and one municipal cooperative association. Electricity supplied by the Cooperative serves farms, small towns, and commercial and industrial businesses in northern Iowa.

The Cooperative's Board of Directors (Board of Directors) is composed of one representative from each member cooperative and is responsible for, among other things, establishing rates charged to the member cooperatives.

(2) Significant Accounting Policies

The Cooperative maintains its accounting records in accordance with the Uniform System of Accounts as prescribed by the RUS. The financial statements and the accompanying notes to the financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies are as follows:

(a) Cash and Cash Equivalents

For the purpose of reporting the statements of cash flows, the Cooperative considers investments purchased with an original maturity of three months or less to be cash equivalents, except for cash held for investing as part of the decommissioning fund, relending program, and special funds.

(b) Inventories

Inventories consist of fuel (primarily coal), emission allowances, and materials and supplies carried at cost. The cost for inventories is determined on a weighted-average cost basis.

The 1990 Clean Air Act (the Act) established the requirement for fossil fuel electric generating plants to hold sulfur dioxide (SO2) emission allowances under the Acid Rain Program (ARP). In 2015, the Cross-State Air Pollution Rule (CSAPR) established an additional SO2 allowance requirement along with adding nitrogen oxide (NOx) annual and seasonal allowances. The Act and CSAPR allocate a certain number of emission allowances to owners of fossil fuel generating plants that are affected by the rules and established corresponding ARP SO2, CSAPR SO2, CSAPR NOx annual, and CSAPR NOx seasonal emission allowance trading programs. Emission allowances that have been granted to the Cooperative as a result of the Act and CSAPR do not have any cost, and therefore, the use of these emission allowances does not result in expense. From time to time, the Cooperative will purchase a quantity of each type of emission allowance to ensure an adequate number of allowances are held. The purchased allowances are combined with the allocated allowances to derive an average allowance cost each year for each type of emission allowance. Emission allowances purchased are capitalized in inventory and are charged to fuel expense as they are used in operations.

(c) Other Investments

Other investments consist of funds held in trust (mainly from patronage income), cash held for the Cooperative's intermediary relending program (note 9), and common and preferred stock. These equity investments do not have readily determinable fair values and are accounted for at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment. No impairment or observable price changes were recorded during 2019 or 2018.

(d) Special Funds

Special funds are funds set aside to pay regulatory liabilities or funds deposited under the Federal Finance Bank cushion of credit program. Debt investments held in special funds are reported at fair value. Remaining deposits are recorded at their original cost as their cost approximates fair value due to the nature of the deposit. At December 31, 2019 and 2018, special funds included commercial paper of $5,700,000 and $3,700,000, respectively.

(e) Notes Receivable

The Cooperative determines any impairment of notes receivable based on various factors that ultimately are used to calculate collectability. As part of the review, the Cooperative reviews the terms of the original note, nature of the transaction, history of repayment, and knowledge of borrower's financial strength. No impairments were indicated for the years ended December 31, 2019 and 2018.

(f) *Regulatory Matters*

The Cooperative's utility operations are subject to provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 980, *Regulated Operations*. Therefore, its utility operations recognize the effects of rate regulation by the Board of Directors and, accordingly, have recorded regulated assets to reflect the impact of regulatory items for which future rates will be increased to recover and regulated liabilities for revenue deferred at the discretion of the Board of Directors. The regulatory assets are included within deferred charges and the regulatory liabilities are included within deferred credits on the balance sheets.

(g) *Decommissioning of DAEC*

The Cooperative recognizes and estimates an asset retirement obligation (ARO) for its 10% share of the estimated cost to decommission DAEC. A Nuclear Regulatory Commission (NRC) estimate of the decommissioning costs of DAEC was performed in 2015 and updated in 2018. This report estimated the Cooperative's share of the decommissioning costs of DAEC to be approximately $83,357,100 (in 2018 U.S. dollars). The Cooperative is providing for overall nuclear decommissioning costs using a funding method designed to accumulate a decommissioning reserve sufficient to cover the Cooperative's share of decommissioning costs by 2020, the year in which the plant is expected to shut down. The plant was licensed until February 2034, however, NextEra Energy, majority owner/operator, received approval in December 2018 from the Iowa Utilities Board to close the plant after the current operating cycle is complete.

The total fair value of the decommissioning funds accumulated at December 31, 2019 was $61,454,828, of which $38,957,598 has been placed in a fund legally restricted for use in decommissioning DAEC. The remaining $22,497,229, while not legally restricted, has been designated by the Cooperative for use in decommissioning DAEC. The total fair value of the decommissioning funds accumulated at December 31, 2018 was $50,042,346, of which $31,610,394 has been placed in a fund legally restricted for use in decommissioning DAEC. The remaining $18,431,952, while not legally restricted, has been designated by the Cooperative for use in decommissioning DAEC.

During 2019, the Cooperative adopted ASU 2016-01, *Financial Instruments-Overall (subtopic 825-10) Recognition and Measurement of Financial Assets and Financial Liabilities* (the Update). The amendments in the Update supersede the guidance to classify equity securities with readily determinable fair values into different categories (that is trading or available-for-sale) and require equity securities to be measured at fair value with the changes in the fair value recognized through net margin. The Cooperative adopted the provisions of the Update on January 1, 2019 by means of a cumulative-effect adjustment to accumulated comprehensive income of ($1,054,099) and an increase in regulatory assets.

Decommissioning investments classified as trading securities are reported at fair value with realized and unrealized gains and losses included as a component of regulatory assets. Decommissioning investments classified as available-for-sale debt securities are reported at fair value with unrealized gains and losses included as a component of comprehensive income. As of December 31, 2019 and 2018, available-for-sale securities consisted of the following:

		Amortized cost	Unrealized gains	Unrealized losses	Fair value
2019:					
Corporate bonds	$	11,330,657	196,343	47,022	11,479,978
Foreign investments in government funds		387,024	13,185	-	400,209
	$	11,717,681	209,528	47,022	11,880,187
2018:					
Corporate bonds	$	5,927,207	17,071	165,384	5,778,894
Common and preferred stock and funds		28,896,191	4,433,721	1,807,641	31,522,271
Hedge funds		4,903	-	4,903	-
Cash and cash equivalents		1,011,878	-	-	1,011,878
Foreign investments in common stock		12,868,463	51,940	1,623,921	11,296,482
Foreign investments in government funds		434,164	1,238	2,581	432,821
	$	49,142,806	4,503,970	3,604,430	50,042,346

Realized gains and losses from equity securities and available-for-sale securities are determined on a specific-identification basis. Realized gains/(losses) on investments classified as equity securities and available-for-sale securities were $3,477,364 and $2,846,174 for 2019 and 2018, respectively. These gains/(losses) on available-for-sale securities result in a reclassification from accumulated other comprehensive income (AOCI) to the decommissioning regulatory asset.

The following tables show the gross unrealized losses and fair value of the Cooperative's available-for-sale investments with unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31

	Less than 12 months		12 months or greater		Total	
2019:	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate bonds	$ 6,671,889	(47,022)	-	-	6,671,889	(47,022)

	Less than 12 months		12 months or greater		Total	
2018:	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate bonds	$ 5,177,452	(146,266)	2,355,547	(107,928)	7,532,999	(254,194)
Common and preferred stock and funds	29,112,376	(1,379,496)	655,790	(339,335)	29,768,166	(1,718,831)
Hedge funds	-	-	-	(4,903)	-	(4,903)
Foreign investments in common stock	11,296,482	(1,623,921)	-	-	11,296,482	(1,623,921)
Foreign investments in government funds	432,821	(2,581)	-	-	432,821	(2,581)
	$46,019,131	(3,152,264)	3,011,337	(452,166)	49,030,468	(3,604,430)

In evaluation of the other-than-temporary impairment, the Cooperative considers its intent and ability to hold these investments for a period of time sufficient to allow for the anticipated recovery in the market value of these investments, which may be maturity, the severity of the decline, and the length of time and the extent to which fair value has been below cost. The Cooperative does not consider these investments to be other-than-temporarily impaired at December 31, 2019 or 2018. At December 31, 2019, unrealized gains on equity securities was approximately $7.8 million.

(h) ***Electric Plant***

Electric plant is stated at original cost, which includes payroll and related benefits and interest during the period of construction.

Costs in connection with repairs of properties and replacement of items less than a unit of property are charged to maintenance expense. Additions to and replacements of units of property are charged to electric plant accounts.

Depreciation is provided using straight-line method and RUS-prescribed lives. These provisions, excluding nuclear facilities, were equivalent to a composite depreciation rate on gross plant of 2.46% and 2.40% for 2019 and 2018, respectively.

Under a joint-ownership agreement, the Cooperative has a 10% undivided interest in the Duane Arnold Energy Center (DAEC), a nuclear-fueled generating station, which was placed in service in 1974. Beginning in 2018, the Cooperative began depreciating its interest in the DAEC on a straight-line basis through 2025. In 2019, the Cooperative was notified the plant would close October 2020. The Cooperative is now depreciating the plant on a straight line basis through October 2020. The composite depreciation rate on gross plant for DAEC was 16.39% and 3.99% for 2019 and 2018, respectively.

(i) ***Long-Lived Assets***

Long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Cooperative first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. There were no impairments of long-lived assets for the years ended December 31, 2019 and 2018.

(j) ***Nuclear Fuel***

The cost of nuclear fuel is amortized to steam and other power generation expenses based on the quantity of heat produced for the generation of electric energy. Such amortization was $4,548,271 and $3,370,460 for 2019 and 2018, respectively.

(k) ***Accumulated Other Comprehensive Income***

Accumulated other comprehensive income represents the net unrealized gain on available-for-sale debt securities held for decommissioning of DAEC and special funds.

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(l) ***Operating Revenue***

In 2014, the FASB issued ASC 606, *Revenue from Contracts with Customers (ASC 606)*, replacing the existing accounting standard and industry specific guidance for revenue recognition with a five-step model for recognizing and measuring revenue from contracts with customers. The underlying principle of the new standard is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. The new standard also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and the related cash flows arising from contracts with customers.

The Cooperative has completed the evaluation of all revenue streams and determined that the adoption of ASC 606 will not change the current timing of revenue recognition for such revenue. The new standard is effective and was adopted by the Cooperative as of January 1, 2019 using the modified retrospective method.

Revenue with customers is reflected on the statements of revenue and expenses as sale of electric energy. Electric energy is earned from the production, sale, and transmission of electricity. Revenue is recognized upon the transfer or control of promised goods or services to customers in an amount that reflects the consideration to which is expected to be entitled in exchange for those goods or services. As the performance obligations are generally satisfied over time and use the same method to measure progress, the performance obligations meet the criteria to be considered a series. Revenue is recognized using an output method, as energy is delivered as this best depicts the transfer of goods or services to the customer. Demand, transmission, and energy charges are assessed for each members' proportionate share of electricity usage based on kWh delivered. Accounts receivable represents the unconditional right to consideration. The Cooperative bills customers on a monthly basis in the month following the delivery of the goods or services. Based on the terms of customer contracts, payment is generally received at or shortly after delivery of the goods or services. Member accounts receivable relates to revenue under contracts with the Cooperative's members.

(m) ***Cost of Power***

The Cooperative recognizes the cost of electric energy produced or purchased when energy is delivered to customers.

(n) ***Major Maintenance Activities***

The Cooperative incurs maintenance costs on its major equipment. Repair and maintenance costs are expensed as incurred.

(o) ***Interest During Construction***

Interest during construction represents the cost of funds used for construction and nuclear fuel refinement. The average rate was 3.51% and 3.11% for 2019 and 2018, respectively, and is based on the Cooperative's costs of financing.

(p) ***Income Taxes***

The Cooperative is exempt from federal and state income taxes under sections 501(c)(12) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the Cooperative's financial statements. The Cooperative recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

(3) Agreements with Basin Electric Power Cooperative

On September 1, 2009, the Cooperative became a Class A member of Basin Electric Power Cooperative (Basin Electric). As part of this agreement, energy and capacity needs of the Cooperative above the Western Area Power Administration allocation and a 50 MW power purchase agreement with Basin Electric are to be provided by Basin Electric at Class A member rates. Further, the Cooperative sells the energy from its generation facilities at cost to Basin Electric, but continues to own and be responsible for those facilities. Also, a portion of the 161 kV transmission system that is contiguous with Basin Electric was leased to Basin Electric until October 1, 2015, when the Cooperative and Basin Electric entered Southwest Power Pool (SPP). During 2019 and 2018, respectively, as part of these agreements, the Cooperative purchased $104,342,185 and $102,511,711 of power and sold $82,137,379 and $69,159,478 of power to Basin Electric, which is recorded in the purchased power, net, in the statements of revenue and expenses.

(4) Fair Value Measurements

(a) Fair Value of Financial Instruments

The following describes the carrying amounts and estimated fair value of financial instruments and the methods and assumptions that were used to estimate the fair value of each class of financial instruments:

Investment in the National Rural Utilities Cooperative Finance Corporation (NRUCFC), other investments, and notes receivable - These accounts are recorded at cost. The Cooperative believes that the carrying value of these investments approximates fair value as of December 31, 2019 and 2018 due to the nature and interest rate of the accounts compared to market rates.

Decommissioning funds - The investments within the decommissioning funds and certain special funds are recorded at fair value. Equity securities are measured using quoted market prices at the reporting date multiplied by the quantity held. Debt securities classified as available-for-sale are measured using quoted market prices multiplied by the quantity held when quoted market prices are available. If quoted market prices are not available, the fair values are estimated using pricing models, quoted prices of similar securities with similar characteristics, or discounted cash flow. For hedge funds and managed future funds where no readily ascertainable market value exists, management, in consultation with investment advisors, values these investments in good faith at net asset value based upon the investment's current financial statements or other information provided by the underlying investment advisor.

(b) Fair Value Hierarchy

ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques 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 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Cooperative has the ability to access at the measurement date.

Level 2 - Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The following tables present assets and liabilities that are measured at fair value on a recurring basis at December 31, 2019 and 2018:

	December 31 2019	Fair value measurements at December 31, 2019 using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Special funds:				
Cash and cash equivalents	$ 398	398	-	-
Commercial paper	5,700,000	-	5,700,000	-
Cushion of Credit - cash	44,425,309	44,425,309	-	-
Certificates of deposit	26,832	-	26,832	-
Corporate bonds	6,691	-	6,691	
Common and preferred stock and funds	62,993	62,993	-	
Obligations of the U.S. government and agencies	1,078,068	-	1,078,068	
Decommissioning funds:				
Corporate bonds	11,479,978	-	11,479,978	-
Common and preferred stock and funds	30,718,734	30,718,734	-	-
Foreign investments in government funds	400,209	400,209	-	-
Foreign investments in common stock	18,152,606	18,152,606	-	-
Cash and cash equivalents	703,301	703,301	-	-
Total	$ 112,755,119	94,463,550	18,291,569	-

	December 31 2018	Fair value measurements at December 31, 2018 using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Special funds:				
Cash and cash equivalents	$ 294	294	-	-
Commercial paper	3,700,000	-	3,700,000	-
Certificates of deposit	37,214	-	37,214	-
Cushion of Credit - cash	44,320,475	44,320,475	-	-
Corporate bonds	1,989	-	1,989	
Common and preferred stock and funds	13,957	13,957	-	
Obligations of the U.S. government and agencies	1,116,791	-	1,116,791	
Decommissioning funds:				
Corporate bonds	5,778,894	-	5,778,894	-
Common and preferred stock and funds	31,522,271	31,522,271	-	-
Foreign investments in government funds	432,821	432,821	-	-
Foreign investments in common stock	11,296,482	11,296,482	-	-
Cash and cash equivalents	1,011,878	1,011,878	-	-
Total	$ 99,233,066	88,598,178	10,634,888	-

Fair value of the Cooperative's financial instruments is determined using the methods and assumptions as set forth below. While the Cooperative believes that its valuation methods are appropriate and consistent with those of other market participants, use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value at the reporting date. There were no changes in valuation methodology from 2018 to 2019.

Cash and cash equivalents - Cash equivalents consist of demand deposit accounts and investments with original maturities of three months or less when purchased. These are recorded at fair market using quoted market prices. These are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Commercial paper - Investments in commercial paper are reported at fair value plus accrued interest at the reporting date. These investments are classified as Level 2.

Cushion of credit - Cushion of credit funds consist of advance payments to Federal Finance Bank (FFB) and is valued based on the amount of cash held in the account. The cushion of credit funds earn 5% and are restricted for payment of debt obligations. As such, these funds are classified as Level 1.

Certificates of deposit - Certificates of deposit approximate fair value based on estimates using current market rates offered for deposits with similar remaining maturities and are classified as Level 2 securities.

Corporate bonds and government obligations - Fixed income securities and government and agency obligations are valued based upon observable market prices on the reporting date. When quoted prices of identical investment securities in active markets are not available, the fair values for the investment securities are obtained primarily from pricing services; one evaluated price is received for each security. The fair values provided by the pricing services are estimated using matrix pricing or other pricing models, where the inputs are based on observable market inputs or recent trades of similar securities. Such investment securities are generally classified as Level 2.

Common and preferred stock - Investments in publicly traded equity securities and mutual funds are measured at fair value using quoted market prices. These are classified as Level 1 if they are traded in an active market for which closing market prices are readily available.

(5) Investment in the NRUCFC, Notes Receivable, and Other Investments

The Cooperative has investments in the following:

		2019	2018
Common and preferred stock	$	465,268	459,156
Funds held in trust		71,756,293	67,154,274
Restricted other assets		4,203,011	2,697,776
Investment in NRUCFC		4,806,905	4,748,997
Economic development notes receivable		7,244,443	8,112,841
	$	88,475,920	83,173,044

The above investments are included in the accompanying balance sheets as follows:

		2019	2018
Investment in NRUCFC	$	4,806,905	4,748,997
Notes receivable		7,244,443	8,112,841
Other investments		74,650,733	69,383,065
Other assets		1,773,839	928,141
	$	88,475,920	83,173,044

The Cooperative has an investment of $4,806,905 and $4,748,997 at December 31, 2019 and 2018, respectively, with the NRUCFC. This investment is required in order to allow the Cooperative to borrow funds from NRUCFC. The investment earns interest of 5.0% on $2,000,000, which matures in 2044, 5.0% on $2,195,507, which matures between 2070 and 2080, and 3.0% on $121,789, which matures in 2025. The remaining balance of $489,609 does not earn interest.

Notes receivable consist of notes to member cooperatives and other businesses to assist in economic development of qualifying industrial sites, speculative buildings, rural housing, and certain joint venture projects. Interest rates on these notes receivable range from 0% to 4%. The majority of these notes are generally due under 10-year agreements with payments due monthly on a ratable basis. There are no notes receivable past due or in default as of December 31, 2019 or 2018. The Cooperative reviews the need for reserve for uncollected accounts based on payment activity, historical collection rates, and collateral on the note. The Cooperative has determined no reserves were necessary at December 31, 2019 or 2018.

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Funds held in trust consist mainly of deferred patronage dividends related to the Cooperative's membership in other cooperatives. At December 31, 2019 and 2018, $70,923,176 and $66,413,300, respectively, relates to the Cooperative's deferred patronage dividends related to Basin Electric.

(6) **Deferred Patronage Dividends and Other Equities**

In accordance with the Iowa Code, the Board of Directors is required to allocate a portion of the current year's net margin to statutory surplus until the statutory surplus equals 30% of total membership capital. No additions can be made to statutory surplus whenever it exceeds 50% of total membership capital. In 2019 and 2018, the Board of Directors appropriated $918,176 and $775,446 of net margins to statutory surplus, respectively.

The equity-designated reserve for contingent losses in the statements of membership capital is an appropriation of equity by the Board of Directors. The Board of Directors appropriated $0 of net margin to reserve for contingent losses in 2019 and 2018. There is no statutory restriction of this equity.

The Board of Directors is permitted by the Iowa Code to allocate the current year's net margin to deferred patronage dividends upon meeting certain requirements and is required to make such allocations if the net margin for the year exceeds specified maximums. The Board of Directors has appropriated $11,809,000 and $24,082,134 of the 2019 and 2018 net margins, respectively, to deferred patronage dividends. Deferred patronage dividends are eligible to be paid in the future as determined by the Board of Directors under certain conditions.

Under the conditions of the Cooperative's indenture, deferred patronage dividends cannot be retired without approval of the RUS and the NRUCFC unless the remaining equity meets certain tests. The Cooperative met these tests at December 31, 2019 and 2018.

(7) **Deferred Regulatory Debits and Credits**

Regulatory assets are recorded for expenses that are deferred and will be recovered through rates charged to members in future periods. Such deferrals are approved by the Board of Directors. The Cooperative does not earn a return on these regulatory assets. Regulatory credits are established for revenue that has been deferred as approved by the Board of Directors. These amounts will be included in income in the year that they are applied to future costs or otherwise returned to members through a reduction in rates.

As of December 31, 2019 and 2018, deferred regulatory debits and credits consisted of the following:

		2019		2018
Deferred regulatory debits:				
DAEC regulatory asset	$	873,272		1,936,568
Decommissioning regulatory asset		6,457,470		15,606,194
Bond refinancing regulatory asset		1,130,782		-
	$	8,461,524	$	17,542,762
Deferred regulatory credits:				
Deferred credit	$	5,708,704	$	3,707,882

DAEC Regulatory Asset - In 2008, the Cooperative, with Board of Directors' approval, established a regulatory asset in conjunction with the deferral of depreciation costs related to the DAEC until the extension of the plant license had been approved by the NRC. The plant license was approved in December 2010, and accordingly, the Cooperative began amortizing the assets over the remaining life of the license through 2034. In 2019, the Board of Directors approved a change in the amortization of the regulatory asset to correspond with the current purchased power agreement NextEra Energy has with Interstate Power and Light Company, which ends in 2020. In 2019 and 2018, the Board of Directors approved changing the amortization of the regulatory asset to coincide with the change in the life of the plant (note 2f).

Decommissioning Regulatory Asset - In connection with the costs related to decommissioning of DAEC, the Cooperative has established a regulatory asset in conjunction with recording of the decommissioning liability. This regulatory asset is the difference between the decommissioning liability and the fair value of the investments in the decommissioning funds.

Bond Refinancing Regulatory Asset - In 2019, the Cooperative refinanced its outstanding Webster City revenue bonds. Bond refinancing costs, discount, and the loss on refinancing costs of $1,175,565 were set up as a regulatory asset and will be amortized over the life of the bonds.

Deferred Credit - In 2019, the Board of Directors approved a deferral of $2,000,000 of member revenue, which will be returned to the members between 2020 and 2022. In 2018, the Board of Directors established a deferred credit of $3,700,000. The revenue deferral was set aside in a cash account to cover expenditures through 2023.

(8) **Short-Term Debt**

The Cooperative had two separate credit agreements with both NRUCFC and CoBank, each providing $50,000,000 of available financing. These agreements expire in January 2021.

The Cooperative has drawn down on its credit facilities $17,000,000 and $16,000,000 as of December 31, 2019 and 2018, respectively. Interest rates for the advances outstanding at December 31, 2019 range from 2.86% to 2.96%.

(9) **Long-Term Debt**

The Cooperative executed an Indenture of Mortgage, Security Agreement and Financing Statement, dated as of August 30, 2013 (Indenture) between the Cooperative, as Grantor, to U.S. Bank National Association, as Trustee. The Indenture provides secured note holders with a prorated interest in substantially all owned assets. Secured debt includes FFB, CoBank and certain parts of NRUCFC loans.

Long-term debt consists of mortgage notes payable to the United States of America acting through the RUS from the FFB, NRUCFC, CoBank, revenue bonds issued due to agreements with Webster City, and notes borrowed through the USDA Intermediary Relending Program (IRP Notes) and Rural Economic Development Loan and Grant (REDLG Loans) Program. The proceeds of these IRP Notes and REDLG Loans are then lent to other eligible businesses within certain approved counties in the Cooperative's service area. Substantially all the assets, rent, income, revenue, and net margin of the Cooperative are pledged as collateral for the long-term debt of the Cooperative, except for IRP Notes and REDLG Loans, which are not secured by assets of the Cooperative.

Long-term debt has the following components:

	2019	2018
Mortgage notes due in quarterly installments:		
FFB 1.63%-5.796%, due 2020-2039	$ 159,320,966	170,850,443
CoBank 3.47%, due 2020-2024	3,272,500	4,042,500
NRUCFC 3.85%-6.25%, due 2020-2048	76,895,776	80,035,619
NRUCFC 2.95%, due 2020-2024	1,895,037	2,307,567
	241,384,279	257,236,129
Revenue bonds 2.85%-4.2%, due 2020-2036	13,235,000	12,687,500
USDA Intermediary Relending Program - 0%-1%, due 2020-2042	5,838,425	5,814,025
	$ 260,457,704	275,737,654

Maturities of long-term debt for the next five years are as follows:

Year	
2020	$ 16,528,391
2021	16,279,391
2022	16,327,468
2023	16,381,092
2024	15,498,495
Thereafter	179,422,867
	$ 260,457,704

Restrictive covenants required the Cooperative to set rates that would enable it to maintain a margin for interest of 1.10. The Cooperative is also required to maintain a debt service coverage of 1.00 and a minimum membership capital balance of $70,000,000, excluding accumulated other comprehensive income, and achieve either an average equity ratio of not less than 10% or have been assigned a credit rating of BBB- or higher. As of December 31, 2019 and 2018, the Cooperative was in compliance with its covenants on long-term debt with respect to these financial ratios.

During 2018, the Cooperative borrowed $80,000,000 from the NRUCFC to finance transmission and distribution construction with rates ranging from 3.85% to 4.4%, $30,000,000 of the total was refinancing a CoBank loan for a lower rate.

Since 1979, the Cooperative has had a long-term agreement with Webster City under which Webster City agreed to provide certain generation and transmission facilities to the Cooperative and the Cooperative has agreed to guarantee repayment of financing issued by Webster City to pay for these facilities and the continued improvement of these facilities. The Cooperative has recorded these assets in electric plant and has reflected the debt associated with this guarantee as long-term debt. Further, as part of the agreement, the Cooperative provided Webster City its wholesale power at rates consistent with rates charged to other Cooperative members. In September 2011, the Cooperative and Webster City entered into a new agreement to continue their relationship until December 2055.

During 2019, Webster City refinanced its outstanding revenue bonds of $12,765,000 by issuing new bonds of $13,900,000, reducing its interest rate. Bond refinancing costs, discount, and the loss on refinancing costs of $1,175,565 will be amortized over the life of the bonds as a regulatory asset. The life of the old bonds and new bonds were the same.

USDA Rural Development requires all IRP and REDLG loans to be fully insured. The Cooperative maintains IRP and REDLG accounts with Bank Iowa. In March 2017, the Cooperative and Bank Iowa entered into a deposit placement agreement to place funds over the Federal Deposit Insurance Corporation (FDIC) limit into deposit accounts at receiving depository institutions. The destination institutions will be depository institutions at which deposit accounts are insured by FDIC up to the maximum deposit insurance amounts.

During 2019 and 2018, the Cooperative borrowed $202,500 and $1,000,000 of funds from the USDA, respectively.

(10) Special Funds

Special funds consist of money the RUS requires to be set aside for deferral of revenue (note 7), future removal of the Wisdom Unit 1 ash landfill, issuance of revenue bonds (note 9), deferred pension, and RUS Cushion of Credit.

	2019	2018
Ash landfill fund	$ 27,230	37,508
Deferred pension	69,684	15,946
Deferred credit fund	5,700,000	3,700,000
Revenue bonds fund	1,078,068	1,116,791
RUS Cushion of Credit	44,425,309	44,320,475
	$ 51,300,291	49,190,720

(11) Commitments and Contingencies

In 2002, the Cooperative entered into a power purchase agreement to purchase 11.49% of the monthly generation from the Hancock County Wind Energy Center up to 11.22 megawatts. This agreement is effective through December 31, 2022, and rates are firm for the life of the contract.

In 2007, the Cooperative entered into a power purchase agreement to purchase the monthly generation from Crosswind Energy, LLC up to 21 megawatts. This agreement is effective through June 15, 2022, and rates are firm for the life of the contract.

In 2008, the Cooperative entered into a power purchase agreement to purchase the monthly generation from Iowa Lakes Electric Cooperative's two wind farms, both of which started generating in 2009. The agreement was amended in 2011, and the price is fixed for each of the years from 2020 to 2028. The Cooperative is only obligated to pay for power that is actually received and the projects are not dispatchable.

The Cooperative continues to work towards a final determination in its Federal Energy Regulatory Commission (FERC) rate case to determine its annual transmission revenue requirements as a member of SPP. Negotiations have reached a stalemate with one other transmission owner in the zone 19 of SPP to determine how the Cooperative's grandfathered agreements are incorporated into the rate. Settlement proceedings were terminated in August 2017. The settlement judge provided his report to the commission in October 2017. The financial impact of the outcome of the negotiations could be up to $6 million. The Cooperative believes it will retain the transmission revenue previously collected due to the historical treatment of grandfathered agreements in Midcontinent Independent System Operator and past FERC rulings on attempts to terminate such agreements. The FERC rejected the Cooperative's settlement offer in June 2019. Hearing of the case is scheduled for May 2020.

(12) Joint Plant Ownership

Under joint ownership agreements with other utilities, the Cooperative had undivided interests at December 31, 2019 in electric plant, including construction work in progress, as shown below:

		Total electric plant	Accumulated depreciation	Unit accredited capacity (MW)	Cooperative's share (%)
Wisdom Unit 2	$	17,708,920	7,285,966	80	43.8
Neal #4		87,480,941	48,720,869	644	11.3
Walter Scott #3		33,291,584	16,865,196	697	3.8
DAEC		126,820,280	107,581,659	614	10.0
Walter Scott #4		72,758,213	22,672,866	817	5.6
Walter Scott #4 - transmission		4,976,169	1,505,291	-	4.3
Lehigh Webster - transmission		5,093,122	1,882,654	-	27.0
Neal #3 Grimes-Lehigh - transmission		654,234	247,704	-	3.8

Each participant provided its own financing for its share of the unit. The Cooperative's share of direct expenses of the jointly owned units is included in the operating and maintenance expenses on the statements of revenue and expenses.

During 2006, the Cooperative; one of its members, North Iowa Municipal Electric Cooperative Association (NIMECA); and the city of Spencer, a NIMECA member, entered into a long-term generation use agreement of approximately 5 megawatts of the Cooperative's capacity in the Wisdom Unit 2 generation facilities. The plant statistics have been reduced to reflect the agreement.

(13) Asset Retirement Obligation

The Cooperative has asset retirement obligations (ARO) arising from regulatory requirements to perform certain asset retirement activities at the time of decommissioning DAEC and disposing of certain electric plant. The liability was initially measured at fair value and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's remaining useful life.

The Cooperative recognizes and estimates an ARO for its 10% share of the estimated cost to decommission DAEC. During 2018, an NRC estimate of the decommissioning costs was updated. This report estimated the Cooperative's share of the costs to be approximately $83,357,100 (in 2018 U.S. dollars). The following table presents the activity for the AROs for the years ended December 31, 2019 and 2018:

		2019	2018
Balance at January 1	$	64,749,000	59,863,000
Changes in estimates, including timing		167,500	1,803,000
Accretion expense		3,196,000	3,083,000
Obligations incurred		(195,208)	-
Balance at December 31	$	67,917,292	64,749,000

The Cooperative also recognizes a liability for its share of the estimated cost to remove the ash landfills at Walter Scott #3 and Neal #4. A reconciliation of the changes in the ARO is depicted below:

		2019	2018
Balance at January 1	$	1,959,858	1,775,545
Changes in estimates, including timing		912,592	114,868
Accretion expense		146,415	80,648
Obligations incurred		(10,769)	(11,203)
Balance at December 31	$	3,008,096	1,959,858

(14) Nuclear Insurance Program

Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, DAEC maintains $450 million of private liability insurance, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to $13.5 billion of liability insurance coverage per incident at any nuclear reactor in the United States. The Cooperative's assessment on its 10% ownership in DAEC is approximately $13.8 million per nuclear incident.

Pursuant to provisions in various nuclear insurance policies, the Cooperative could be assessed retroactive premiums in connection with future accidents at a nuclear facility owned by a utility participating in the particular insurance plan. In addition, the Cooperative could be assessed annually approximately $1.5 million related to coverage for excess property damage if the insurer's losses relating to an accident exceed its reserves. While assessment also may be made for losses in certain prior years, the Cooperative is not aware of any losses in such years that it believes are likely to result in an assessment.

In the unlikely event of a catastrophic loss at DAEC, the amount of insurance available may not be adequate to cover property damage, decontamination, and premature decommissioning. Uninsured losses, to the extent not recovered through rates, would be borne by the Cooperative and Basin Electric, through the power purchase agreement, and could have a materially adverse effect on the Cooperative's financial position and results of operations.

(15) Benefit Plans

The Retirement Security (RS) Plan, sponsored by NRECA, is a defined-benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

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

The Cooperative's contributions to the Retirement Security (RS) Plan in 2019 and 2018 represented less than 5% of the total contributions made to the RS Plan by all participating employers. The Cooperative made contributions to the RS Plan of $1,538,349 and $1,520,500 in 2019 and 2018, respectively (including prepayment discussed below).

For the RS Plan, a "zone status" determination is not required, and therefore, not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employers. In total, the RS Plan was over 80% funded on January 1, 2019 and 2018 based on the PPA funding target and PPA actuarial value of assets on those dates.

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

The Cooperative also provides a 401(k) plan, available to all employees, with the Cooperative matching 40% of the employees' contributions up to 5% of the employees' wages. For the years ended December 31, 2019 and 2018, the Cooperative contributed $149,309 and $150,859, respectively, to the 401(k) plan.

In 2018, the Cooperative offered key employees a deferred compensation plan available through NRECA. The plan permits qualifying employees to defer a portion of their salary until future years. The accumulated deferred compensation balance is not available to the employees until termination, retirement or death. All amounts of compensation deferred under the plan and all income attributable to those amounts (until paid or made available to the employee or other beneficiary) are solely the property and rights of the Cooperative (not restricted to the payment of benefits under the plan), subject only to the claim of general creditors. Participants' rights under the plan are equal to those of general creditors of the Cooperative in an amount equal to the fair market value of the deferred account for each participant. The related assets and liabilities total $69,684 and $15,946 as of December 31, 2019 and 2018, respectively, are reported as contract value, which approximates fair value.

(16) NIMECA Combined Transmission System

In 1989, the Cooperative and one of its members, NIMECA, entered into a joint transmission agreement that allows several members of NIMECA an individual undivided ownership interest in and access to the Cooperative's transmission system. The Cooperative will continue to operate and maintain the system. NIMECA members will reimburse the Cooperative for the proportionate share of operating expenses of the system and will contribute proportionately for all future capital additions of the system.

(17) Environmental Matters

The EPA CSAPR was in effect January 1, 2015. This rule regulates interstate emissions of NOx and SO2 contributing to nonattainment areas of fine particulate and ozone. In 2015, EPA proposed a more stringent NOx seasonal Phase II. The NOx seasonal Phase II of the rule was finalized in 2016 and became effective in May 2017. The effects on the Cooperative are minimal due to the number of hours its coal plants operate during the year.

In September 2019, the final Affordable Clean Energy (ACE) Rule was finalized. This rule applies only to coal-based steam generating units. It recognizes that the Clean Air Act authorizes CO2 reduction at existing plants through the application of heat rate improvement (HRI) measures and operational changes at the source itself (inside the fence). It also directs states to develop standards of performance for individual power plants by applying a prescribed list of technologies that constitute the "Best System of Emission Reduction" (BSER). ACE also includes a provision giving states three years to develop and submit a State Implementation Plan (SIP) to the EPA containing standards of performance for each regulated facility in the state. Upon submitting its SIP, the EPA has six months to determine whether the SIP is "complete" and if so, then has 12 months to approve/disapprove the SIP (total of up to 18 months for final action on a SIP). If a state's SIP is still not acceptable by the EPA, the EPA has two years to develop a Federal Implementation Plan to which that state must comply. The Cooperative believes the impact of this regulation will be minimal as almost all of the HRI measures listed in the regulation have already been implemented at its coal-based steam generating units.

The Cooperative believes that the combination of the costs for the required capital investments, increased operational expenses, and purchase of emission allowances resulting from these new and revised regulations will be significant.

(18) Subsequent Events

The Cooperative has evaluated subsequent events from the balance sheet date through March 4, 2020, the date at which the financial statements were available to be issued and noted no additional items to disclose.

Purpose:

Corn Belt Power Cooperative enhances
the quality of life for members,
employees and communities.

Mission:

Responsibly provide reliable,
safe and affordable electricity.

Support member cooperatives' success.

Enhance employees' effectiveness.

Improve communities' vitality.

Values:

Integrity, Accountability,
Commitment, Teamwork

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