

**REPORT OF**  
**MISSOURI JOINT MUNICIPAL**  
**ELECTRIC UTILITY COMMISSION**  
**DECEMBER 31, 2014 and 2013**



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Missouri Joint Municipal Electric Utility Commission

We have audited the accompanying financial statements of the Missouri Joint Municipal Electric Utility Commission ("MJMEUC"), which comprise the statements of net position as of December 31, 2014 and 2013, and the related statements of revenues, expenses and changes in net position 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 opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 auditor's 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 net position of the Missouri Joint Municipal Electric Utility Commission as of December 31, 2014 and 2013, and its changes in net position and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

## *Other Matters*

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 to 9 and the schedule of funding progress on page 39 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of individual funds net position; the statements of individual funds revenues, expenses and changes in net position; the statements of individual funds cash flows; and the schedule of changes in restricted bond accounts (the "supplementary information") on pages 40 to 46 are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Williams-Kelper LLC*

May 22, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Missouri Joint Municipal Electric Utility Commission ("MJMEUC") offers all persons interested in the financial position and results of MJMEUC's operations this narrative overview and analysis of MJMEUC's financial activities for the years ended December 31, 2014 and 2013. Please read this narrative in conjunction with the accompanying financial statements and the accompanying notes to financial statements which follow this section.

### Overview of the Financial Statements

MJMEUC was formed with the main purpose of providing dependable, sufficient and economical electric power and energy for the benefit of member municipalities and their residents. There are two full requirements energy pools within MJMEUC. The MoPEP Pool consists of 35 municipal members and the MMMPEP Pool consists of 12 municipal members. MJMEUC has joint ownership interests in power generating facilities with other entities with take-or-pay power purchase agreements with other MJMEUC members and MoPEP for the sale of MJMEUC's share of the power generated from these facilities.

This report consists of three parts: Management's Discussion and Analysis (this section), the Financial Statements, and supplemental information. The Financial Statements are comprised of the Statements of Net Position; the Statements of Revenue, Expenses and Changes in Net Position; the Statements of Cash Flows; and the Notes to Financial Statements. These statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and MJMEUC applies GAAP that pertains to regulated operations. MJMEUC uses the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

The financial statements are prepared using proprietary or enterprise fund accounting. Proprietary funds account for governmental operations that are designed to be self-supporting from fees charged to consumers for the provision of goods and services or where the government has decided that the periodic determination of revenues, expenses, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The accounting and financial reporting practices of proprietary funds are similar to those used for business enterprises and focus on capital maintenance and the flow of economic resources through the use of accrual accounting.

The supplemental information includes Statements of Individual Funds Net Position; Statements of Individual Funds Revenues, Expenses and Changes in Net Position; Statements of Individual Funds Cash Flows; and Schedule of Changes in Restricted Bond Accounts. These statements and schedules are presented to provide additional information on the individual funds comprising MJMEUC's financial statements for the purposes of additional analysis and are not a required part of MJMEUC's financial statements.

The Statements of Net Position present MJMEUC's financial position as of the end of the years presented. Information is displayed on assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. The net position of MJMEUC reflects the resources available as of the end of the year to support member activities. Over time, increases and decreases in MJMEUC's net position are one indicator of whether MJMEUC's financial health is improving or deteriorating. Other factors to consider include MJMEUC's wholesale electric rates and its ability to maintain or exceed debt coverage levels and other covenants required by its bond indentures.

The Statements of Revenues, Expenses and Changes in Net Position present information detailing the revenues, expenses, and deferred inflows and outflows that resulted in the change in net position that occurred during the years presented. All revenues, expenses, and deferred inflows and outflows are reported on an accrual basis, following GAAP for regulated operations. This means that the revenues, expenses, or deferred inflows and outflows are recognized as soon as the underlying event giving rise to the change occurs,

regardless of when the actual cash is received or paid. Thus, revenues, expenses, and deferred inflows and outflows are reported in this statement for some items that will not result in cash flows until future periods. For example, power purchases that occurred during the year will be reflected as an expense, whether or not they have been paid as of the end of the fiscal year. Further, GAAP for regulated operations require a matching of revenues and expenses for when costs are recoverable.

The Statements of Cash Flows present the cash inflows and outflows of MJMEUC categorized by operating, capital and related financing, and investing activities. It reconciles the beginning and end-of-year cash and cash equivalents balances contained in the Statements of Net Position. The effects of accrual accounting are adjusted out and non-cash activities, such as depreciation, are removed to supplement the presentation in the Statements of Revenues, Expenses and Changes in Net Position.

The Notes to Financial Statements follow the above financial statements and provide additional information that is essential to have a full understanding of the information provided in the financial statements.

### Financial Analysis

The following tables present summarized financial position and results as of and for the years ended December 31, 2014, 2013 and 2012. Additional details are available in the accompanying financial statements.

#### Condensed Statements of Net Position as of December 31, 2014, 2013 and 2012

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Capital Assets	\$ 1,279,499,760	\$ 1,300,502,434	\$ 1,316,414,419
Other Noncurrent Assets	179,911,934	177,945,202	214,373,912
Current Assets	128,262,668	135,900,696	111,626,416
Total Assets	<u>1,587,674,362</u>	<u>1,614,348,332</u>	<u>1,642,414,747</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	13,214,850	-	-
	<u>\$ 1,600,889,212</u>	<u>\$ 1,614,348,332</u>	<u>\$ 1,642,414,747</u>
<b>LIABILITIES</b>			
Long-term Debt	\$ 1,447,960,248	\$ 1,466,378,858	\$ 1,514,607,602
Accrued Interest Payable	31,451,108	39,350,571	39,896,199
Accounts Payable	19,485,564	20,831,289	13,421,086
Accrued Liabilities and Other Liabilities	51,508,224	47,723,414	35,370,402
Total Liabilities	<u>1,550,405,144</u>	<u>1,574,284,132</u>	<u>1,603,295,289</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Regulatory Credits	<u>12,598,333</u>	<u>7,228,503</u>	<u>11,783,374</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	(90,149,619)	(81,221,037)	(62,979,595)
Restricted	53,748,109	49,949,270	40,047,226
Unrestricted	74,287,245	64,107,464	50,268,453
Total Net Position	<u>37,885,735</u>	<u>32,835,697</u>	<u>27,336,084</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 1,600,889,212</u>	<u>\$ 1,614,348,332</u>	<u>\$ 1,642,414,747</u>

## **Financial Position Analysis – 2014**

MJMEUC issued two advance refunding revenue bond issues in 2014, one for the Iatan 2 Project and one for the Plum Point Project, to take advantage of favorable interest rates and to lower total future debt service requirements. Net present value savings from the advance refunding issues were approximately \$18 million for the Iatan 2 Project and approximately \$20 million for the Plum Point Project. The refunded bonds were removed from the Statements of Net Position as they were legally defeased and the refunding revenue bonds were added to the Statements of Net Position.

Capital assets before depreciation increased \$12.6 million (0.9%) as a result of continued capital improvements of the utility plants. Capital assets, net of depreciation, decreased \$21 million (1.6%) in 2014 due to depreciation expense exceeding capital improvement expenditures. Construction work in progress remained significant, but did decrease \$3.7 million to \$25.2 million at the end of 2014 compared to 2013.

Other noncurrent assets consist of restricted bond accounts, other restricted cash and investments, investments, contractual deposits, and regulatory assets. Other noncurrent assets increased by \$2 million (1.1%) due to the use of bond project funds to complete capital projects, a reduction in restricted bond accounts, and a reduction in regulatory assets, which was partially offset by a \$14.6 million increase in investments. Current assets decreased \$7.6 million (5.6%) due to decreases in cash and cash investments and investments that were moved to other assets, and smaller holdings held in restricted bond accounts for current debt service obligations. A 110% debt service coverage requirement applies to MoPEP's portion of long-term debt obligations and helped improve MoPEP's liquidity, cash and investment holdings positions.

Deferred Outflows of Resources is a new financial statement category in MJMEUC's Statements of Net Position, resulting from the two advance refunding bond issues. This amount will be amortized into MJMEUC's expenses over the life of the refunding bonds.

Long-term debt had a net decrease of \$18.4 million (1.3%) as a result principal payments made and a \$3.1 million decrease in the current portion of long-term debt. Accrued interest payable decreased approximately \$7.9 million (20.1%) and consists of interest accrued on MoPEP, Plum Point, Iatan 2 and Prairie State capital projects. This large reduction was the result of the two advance bond refunding issues that lowered interest rates and a portion of the interest due on January 1, 2015 was paid at the time of the refunding issues, lowering the accrued interest at December 31, 2014. Accrued liabilities and other liabilities had a \$3.5 million (7.3%) net increase attributed to a \$6.5 million increase in unearned revenue which is partially offset by the decrease in current maturities due on capital project bond payments.

Regulatory credits increased \$5.4 million (74.3%) in 2014, primarily from amounts billed to participants for debt service, capital expenditures, and other costs being more than depreciation and interest expense for the MoPEP pool and the Iatan 2 project.

MJMEUC's overall net position increase of \$5.1 million (15.4%) is primarily attributable to amounts collected for rate covenants according to debt agreements and investment return. The approximate \$90 million deficit portion of net position increased over 2013 figures by approximately \$8.9 million and is primarily attributable to depreciation recognized in 2014. This deficit reflects the investments in capital assets less any outstanding debt net of unspent debt project funds that were issued to acquire those assets. Restricted net position increased \$3.8 million from 2013, which consists of funds held by either MJMEUC for operations and maintenance reserves or held by MJMEUC's bond trustees that are to be used for payment of debt service and as debt service reserves, less the current portion of related liabilities as of the end of the fiscal year that are to be settled with these funds.

### **Financial Position Analysis – 2013**

Capital assets before depreciation increased \$18.1 million (1.3%) as a result of continued capital improvements of the utility plants. Capital assets, net of depreciation, decreased \$15.9 million (1.2%) in 2013 due to depreciation expense exceeding capital improvement expenditures. Construction work in progress increased \$5.9 million to \$28.9 million in 2013 due to significant capital improvement projects underway at the Plum Point, Iatan 2, and Prairie State power generation facilities.

Other noncurrent assets consist of restricted bond accounts, other restricted cash and investments, certificate of deposit in 2012, contractual deposits, and regulatory assets. Other noncurrent assets decreased by \$36.4 million (17.0%) due to the use of bond project funds to complete capital projects and the classification of the certificate of deposit as a current asset in 2013. Current assets increased \$24.3 million (21.7%) due to increases in cash and cash investments, accounts receivable, the classification of the certificate of deposit as a current asset in 2013, and larger holdings held in restricted bond accounts for current debt service obligations. A 110% debt service coverage requirement applies to MoPEP's portion of long-term debt obligations and helped improve MoPEP's liquidity and cash holdings positions.

Long-term debt had a net decrease of \$48.2 million (3.2%) as a result principal payments made and a \$13.7 million increase in the current portion of long-term debt. Accrued interest payable decreased approximately \$550,000 (1.4%). Accrued liabilities and other liabilities had a \$12.4 million (34.9%) net increase attributed primarily to the increase in current maturities due on capital project bond payments.

Regulatory credits decreased \$4.6 million (38.7%) in 2013, primarily from amounts billed to participants for debt service and capital expenditures being less than depreciation and interest expense for the Prairie State, Iatan 2, and Plum Point projects.

MJMEUC's overall net position increase of \$5.5 million (20.1%) is primarily attributable to amounts collected for rate covenants according to debt agreements, planned increase in reserves, and investment return. The approximate \$81 million deficit portion of net position increased over 2012 figures by approximately \$18.2 million and is primarily attributable to depreciation recognized in 2013. This deficit reflects the investments in capital assets less any outstanding debt net of unspent debt project funds that were issued to acquire those assets. Restricted net position increased \$9.9 million from 2012, which consists of funds held by either MJMEUC for operations and maintenance reserves or held by MJMEUC's bond trustees that are to be used for payment of debt service and as debt service reserves, less the current portion of related liabilities as of the end of the fiscal year that are to be settled with these funds.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position for 2014, 2013 and 2012**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues:			
Power Sales and Related Charges	\$ 340,607,775	\$ 337,496,030	\$ 256,617,714
Transmission	16,390,102	14,040,734	7,947,890
Transfers from MAMU and MGCM	105,099	118,548	130,149
Other	711,315	594,580	719,344
Total Operating Revenues	<u>357,814,291</u>	<u>352,249,892</u>	<u>265,415,097</u>
Operating Expenses:			
Power Purchases and Generation	190,543,647	194,677,500	159,234,010
Member Capacity and Generation Credits	11,044,734	12,075,963	13,969,389
Transmission	31,608,362	26,039,943	15,697,346
Depreciation	33,440,718	33,894,264	22,228,086
Net Costs Recoverable in Future Years	11,724,025	3,987,203	486,573
Other Pool and Project Expenses	3,793,209	3,292,868	2,182,630
Administrative, General, and Training	2,702,013	1,971,864	1,888,908
Total Operating Expenses	<u>284,856,708</u>	<u>275,939,605</u>	<u>215,686,942</u>
Operating Income	72,957,583	76,310,287	49,728,155
Nonoperating Income Net of Expenses	<u>(67,907,545)</u>	<u>(70,810,674)</u>	<u>(44,957,927)</u>
Increase in Net Position	5,050,038	5,499,613	4,770,228
Net Position, Beginning of Year	<u>32,835,697</u>	<u>27,336,084</u>	<u>22,565,856</u>
Net Position, End of Year	<u>\$ 37,885,735</u>	<u>\$ 32,835,697</u>	<u>\$ 27,336,084</u>

**Operating Results Analysis - 2014**

MJMEUC power sales are largely collections from members engaged in the agency's full-requirements power pools services and members participating in the Plum Point, Iatan Unit 2, and Prairie State projects. Overall, power sales and related charges increased \$3.1 million (0.9%). For the 2014 and 2013 fiscal years, combined power sales and related charges to MJMEUC members was \$340.6 million and \$337.5 million, respectively, on a consolidated basis and, \$398 million and \$381.3 million, respectively, on a nonconsolidated basis. Unit sales for 2014 and 2013 were 4,946,444 megawatt hours (MWh) and 4,883,419 MWh, respectively, on a consolidated basis and 5,721,507 and 5,661,158, respectively, on a nonconsolidated basis.

MJMEUC bills member municipalities monthly for power and energy based on the cost of MJMEUC's power and energy purchases and generation plus a mark-up for associated MJMEUC overhead and to build MJMEUC's reserves. The cost structure of MJMEUC's power supply continues to shift from energy to capacity with the commencing of Plum Point, Iatan Unit 2, and Prairie State operations. Particularly, MoPEP's reliance on power supply contracts has diminished over the years and replaced with output from the aforementioned projects and the Dogwood facility. However, MMMPEP receives all of its power supply through power purchase agreements and does not have any generating capacity itself. Power Purchases decreased \$5.1 million in 2014 while MJMEUC's power generation costs related to power sales increased \$964,000 in 2014. Member capacity and generation credits decreased \$1 million mostly due to some MoPEP members finding it too costly to update their generation assets to comply with new EPA emissions standards.

Net costs recoverable in future years of \$11.7 million represents a net of certain MoPEP pool and project expenses incurred that will be recovered in future years and debt service payments collected from members in excess of current interest and depreciation expense.



Nonoperating income net of expenses decreased by approximately \$2.9 million and is comprised of returns on investments, which increased approximately \$750,000, bond interest subsidies received, and interest expense, which decreased \$2.1 million.

### **Operating Results Analysis - 2013**

Overall, power sales and related charges increased \$80.9 million (31.5%). At the end of the 2013 fiscal year, combined power sales and related charges to MJMEUC members was \$337.5 million on a consolidated basis, \$381.3 million on a nonconsolidated basis and 4,883,419 megawatt hours (MWh) compared to \$256.6 million, \$284.9 million and 4,379,579 MWh, respectively, in 2012. The increase in 2013 power sales was attributed to Prairie State's first complete year of operations and the commencement of services to MMMPEP. Prairie State sales revenue increased \$45.9 million to \$83.3 million in 2013, which includes \$25.4 million of MoPEP's pro-rata share. MMMPEP's power sales revenue was \$21.5 million in its first year of operations, which began on March 1, 2013.

The cost structure of MJMEUC's power supply has shifted significantly from energy to capacity with the commencing of Plum Point, Iatan Unit 2, and Prairie State operations. Particularly, MoPEP's reliance on power supply contracts has diminished over the years and replaced with output from the aforementioned projects and the Dogwood facility. However, MMMPEP receives all of its power supply through power purchase agreements and does not have any generating capacity itself, which attributed to an increase in overall power purchases of \$19.1 million (19.7%) in 2013. MJMEUC's power generation costs related to power sales increased \$16.3 million in 2013, primarily attributable to Prairie State's first full year of operations. Member capacity and generation credits decreased \$1.9 million due to weather related demand, low natural gas fuel costs, and less paid for member capacity as some members decided to discontinue providing capacity and energy to MoPEP because of new EPA emissions standards.

Depreciation expense for \$33.9 million, compared to \$22.2 million in 2012, was recorded for the year, with the increase attributable to the first full year of depreciation of the Prairie State facilities. Net costs recoverable in future years of \$3,987,203 represents a net of certain MoPEP pool and project expenses incurred that will be recovered in future years and debt service payments collected from members in excess of current interest and depreciation expense.

Nonoperating income net of expenses decreased by approximately \$25.8 million and is comprised of returns on investments, bond interest subsidies received and other gains offset by bond interest expense related to borrowed funds.

### **Financial Outlook for 2015 and Beyond**

MJMEUC fully implemented in-house 24 hour scheduling services for its members in the fourth quarter of 2014. In-house 24 hour scheduling services moved certain regulatory and reliability responsibilities to MJMEUC staff as opposed to relying on a third party supplier. In addition, improved management of market transactions and other additional cost savings for MJMEUC's members are expected in 2015 and thereafter.

#### **MoPEP**

MJMEUC continues to increase its renewable resources of power generations in 2015. In August 2014, MJMEUC executed a long-term power purchase agreement for the rights to purchase all the capacity and energy from multiple solar power generating facilities in Missouri for up to approximately 12.8 MW of power to be completed by the end of 2016. The power generating facilities will be located in up to five cities that are members of the MoPEP pool. The first facility constructed in the City of Macon, Missouri went into commercial operation in May 2015. Construction of the second facility is expected to begin in the summer of 2015 in the City of Trenton, Missouri. Contracts are being negotiated for the other three facilities. The capacity and energy for these facilities are fully dedicated to the MoPEP pool.

Megawatt hour costs for MoPEP are expected to remain relatively flat in the foreseeable future, assuming no significant modifications are made to federal and state environmental regulations affecting MJMEUC's power generation units. MoPEP continues with its strategic policy to achieve economical and reliable power supply to its members with a well-positioned power supply portfolio of coal-fired, gas-fired, and renewable units. MJMEUC eagerly awaits the completion of third party interconnection upgrades and expects the Fredericktown Generating Facility to be interconnected to the grid in early summer of 2015.

MJMEUC implemented a new capital grant program in 2015 for MoPEP members. The capital grant program provides funds for MoPEP members to make electric capital improvements to local electric systems to improve the reliability of providing power to citizens of each MoPEP municipal electric system. A total of \$1.8 million is available for grants in 2015 to MoPEP members.

#### MMMPEP

Since the contract between MJMEUC and the MMMPEP group of municipalities to provide the MMMPEP municipalities with their full power requirements expires on May 31, 2018, MJMEUC and MMMPEP will be considering new contracts for MMMPEP's long term power needs

#### Debt Refundings

In addition to the two successful advance debt refundings MJMEUC undertook in 2014, MJMEUC successfully advance refunded \$229.9 million of Prairie State project revenue bonds in April 2015 with a net present value savings of \$20.5 million dollars. MJMEUC also expects, depending on market conditions, to refund additional Plum Point and Iatan 2 project revenue bonds in 2015 for additional debt service savings and will continue to monitor market conditions for refunding additional Prairie State bonds.

#### Energy Services

MJMEUC has contracted with Leidos Engineering, LLC for an integrated resource study on behalf of municipal members and potential members of MJMEUC. Initial study results are expected during the latter half of 2015 and are expected to lead to further planning and potential project development.

#### Transmission

As is true throughout the electric utility industry, transmission costs and regional transmission organization ("RTO") related costs generally are growing to become a more significant driver of costs and rate increases. This is expected to continue in MISO, SPP and other regions as new and upgraded transmission facilities are developed. MJMEUC has entered into a strategic co-development agreement with Gridliance GP, LLC, whereby MJMEUC will work with Gridliance affiliates, Blackstone Energy Partners, the Oklahoma Municipal Power Authority, and other public power utilities to develop transmission investment opportunities enabling MJMEUC to mitigate transmission cost increases. These arrangements are not necessarily expected to result in immediate investment opportunities and do not obligate MJMEUC to make transmission investments at any time, but MJMEUC management is optimistic that advantageous opportunities will result within a few years. These investments will be smaller than those associated with major electric generation projects but will be significant in relation to transmission cost pressures.

#### **Requests for Information**

This financial report is designed to provide the reader a general overview and analysis of the financial activities of MJMEUC. Questions or requests for more information concerning any of the information provided in this report should be directed to Duncan Kincheloe, CEO, President, and General Manager, Missouri Joint Municipal Electric Utility Commission, 1808 I-70 Drive, Columbia, Missouri 65203, (573-445-3279)

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**

**STATEMENTS OF NET POSITION**

**December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CAPITAL ASSETS</b>		
Plant, Buildings, and Equipment in Service	\$ 1,254,312,082	\$ 1,271,584,051
Construction Work in Progress	<u>25,187,678</u>	<u>28,918,383</u>
Total Capital Assets, Net	<u>1,279,499,760</u>	<u>1,300,502,434</u>
<b>RESTRICTED ASSETS</b>		
Bond Accounts Cash and Investments	105,692,562	113,913,365
Other Cash and Cash Equivalents	<u>16,554,351</u>	<u>14,918,197</u>
Total Restricted Assets	<u>122,246,913</u>	<u>128,831,562</u>
<b>OTHER ASSETS</b>		
Investments	14,647,491	-
Prepaid Expenses	564,108	487,528
Contractual Deposits	8,315,863	10,287,489
Regulatory Assets	<u>34,137,559</u>	<u>38,338,623</u>
Total Other Assets	<u>57,665,021</u>	<u>49,113,640</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	24,222,182	30,055,685
Investments	288,149	6,684,994
Accounts Receivable, Net	17,823,515	15,587,594
Contractual Deposits	6,489,500	-
Prepaid Expenses	7,234,823	5,481,070
Fuel Stock and Material Inventory	8,189,463	8,516,077
Restricted Assets:		
Bond Accounts, Current Portion	<u>64,015,036</u>	<u>69,575,276</u>
Total Current Assets	<u>128,262,668</u>	<u>135,900,696</u>
Total Assets	<u>1,587,674,362</u>	<u>1,614,348,332</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized Loss on Advance Refunding	<u>13,214,850</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,600,889,212</u>	<u>\$ 1,614,348,332</u>

Continued on next page

See accompanying notes to financial statements.

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**

**STATEMENTS OF NET POSITION (Continued)**

**December 31, 2014 and 2013**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

NONCURRENT LIABILITIES

Long-Term Debt, Net of Current Maturities	\$ 1,447,960,248	\$ 1,466,378,858
Unearned Revenue	10,635,283	10,638,965
Total Noncurrent Liabilities	1,458,595,531	1,477,017,823

CURRENT LIABILITIES

Accounts Payable	19,485,564	20,831,289
Accrued Payroll and Payroll Taxes	219,820	169,303
Unearned Revenue	7,876,121	1,085,970
Current Maturities, Long-Term Debt	32,777,000	35,829,176
Payable From Restricted Assets:		
Accrued Interest Payable on Debt	31,451,108	39,350,571
Total Current Liabilities	91,809,613	97,266,309
Total Liabilities	1,550,405,144	1,574,284,132

DEFERRED INFLOWS OF RESOURCES

Regulatory Credits	12,598,333	7,228,503
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Net Position

Net Investment in Capital Assets	(90,149,619)	(81,221,037)
Restricted	53,748,109	49,949,270
Unrestricted	74,287,245	64,107,464
Total Net Position	37,885,735	32,835,697

Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,600,889,212	\$ 1,614,348,332
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See accompanying notes to financial statements.

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended December 31, 2014 and 2013**

	2014	2013
<b>OPERATING REVENUES</b>		
Power Sales and Related Charges	\$ 340,607,775	\$ 337,496,030
Transmission	16,390,102	14,040,734
Transfers From MAMU and MGCM	105,099	118,548
Conferences and Member Training	393,145	333,397
Other	318,170	261,183
Total Operating Revenues	357,814,291	352,249,892
<b>OPERATING EXPENSES</b>		
Pool and Project Expenses		
Power Purchases	110,465,086	116,065,536
Member Capacity and Generation Credits	11,044,734	12,075,963
Power Generation	80,078,561	78,611,964
Transmission	31,608,362	26,039,943
Personnel Services and Staff Support	1,942,731	1,578,621
Professional Services	728,471	819,835
Rental and Maintenance	308,322	199,172
SCADA Communications	318,880	275,565
Depreciation	33,440,718	33,894,264
Net Costs Recoverable in Future Years	11,724,025	3,987,203
Other Operating Expenses	494,805	419,675
Conferences and Member Training	200,575	183,234
Administrative and General	2,501,438	1,788,630
Total Operating Expenses	284,856,708	275,939,605
Operating Income	72,957,583	76,310,287
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Return	1,120,945	379,165
Bond Interest Subsidy	7,108,309	7,080,767
Interest and Fees Expense	(76,136,799)	(78,270,606)
Net Nonoperating Expenses	(67,907,545)	(70,810,674)
Increase in Net Position	5,050,038	5,499,613
Net Position, Beginning of Year	32,835,697	27,336,084
Net Position, End of Year	\$ 37,885,735	\$ 32,835,697

See accompanying notes to financial statements.

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>OPERATING ACTIVITIES</b>		
Receipts from Power and Transmission Sales	\$ 372,476,331	\$ 344,556,953
Receipts from Other Revenue Sources	725,188	720,870
Payments for Power Purchases and Other Goods and Services	(258,651,244)	(225,807,212)
Payments to Employees for Services and Benefits	<u>(2,736,144)</u>	<u>(2,287,577)</u>
Net Cash Provided by Operating Activities	<u>111,814,131</u>	<u>117,183,034</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Long-Term Debt	398,596,195	-
Bond Interest Subsidy Received	7,108,309	7,080,767
Principal Payments on Long-Term Debt	(414,119,175)	(33,717,824)
Payment of Bond Issuance Costs	(2,148,176)	-
Payment of Bond Advance Refunding Costs	(13,370,819)	-
Payments of Interest and Fees on Debt	(85,061,045)	(80,347,898)
Acquisition and Construction of capital Assets	<u>(12,560,908)</u>	<u>(17,354,888)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(121,555,619)</u>	<u>(124,339,843)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of Restricted Cash and Investments	(137,054,602)	(126,834,628)
Proceeds from Sales and Maturities of Restricted Cash and Investments	139,827,659	140,139,373
Purchase of Certificate of Deposit	-	(85,455)
Investment Income Received	<u>1,134,928</u>	<u>1,000,575</u>
Net Cash Provided by Investing Activities	<u>3,907,985</u>	<u>14,219,865</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,833,503)	7,063,056
Cash and Cash Equivalents, Beginning of Year	<u>30,055,685</u>	<u>22,992,629</u>
Cash and Cash Equivalents, End of Year	<u>\$ 24,222,182</u>	<u>\$ 30,055,685</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 72,957,583	\$ 76,310,287
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	33,547,955	33,955,793
Adjustments for (Increases) Decreases in Assets and Increases (Decreases) in Liabilities:		
Accounts Receivable	2,077,269	(7,068,376)
Prepaid Expenses	(1,805,779)	1,855,505
Fuel Stock and Material Inventory	326,614	1,468,051
Contractual Deposits	(4,517,874)	(1,220,543)
Regulatory Assets	5,136,946	8,554,316
Accounts Payable	(4,243,874)	9,195,477
Accrued Payroll and Payroll Taxes	50,517	32,676
Unearned Revenue	5,346,874	(1,345,281)
Deferred Inflows of Resources	<u>2,937,900</u>	<u>(4,554,871)</u>
Net Cash Provided by Operating Activities	<u>\$ 111,814,131</u>	<u>\$ 117,183,034</u>

See accompanying notes to financial statements.

# MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

### NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of the Organization*

Missouri Joint Municipal Electric Utility Commission ("MJMEUC") is a joint action agency formed under the Joint Municipal Utility Commission Act, Revised Statutes of Missouri Sections 393.700-393.770, to obtain sufficient and economical electric power and energy for the benefit of member Missouri municipalities and their residents. MJMEUC provides full power purchase requirements to members, and arranges purchases for members in need of supplemental power and the sale of members' excess power under joint contracts with the members. Each member of MJMEUC appoints a representative to MJMEUC's Board of Directors.

Within MJMEUC there are two full requirements pools. The first pool is called the Missouri Public Energy Pool #1 ("MoPEP"). The 35 municipal members of the MoPEP pool have entered into joint agreements committing their current and future electric generating facilities and purchase power contracts to the pool of members to facilitate joint planning, scheduling, dispatching, power purchases, and acquisition ownership interests in electric power facilities. The joint agreements under MoPEP entail certain obligations by the members, including maintaining adequate customer rates and maintenance of power facilities and contracts in order to meet the members' commitments to the pool.

The second pool is called Mid-Missouri Municipal Public Energy Pool ("MMMPEP"). The twelve municipal members of the MMMPEP pool have entered into five year power purchase contracts with MJMEUC for the full power requirements of their respective municipality. These contracts began on March 1, 2013 and expire on May 31, 2018.

As of December 31, 2014, MJMEUC has several long-term commitments for power purchase contracts and operating costs of jointly owned power generating facilities, as explained elsewhere in these notes. MJMEUC's acquisition of ownership interests generally includes commitments under loan or bond financing arrangements. Through participation in the joint agreements with other MJMEUC members, each member has an allocated share of the various long-term commitments under these contracts, including its allocated portion of costs with MJMEUC's ownership interest in power generating facilities and take-or-pay power purchase commitments. MJMEUC also has a second category of "advisory" members to allow rural electric cooperatives and non-Missouri municipalities to participate in these power supply programs and projects. There are various cancellation provisions under these contracts.

MJMEUC is a party to a joint operating agreement with the Missouri Association of Municipal Utilities ("MAMU") and the Municipal Gas Commission of Missouri ("MGCM") for the purpose of coordinating resources to improve efficiency and reduce costs. The resulting alliance, known as the Missouri Public Utility Alliance ("MPUA"), is managed by a Joint Operating Committee comprised of three representatives from the governing boards of each member. This committee reviews and recommends annual budgets for each member, determines the allocation of expenses on a cost reimbursement basis to members, consults on employee issues, and recommends contractual arrangements with joint consultants to each member.

### ***Measurement Focus, Basis of Accounting, and System of Accounts***

These financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when an exchange takes place.

MJMEUC's accounts are maintained in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission and the accrual basis of accounting. MJMEUC applies the accounting principles of Governmental Accounting Standards Board Statement No. 62 (GASB 62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, that pertain to regulated operations. Accordingly, revenues and expenses are matched to current and future periods in which the revenues are earned or the expenses are recovered through the rate-making process that is under the control of MJMEUC's Board of Directors.

MJMEUC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with MJMEUC's ongoing operations. Operating expenses include the costs of sales and services, member training, administrative and general expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### ***Revenue and Expense Recognition for Transactions with Regional Transmission Organizations (RTOs)***

MJMEUC sells electric power on the market through RTOs, either from generation resources or through power purchase agreements, and MJMEUC purchases energy from the RTOs where MJMEUC economically needs to receive the power. MJMEUC records the sales and purchases of power through RTOs on a net basis. This revenue recognition policy avoids the recording of revenues and expenses on essentially the same energy multiple times.

### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

### ***Restricted Resources***

MJMEUC uses restricted resources first to fund expenditures when both restricted and unrestricted resources are available.

### ***Income Taxes***

MJMEUC is a body politic and corporate, municipal corporation of the State of Missouri and is exempt from federal and state income taxes.



### ***Utility Plant in Service and Other Buildings and Equipment***

Utility plant in service and other buildings and equipment are recorded at cost. Interest incurred during the construction phase is reflected in the capitalized amount of the asset constructed, net of interest earned on the invested debt proceeds over the same period. MJMEUC capitalizes fixed assets that have a useful life of more than one year and an initial individual cost of at least \$5,000, except for computer equipment and furniture for which the minimum threshold amount is \$1,500. Costs incurred for MJMEUC's jointly owned investments in utility power plant projects have been capitalized. Capitalization thresholds may be set by individual projects; however, MJMEUC analyzes the costs of each project to apply its capitalization policies consistently. Utility plant betterments and replacements in excess of \$5,000 are capitalized and depreciated. The purchase of capital spares, which consist of critical equipment component spares for a utility plant, are capitalized and depreciated as part of the utility plant. The costs of normal maintenance and repairs are charged to operations as incurred. Property, plant and equipment financed by capital leases are recorded as capital assets and as corresponding liabilities. Amortization expense related to assets acquired with capital leases are recorded as a component of depreciation expense on the same basis as assets financed with other resources. Depreciation is expensed using the straight line method over the estimated useful lives of the assets.

Following are the estimated useful lives for capital assets:

<u>Asset class</u>	<u>Years</u>
Computer Equipment	5
Office Furniture	7-10
Other Equipment	7-10
Office Buildings	40
Railcars	15
Utility Plant in Service	5-60

### ***Bond Issuance Costs and Bond Premiums and Discounts***

Financing costs incurred in connection with issuance of bonds and other long-term debt has been recognized as a regulatory asset and is recovered through MJMEUC's future rates. Premiums and discounts in connection with issuance of long-term debt have been recognized and reported as a component of the outstanding debt balance. The financing costs and premiums and discounts are being amortized over the life of the respective debt in accordance with MJMEUC's rate-making policy.

### ***Investments***

Investments are reported at fair value, as determined by quoted market prices. Investment return includes interest income and realized and unrealized gains or losses.

### ***Fuel stock and material inventory***

Fuel stock and material are valued at average costs. The cost of fuel and materials used in production are expensed as used and are recovered through rates.

### ***Prepaid Expenses***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

### ***Accounts Receivable***

Accounts receivable are stated at the amount billed to members. All receivable balances are considered fully collectible and an allowance for doubtful accounts is not deemed necessary.

### ***Regulatory Assets and Regulatory Credits***

MJMEUC is subject to the accounting methods for regulatory operations. Billing rates are established by the Board of Directors and are designed to fully recover each projects' and pools' costs over the life of the project or pool. Participant billing rates are structured to recover current debt services requirements, operating costs, and to fund certain other items. Accordingly, certain costs or revenues are deferred and reported as regulatory assets or regulatory credits until they are recovered in future rates or costs.

Regulatory assets are rights to additional revenues or deferred expenses, which are expected to be recovered through customer rates over some future period. Regulatory credits are reductions in earnings (or costs recovered) to cover future expenses. Regulatory credits are reported as deferred inflows of resources, which is discussed below. MJMEUC is not a public utility subject to rate regulation by the Federal Energy Regulatory Commission or by the Missouri Public Service Commission.

Regulatory assets and regulatory credits consist of the following as of December 31, 2014 and 2013:

<u>Regulatory Assets</u>	<u>2014</u>	<u>2013</u>
Interest, Depreciation and Capital Costs in Excess of Billings	\$ 15,618,278	\$ 16,001,636
Prepayments of Future Expenses	-	5,299,423
Unamortized Debt Issuance Costs	18,519,281	17,037,564
	<u>34,137,559</u>	<u>38,338,623</u>
<u>Regulatory Credits</u>	<u>2014</u>	<u>2013</u>
Billings in Excess of Interest, Depreciation and Capital Costs	\$ 9,468,032	\$ 4,941,374
Advance Billings for Future Costs	3,130,301	2,287,129
	<u>\$ 12,598,333</u>	<u>\$ 7,228,503</u>

### ***Deferred Outflows and Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. MJMEUC's only item that qualifies for reporting in this category is the unamortized loss on refunded debt, which is deferred and amortized over the shorter of the life of the refunded debt or the new debt in accordance with MJMEUC's rate making policy.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. MJMEUC has only one type of item that qualifies for reporting in this category, which are the regulatory credits discussed above.

### ***Arbitrage Rebate Liability***

MJMEUC's tax-exempt bonds are subject to Federal rebate requirements. Generally, any excess of earnings from investing bond proceeds over the amount that would have been earned at the yield rate of the bonds must be rebated to the Federal government. Arbitrage rebate liability, if any, has been determined based upon rebate calculations performed by MJMEUC's rebate analyst. The change in the liability amount is recorded as an adjustment to construction work-in-progress for the specific utility plant project or to interest income if the related project has been placed in service.

### ***Net Position***

Net position is classified into three components. Net investment in capital assets consists of capital assets net of accumulated depreciation less the outstanding balances of debt incurred to finance those assets. Restricted net position consists of the balance of cash and investment accounts required to be maintained by bond indentures or by contract less any amounts currently payable from these accounts. The remaining balance of net position is classified as unrestricted.

Sometimes MJMEUC will find outlays for a particular purpose to be available from both restricted and unrestricted resources. It is MJMEUC's policy to generally use restricted resources first with both restricted and unrestricted are available.

### ***Bond Interest Subsidy***

This amount represents the 35% subsidy for interest expense on the Plum Point 2009A and Prairie State 2009A and 2010A Series revenue bonds issued under the Build America Bond ("BAB") Program. However, effective with its budget year ended September 30, 2013 and scheduled to continue through 2021, the United States (U.S.) Federal government is subject to the process of sequestration, which reduces spending for many Federal programs, including the BAB program. MJMEUC's BAB's federal subsidies were reduced by approximately 8.7%, 7.3%, and 7.2% for the U.S. Federal government's years ended September 30, 2013, 2014, and 2015, respectively. The sequestration rate for future years through 2021 will be set by the U.S. Federal government from time to time in the future.

### ***Transmission Revenue and Transmission Expense***

Transmission revenue represents the costs of transmission services provided to MJMEUC members that are directly allocable and billed to specific members. Transmission costs that are not directly allocable and billed to specific members are allocated to all members of the respective pool or project and are recovered as a component of power sales and related charges. Transmission expense represents all costs associated with the distribution of energy to MJMEUC's members.

### ***Funds***

For internal accounting purposes, MJMEUC maintains separate cost centers which are referred to as funds. Resources are allocated to and accounted for in these individual funds based upon the purposes for which they are to be spent. The funds are as follows:

The Alliance Fund is used to account for all revenues and expenses associated with MPUA. The Alliance Fund pays for various administrative costs of MPUA members and receives payments from members to cover the costs.

The General Fund is used to account for all revenues and expenses not accounted for in other funds. Power and transmission transactions not related to MMMPEP and MoPEP members or the project funds are accounted for in the General Fund.

The MoPEP Fund is used to account for financial resources related to power sales and the costs of power sales for the member municipalities of MoPEP.

The MMMPEP Fund is used to account for financial resources related to power sales and the costs of power sales for the member municipalities of MMMPEP.

The Project Funds are used to account for revenues and expenses of the various MJMEUC jointly-owned power plant projects. The project funds include Plum Point, Iatan 2, and Prairie State.

### ***MAMU and MGCM Transfers***

A portion of MAMU's and MGCM's income is transferred to the Alliance Fund maintained by MJMEUC to pay for MPUA expenses. Transfers from MAMU and MGCM (see Note 8) for the Alliance Fund are recognized as revenue in the calendar year to which they pertain. Transfers billed or received in advance of the year to which they pertain are reported as unearned revenue.

### ***Risk Management***

MJMEUC manages its risks through insurance coverage provided by private insurers for workers' compensation, officers and directors liability, boiler/machinery, business interruption, and other property and business risks. There were no significant reductions in coverage compared to the prior year.

### ***Effect of New Accounting Standard on Current Period Financial Statements***

The GASB has issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This new accounting standard becomes effective for MJMEUC's financial statements for the year ending December 31, 2015. Application of this standard may restate a portion of these financial statements in future years; however, a material impact on these financial statements is not anticipated.

## **NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

### ***Cash Equivalents***

For the purpose of the Statements of Cash Flows, MJMEUC considers unrestricted cash and highly liquid debt instruments purchased with a maturity of three months or less, such as overnight repurchase agreements, to be cash equivalents. MJMEUC maintains its main checking and sweep account as a cash pool that is available for use by all funds; however, the project funds do maintain separate checking accounts as their main accounts.

### ***Investments***

Missouri State Statutes authorize political subdivisions of the state to invest funds in obligations of the United States or its agencies; certain obligations of the State of Missouri or its political subdivisions and municipalities; certificates of deposit; repurchase agreements; bankers' acceptances; and certain domestic corporation commercial paper. Restricted cash and investments held by trustees under bond and trust indentures are managed in accordance with the applicable legal documents. With respect to restricted investments of bond funds held in trust, MJMEUC's Board of Directors has obtained the opinion of legal counsel in further defining the types of investments permitted, which also includes investment agreements (including guaranteed investment contracts, or "GICs") and certain other investment agreements which are either collateralized or are provided by an entity that is rated, or whose guarantor is rated, in at least the two highest rating categories by Standard and Poor's and Moody's.

While MJMEUC does not have a formal investment policy that specifically addresses each of the following types of risks, the following describes its practices and exposures with respect to these risks:

**Interest Rate Risk** – MJMEUC manages its exposure to declines in fair values by only investing in obligations that return the initial investment and the interest earned and by holding investments to maturity or only selling investments for a realized gain.

As of December 31, 2014, MJMEUC had the following investments:

	Cash and Cash Equivalents	Investment Maturities (in years)			Fair Value
		Less than 1	1-5	Over 5	
Money Market Funds	\$ 85,380,947	\$ -	\$ -	\$ -	\$ 85,380,947
U.S. Agency Securities	-	-	18,416,354	-	18,416,354
Municipal Securities	-	27,424,628	25,028,422	27,427,476	79,880,526
Corporate Bonds	-	-	579,385	-	579,385
Commercial Paper	-	6,497,349	-	-	6,497,349
Certificates of Deposit	-	249,908	10,193,120	-	10,443,028
Total Bond Accounts Cash and Investments	<u>\$ 85,380,947</u>	<u>\$ 34,171,885</u>	<u>\$ 54,217,281</u>	<u>\$ 27,427,476</u>	<u>\$ 201,197,589</u>

Classified on the Balance Sheet as:

Current Assets (includes portion of debt service accounts for bond payments through January 1, 2015)	\$ 64,303,185
Noncurrent Assets	136,894,404
	<u>\$ 201,197,589</u>

As of December 31, 2013, MJMEUC had the following investments:

	Cash and Cash Equivalents	Investment Maturities (in years)			Fair Value
		Less than 1	1-5	Over 5	
Money Market Accounts	\$ 183,976,919	\$ -	\$ -	\$ -	\$ 183,976,919
U.S. Agency Securities	-	-	14,429,919	-	14,429,919
Certificates of Deposit	-	6,684,994	-	-	6,684,994
Total Bond Accounts Cash and Investments	<u>\$ 183,976,919</u>	<u>\$ 6,684,994</u>	<u>\$ 14,429,919</u>	<u>\$ -</u>	<u>\$ 205,091,832</u>

Classified on the Balance Sheet as:

Current Assets (includes portion of debt service accounts for bond payments through January 1, 2014)	\$ 76,260,270
Noncurrent Assets	128,831,562
	<u>\$ 205,091,832</u>

**Credit risk** – Credit risk is the risk that the issuer or the counter party to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard and Poor's and Moody's. MJMEUC's practice is to only invest in investment grade securities as permitted by Missouri State Statutes as explained above.

The following is a summary of the credit quality ratings by investment type, as listed by Moody's Investor Service, as of December 31, 2014 and 2013:

Type of Investment	Quality Rating	Fair Value 2014	Fair Value 2013
Money Market Funds	Aaa	\$ 68,826,596	\$ 169,058,722
Money Market Funds	Not Rated	16,554,351	14,918,197
U.S. Agency Securities	Aaa	18,416,354	14,429,919
Municipal Securities	Aaa	9,287,171	-
Municipal Securities	Aa1	22,220,826	-
Municipal Securities	Aa2	20,860,249	-
Municipal Securities	Aa3	27,512,280	-
Corporate Bonds	Aaa	579,385	-
Commercial Paper	P-1	6,497,349	-
Certificates of Deposit	Not Rated	10,443,028	6,684,994
		\$ 201,197,589	\$ 205,091,832

The money market funds and certificates of deposit listed above as not rated, were either fully insured by FDIC insurance or collateralized by securities.

**Concentration of Credit Risk** – This is the risk of loss attributed to the magnitude of investment in a single issuer. MJMEUC does not place limits on the amount that may be invested in any one issuer, except investments in certificates of deposit must be fully insured or collateralized by the financial institution with pledged securities held in MJMEUC's name. As of December 31, 2014, MJMEUC had investments in the Federated Prime Obligations Fund totaling 37% of MJMEUC's total investments. As of December 31, 2013, MJMEUC had investments in the Federated Prime Obligations Fund and FNMA, which represented 92% and 8%, respectively, of MJMEUC's total investments.

**Custodial Risk for Deposits** – This is the risk that, in the event of a financial institution failure, deposits may not be returned. MJMEUC's practice is to utilize bank depositories that pose little or no risk of loss of principal balance. Bank checking accounts are maintained so that excess funds are swept each night into overnight repurchase agreements or the financial institution pledges securities held in MJMEUC's name with a fair value of at least 100% of the uninsured bank balance of deposits. MJMEUC requires that securities underlying repurchase agreements must have a fair value of at least 100% of the cost of the repurchase agreement.

**Custodial Credit Risk for Investments** – This is the risk that in the event of failure of the issuer or other counterparty to an investment, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2014, all of MJMEUC's investments were held by the counterparty's trust department or agent in MJMEUC's name.

**Restricted Cash and Cash Equivalents** – A summary of restricted cash and cash equivalents held by MJMEUC under bond indentures as of December 31, 2014 and 2013 is as follows:

	2014	2013
Operating and Maintenance Accounts	\$ 9,491,991	\$ 9,214,194
Contingency Reserve Accounts	7,062,360	5,704,003
	\$ 16,554,351	\$ 14,918,197

### **NOTE 3: UTILITY PLANT PROJECTS**

#### ***Plum Point Energy Station Plant (placed in service during 2010)***

In March 2006, MJMEUC entered into agreements to acquire a 22.11% undivided interest (or approximately 147 MW) in the Plum Point Energy Station, a 665 MW coal-fired generating plant near Osceola, Arkansas. Initially, MJMEUC entered into life-of-unit, take-or-pay unit power purchase agreements with four of its Missouri member municipalities and the three Arkansas municipalities which are advisory members. In June 2011, MJMEUC's MoPEP members accepted assignment of 20 MW from one of the original Missouri member municipality's unit power purchase agreement. In 2012, an agreement was reached between two Plum Point Arkansas municipalities who assigned a combined 5 MW of their output to a third Arkansas municipality who started receiving this 5 MW on April 1, 2014, bringing the total Arkansas advisory members to four. MJMEUC's capitalized project expenditures for its share of the costs are recovered through rates and charges from MJMEUC's MoPEP members and from the participating municipalities under life-of-unit take or pay unit power purchase agreements. MJMEUC is required to pay its proportionate share of plant operation costs, operating reserves, working capital requirements and plant closure costs and in return MJMEUC receives its proportionate share of the energy generated by the plant.

#### ***Iatan Unit 2 (placed in service during 2011)***

MJMEUC paid its proportionate share of construction costs for an 11.76% undivided interest (or approximately 100 MW) in a second unit of the Iatan Generating Station, an 850 MW coal-fired generating plant constructed at the Iatan Station site in Platte County, Missouri. MJMEUC allocated 30% of its Iatan Unit 2 interest to the MoPEP pool and has entered into power purchase agreements with two of its member municipalities for the sale of the remaining capacity and energy. MJMEUC's capitalized project expenditures for its share of the costs are recovered through rates and charges from MJMEUC's MoPEP members and from the participating municipalities under power purchase agreements. MJMEUC is required to pay, through rates, its allocable share of common facilities upgrade costs, common facilities additions and retirements, and plant operation costs and in return, MJMEUC receives its proportionate share of the energy generated by the plant.

#### ***Prairie State Energy (units 1 and 2 placed in service during 2012)***

In February 2005, MJMEUC joined a consortium known as the Prairie State Generating Company, LLC to participate in the development and construction of a two unit 1,582 megawatt (MW) pulverized coal-fueled power generating facility in Washington County, Illinois. MJMEUC's capitalized project expenditures for its share of the costs, which include coal reserves, are being recovered from MJMEUC's MoPEP members through rates and charges and from several other MJMEUC members under power purchase agreements. MJMEUC is authorized to take up to 195 MW, or 12.33%, of the total 1,582 MW capacity. The MoPEP pool takes 42% of the electric power generated by MJMEUC's share in the facility. MJMEUC is required to pay its proportionate share of plant operation costs, operating reserves, working capital requirements and plant closure costs.

In 2013, a power purchase agreement was reached between the MoPEP pool and a MJMEUC member who contracted for 4 MW of the capacity and energy. Under this agreement, MoPEP purchases this member's 4 MW of capacity and energy until June 1, 2017, at which time the 4 MW of capacity is permanently assigned to MoPEP and the member is discharged from all obligations of the project.

***Laddonia Ethanol Co-Generation Plant (placed in service during 2007)***

In 2006 and 2007, MJMEUC entered into lease-purchase agreements with MAMU to obtain funding under MAMU's finance program for Missouri municipal utilities for development of a natural gas fired, electrical co-generation facility linked to an ethanol plant near Laddonia, Missouri. The project is for the energy needs of MoPEP pool members and MJMEUC will recover all costs incurred from those members through rates and charges. See Note 5 regarding capital lease financing for this project.

***Fredericktown Power Generation Plant***

In October 2010, MJMEUC approved the development, construction and installation of a two-unit natural gas fired generating facility, with approximately nominal net 27.6 MW (combined) capacity, in Fredericktown Missouri, a member city of the MoPEP pool. The output of the generating station is expected to serve electric peaking loads of MJMEUC's members participating in the MoPEP pool and MJMEUC will recover all costs incurred from those members through rates and charges. Construction of the project commenced in December of 2010. Initial funding for construction costs was obtained through MJMEUC's revolving line of credit and bond financing was secured in December 2011. Commercial operations of the plant were held up while waiting for third party power grid upgrades to be completed and the plant to be interconnected to the power grid. These upgrades and the power grid interconnection were completed in May 2015. Final testing of the plant is scheduled for early June 2015 and the plant is expected to be placed in service once final testing is completed.

***Dogwood Energy Center (acquired ownership interest in 2012)***

On March 26, 2012, MJMEUC acquired an 8.2% interest in the Dogwood Energy Center, a 610 MW combined-cycle natural gas plant located in Pleasant Hill, Missouri. MJMEUC's ownership interest in the plant is for the energy needs of MoPEP pool members and MJMEUC will recover all costs incurred from those members through rates and charges. The combined cycle plant was originally placed in service in 2002.



#### NOTE 4: UTILITY PLANT IN SERVICE AND OTHER CAPITAL ASSETS

A summary of changes in utility plant in service and other capital assets for the year ended December 31, 2014 is as follows:

	Balance 1/1/2014	Additions	Transfers	Disposals	Balance 12/31/2014
Capital Assets not Being Depreciated:					
Land					
Office Building	\$ 68,500	\$ -	\$ -	\$ -	\$ 68,500
Plum Point	2,538,009	-	-	-	2,538,009
Iatan 2	-	3,619	-	-	3,619
Prairie State	3,677,151	215,205	-	-	3,892,356
MoPEP Units					
Dogwood	23,001	-	-	-	23,001
Total Land	6,306,661	218,824	-	-	6,525,485
Construction in Process					
Plum Point	710,743	1,519,079	(1,476,916)	-	752,906
Iatan 2	1,609,671	3,973,441	(4,400,259)	-	1,182,853
Prairie State	8,028,936	3,064,927	(7,833,708)	-	3,260,155
MoPEP Units					
Laddonia Utility Plant	-	53,769	(53,769)	-	-
Fredericktown	18,284,571	1,241,254	-	-	19,525,825
Dogwood	284,462	733,840	(552,363)	-	465,939
Total Construction in Process	28,918,383	10,586,310	(14,317,015)	-	25,187,678
Total Capital Assets not Being Depreciated	\$ 35,225,044	\$ 10,805,134	\$ (14,317,015)	\$ -	\$ 31,713,163
Capital Assets Being Depreciated:					
Plum Point					
Utility plant	\$ 275,940,398	\$ 509,764	\$ 1,476,916	\$ -	\$ 277,927,078
Railcars	9,915,339	-	-	-	9,915,339
Iatan 2					
Utility Plant	253,932,650	839,283	4,400,259	-	259,172,192
Prairie State					
Utility Plant	717,786,624	-	6,802,306	(19,385)	724,569,545
Coal Mine and Mine Equipment	35,449,742	47,471	1,031,402	-	36,528,615
MoPEP Units					
Laddonia Utility Plant	11,165,032	-	53,769	-	11,218,801
Dogwood Utility Plant	31,688,098	19,095	552,363	-	32,259,556
Administrative					
Office Building	1,557,971	10,711	-	-	1,568,682
Furniture and Equipment	481,015	6,135	-	-	487,150
Computer Software	-	422,000	-	-	422,000
Total Capital Assets Being Depreciated	1,337,916,869	1,854,459	14,317,015	(19,385)	1,354,068,958
Accumulated Depreciation	(72,639,479)	(33,643,959)	-	1,077	(106,282,361)
Total Capital Assets Being Depreciated, net of Depreciation	\$ 1,265,277,390	\$ (31,789,500)	\$ 14,317,015	\$ (18,308)	\$ 1,247,786,597

A summary of changes in utility plant in service and other buildings and equipment for the year ended December 31, 2013 is as follows:

	Balance 1/1/2013	Additions	Transfers	Disposals	Balance 12/31/2013
Capital Assets not Being Depreciated:					
Land					
Office Building	\$ 68,500	\$ -	\$ -	\$ -	\$ 68,500
Plum Point	2,538,009	-	-	-	2,538,009
Prairie State	3,419,277	257,874	-	-	3,677,151
MoPEP units					
Dogwood	23,001	-	-	-	23,001
Total Land	6,048,787	257,874	-	-	6,306,661
Construction in Process					
Plum Point	116,608	2,219,099	(1,624,964)	-	710,743
Iatan 2	492,085	2,613,771	(1,496,185)	-	1,609,671
Prairie State	4,940,827	3,483,859	(395,750)	-	8,028,936
MoPEP units					
Fredericktown	17,513,485	771,086	-	-	18,284,571
Dogwood	4,839	295,051	(15,428)	-	284,462
Total Construction in Process	23,067,844	9,382,866	(3,532,327)	-	28,918,383
Total Capital Assets not Being Depreciated	\$ 29,116,631	\$ 9,640,740	\$ (3,532,327)	\$ -	\$ 35,225,044
Capital Assets Being Depreciated:					
Plum Point					
Utility Plant	\$ 273,694,545	\$ 620,889	\$ 1,624,964	\$ -	\$ 275,940,398
Railcars	9,045,483	869,856	-	-	9,915,339
Iatan 2					
Utility Plant	252,033,323	403,142	1,496,185	-	253,932,650
Prairie State					
Utility Plant	711,223,837	6,167,037	395,750	-	717,786,624
Coal Mine and Mine Equipment	35,088,369	361,373	-	-	35,449,742
MoPEP units					
Laddonia Utility Plant	11,148,820	16,212	-	-	11,165,032
Dogwood Utility Plant	31,666,160	6,510	15,428	-	31,688,098
Administrative					
Office Building	1,521,624	36,347	-	-	1,557,971
Furniture and Equipment	455,948	25,067	-	-	481,015
Total Capital Assets Being Depreciated	1,325,878,109	8,506,433	3,532,327	-	1,337,916,869
Accumulated Depreciation	(38,579,825)	(34,059,654)	-	-	(72,639,479)
Total Capital Assets Being Depreciated, net of Depreciation	\$ 1,287,298,284	\$ (25,553,221)	\$ 3,532,327	\$ -	\$ 1,265,277,390

Following is the gross amount of assets recorded under capital leases and the accumulated depreciation recognized as of December 31, 2014:

	Gross Amount	Accumulated Depreciation	Net Book Value
Utility Plant in Service	\$ 11,148,820	\$ 3,568,442	\$ 7,580,378
Office Building	1,457,263	249,154	1,208,109
Land - Office Building	68,500	-	68,500
	<u>\$ 12,674,583</u>	<u>\$ 3,817,596</u>	<u>\$ 8,856,987</u>

The Prairie State Energy project includes contiguous coal reserves and a mine portal to supply coal to the power plant. The following is a schedule of the changes in MJMEUC's ownership interest in the coal reserves, measured in tons:

Estimated Recoverable Reserves , as of December 31, 2012	\$ 25,546,578
2013 Changes in Reserve Estimate	(507,234)
Amount Mined During 2013	(570,845)
Reserve Acquisitions in 2013	144,569
Estimated recoverable reserves, as of December 31, 2013	<u>24,613,068</u>
2014 Changes in Reserve Estimate	-
Reserve Acquisitions in 2014	219,659
Amount Mined During 2014	(561,855)
Estimated recoverable reserves, as of December 31, 2014	<u>\$ 24,270,872</u>

## NOTE 5: LONG-TERM DEBT

### Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2014:

	December 31, 2013	Additions	Payments or Amortization	December 31, 2014	Principal Due in One Year
<b>Utility plant projects:</b>					
Plum Point Energy Station - Bonds	\$ 320,175,000	\$ 192,605,000	\$ 216,110,000	\$ 296,670,000	\$ 6,805,000
Add Bond Premium	5,528,795	28,811,863	4,370,586	29,970,072	
Iatan Unit 2 - Bonds	274,240,000	155,730,000	174,820,000	255,150,000	6,380,000
Add Bond Premium	5,454,232	24,281,837	4,752,484	24,983,585	
Deduct Bond Discount	(2,227,137)	-	(770,188)	(1,456,949)	
Prairie State Energy Campus - Bonds	827,375,000	-	16,655,000	810,720,000	17,420,000
Add Bond Premium	9,391,856	-	334,966	9,056,890	
Fredericktown - Bonds	16,475,000	-	600,000	15,875,000	620,000
Add Bond Premium	263,669	-	13,878	249,791	
Dogwood - Bonds	32,370,000	-	780,000	31,590,000	810,000
Add Bond Premium	1,807,443	-	78,584	1,728,859	
2005A Capital Lease for Laddonia	5,136,000	-	603,000	4,533,000	634,000
2006A Capital Lease for Laddonia	476,000	-	60,000	416,000	60,000
Revolving Credit Line - MoPEP	4,443,176	-	4,443,176	-	-
<b>Other:</b>					
2006A Capital Lease, Office Building	1,299,000	-	48,000	1,251,000	48,000
Total Long-Term Debt	<u>\$ 1,502,208,034</u>	<u>\$ 401,428,700</u>	<u>\$ 422,899,486</u>	<u>\$ 1,480,737,248</u>	<u>\$ 32,777,000</u>

The following is a summary of changes in long-term debt for the year ended December 31, 2013:

	December 31, 2012	Additions	Payments or Amortization	December 31, 2013	Principal Due in One Year
<b>Utility plant projects:</b>					
Plum Point Energy Station - Bonds	\$ 326,405,000	\$ -	\$ 6,230,000	\$ 320,175,000	\$ 6,545,000
Add Bond Premium	5,780,579	-	251,784	5,528,795	
Iatan Unit 2 - Bonds	280,030,000	-	5,790,000	274,240,000	6,095,000
Add Bond Premium	5,705,965	-	251,733	5,454,232	
Deduct Bond Discount	(2,315,342)	-	(88,205)	(2,227,137)	
Prairie State Energy Campus - Bonds	835,730,000	-	8,355,000	827,375,000	16,655,000
Add Bond Premium	9,726,819	-	334,963	9,391,856	
Fredericktown - Bonds	17,060,000	-	585,000	16,475,000	600,000
Add Bond Premium	277,553	-	13,884	263,669	
Dogwood - Bonds	32,950,000	-	580,000	32,370,000	780,000
Add Bond Premium	1,886,028	-	78,585	1,807,443	
2005A Capital Lease for Laddonia	5,664,000	-	528,000	5,136,000	603,000
2006A Capital Lease for Laddonia	531,000	-	55,000	476,000	60,000
Revolving Credit Line - MoPEP	16,000,000	-	11,556,824	4,443,176	4,443,176
<b>Other:</b>					
2006A Capital Lease, Office Building	1,337,000	-	38,000	1,299,000	48,000
<b>Total Long-Term Debt</b>	<b>\$ 1,536,768,602</b>	<b>\$ -</b>	<b>\$ 34,560,568</b>	<b>\$ 1,502,208,034</b>	<b>\$ 35,829,176</b>

## Summary of Long-term Debt

The following is a description of long-term debt. Amounts are presented net of unamortized bond premium or discount.

	<u>2014</u>	<u>2013</u>
\$278,880,000 MJMEUC Power Project Revenue Bonds (Plum Point Project), Series 2006. (a)	\$ 51,889,025	\$ 272,243,796
\$181,660,000 Series 2006A and \$725,000 Series 2006B MJMEUC Power Project Revenue Bonds (Iatan 2 Project). (b)	34,102,097	179,959,233
\$521,760,000 Series 2007A and \$28,045,000 Series 2007B MJMEUC Power Project Revenue Bonds (Prairie State Project). (c)	541,337,006	550,448,376
\$48,600,000 Series 2009A and \$4,860,000 Series 2009B MJMEUC Power Project Revenue Bonds (Plum Point Project). (d)	53,460,000	53,460,000
\$99,975,000 Series 2009A and \$3,160,000 Series 2009B MJMEUC Power Project Revenue Bonds (Iatan 2 Project). (e)	64,878,051	97,507,863
\$193,720,000 Series 2009A and \$14,200,000 Series 2009B MJMEUC Power Project Revenue Bonds (Prairie State Project). (f)	201,350,000	207,920,000
\$73,420,000 Series 2010A and \$4,585,000 Series 2010B MJMEUC Power Project Revenue Bonds (Prairie State Project). (g)	77,089,884	78,398,479
\$17,060,000 Series 2011 Power Supply System Revenue Bonds (Fredericktown Project). (h)	16,124,791	16,738,668
\$32,950,000 Series 2012 Power Supply System Revenue Bonds (Dogwood Project). (i)	33,318,859	34,177,443
\$155,730,000 Series 2014A MJMEUC Power Project Revenue Refunding Bonds (Iatan 2 Project). (j)	179,696,488	-
\$192,605,000 Series 2014A MJMEUC Power Project Revenue Refunding Bonds (Plum Point Project). (k)	221,291,047	-
\$8,715,000 Capital Lease Financing under the Missouri Association of Municipal Utilities Lease Financing Program Series 2005A. (l)	4,533,000	5,136,000
\$781,000 Capital Lease Financing under the Missouri Association of Municipal Utilities Lease Financing Program Series 2006A. (m)	416,000	476,000
\$1,523,000 Capital Lease Financing under the Missouri Association of Municipal Utilities Lease Financing Program Series 2006A. (n)	1,251,000	1,299,000
\$48,000,000 Line of Credit Agreement with a Financial Institution. (o)	-	4,443,176
Total Long-Term Debt	1,480,737,248	1,502,208,034
Less Current Maturities	(32,777,000)	(35,829,176)
Total Long-Term Debt, Net of Current Maturities	<u>\$ 1,447,960,248</u>	<u>\$ 1,466,378,858</u>

- (a) Plum Point Project – Series 2006: Principal due annually on January 1 through 2036. Interest is payable semi-annually at 5%, except for bonds of \$36,655,000 at 4.6%. Bonds maturing in 2017 and thereafter are subject to early redemption without a premium on and after January 1, 2016. A portion of the Series 2006 bonds were refunded with refunding bonds issued in 2014, see (k) below.
- (b) Iatan 2 Project – Series 2006: Principal due annually on January 1 through 2036. Interest is payable semi-annually. Interest on the Series 2006A tax-exempt bonds is at 5%, except for bonds of \$23,955,000 at 4.5%. The Series 2006A bonds maturing in 2017 and thereafter are subject to early redemption without a premium on and after January 1, 2016. The Series 2006B bonds matured on January 1, 2012. A portion of the Series 2006A bonds were refunded with refunding bonds issued in 2014, see (j) below.
- (c) Prairie State Project – Series 2007: Principal due annually on January 1 through 2042. Interest is payable semi-annually. Interest on the Series 2007A tax-exempt bonds is at 5.0%, except for bonds of \$121,080,000 at 4.5% and \$11,285,000 at 4%. Interest on the Series 2007B taxable bonds ranges from 5.22% to 5.35%. The Series 2007A bonds maturing in 2018 and thereafter are subject to early redemption without a premium on and after January 1, 2017. A portion of these bonds were advance refunded in 2015 with refunding bonds to obtain debt service savings.
- (d) Plum Point Project – Series 2009: Principal due annually beginning on January 1, 2037 through 2039. Interest is payable semi-annually. Interest on the Series 2009A taxable "Build America Bonds" is at 7.73%. Interest on the Series 2006B taxable bonds is also at 7.73%. Under the Build America Bonds program, the U.S. Federal government makes semi-annual bond interest subsidy payments to reduce the effective interest rates of the taxable bonds.
- (e) Iatan 2 Project – Series 2009: Principal due annually on January 1 through 2039. Interest is payable semi-annually. Interest on the Series 2009A tax-exempt bonds ranges from 3.5% to 6%. Interest on the Series 2009B taxable bonds is at 6.25%. The Series 2009B bonds matured on January 1, 2013. A portion of the Series 2009 bonds were refunded with refunding bonds issued in 2014, see (j) below.
- (f) Prairie State Project – Series 2009: Principal due annually beginning on January 1, 2014 through 2042. Interest is payable semi-annually. Interest on the Series 2009A taxable "Build America Bonds" ranges from 3.87% to 6.89%. Interest on the Series 2009B taxable bond ranges from 3.87% to 4.69%. Under the Build America Bonds program, the U.S. Federal government makes semi-annual bond interest subsidy payments to reduce the effective interest rates of the taxable bonds.
- (g) Prairie State Project – Series 2010: Principal due annually beginning on January 1, 2014 through 2042. Interest is payable semi-annually. Interest on the Series 2010A taxable "Build America Bonds" ranges from 4.88% to 7.9%. Interest on the Series 2010B taxable bonds is at 5%. Under the Build America Bonds program, the U.S. Federal government makes semi-annual bond interest subsidy payments to reduce the effective interest rates of the taxable bonds.
- (h) MoPEP Facilities Fredericktown Project – Series 2011: Principal due annually on December 1 through 2032. Interest on the Series 2011 tax-exempt bonds ranges from 2.5% to 4.5%.
- (i) MoPEP Facilities Dogwood Generating Facility Project – Series 2012: Principal due annually on January 1, through 2037. Interest on the Series 2012 tax-exempt bonds ranges from 2.5% to 5%.
- (j) Iatan 2 Project – Series 2014A Refunding: Proceeds were used to refund a portion of the Series 2006A and a portion of the 2009A Iatan 2 Project Revenue Bonds. Principal due annually on January 1, 2017 through 2034. Interest is payable semi-annually. Interest on the Series 2014A tax-exempt bonds ranges from 4% to 5%.
- (k) Plum Point Project – Series 2014A Refunding: Proceeds were used to refund a portion of the Series 2006 Plum Point Project Revenue Bonds. Principal due annually on January 1, 2017 through 2034. Interest is payable semi-annually. Interest on the Series 2014A tax-exempt bonds ranges from 4.2% to 5%.
- (l) MAMU Lease Financing Program Series 2005A: Proceeds were used to fund construction of the Laddonia Co-Generation Plant and related equipment. Payments are due monthly through March, 2021, and include principal, interest and certain fees. Interest is at 4.122%. The lease is secured by the property financed with the lease proceeds.
- (m) MAMU Lease Financing Program Series 2006A: Proceeds were used to fund additional construction costs of the Laddonia Co-Generation Plant and related equipment. Payments are due monthly through March, 2021, and include principal, interest and certain fees. Interest is at 3.685%. The lease is secured by the property financed with the lease proceeds.

- (n) MAMU Lease Financing Program Series 2006A: Proceeds were used to fund purchase of MJMEUC's office building and associated remodeling costs. Payments are due monthly through November, 2032, and include principal, interest and certain fees. Interest is at 3.82%. The lease is secured by the property financed with the lease proceeds.
- (o) Line of Credit: MJMEUC entered into a \$48 million line of credit agreement with a financial institution. Interest is due quarterly with a final maturity on June 30, 2017. Proceeds can be used for any purpose consistent with MJMEUC's operations. The interest rate is variable based on the one month LIBOR rate plus the applicable spread (1.00% at December 31, 2014). The applicable spread ranges from 1.00% to 2.25% depending on any downgrades to MJMEUC's debt. MJMEUC used \$7.5 million of its available credit under this line for two irrevocable standby letters of credit issued by the same financial institution totaling \$7.5 million. MJMEUC posted the two irrevocable standby letters of credit as collateral at two RTOs and as such, no amount has been drawn on the line of credit for this purpose.

The revenue bonds are special, limited obligations of MJMEUC, payable solely out of the net revenues relating to the ownership and operation of the project funded with the bonds, and the ownership and a pledge and security interest in the respective bond sale proceeds and assets held by trustees under each respective bond indenture. The net revenues include sales to participating MJMEUC members and other municipalities pursuant to unit-specific, life-of-unit, take-or-pay power purchase agreements between MJMEUC and each of the municipalities participating with MJMEUC in the respective project.

The bond indentures contain certain financial and other covenants, including a rate covenant to provide sufficient revenues for payments into the various accounts held by bond trustees for reserves and for payment of principal and interest. Management of MJMEUC is not aware of any instances of default with respect to the bonds' covenants.

### **Advance Refunding Debt Issues**

#### ***Iatan 2 Project***

During 2014, MJMEUC issued \$155,730,000 of Series 2014A Power Project Revenue Refunding Bonds (Iatan 2 Project) to generate resources to advance refund \$137,810,000 of outstanding Series 2006A and \$31,545,000 of outstanding Series 2009A Power Project Revenue Bonds, which had interest rates ranging from 4.125% to 5.75%. The net proceeds of \$181,197,996 (including a \$24,281,837 premium, \$2,155,161 transferred from debt service funds, and after payment of \$969,002 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the portion of the Series 2006A and Series 2009A Power Project Revenue Bonds (Iatan 2 Project) that were advance refunded are considered defeased and the liability for those bonds has been removed from the Statements of Net Position. As of December 31, 2014, the remaining outstanding balance of the defeased bonds was \$155,730,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$8,257,086. This amount is reported as a deferred outflow of resources in the Statements of Net Position and is being amortized over the remaining life of the refunding debt. MJMEUC advance refunded the Series 2006A and Series 2009A Power Project Revenue Bonds (Iatan 2 Project) to reduce its total debt service payments over 20 years by \$23,964,439. The refunding resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$18,321,478.

### ***Plum Point Project***

During 2014, MJMEUC issued \$192,605,000 of Series 2014A Power Project Revenue Refunding Bonds (Plum Point Project) to generate resources to advance refund \$209,565,000 of outstanding Series 2006 Power Project Revenue Bonds, which had interest rates ranging from 4.2% to 5%. The net proceeds of \$224,762,587 (including a \$28,811,863 premium, \$4,600,051 transferred from debt service funds, and after payment of \$1,254,327 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the portion of the Series 2006 Power Project Revenue Bonds (Plum Point Project) that were advance refunded are considered defeased and the liability for those bonds has been removed from the Statements of Net Position. As of December 31, 2014, the remaining outstanding balance of the defeased bonds was \$192,605,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$11,160,223. This amount is reported as a deferred outflow of resources in the Statements of Net Position and is amortized over the remaining life of the refunding debt. MJMEUC advance refunded the Series 2006 Power Project Revenue Bonds (Plum Point Project) to reduce its total debt service payments over 20 years by \$26,762,669. The refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$20,022,921.

### **Fixed Rate Capital Leases**

MJMEUC had the option of fixed or variable interest rate leases under MAMU's financing program. MJMEUC selected fixed rates to protect against the potential of rising interest rates. The trustee for MAMU's financing program entered into interest rate exchange agreements with a financial institution to effectively convert the variable interest rates into fixed interest rates for the three capital leases above. Although MJMEUC is not a direct party to these interest exchange agreements, if MJMEUC elects to prepay a capital lease obligation, its optional prepayment price under the lease is roughly equal to the fair value of the interest rate exchange agreement plus unpaid principal, and as such, corresponds directly to the termination payment the trustee would receive or pay under the terms of the interest rate exchange agreement. MJMEUC does not bear any counterparty credit risk of the interest rate exchange agreements and instead the financial institution and the financing pool trusts who are parties to the interest rate exchange agreements bears all counterparty credit risk.

If elected, the additional early termination payment under the terms of the lease and interest rate exchange agreements at December 31, 2014 would have been as follows:

<u>Capital Lease Issue</u>	<u>Payment</u>
Laddonia Series 2005A capital lease obligation	\$ 447,250
Laddonia Series 2006A capital lease obligation	34,988
Office Building Series 2006A capital lease obligation	209,525
	<u>\$ 691,763</u>

### **Total Interest Costs**

Total interest cost incurred on long-term debt, excluding bond premium, bond discount and advance bond refunding cost amortization, was \$78,470,547 and \$79,801,717 for 2014 and 2013, respectively. The amount of interest cost capitalized as construction work in progress, after netting related interest earnings on funds held in trust, was \$649,517 and \$688,368 for 2014 and 2013, respectively.



## Future Debt Service Payments

Future payments due on long-term debt as of December 31, 2014 are as follows:

	Bonds and Notes Payable			Capital
	Principal	Interest	Total	Leases
2015	\$ 32,035,000	\$ 68,977,360	\$ 101,012,360	\$ 1,036,347
2016	32,415,000	73,708,580	106,123,580	1,032,622
2017	31,115,000	72,189,704	103,304,704	1,031,211
2018	32,505,000	70,654,216	103,159,216	1,037,826
2019	33,980,000	69,078,010	103,058,010	1,046,158
2020	35,425,000	67,397,985	102,822,985	1,041,487
2021	37,100,000	65,550,177	102,650,177	336,835
2022	38,870,000	63,601,254	102,471,254	100,000
2023	40,720,000	61,538,974	102,258,974	105,133
2024	42,705,000	59,358,339	102,063,339	105,911
2025	44,765,000	57,049,278	101,814,278	103,682
2026	46,955,000	54,608,396	101,563,396	100,450
2027	49,235,000	52,061,702	101,296,702	107,831
2028	51,635,000	49,391,242	101,026,242	104,070
2029	54,175,000	46,574,152	100,749,152	100,306
2030	56,830,000	43,594,394	100,424,394	108,186
2031	59,675,000	40,440,115	100,115,115	103,886
2032	62,660,000	37,128,407	99,788,407	93,431
2033	64,505,000	33,702,330	98,207,330	-
2034	67,635,000	30,215,871	97,850,871	-
2035	73,615,000	26,557,202	100,172,202	-
2036	77,055,000	22,721,071	99,776,071	-
2037	65,140,000	18,790,882	83,930,882	-
2038	66,090,000	14,685,206	80,775,206	-
2039	69,425,000	10,418,055	79,843,055	-
2040	45,645,000	6,924,728	52,569,728	-
2041	47,875,000	4,246,491	52,121,491	-
2042	50,220,000	1,437,788	51,657,788	-
Total Payments	<u>\$ 1,410,005,000</u>	<u>\$ 1,222,601,909</u>	<u>\$ 2,632,606,909</u>	<u>7,695,372</u>
Less Interest				<u>(1,495,372)</u>
Present Value of Minimum Lease Payments				<u>\$ 6,200,000</u>

## **NOTE 6: LETTER OF CREDIT**

MJMEUC had a standby letter of credit with Commerce Bank, as required by a power purchase agreement. The letter of credit was secured by certificates of deposit which had a carrying amount of \$6,684,994 at December 31, 2013. The power purchase agreement in place as of December 31, 2013 was for \$6,254,000. MJMEUC entered into a revised power purchase agreement during 2014 and this standby letter of credit was no longer required and was cancelled.

MJMEUC obtained standby letters of credit totaling \$7.5 million in December 2014 to replace \$6,489,500 of cash on deposit with RTOs. MJMEUC used \$7.5 million of its available line of credit for the standby letters of credit, which expire when the line of credit matures on June 30, 2017.

**NOTE 7: RESTRICTED ASSETS AND NET POSITION**

Restricted assets were as follows as of December 31:

	<u>2014</u>	<u>2013</u>
For Utility Plant Projects:		
Held by Trustees for Payment of Construction Costs:		
Plum Point Energy Station	\$ 3,795,893	\$ 6,417,030
Prairie State Energy Campus	944,123	6,656,634
Fredericktown	-	51
Held by Trustees for Regular Debt Service Payments:		
Plum Point Energy Station	10,910,409	15,143,226
Iatan Unit 2	11,206,189	13,434,950
Prairie State Energy Campus	40,244,233	39,392,133
Fredericktown	67,005	56,383
Dogwood	1,587,200	1,548,584
Held by Trustees for Debt Service Reserve:		
Plum Point Energy Station	23,576,424	23,749,185
Iatan Unit 2	20,459,332	20,430,946
Prairie State Energy Campus	53,204,993	53,061,748
Fredericktown	1,279,041	1,276,696
Dogwood	2,321,390	2,318,164
Held by Trustees for Debt Financing Costs:		
Plum Point Energy Station	82,971	-
Iatan Unit 2	25,484	-
Fredericktown	2,911	2,911
Held by MJMEUC for Utility Plant Operations and Maintenance:		
Plum Point Energy Station	7,100,238	7,076,630
Iatan Unit 2	4,581,684	4,566,450
Prairie State Energy Campus	4,872,429	3,275,117
	<u>\$ 186,261,949</u>	<u>\$ 198,406,838</u>

Net position pertaining to the above accounts is restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
Debt Service and Debt Service Reserves	\$ 47,515,925	\$ 44,009,190
Operation and Maintenance of Power Plants	6,232,184	5,940,080
	<u>\$ 53,748,109</u>	<u>\$ 49,949,270</u>

## **NOTE 8: RELATED ENTITY TRANSACTIONS**

Significant transactions among the three member entities of the MPUA reported in the accompanying financial statements are as follows:

MAMU and MGCM reimburse MJMEUC's Alliance Fund for time spent by MJMEUC employees on MAMU and MGCM matters. Salary reimbursements received from MAMU totaled \$494,301 for 2014 and \$506,338 for 2013. Salary reimbursement received from MGCM totaled \$103,500 for 2014 and \$111,456 for 2013. Expenses reported in the accompanying Statements of Revenues, Expenses and Changes in Net Position are net of these reimbursements.

A majority of telephone, utility, postage, and other miscellaneous office expenses not directly attributable to a specific program or member are charged to MJMEUC's Alliance Fund. MAMU and MGCM together transferred \$105,099 and \$118,548 in 2014 and 2013, respectively, to MJMEUC to pay their allocated share of Alliance expenses.

## **NOTE 9: EMPLOYEE RETIREMENT PLAN**

MJMEUC participates in the Missouri Local Government Employees Retirement System ("LAGERS") retirement system.

### ***Plan Description***

LAGERS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

### ***Funding Status***

MJMEUC's full-time employees do not contribute to the pension plan. The June 30<sup>th</sup> statutorily required contribution rate is 15.2% of annual covered payroll. The contribution requirements of plan members are determined by the governing body of each political subdivision. The contribution provisions of the political subdivision are established by state statute.

**Annual Pension Cost and Net Pension Obligation (NPO)**

MJMEUC's annual pension cost and net pension obligation for the current year were as follows:

Annual Required Contribution	\$ 322,917
Interest on Net Pension Obligation	-
Adjustment to Annual Required Contribution	-
Annual Pension Cost	<u>322,917</u>
Actual Contributions	<u>322,917</u>
Increase (Decrease) in NPO	-
NPO Beginning of Year	-
NPO End of Year	<u><u>\$ -</u></u>

The annual required contribution (ARC) was determined as part of the February 29, 2012 and February 28, 2013 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority and merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back zero years for men and zero years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period as of February 28, 2013 was 17 years.

**Trend Information and Schedule of Funding Progress**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 269,047	100%	\$ -
2013	279,229	100%	-
2014	322,917	100%	-

Actuarial Valuation Date	( a ) Actuarial Value of Assets	( b ) Entry Age Actuarial Accrued Liability	( b - a ) Unfunded Accrued Liability (UAL)	( a/b ) Funded Ratio	( c ) Annual Covered Payroll	[( b - a )/c ] UAL as a Percentage of Covered Payroll
2/28/2014	\$ 3,324,798	\$ 3,878,363	\$ 553,565	86%	\$ 2,093,753	26%

The assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in

conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS office in Jefferson City.

The required schedule of funding progress immediately follows the notes to the financial statements and presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## **NOTE 10: COMMITMENTS AND CONTINGENCIES**

### ***Power Supply and Related Contracts***

To ensure adequate power supplies for its members, MJMEUC enters into purchase commitments with electric energy suppliers. These contracts have various terms covering minimum required megawatts (MWs) of power to be purchased, prices to be paid and period covered.

#### *Nonrenewable Resources*

As of December 31, 2014, MJMEUC has long-term contracts with the Southwestern Power Administration and with Illinois Power Marketing Co. ("IPM"), a subsidiary of Dynegy, Inc., and several unit-specific contracts of 3-5 year lengths with the Sikeston Board of Municipal Utilities. IPM purchased certain power generation facilities from Ameren Energy Marketing Company ("Ameren") on December 2, 2013 and took over the power supply contract from Ameren. MJMEUC and IPM entered into an amended power supply contract on February 19, 2014. MJMEUC's power purchase commitments under the IPM contract were secured by its annual standby letter of credit from Commerce Bank at December 31, 2013; however, the amended contract canceled this provision and the letter of credit was cancelled.

In 2006, MJMEUC executed a long-term power purchase contract with Plum Point Energy Associates ("PPEA"), to purchase a share of the capacity and energy of PPEA's interest in the Plum Point Energy Station (see Note 3). The power purchase contract entitles MJMEUC to 7.52% (approximately 50 MW) of capacity and energy from Plum Point for thirty (30) years after the commencement of commercial operations. The contract obligates MJMEUC to pay a monthly capacity payment which is based on the availability of the unit. MJMEUC has committed all of the capacity and energy from this purchase to the MoPEP pool.

In January 2004, MJMEUC entered into a 40 year take-or-pay "Participation Agreement" with the Omaha Public Power District ("OPPD") to purchase a share of the capacity and energy of OPPD's Nebraska City Unit 2 ("NC2"). The NC2 unit is a 663 megawatt (MW) coal-fired generating station solely owned by OPPD. MJMEUC is entitled to 55.23 MW, or 8.33%, of capacity and energy from NC2 and is committed to pay 8.33% of NC2 project costs, including debt service, whether or not the unit is operating. MJMEUC's share of the total project costs, approximately \$74.8 million, is being financed through OPPD's bond debt proceeds. MJMEUC has pledged the revenues from sales of its share of NC2 power to its share of OPPD's bond debt service. MJMEUC also has certain limited obligations for additional debt service in the event another of the six other participating public power districts and municipal utilities fail to pay obligations under its respective Participation Agreement.

In August 2013, MJMEUC executed a power purchase agreement with the City of Marceline, Missouri ("Marceline") for the purchase of 4.0 MW capacity and energy from Marceline's unit power purchase agreement for the energy it received from the Prairie State Energy Campus. On June 1, 2017, Marceline's unit power purchase agreement will be transferred to MJMEUC and assigned to the MoPEP pool.

### Renewable Resources

In 2006, MJMEUC executed a long-term power purchase agreement with Loess Hills Wind Farm, located in the City of Rock Port, Missouri, for the purchase of 5 MW of capacity and energy. MJMEUC has rights to purchase the entire capacity and energy from this wind generation facility, which is fully dedicated to the MoPEP pool. MJMEUC has the right, but not the obligation, to extend this agreement through the end of 2027.

In September 2008, MJMEUC executed a long-term power purchase agreement to purchase energy from a landfill-gas-powered electric generating facility located near the City of Lamar, Missouri. Lamar, a member of the MoPEP pool, is responsible for installing and operating two 1.6 MW gas turbines with a total generating facility output of 3.2 MW that commenced commercial operation in June 2010. In December 2012, the capacity of the facility output was increased by an additional 2.4 MW to a total of 5.6 MW. MJMEUC's power purchase agreement provides for MJMEUC to receive additional capacity added by the facility. The take-or-pay agreement provides for MJMEUC to receive the entire capacity and energy until the agreement expires in 2022. The capacity and energy is fully dedicated to the MoPEP pool.

In February 2013, MJMEUC executed a long-term power purchase agreement to purchase all the capacity and energy from a solar power generating facility in the City of Butler, Missouri. MC Power Companies, Inc. is responsible for construction and operation of the 3.0 MW facility. MJMEUC has certain option rights to purchase the facility at the end of the seventh contract year, or at the end of any subsequent contract year thereafter. The facility went into commercial operation in March 2014. The capacity and energy is fully dedicated to the MoPEP pool.

In September 2013, MJMEUC executed a long-term power purchase agreement with Marshall Wind Energy LLC for the purchase of 20.0 MW capacity and energy from its wind farm. The facility is expected to enter commercial operation in 2016. The capacity and energy is fully dedicated to the MoPEP pool.

In January 2014, MJMEUC executed a long-term power purchase agreement with Black Oak Power Producers, LLC for the purchase of 3.8 MW capacity and energy from its landfill-gas-powered electric generating facility located in Hartville, Missouri. The facility began generating power in October 2014. The capacity and energy is fully dedicated to the MoPEP pool.

In August 2014, MJMEUC executed a long-term power purchase agreement for the ability to purchase all the capacity and energy from multiple solar power generating facilities in Missouri. The facilities must be constructed before December 31, 2016, which is the current expiration date of federal income tax incentives for construction of solar facilities. The power generating facilities will be constructed in up to five cities that are members of the MoPEP pool. MC Power Companies, Inc. is responsible for construction and operation of the approximate total 12.8 MW of the five facilities. MJMEUC has certain option rights to purchase each facility on or after the end of the seventh contract year. The first facility in the City of Macon, Missouri went into commercial operation in May 2015. Construction of the second facility in the City of Trenton, Missouri is expected to begin in the summer of 2015. Contracts are currently being negotiated between MC Power Companies, Inc. and three MoPEP members for the construction of the other three facilities. The capacity and energy is fully dedicated to the MoPEP pool.

### ***Litigation***

On March 20, 2015, the City of Hermann, Missouri initiated litigation against MJMEUC in Gasconade County Circuit Court in Hermann, Missouri, alleging breach of contract plus other claims, seeking a court order allowing the City of Hermann to exit MoPEP without further financial obligation, or requesting financial damages of \$37,500,000, and payment of the City of Hermann's litigation costs and attorney fees. MJMEUC believes the City of Hermann's claims are without merit and MJMEUC is vigorously protecting

MJMEUC's rights under the MoPEP power purchase agreement; however, the outcome of the litigation cannot be determined with certainty.

**NOTE 11: SUBSEQUENT EVENT**

On April 14, 2015, MJMEUC issued Series 2015A Power Revenue Refunding Bonds (Prairie State) with a par value of \$215,105,000 and a coupon interest rate of 5%, except for \$8,590,000 of bonds maturing in 2028 with a coupon interest rate of 3.25%. The bond proceeds were used to advance refund a portion of Series 2007A Power Revenue Bonds (Prairie State) with a par value of \$229,945,000. MJMEUC advance refunded the Series 2007A Bonds to reduce its total debt service payments over 17 years by \$27,764,731. The refunding resulted in an economic gain of \$20,455,362.

**REQUIRED SUPPLEMENTARY INFORMATION**



**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Funding Progress**

Actuarial Valuation Date	( a ) Actuarial Value of Assets	( b ) Entry Age Actuarial Accrued Liability	( b - a ) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	( c ) Annual Covered Payroll	[(b - a)/c] UAL as a Percentage of Covered Payroll
2/29/2012	\$ 2,134,169	\$ 2,879,434	\$ 745,265	74%	\$ 1,610,948	46%
2/28/2013	2,659,439	3,342,483	683,044	80%	1,788,440	38%
2/28/2014	3,324,798	3,878,363	553,565	86%	2,093,753	26%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS office in Jefferson City.

## **SUPPLEMENTARY INFORMATION**

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**

**STATEMENT OF INDIVIDUAL FUNDS NET POSITION**

December 31, 2014

	Alliance Fund	General Fund	MoPEP 1 Pool	MMMPEP Pool	Project Funds			Eliminations	Total
					Plum Point	Iatan 2	Prairie State		
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>									
<b>CAPITAL ASSETS</b>									
Plant, Buildings, and Equipment in Service	\$ 1,413,437	\$ 380,796	\$ 35,972,990	\$ -	\$ 258,431,139	\$ 238,567,470	\$ 719,546,250	\$ -	\$ 1,254,312,082
Construction Work in Progress	-	-	19,991,764	-	752,906	1,182,853	3,260,155	-	25,187,678
Total Capital Assets, Net	1,413,437	380,796	55,964,754	-	259,184,045	239,750,323	722,806,405	-	1,279,499,760
<b>Restricted Assets</b>									
Bond Accounts Cash and Investments	-	-	3,603,342	-	27,455,288	20,484,816	54,149,116	-	105,692,562
Other Cash and Cash Equivalents	-	-	-	-	7,100,238	4,581,684	4,872,429	-	16,554,351
Total Restricted Assets	-	-	3,603,342	-	34,555,526	25,066,500	59,021,545	-	122,246,913
<b>Other Assets</b>									
Investments	-	-	14,647,491	-	-	-	-	-	14,647,491
Prepaid Expenses	-	-	-	-	-	477,155	86,953	-	564,108
Contractual Deposits	-	-	1,607,474	-	2,606,990	648,999	3,452,400	-	8,315,863
Regulatory Assets	-	-	1,410,675	-	18,854,567	3,231,871	10,640,446	-	34,137,559
Total Other Assets	-	-	17,665,640	-	21,461,557	4,358,025	14,179,799	-	57,665,021
<b>CURRENT ASSETS</b>									
Cash and Cash Equivalents	293,688	487,400	6,355,529	2,478,389	2,518,654	3,912,459	8,176,063	-	24,222,182
Investments	-	-	288,149	-	-	-	-	-	288,149
Accounts Receivable, Net	2,376	378,743	16,819,444	2,735,669	316,338	-	433,278	(2,862,333)	17,823,515
Contractual Deposits	-	-	6,489,500	-	-	-	-	-	6,489,500
Prepaid Expenses	5,764	42,028	746,435	-	3,933,569	339,669	2,842,571	(675,213)	7,234,823
Fuel Stock and Material Inventory	-	-	-	-	4,660,990	1,533,206	1,995,267	-	8,189,463
<b>Restricted Assets:</b>									
Bond Accounts, Current Portion	-	-	1,654,205	-	10,910,409	11,206,189	40,244,233	-	64,015,036
Total Current Assets	301,828	908,171	32,353,262	5,214,058	22,339,960	16,991,523	53,691,412	(3,537,546)	128,262,668
Total Assets	1,715,265	1,288,967	109,586,998	5,214,058	337,541,088	286,166,371	849,699,161	(3,537,546)	1,587,674,362
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Unamortized Loss on Advance Refunding	-	-	-	-	6,530,796	6,684,054	-	-	13,214,850
Total Assets and Deferred Outflows of Resources	\$ 1,715,265	\$ 1,288,967	\$ 109,586,998	\$ 5,214,058	\$ 344,071,884	\$ 292,850,425	\$ 849,699,161	\$ (3,537,546)	\$ 1,600,889,212
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>									
<b>NON-CURRENT LIABILITIES</b>									
Long-Term Debt, Net of Current Maturities	\$ 1,203,000	\$ -	\$ 52,268,650	\$ -	\$ 319,835,072	\$ 272,296,636	\$ 802,356,890	\$ -	\$ 1,447,960,248
Unearned Revenue	-	-	5,929,771	2,098,522	2,606,990	-	-	-	10,635,283
Total Noncurrent Liabilities	1,203,000	-	58,198,421	2,098,522	322,442,062	272,296,636	802,356,890	-	1,458,595,531
<b>CURRENT LIABILITIES</b>									
Accounts Payable	25,315	322,875	8,882,553	3,012,857	263,805	2,507,491	6,234,247	(1,763,579)	19,485,564
Accrued Payroll and Payroll Taxes	27,492	35,766	134,464	6,030	5,970	3,616	6,482	-	219,820
Unearned Revenue	-	-	-	-	7,958,704	1,691,384	-	(1,773,967)	7,876,121
Current Maturities, Long-Term Debt	48,000	-	2,124,000	-	6,805,000	6,380,000	17,420,000	-	32,777,000
<b>Payable from Restricted Assets:</b>									
Accrued Interest Payable on Debt	1,719	-	814,784	-	3,819,809	4,472,313	22,342,483	-	31,451,108
Total Current Liabilities	102,526	358,641	11,955,801	3,018,887	18,853,288	15,054,804	46,003,212	(3,537,546)	91,809,613
Total Liabilities	1,305,526	358,641	70,154,222	5,117,409	341,295,350	287,351,440	848,360,102	(3,537,546)	1,550,405,144
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Regulatory Credits	-	-	10,166,403	-	-	2,431,930	-	-	12,598,333
<b>Net Position</b>									
Net Investment in Capital Assets	162,437	380,796	5,165,392	-	(35,933,210)	(16,042,588)	(43,882,446)	-	(90,149,619)
Restricted	-	-	849,475	-	14,111,435	11,126,952	27,660,247	-	53,748,109
Unrestricted	247,302	549,530	23,251,506	96,649	24,598,309	7,982,691	17,561,258	-	74,287,245
Total Net Position	409,739	930,326	29,266,373	96,649	2,776,534	3,067,055	1,339,059	-	37,885,735
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,715,265	\$ 1,288,967	\$ 109,586,998	\$ 5,214,058	\$ 344,071,884	\$ 292,850,425	\$ 849,699,161	\$ (3,537,546)	\$ 1,600,889,212

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**

**STATEMENT OF INDIVIDUAL FUNDS NET POSITION**

December 31, 2013

	Alliance Fund	General Fund	MoPEP 1 Pool	MMMPEP Pool	Project Funds			Eliminations	Total
					Plun Point	Iatan 2	Prairie State		
<b>ASSETS</b>									
<b>CAPITAL ASSETS</b>									
Plant, Buildings, and Equipment in Service	\$ 1,445,836	\$ 16,788	\$ 37,289,115	\$ -	\$ 264,146,507	\$ 238,566,410	\$ 730,119,395	\$ -	\$ 1,271,584,051
Construction Work in Progress	-	-	18,569,033	-	710,743	1,609,671	8,028,936	-	28,918,383
Total Capital Assets, Net	1,445,836	16,788	55,858,148	-	264,857,250	240,176,081	738,148,331	-	1,300,502,434
<b>Restricted Assets</b>									
Bond Accounts Cash and Investments	-	-	3,597,822	-	30,166,215	20,430,946	59,718,382	-	113,913,365
Other Cash and Cash Equivalents	-	-	-	-	7,076,630	4,566,450	3,275,117	-	14,918,197
Total Restricted Assets	-	-	3,597,822	-	37,242,845	24,997,396	62,993,499	-	128,831,562
<b>Other Assets</b>									
Prepaid Expenses	-	-	-	-	-	487,528	-	-	487,528
Contractual Deposits	-	-	3,327,193	-	2,612,297	648,999	3,699,000	-	10,287,489
Regulatory Assets	-	-	6,066,058	-	17,188,506	6,144,083	8,939,976	-	38,338,623
Total Other Assets	-	-	9,393,251	-	19,800,803	7,280,610	12,638,976	-	49,113,640
<b>CURRENT ASSETS</b>									
Cash and Cash Equivalents	287,557	1,997,655	15,104,467	2,394,178	2,502,758	1,634,145	6,134,925	-	30,055,685
Investments	-	-	6,684,994	-	-	-	-	-	6,684,994
Accounts Receivable, Net	550	2,632,145	17,162,024	3,004,005	48,925	-	-	(7,260,055)	15,587,594
Prepaid Expenses	6,167	308,050	742,213	-	2,529,111	120,330	2,313,600	(538,401)	5,481,070
Fuel Stock and Material Inventory	-	-	-	-	3,741,708	1,254,875	3,519,494	-	8,516,077
<b>Restricted Assets:</b>									
Bond Accounts, Current Portion	-	-	1,604,967	-	15,143,226	13,434,950	39,392,133	-	69,575,276
Total Current Assets	294,274	4,937,850	41,298,665	5,398,183	23,965,728	16,444,300	51,360,152	(7,798,456)	135,900,696
Total Assets	\$ 1,740,110	\$ 4,954,638	\$ 110,147,886	\$ 5,398,183	\$ 345,866,626	\$ 288,898,387	\$ 865,140,958	\$ (7,798,456)	\$ 1,614,348,332
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>									
<b>NONCURRENT LIABILITIES</b>									
Long-term Debt, Net of Current Maturities	\$ 1,251,000	\$ -	\$ 54,485,111	\$ -	\$ 319,158,795	\$ 271,372,096	\$ 820,111,856	\$ -	\$ 1,466,378,858
Unearned Revenue	-	-	5,928,146	2,098,522	2,612,297	-	-	-	10,638,965
Total Noncurrent Liabilities	1,251,000	-	60,413,257	2,098,522	321,771,092	271,372,096	820,111,856	-	1,477,017,823
<b>CURRENT LIABILITIES</b>									
Accounts Payable	18,288	3,911,211	9,800,203	3,218,527	2,985,937	1,160,488	4,440,256	(4,703,621)	20,831,289
Accrued Payroll and Payroll Taxes	20,113	33,638	102,753	4,139	3,451	1,516	3,693	-	169,303
Unearned Revenue	7,088	-	54,344	-	3,325,695	246,211	547,467	(3,094,835)	1,085,970
Current Maturities, Long-Term Debt	48,000	-	6,486,176	-	6,545,000	6,095,000	16,655,000	-	35,829,176
<b>Payable from Restricted Assets:</b>									
Accrued Interest Payable on Debt	1,454	-	876,988	-	8,596,549	7,142,625	22,732,955	-	39,350,571
Total Current Liabilities	94,943	3,944,849	17,320,464	3,222,666	21,456,632	14,645,840	44,379,371	(7,798,456)	97,266,309
Total Liabilities	1,345,943	3,944,849	77,733,721	5,321,188	343,227,724	286,017,936	864,491,227	(7,798,456)	1,574,284,132
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Regulatory Credits	-	-	7,228,503	-	-	-	-	-	7,228,503
<b>Net position</b>									
Net Investment in Capital Assets	146,836	16,788	2,923,376	-	(26,885,589)	(14,642,499)	(42,779,949)	-	(81,221,037)
Restricted	-	-	732,462	-	13,633,694	10,905,996	24,677,118	-	49,949,270
Unrestricted	247,331	993,001	21,529,824	76,995	15,890,797	6,616,954	18,752,562	-	64,107,464
Total Net Position	394,167	1,009,789	25,185,662	76,995	2,638,902	2,880,451	649,731	-	32,835,697
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,740,110	\$ 4,954,638	\$ 110,147,886	\$ 5,398,183	\$ 345,866,626	\$ 288,898,387	\$ 865,140,958	\$ (7,798,456)	\$ 1,614,348,332

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**

**STATEMENT OF INDIVIDUAL FUNDS REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

**Year Ended December 31, 2014**

	Alliance Fund	General Fund	MoPEP 1 Pool Fund	MMMPEP Pool Fund	Project Funds			Eliminations	Total
					Plum Point	Iatan 2	Prairie State		
<b>OPERATING REVENUES</b>									
Power Sales and Related Charges	\$ -	\$ -	\$ 193,088,321	\$ 28,532,434	\$ 48,322,520	\$ 38,265,672	\$ 89,772,598	\$ (57,373,770)	\$ 340,607,775
Transmission	-	1,153,208	9,338,205	5,379,795	-	518,894	-	-	16,390,102
Transfers from MAMU and MGCM	105,099	-	-	-	-	-	-	-	105,099
Conferences and Member Training	92,640	300,505	-	-	-	-	-	-	393,145
Other	18,225	246,241	3,407	-	28,736	-	21,561	-	318,170
<b>Total Operating Revenues</b>	<b>215,964</b>	<b>1,699,954</b>	<b>202,429,933</b>	<b>33,912,229</b>	<b>48,351,256</b>	<b>38,784,566</b>	<b>89,794,159</b>	<b>(57,373,770)</b>	<b>357,814,291</b>
<b>OPERATING EXPENSES</b>									
Power Purchases	-	-	142,455,813	25,383,043	-	-	-	(57,373,770)	110,465,086
Member Capacity and Generation Credits	-	-	11,044,734	-	-	-	-	-	11,044,734
Power generation	-	-	8,963,413	-	24,837,795	12,901,182	33,376,171	-	80,078,561
Transmission	-	1,132,038	22,020,501	7,936,824	-	518,999	-	-	31,608,362
Personnel Services and Staff Support	233,047	610,883	812,729	266,905	308,640	186,074	368,383	-	2,786,661
Professional Services	-	928,774	262,723	14,609	151,245	78,237	221,657	-	1,657,245
Rental and Maintenance	95,693	2,126	218,994	18,480	29,352	13,981	27,515	-	406,141
Utilities	46,881	-	-	-	-	-	-	-	46,881
Utilities - SCADA Communications	-	-	279,791	39,089	-	-	-	-	318,880
Conferences and Member Training	88,182	112,393	-	-	-	-	-	-	200,575
Depreciation	49,245	57,992	1,941,353	-	7,702,048	5,242,100	18,555,217	-	33,547,955
Net Costs Recoverable in Future Years	-	-	7,593,282	-	(461,173)	6,292,385	(1,700,469)	-	11,724,025
Other Operating Expenses	146,792	332,131	230,969	11,321	88,566	66,322	95,501	-	971,602
<b>Total Operating Expenses</b>	<b>659,840</b>	<b>3,176,337</b>	<b>195,824,302</b>	<b>33,670,271</b>	<b>32,656,473</b>	<b>25,299,280</b>	<b>50,943,975</b>	<b>(57,373,770)</b>	<b>284,856,708</b>
<b>Operating Income (Loss)</b>	<b>(443,876)</b>	<b>(1,476,383)</b>	<b>6,605,631</b>	<b>241,958</b>	<b>15,694,783</b>	<b>13,485,286</b>	<b>38,850,184</b>	<b>-</b>	<b>72,957,583</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Investment Return	-	1,024	123,395	254	111,441	186,604	698,227	-	1,120,945
Bond Interest Subsidy	-	-	-	-	1,219,545	-	5,888,764	-	7,108,309
Interest and Fees Expense	(59,434)	(35,067)	(1,817,169)	-	(16,596,645)	(13,278,484)	(44,350,000)	-	(76,136,799)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(59,434)</b>	<b>(34,043)</b>	<b>(1,693,774)</b>	<b>254</b>	<b>(15,265,659)</b>	<b>(13,091,880)</b>	<b>(37,763,009)</b>	<b>-</b>	<b>(67,907,545)</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Interfund Operating Transfers	518,882	1,430,963	(831,146)	(222,558)	(291,492)	(206,802)	(397,847)	-	-
<b>Increase (Decrease) in Net Position</b>	<b>15,572</b>	<b>(79,463)</b>	<b>4,080,711</b>	<b>19,654</b>	<b>137,632</b>	<b>186,604</b>	<b>689,328</b>	<b>-</b>	<b>5,050,038</b>
Net Position, Beginning of Year	394,167	1,009,789	25,185,662	76,995	2,638,902	2,880,451	649,731	-	32,835,697
<b>Net Position, End of Year</b>	<b>\$ 409,739</b>	<b>\$ 930,326</b>	<b>\$ 29,266,373</b>	<b>\$ 96,649</b>	<b>\$ 2,776,534</b>	<b>\$ 3,067,055</b>	<b>\$ 1,339,059</b>	<b>\$ -</b>	<b>\$ 37,885,735</b>

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**

**STATEMENT OF INDIVIDUAL FUNDS REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

**Year Ended December 31, 2013**

	Alliance Fund	General Fund	MoPEP 1 Pool Fund	MMMPEP Pool Fund	Project Funds			Eliminations	Total
					Plum Point	Iatan 2	Prairie State		
<b>OPERATING REVENUES</b>									
Power Sales and Related Charges	\$ -	\$ -	\$ 187,719,451	\$ 21,451,822	\$ 51,993,138	\$ 36,795,951	\$ 83,382,873	\$ (43,847,205)	\$ 337,496,030
Transmission	-	974,717	8,423,405	4,447,154	-	195,458	-	-	14,040,734
Transfers from MAMU and MGCM	118,548	-	-	-	-	-	-	-	118,548
Conferences and Member Training	88,614	244,783	-	-	-	-	-	-	333,397
Other	17,325	130,948	6,273	-	39,471	45,955	21,211	-	261,183
<b>Total Operating Revenues</b>	<b>224,487</b>	<b>1,350,448</b>	<b>196,149,129</b>	<b>25,898,976</b>	<b>52,032,609</b>	<b>37,037,364</b>	<b>83,404,084</b>	<b>(43,847,205)</b>	<b>352,249,892</b>
<b>OPERATING EXPENSES</b>									
Power Purchases	-	-	140,721,608	19,191,133	-	-	-	(43,847,205)	116,065,536
Member Capacity and Generation Credits	-	-	12,075,963	-	-	-	-	-	12,075,963
Power generation	-	-	7,792,073	-	28,741,907	15,298,492	26,779,492	-	78,611,964
Transmission	-	953,547	18,691,176	6,199,198	-	196,022	-	-	26,039,943
Personnel Services and Staff Support	213,701	527,931	703,903	225,874	229,475	131,608	287,761	-	2,320,253
Professional Services	7,464	402,093	279,625	7,367	141,686	74,213	316,944	-	1,229,392
Rental and Maintenance	75,789	3,505	141,150	23,987	14,929	4,177	14,929	-	278,466
Utilities	46,190	-	-	-	-	-	-	-	46,190
Utilities - SCADA Communications	-	-	248,827	26,738	-	-	-	-	275,565
Conferences and Member Training	80,103	103,131	-	-	-	-	-	-	183,234
Depreciation	47,279	14,250	1,925,333	-	7,496,887	5,140,508	19,331,536	-	33,955,793
Net Costs Recoverable in Future Years	-	-	10,157,455	-	(654,576)	1,861,039	(7,376,715)	-	3,987,203
Other Operating Expenses	143,481	306,947	201,116	9,016	73,617	56,806	79,120	-	870,103
<b>Total Operating Expenses</b>	<b>614,007</b>	<b>2,311,404</b>	<b>192,938,229</b>	<b>25,683,313</b>	<b>36,043,925</b>	<b>22,762,865</b>	<b>39,433,067</b>	<b>(43,847,205)</b>	<b>275,939,605</b>
<b>Operating Income (Loss)</b>	<b>(389,520)</b>	<b>(960,956)</b>	<b>3,210,900</b>	<b>215,663</b>	<b>15,988,684</b>	<b>14,274,499</b>	<b>43,971,017</b>	<b>-</b>	<b>76,310,287</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Investment Return	-	1,726	125,385	309	62,385	81,102	108,258	-	379,165
Bond Interest Subsidy	-	-	-	-	1,210,341	-	5,870,426	-	7,080,767
Interest and Fees Expense	(57,547)	-	(2,019,083)	-	(16,941,312)	(14,121,720)	(45,130,944)	-	(78,270,606)
<b>Net Nonoperating Expenses</b>	<b>(57,547)</b>	<b>1,726</b>	<b>(1,893,698)</b>	<b>309</b>	<b>(15,668,586)</b>	<b>(14,040,618)</b>	<b>(39,152,260)</b>	<b>-</b>	<b>(70,810,674)</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Interfund Operating Transfers	511,522	955,489	3,353,270	(138,977)	(229,567)	(152,779)	(4,298,958)	-	-
<b>Increase in Net Position</b>	<b>64,455</b>	<b>(3,741)</b>	<b>4,670,472</b>	<b>76,995</b>	<b>90,531</b>	<b>81,102</b>	<b>519,799</b>	<b>-</b>	<b>5,499,613</b>
Net Position, Beginning of Year	329,712	1,013,530	20,515,190	-	2,548,371	2,799,349	129,932	-	27,336,084
<b>Net Position, End of Year</b>	<b>\$ 394,167</b>	<b>\$ 1,009,789</b>	<b>\$ 25,185,662</b>	<b>\$ 76,995</b>	<b>\$ 2,638,902</b>	<b>\$ 2,880,451</b>	<b>\$ 649,731</b>	<b>\$ -</b>	<b>\$ 32,835,697</b>

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**

**STATEMENT OF INDIVIDUAL FUNDS CASH FLOWS**

Year Ended December 31, 2014

	Alliance	General	MoPEP I	MMMPEP	Project Funds			Eliminations	Total
	Fund	Fund	Pool Fund	Pool Fund	Plum Point	Iatan 2	Prairie State		
<b>OPERATING ACTIVITIES</b>									
Receipts from Power and Transmission Sales	\$ -	\$ 1,168,103	\$ 202,716,388	\$ 34,180,565	\$ 51,477,921	\$ 37,785,448	\$ 88,791,852	\$ (43,643,946)	\$ 372,476,331
Receipts from Other Revenue Sources	207,050	464,434	3,407	-	28,736	-	21,561	-	725,188
Payments for Power Purchases and Other Goods and Services	(370,118)	(3,508,957)	(191,168,591)	(33,609,036)	(30,147,523)	(12,719,015)	(30,771,950)	43,643,946	(258,651,244)
Payments to Employees for Services and Benefits	(225,668)	(608,755)	(781,018)	(265,014)	(306,121)	(183,974)	(365,594)	-	(2,736,144)
Net Cash Provided (Used) by Operating Activities	(388,736)	(2,485,175)	10,770,186	306,515	21,053,013	24,882,459	57,675,869	-	111,814,131
<b>NONCAPITAL FINANCING ACTIVITIES</b>									
Interfund Operating Transfers	518,882	1,430,963	(831,146)	(222,558)	(291,492)	(206,802)	(397,847)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	518,882	1,430,963	(831,146)	(222,558)	(291,492)	(206,802)	(397,847)	-	-
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>									
Proceeds from Long-Term Debt	-	-	-	-	218,584,358	180,011,837	-	-	398,596,195
Bond Interest Subsidy Received	-	-	-	-	1,219,545	-	5,888,764	-	7,108,309
Payment of Bond Issuance Costs	-	-	-	-	(1,205,593)	(942,583)	-	-	(2,148,176)
Payment of Advance Refunding Costs	-	-	-	-	(6,579,530)	(6,791,289)	-	-	(13,370,819)
Principal Payments on Long-Term Debt	(48,000)	-	(6,486,175)	-	(216,110,000)	(174,820,000)	(16,655,000)	-	(414,119,175)
Payments of Interest and Fees on Debt	(59,169)	(35,067)	(1,956,208)	-	(21,657,139)	(16,278,024)	(45,075,438)	-	(85,061,045)
Acquisition and Construction of capital Assets	(16,846)	(422,000)	(2,063,586)	-	(2,028,843)	(4,816,342)	(3,213,291)	-	(12,560,908)
Net Cash (Used) by Capital and Related Financing Activities	(124,015)	(457,067)	(10,505,969)	-	(27,777,202)	(23,636,401)	(59,054,965)	-	(121,555,619)
<b>INVESTING ACTIVITIES</b>									
Purchases of Investments	-	-	(18,992,833)	-	(23,424,979)	(20,091,070)	(74,545,720)	-	(137,054,602)
Proceeds from Sales and Maturities of Investments	-	-	10,703,224	-	30,324,444	20,671,270	78,128,721	-	139,827,659
Investment Income	-	1,024	107,600	254	132,112	658,858	235,080	-	1,134,928
Net Cash Provided (Used) by Investing Activities	-	1,024	(8,182,009)	254	7,031,577	1,239,058	3,818,081	-	3,907,985
Net Increase (Decrease) in Cash and Cash Equivalents	6,131	(1,510,255)	(8,748,938)	84,211	15,896	2,278,314	2,041,138	-	(5,833,503)
Cash and Cash Equivalents, Beginning of Year	287,557	1,997,655	15,104,467	2,394,178	2,502,758	1,634,145	6,134,925	-	30,055,685
Cash and Cash Equivalents, End of Year	\$ 293,688	\$ 487,400	\$ 6,355,529	\$ 2,478,389	\$ 2,518,654	\$ 3,912,459	\$ 8,176,063	\$ -	\$ 24,222,182
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>									
Operating Income	\$ (443,876)	\$ (1,476,383)	\$ 6,605,631	\$ 241,958	\$ 15,694,783	\$ 13,485,286	\$ 38,850,184	\$ -	\$ 72,957,583
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:									
Depreciation	49,245	57,992	1,941,353	-	7,702,048	5,242,100	18,555,217	-	33,547,955
Adjustments for (Increases) Decreases in Assets and Increases (Decreases) in Liabilities:									
Accounts Receivable	(1,826)	2,253,402	342,580	268,336	(267,413)	-	(433,278)	(84,532)	2,077,269
Prepaid Expenses	403	266,022	(4,222)	-	(1,404,458)	(208,966)	(615,924)	161,366	(1,805,779)
Fuel Stock and Material Inventory	-	-	-	-	(919,282)	(278,331)	1,524,227	-	326,614
Contractual Deposits	-	-	(4,769,781)	-	5,307	-	246,600	-	(4,517,874)
Regulatory Assets	-	-	4,655,383	-	(1,666,061)	3,848,094	(1,700,470)	-	5,136,946
Accounts Payable	7,027	(3,588,336)	(917,650)	(205,670)	(2,722,132)	1,347,003	1,793,991	41,893	(4,243,874)
Accrued Payroll and Payroll Taxes	7,379	2,128	31,711	1,891	2,519	2,100	2,789	-	50,517
Unearned Revenue	(7,088)	-	(52,719)	-	4,627,702	1,445,173	(547,467)	(118,727)	5,346,874
Deferred Inflows of Resources	-	-	2,937,900	-	-	-	-	-	2,937,900
Net Cash Provided (Used) by Operating Activities	\$ (388,736)	\$ (2,485,175)	\$ 10,770,186	\$ 306,515	\$ 21,053,013	\$ 24,882,459	\$ 57,675,869	\$ -	\$ 111,814,131

See accompanying notes to financial statements.

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

STATEMENT OF INDIVIDUAL FUNDS CASH FLOWS

Year Ended December 31, 2013

	Alliance Fund	General Fund	MoPEP 1 Pool Fund	MMMPEP Pool Fund	Project Funds			Eliminations	Total
					Plum Point	Iatan 2	Prairie State		
<b>OPERATING ACTIVITIES</b>									
Receipts from Power and Transmission Sales	\$ -	\$ 917,093	\$ 193,217,621	\$ 24,993,493	\$ 49,596,245	\$ 36,929,655	\$ 82,546,792	\$ (43,643,946)	\$ 344,556,953
Receipts from Other Revenue Sources	235,536	372,424	6,273	-	39,471	45,955	21,211	-	720,870
Payments for Power Purchases and Other Goods and Services	(359,397)	(2,182,231)	(178,591,629)	(22,238,912)	(23,527,570)	(15,472,930)	(27,078,489)	43,643,946	(225,807,212)
Payments to Employees for Services and Benefits	(220,960)	(524,915)	(673,130)	(221,735)	(228,345)	(131,902)	(286,590)	-	(2,287,577)
Net Cash Provided (Used) by Operating Activities	<u>(344,821)</u>	<u>(1,417,629)</u>	<u>13,959,135</u>	<u>2,532,846</u>	<u>25,879,801</u>	<u>21,370,778</u>	<u>55,202,924</u>	<u>-</u>	<u>117,183,034</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>									
Interfund Operating Transfers	511,522	955,489	3,353,270	(138,977)	(229,567)	(152,779)	(4,298,958)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>511,522</u>	<u>955,489</u>	<u>3,353,270</u>	<u>(138,977)</u>	<u>(229,567)</u>	<u>(152,779)</u>	<u>(4,298,958)</u>	<u>-</u>	<u>-</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>									
Bond Interest Subsidy Received	-	-	-	-	1,210,341	-	5,870,426	-	7,080,767
Principal Payments on Long-Term Debt	(38,000)	-	(13,304,824)	-	(6,230,000)	(5,790,000)	(8,355,000)	-	(33,717,824)
Payments of Interest and Fees on Debt	(56,093)	-	(2,821,344)	-	(17,348,848)	(14,437,638)	(45,683,975)	-	(80,347,898)
Acquisition and Construction of capital Assets	(61,411)	-	(399,851)	-	(3,709,845)	(3,016,912)	(10,166,869)	-	(17,354,888)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(155,504)</u>	<u>-</u>	<u>(16,526,019)</u>	<u>-</u>	<u>(26,078,352)</u>	<u>(23,244,550)</u>	<u>(58,335,418)</u>	<u>-</u>	<u>(124,339,843)</u>
<b>INVESTING ACTIVITIES</b>									
Purchases of Restricted Cash and Investments	-	-	(3,595,028)	-	(25,216,926)	(24,065,394)	(73,957,280)	-	(126,834,628)
Proceeds from Sales and Maturities of Investments	-	-	3,457,891	-	28,020,918	26,295,185	82,365,379	-	140,139,373
Purchase of Certificate of Deposit	-	-	(85,455)	-	-	-	-	-	(85,455)
Interest Received on Investments	-	1,726	125,385	309	62,385	702,512	108,258	-	1,000,575
Net Cash Provided by Investing Activities	<u>-</u>	<u>1,726</u>	<u>(97,207)</u>	<u>309</u>	<u>2,866,377</u>	<u>2,932,303</u>	<u>8,516,357</u>	<u>-</u>	<u>14,219,865</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,197	(460,414)	689,179	2,394,178	2,438,259	905,752	1,084,905	-	7,063,056
Cash and Cash Equivalents, Beginning of Year	276,360	2,458,069	14,415,288	-	64,499	728,393	5,050,020	-	22,992,629
Cash and Cash Equivalents, End of Year	<u>\$ 287,557</u>	<u>\$ 1,997,655</u>	<u>\$ 15,104,467</u>	<u>\$ 2,394,178</u>	<u>\$ 2,502,758</u>	<u>\$ 1,634,145</u>	<u>\$ 6,134,925</u>	<u>\$ -</u>	<u>\$ 30,055,685</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>									
Operating Income	\$ (389,520)	\$ (960,956)	\$ 3,210,900	\$ 215,663	\$ 15,988,684	\$ 14,274,499	\$ 43,971,017	\$ -	\$ 76,310,287
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:									
Depreciation	47,279	14,250	1,925,333	-	7,496,887	5,140,508	19,331,536	-	33,955,793
Adjustments for (Increases) Decreases in Assets and Increases (Decreases) in Liabilities:									
Accounts Receivable	3,961	(1,054,911)	(2,879,964)	(3,004,005)	(48,925)	-	-	(84,532)	(7,068,376)
Prepaid Expenses	3,080	(270,657)	72,181	-	1,067,616	258,133	563,786	161,366	1,855,505
Fuel Stock and Material Inventory	-	-	-	-	1,491,263	798,609	(821,821)	-	1,468,051
Contractual Deposits	-	-	(1,209,488)	-	(11,055)	-	-	-	(1,220,543)
Regulatory Assets	-	-	8,963,999	-	(654,577)	1,861,040	(1,616,146)	-	8,554,316
Accounts Payable	(9,450)	880,477	2,697,216	3,218,527	2,896,745	(899,962)	370,031	41,893	9,195,477
Accrued Payroll and Payroll Taxes	(7,259)	3,016	30,773	4,139	1,130	(294)	1,171	-	32,676
Unearned Revenue	7,088	(28,848)	(57,512)	2,098,522	(2,347,967)	(61,755)	(836,082)	(118,727)	(1,345,281)
Deferred Inflows of Resources	-	-	1,205,697	-	-	-	(5,760,568)	-	(4,554,871)
Net Cash Provided (Used) by Operating Activities	<u>\$ (344,821)</u>	<u>\$ (1,417,629)</u>	<u>\$ 13,959,135</u>	<u>\$ 2,532,846</u>	<u>\$ 25,879,801</u>	<u>\$ 21,370,778</u>	<u>\$ 55,202,924</u>	<u>\$ -</u>	<u>\$ 117,183,034</u>

See accompanying notes to financial statements.



**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**  
**SCHEDULE OF CHANGES IN RESTRICTED BOND ACCOUNTS**  
**HELD IN TRUST BY THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**  
**Year Ended December 31, 2014**

	Fair Value 12/31/2013	Receipts	Disbursements	Change in Fair Value	Change in Interest Receivable	Fair Value 12/31/2014
<b>Power Project Revenue Bonds (Plum Point Project ) Series 2006, Series 2009A, Series 2009B and Series 2014A</b>						
Project Fund	\$ 6,417,030	\$ 2,808	\$ 2,623,945	\$ -	\$ -	\$ 3,795,893
Cost of Issuance Fund	-	532,109	449,138	-	-	82,971
Debt Service Fund	15,143,226	19,136,726	23,607,198	-	237,655	10,910,409
Debt Service Reserve Account	23,749,185	258,445	13,504	(226,963)	(190,739)	23,576,424
Total	<u>\$ 45,309,441</u>	<u>\$ 19,930,088</u>	<u>\$ 26,693,785</u>	<u>\$ (226,963)</u>	<u>\$ 46,916</u>	<u>\$ 38,365,697</u>
<b>Power Project Revenue Bonds (Iatan 2 Project ) Series 2006A, 2006B, 2009A, 2009B and Series 2014A</b>						
Cost of Issuance Fund	\$ -	\$ 403,428	\$ 377,944	\$ -	\$ -	\$ 25,484
Debt Service Fund						
Tax Exempt	13,434,950	18,140,668	20,237,150	-	(132,279)	11,206,189
Debt Service Reserve Account	20,430,946	650,718	254,316	(368,016)	-	20,459,332
Total	<u>\$ 33,865,896</u>	<u>\$ 19,194,814</u>	<u>\$ 20,869,410</u>	<u>\$ (368,016)</u>	<u>\$ (132,279)</u>	<u>\$ 31,691,005</u>
<b>Power Project Revenue Bonds (Prairie State Project ) Series 2007A, 2007B, 2009A, 2009B, 2010A, and 2010B</b>						
Project Fund						
Taxable	\$ 5,130,244	\$ 1,442	\$ 4,187,563	\$ -	\$ -	\$ 944,123
Tax Exempt	1,526,390	92	1,526,482	-	-	-
Debt Service Fund						
Taxable	14,471,176	17,522,488	16,089,967	-	-	15,903,697
Tax Exempt	24,920,957	44,587,878	45,640,470	-	472,171	24,340,536
Debt Service Reserve Accounts	53,061,748	428,969	276,702	(9,022)	-	53,204,993
Total	<u>\$ 99,110,515</u>	<u>\$ 62,540,869</u>	<u>\$ 67,721,184</u>	<u>\$ (9,022)</u>	<u>\$ 472,171</u>	<u>\$ 94,393,349</u>
<b>Power Supply System Revenue Bonds (Fredericktown) Series 2011</b>						
Project Fund	\$ 51	\$ -	\$ 51	\$ -	\$ -	\$ -
Cost of Issuance Fund	2,911	-	-	-	-	2,911
Debt Service Fund	56,383	1,274,194	1,274,963	-	11,391	67,005
Debt Service Reserve Account	1,276,696	2,585	-	(240)	-	1,279,041
Total	<u>\$ 1,336,041</u>	<u>\$ 1,276,779</u>	<u>\$ 1,275,014</u>	<u>\$ (240)</u>	<u>\$ 11,391</u>	<u>\$ 1,348,957</u>
<b>Power Supply System Revenue Bonds (Dogwood Energy Center) Series 2012</b>						
Debt Service Fund	\$ 1,548,584	\$ 2,319,069	\$ 2,301,225	\$ -	\$ 20,772	\$ 1,587,200
Debt Service Reserve Account	2,318,164	3,749	-	(523)	-	2,321,390
Total	<u>\$ 3,866,748</u>	<u>\$ 2,322,818</u>	<u>\$ 2,301,225</u>	<u>\$ (523)</u>	<u>\$ 20,772</u>	<u>\$ 3,908,590</u>