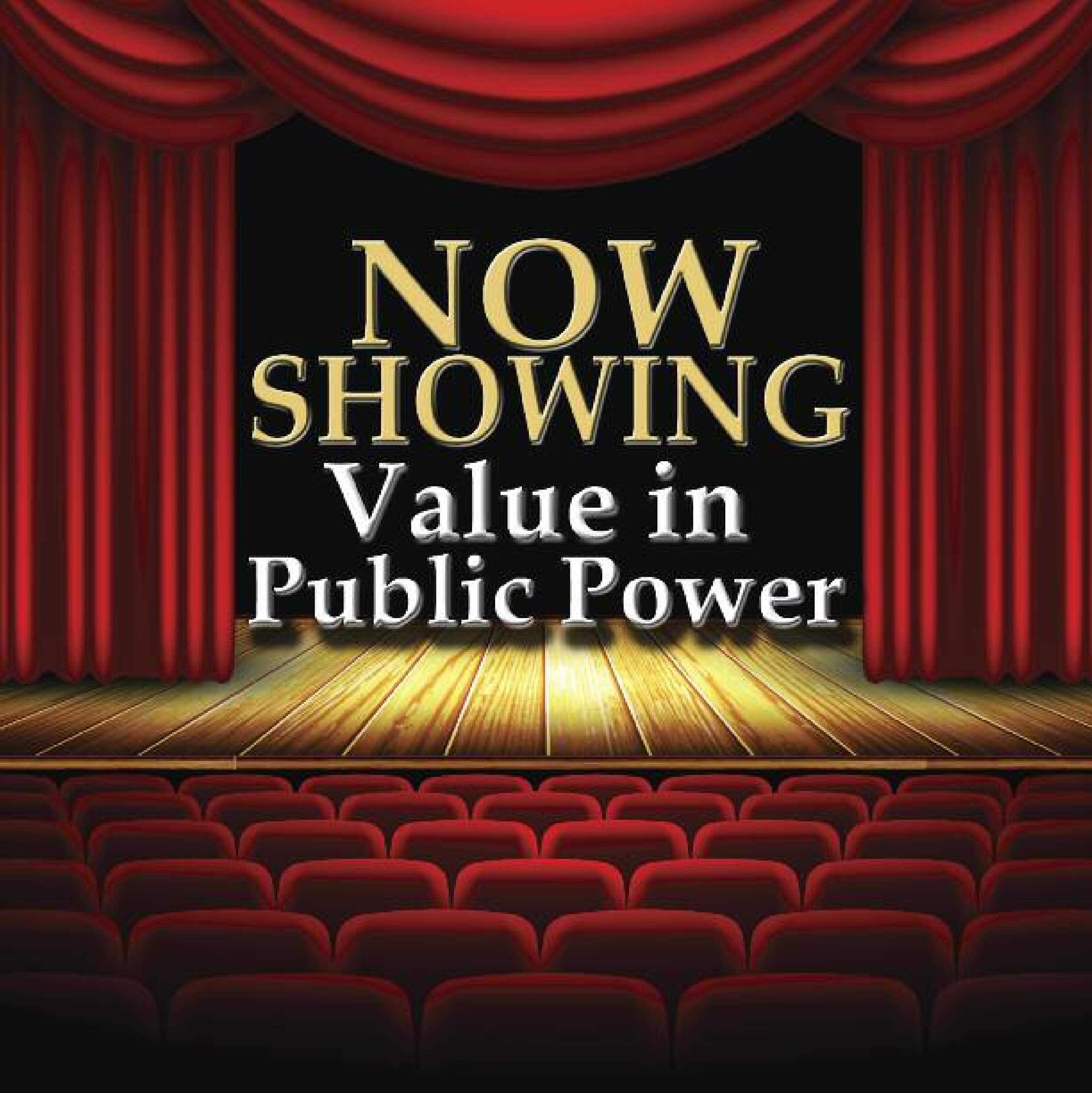


NOW SHOWING
Value in Public Power

IMEA
IPEA • IMUA

Annual Report 2015

ILLINOIS MUNICIPAL ELECTRIC AGENCY

All photos in this year's annual report are courtesy of Little Theatre On The Square in Sullivan, Illinois, or from the Hoogland Center for the Arts in Springfield, Illinois. Both theaters are powered by municipal electric systems. The Illinois Municipal Electric Agency thanks both theaters for their generosity.

A Message from the President & CEO and the Chairman of the Board

Counting the original production in 1946 and the 1966 revival of *Annie Get Your Gun*, Ethel Merman belted out "There's no Business Like Show Business" 1,225 times on Broadway. She got rave reviews.

In the electric business, there are no rave reviews. The lights are either on, or people are complaining.

Luckily, though, there are stars in this business: Among them, the 32 municipal members and one electric cooperative that comprise the membership of the Illinois Municipal Electric Agency. These public power utilities are managed by local government officials who are elected or appointed by the citizens of the communities they serve. That means all decisions about pricing, facilities, technology and staffing are made locally, by officials at public meetings.

Public power's advantage is its local presence and control. When citizens in IMEA Member communities contact their utility's customer service department, they are talking to a local office staffed by their neighbors who are dedicated to customer satisfaction. Our Members focus on core operations and system maintenance, and many have a century-long record of delivering reliable power to the city. Municipal power systems anticipate and respond quickly to emergencies because local crews live in the community and are accountable to local officials, as well as to friends, neighbors and families. Repair crews that are local are intimately familiar with the local electric distribution system and can identify and correct problems quickly.

Our member utility systems may play on comparatively small stages, but there is no doubt they deliver Tony-worthy performances and are definitely in business for the long run. The Illinois Municipal Electric Agency is happy to play its part back stage and behind the scenes.

Our job is to get power to our Members' city gates. We plan, finance, own and operate generation facilities and we purchase wholesale power on their behalf.

Beyond that, IMEA helps its Members comply with federal reliability and environmental regulations; explores opportunities in the power markets to assure stable wholesale prices; administers an electric efficiency program for the Members; pitches in with economic development; provides engineering and maintenance assistance for Member utility systems; and offers training opportunities for Member utility personnel and policymakers.

We've all heard that the show must go on. If that's true for the theater business, we can only imagine that it's all the more true for public power. We may be the stage hands in this endeavor, but we pledge to do all we can to keep our Members' starring roles going and going. For them, there is no final curtain – they just keep performing.

Kevin M. Gaden
President & CEO

Greg Hazel
Chairman of the Board

Who We Are

The Illinois Municipal Electric Agency (IMEA) is a not-for-profit unit of local government comprised of 32 municipal electric systems and one electric cooperative from across Illinois. Each of those communities owns and operates its own electric distribution system. Some operate local power generation plants.

Since its creation in 1984, the focus of the IMEA has been on the reliable delivery of bulk power and energy to Members at low and stable prices. IMEA combines the power needs of all of Members and secures the electricity necessary to satisfy those needs. The Agency sells its municipal Members and one co-op all their wholesale power needs under long-term power supply contracts.

To accomplish this goal, IMEA has assembled a portfolio of power supply ownership and contracts. These include the ownership of a portion of large power plants in Kentucky and Illinois, long-term power supply contracts, shorter term contracts and purchases from the market when that is an economical option. IMEA also uses the power plants owned and operated by our Members to meet the memberships' needs from time to time.

IMEA backs its commitment to power supply excellence with a 24-hour-a-day, seven day-a-week Operations Center staffed by highly skilled power supply professionals. In addition, IMEA provides engineering, communications, economic development, energy efficiency, legislative and regulatory oversight services for its Members.

The Agency is governed by a board of directors appointed by its Members. A professional staff administers day-to-day operations.

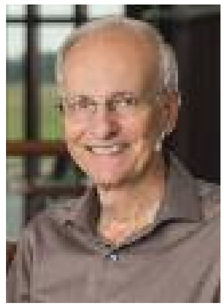
IMEA Members

Altamont	Flora	Princeton
Bethany	Freeburg	Rantoul
Breese	Greenup	Red Bud
Bushnell	Highland	Riverton
Cairo	Ladd	Rock Falls
Carlyle	Marshall	Roodhouse
Carmi	Mascoutah	St. Charles
Casey	Metropolis	Sullivan
Chatham	Naperville	Waterloo
Fairfield	Oglesby	Winnetka
Farmer City	Peru	

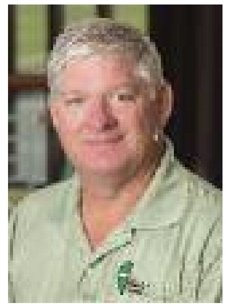
★ Rural Electric Convenience Cooperative (RECC) – power purchasing participant

Executive Board

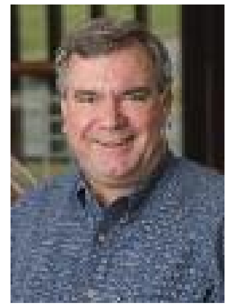
Chairman
Greg Hazel
Rantoul



Vice Chairman
Mark Curran
Naperville

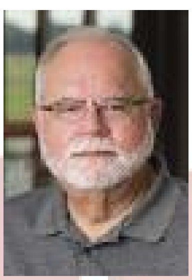


Secretary/
Treasurer
Dale Detmer
Breese

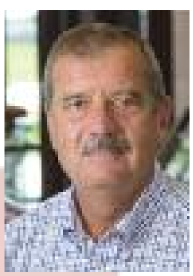


Immediate
Past Chairman
Rick Abell
Metropolis

Members at Large

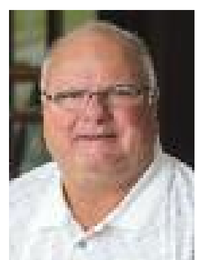


Larry Taylor
Altamont



Bob Coble
Flora

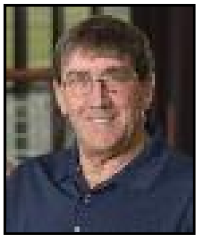
Cory
Sheehy
Marshall



Mayor
Scott Harl
Peru

Brian
Keys
Winnetka

Board of Directors



Mike Collins
Bethany

Justin Griffith
Bushnell

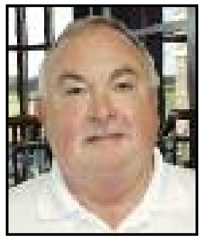
Karl Klein
Cairo

John Hodapp
Carlyle

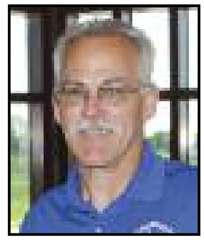
David Coston
Carmi

Shelby Biggs
Casey

Shane Hill
Chatham



Mayor Charles Griswold, Jr.
Fairfield



Larry Woliung
Farmer City

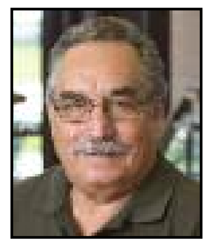
John Tolan
Freeburg

Mike Ryder
Greenup

Dan Cook
Highland

Patrick Barry
Ladd

Cody Hawkins
Mascoutah

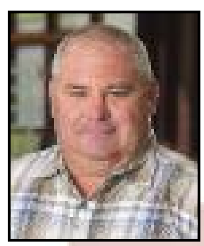


Dominic Rivara
Oglesby

Jeff Mangrich
Princeton

Josh Eckart
Red Bud

Russ Patrick
Riverton

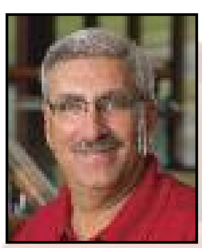


Dick Simon
Rock Falls

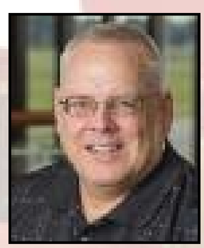
Mayor Tom Martin
Roodhouse

Tom Bruhl
St. Charles

Mayor Ann Short
Sullivan



Tim Birk
Waterloo



David Stuva
RECC

Ten Year Comparative Summary of Operations

FOR THE YEARS ENDED APRIL 30,	2015	2014	2013	2012
Operating Revenues:				
Electric Sales to Participating Members	$297,920,665	$313,329,416	$293,252,375	$269,710,862
Electric Sales to Non-Participating Members	0	0	0	0
Electric Sales to Others	9,487,955	10,202,123	9,191,496	9,081,678
Member Assessments	0	0	0	0
Other	4,906,065	3,570,481	2,038,994	1,867,134
Total Operating Revenues	312,314,685	327,102,020	304,482,865	280,659,674
Operating Expenses:				
Purchased Power	93,821,555	112,229,955	121,189,265	167,998,413
Transmission	13,114,019	14,902,996	19,839,895	23,747,840
Prairie State and Trimble County Unit #1 and 2:				
Fuel	43,282,351	37,198,450	35,127,223	23,540,732
Operations and Maintenance	36,338,400	32,417,374	20,463,752	8,331,479
Member Payments:				
Fuel Reimbursements	1,119,275	1,431,522	1,423,755	2,083,846
Capacity Payments	9,202,280	9,163,470	9,204,193	9,334,291
Generation Payments	2,774	6,056	3,357	17,866
Administrative and General	7,456,187	8,232,434	7,084,137	7,320,757
Depreciation	33,126,911	32,659,266	27,081,063	7,796,362
Other Utility Operations	1,429,914	1,880,493	1,169,848	970,795
Total Operating Expenses	238,893,666	250,122,016	242,586,488	251,142,381
Net Operating Income	73,421,019	76,980,004	61,896,377	29,517,293
Other Expenses - Net	(53,399,018)	(59,430,472)	(46,421,103)	(11,471,707)
Net Income Before Special Item	$20,022,001	$17,549,532	$15,475,274	$18,045,586
Special Item	$0	$0	$0	$0
Change in Net Position	$20,022,001	$17,549,532	$15,475,274	$18,045,586
Peak Demand (Non-Coincident kW)	942,161	1,005,629	1,084,464	1,063,494
Kilowatt-Hour Sales to Participating Members(kWh)	3,974,872,808	4,102,836,932	4,135,520,775	3,910,906,019
Kilowatt-Hour Sales to Non-Participating Members(kWh)	0	0	0	0
Kilowatt-Hour Sales to Others(kWh)	120,211,294	123,499,732	115,139,111	112,278,126
Cost per kWh to Participating Members (Cents/kWh)	7.50	7.64	7.09	6.90
Cost per kWh to Participating Members after Capacity Payments (Cents/kWh)	7.26	7.41	6.87	6.66
Debt Service Coverage after Rate Stabilization Transfer	110%	110%	113%	119%
Principal Paid on Revenue Bonds	$36,960,000	$35,285,000	$23,675,000	$8,795,000
Revenue Bonds Outstanding	$1,087,260,000	$1,174,390,000	$1,209,675,000	$1,233,350,000
Net Position	$147,879,939	$127,857,938	$110,308,406	$94,833,132

2011	2010	2009	2008	2007	2006
$166,474,951	$148,999,323	$146,290,958	$140,222,832	$101,362,681	$107,605,194
0	0	0	0	0	863,087
9,079,342	8,876,865	2,630,952	3,284	0	0
8,333	10,000	10,000	10,000	28,500	40,667
1,272,067	1,521,276	1,221,779	1,155,131	369,710	228,309
176,834,693	159,407,464	150,153,689	141,391,247	101,760,891	108,737,257
99,499,201	105,434,390	95,326,413	92,125,794	54,127,374	56,786,957
14,924,800	14,049,221	11,590,389	10,277,107	6,657,441	6,464,926
14,152,031	7,838,048	11,099,921	7,498,448	7,892,265	7,038,616
5,786,808	5,859,538	4,532,103	4,226,640	3,511,622	3,473,196
1,236,692	995,589	1,866,252	1,507,892	2,358,657	6,227,758
9,309,573	9,281,664	9,263,030	9,527,462	10,159,631	10,450,580
5,799	2,997	4,719	15,297	32,547	121,835
6,781,113	6,114,056	5,774,665	5,112,890	4,474,511	3,872,102
4,454,531	3,291,971	3,433,667	3,245,737	3,129,115	3,242,803
869,565	1,107,938	633,090	613,600	598,955	855,049
157,020,113	153,975,412	143,524,249	134,150,867	92,942,118	98,533,822
19,814,580	5,432,052	6,629,440	7,240,380	8,818,773	10,203,435
(5,667,893)	(3,580,580)	(3,243,851)	(2,546,837)	(1,912,322)	(3,191,010)
$14,146,687	$1,851,472	$3,385,589	$4,693,543	$6,906,451	$7,012,425
($1,179,024)	$0	$0	$0	$0	$0
$12,967,663	$1,851,472	$3,385,589	$4,693,543	$6,906,451	$7,012,425
649,186	608,019	615,849	626,716	511,245	539,263
2,591,542,077	2,415,241,184	2,525,506,187	2,661,927,664	2,087,270,895	2,112,121,734
0	0	0	0	0	32,085,000
117,881,804	121,424,791	38,254,057	0	0	0
6.42	6.17	5.79	5.27	4.86	5.09
6.06	5.78	5.43	4.91	4.37	4.60
113%	148%	138%	139%	168%	156%
$8,710,000	$3,665,000	$3,485,000	$3,365,000	$2,985,000	$6,485,000
$1,242,145,000	$1,110,565,000	$792,440,000	$795,925,000	$196,650,000	$60,130,000
$76,787,546	$63,819,883	$61,968,411	$58,582,822	$53,889,279	$46,982,828

Little Theatre On The Square – A Dream Fueled by Public Power

Every business is the result of somebody's dream coupled with hard, hard work. The result can be a flower shop, bakery, gas station, store, a hammer factory, an injection molding operation, a farm implement dealership: all examples of businesses – dreams, really – that have taken root and thrived in IMEA Member municipalities.

For the 2015 IMEA Annual Report, we've chosen one business – The Little Theatre On The Square in Sullivan, Illinois – to represent the many businesses that draw power from their municipal utility.

Sullivan is a thousand miles away from New York, but, thanks to Little Theatre On The Square, the excitement and magic of great performances touch the lives of audiences in central Illinois just as profoundly as they do on Broadway.

In 1957, Guy S. Little, Jr. rented the Grand Theater, a movie house that had recently closed, and produced his first summer of musicals. Guy Little's mother ran the box office, and Guy did the rest – booking, directing, costuming and advertising. In 1959, the theater became an Actors' Equity Association affiliated house. This raised the level of talent playing the theater well beyond that of the local amateur productions that spring up each summer in small towns across the Midwest. Over the years, such stars as Betty Grable, Ray Milland, Harvey Korman, Pat O'Brien, Imogene Coca, Andy Devine, Margaret Hamilton, Tab Hunter, Vivian Vance, Ann Sothern, Cesar Romero, Leonard Nimoy and Alan Alda have tread the boards in Sullivan.

After Guy S. Little, Jr. moved on to Milwaukee in 1978, a not-for-profit group known as The Little Theatre Inc. took responsibility for the venture. The group purchased the building from Guy Little and soon purchased and renovated the adjoining building for its ticket office, public restrooms and administrative offices. The theater continued to grow, and added amenities for its patrons and production company. In 2000, the theater purchased another building for rehearsal space, a dance studio and apartments to house the company. Another building was purchased in 2001 and converted into a technical production facility.

In 1997, the theater, in cooperation with the City of Sullivan Civic Center, started an educational outreach program to cultivate theater arts. It began by teaching jazz, tap and ballet. In 2001, drama classes were added. The outreach program now has more than 275 students.

In January, 2004, the educational outreach program added a touring program called S.T.A.R. which stands for Students' Theatre Arts Reach. Taking a play on the road, S.T.A.R. offered their performance to area schools.

Since 1981, The Little Theatre On The Square has played to well over 600,000 admissions, including over 130,000 admissions to the Theatre For Young Audiences series.

IMEA is proud to play its part in bringing the power to Little Theatre On The Square and to all the businesses in the cities it serves. It is business ventures like these that improve the economies and the quality of life in the towns we serve.

Little Theatre On The Square Executive Director and Producer John Stephens discusses the upcoming season with Sullivan Mayor Ann Short

NOW SHOWING

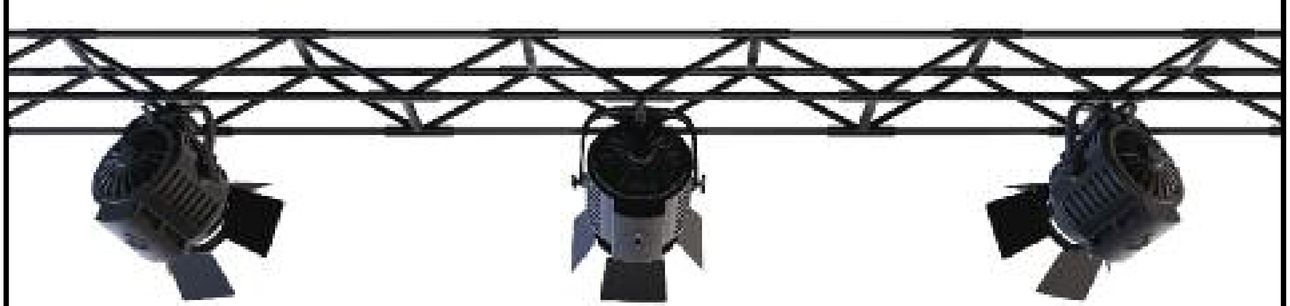
The Value of Public Power

Small towns can be the home for big dreams – such as owning a home, raising a happy family or starting a business.

The Little Theatre On The Square in Sullivan, Illinois is one such dream. In 1957, Guy S. Little, Jr., first raised the curtain for a lively and professional performance of *Brigadoon*.

Since then, more than 175 famous stars have performed on the stage of this theater in the heart of a central Illinois community of just under 4,500 residents. Those taking top billing at the theater include such luminaries as Mickey Rooney, Ann Miller, Don Ameche, Betty Grable, John Carradine and Forrest Tucker.

But as any good actor will tell you, it takes a lot of behind the scenes work to shine the stage lights on the star. Just so, it takes a lot of often unseen and unheralded work to power the dreams of an entire town.



Our Mission

The mission of the IMEA is to provide member communities with quality utility services in a reliable, cost-effective and environmentally sensitive manner.

The 32 municipal electric systems and one electric cooperative member of the Illinois Municipal Electric Agency provide the electricity to all homes and businesses in their communities. IMEA is proud to stand behind them in their commitment to outstanding hometown service to their customers. Our Members understand – just the way Guy Little, Jr. did – that their 'small town operations' do not preclude them from delivering world-class results.

The IMEA and its Work

The IMEA is a joint action agency formed in 1984 by its Member municipalities in accordance with the provisions of the Illinois Municipal Code. Its job is to produce or secure power for Members and provide for that power to be delivered to the city gates. IMEA fulfills this part of its mission through ownership shares of generation facilities, through long-term and short-term power services contracts, and by working on Members' behalf on distribution agreements and transmission rights. In addition, IMEA provides other services, including engineering, legal, education, electric efficiency, regulatory compliance and economic development assistance.

Agency membership is comprised of 32 municipalities. IMEA also serves one rural electric cooperative.

Generating and Procuring Power

In fiscal year 2014-15, IMEA's sales to participating members, which includes sales to RECC, was more than 4,095,000 MWh, but projections show that the load may grow to nearly 4,175,000 MWh for fiscal year 2015-16.

IMEA's strategy is to diversify its sources, as a means of hedging against market volatility. Power markets fluctuate. For some periods, ownership is the more cost-effective way of procuring power. For other periods, purchasing power is more cost effective. Rather than attempt to outguess the market, IMEA employs a mix of ownership, long-term power purchasing contracts (including from Illinois-based renewable energy sources) and short-term market purchases. This strategy can mean that IMEA's mix of resources does not always yield the lowest prices for Members, but it practically assures that Members do not pay the highest prices either. A mixed portfolio of resources is designed to keep energy costs to our Members in a range that is somewhere comfortably between the market's price extremes, which allows our Members to have some ability to forecast their power supply's future cost.

For fiscal year 2014-15, 62 percent of IMEA's power supply requirements were met by IMEA-owned or Member-owned generation resources. The remainder came from long-term, cost-based contracts; another long-term power contract; and short-term contracts.

The Illinois Municipal Electric Agency at a Glance

IMEA is …

a not-for-profit unit of local government created in 1984 that is currently comprised of 32 municipal electric systems and one electric cooperative from all across Illinois. Each of those IMEA Member communities owns and operates its own electric distribution system. Some Members operate local power generation plants.

IMEA's focus is …

the reliable delivery of bulk power and energy to its Members at low and stable prices. IMEA combines the power needs of all of its Members and secures the electricity necessary to satisfy those needs. The Agency sells its Members all their wholesale power needs under long-term power supply contracts. To accomplish this goal, IMEA has assembled a portfolio of power supply ownership and long-term and short-term purchase power agreements.

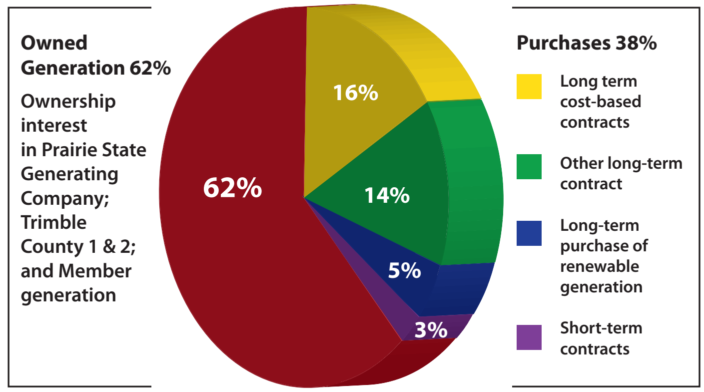
IMEA backs its commitment to power supply excellence …

with a 24-hour-a-day, seven days-a-week Operations Center staffed by highly skilled power supply professionals. In addition, IMEA provides engineering, legal, communications, economic development, legislative and regulatory oversight services and an energy efficiency program for its Members.

Putting forth a wealth of experience …

IMEA's six senior officers have a combined 150 years' experience in all facets of the electric industry – from engineering to marketing to project management to finance to regulation.

IMEA 2015 Portfolio of Generated and Purchased Power Supply



Power Generation

IMEA is one of eight Midwestern-based public power utilities with an ownership interest in the Prairie State Generating Company, which is comprised of two 800 MW coal-fired supercritical generating units near Marissa, Illinois. IMEA's share is 15.17 percent, which represents more than 240 megawatts of the two units' combined generating capacity. Prairie State gives the IMEA and its co-owners a secure source of base-load power with about 30 years' worth of coal reserves, with the aim of providing municipal customers with steady, affordable rates for decades.

The Prairie State campus features an investment of more than $1 billion worth of the best available emissions control technology to create the cleanest coal-fueled power plant in Illinois and one of the cleanest in the world. Prairie State's emissions equipment removes 98 percent of nitrogen oxide (NO_X), more than 98 percent of sulfur dioxide (SO_2), more than 99 percent of particulate material (PM) and more than 95 percent of mercury, which are the top four monitored emissions.

IMEA also owns 12.12 percent of the Trimble County 1 and Trimble County 2 generating facility located between Louisville and Cincinnati. Trimble County 1 is a 514 MW subcritical, pulverized coal-fired unit, and Trimble County 2 is a 750 MW supercritical, pulverized coal-fired unit.

In addition to the Prairie State and Trimble County facilities, in times of emergency – or when it is economically advantageous – the IMEA can call on dozens of member-owned and agency-owned diesel and natural gas-fired generating units.

Though Trimble County and Prairie State are a major source of IMEA's base load power, the Agency has committed to a diversified energy portfolio. In 2009, the IMEA Board of Directors adopted a policy that directs the Agency to acquire approximately five percent of its energy requirements from renewable resources. Toward that goal, IMEA has entered into a long-term contract to purchase up to 70 MW of wind energy from the Lee-DeKalb wind project owned by FPL Energy Illinois Wind, LLC. The contract runs through 2030. In addition, two of IMEA's Members operate run-of-the-river hydroelectric generation operations that total 10 MW of carbon-free capacity.

Power Purchases

The IMEA has executed procurement contracts that are supported by a mix of coal-fired and natural gas-fired units. These contracts offer a measure of price stability for the Agency and its Members.

In addition, IMEA's operations department makes purchases and sales in the day-ahead and in the real-time hourly markets in the Midcontinent Independent System Operator (MISO) and the Pennsylvania, Jersey & Maryland (PJM) Regional Transmission Organizations (RTOs). The use of these markets ensures that Member agencies have access to power when demand is high and gives the IMEA the opportunity to sell power to the grid when it is not needed by Members.

Operational and Technical Support

Many IMEA departments work together to offer Members state-of-the-art operational and technical services.

Operations

IMEA maintains a 24-hour-a-day, seven-day-a-week, state-of-the-art Operations Center staffed by highly skilled power supply professionals. The Operations Department alerts local officials of voltage dips and power outages and works with the Members and representatives from investor-owned utilities serving the area to identify downed lines or malfunctioning equipment and rectify the problem. In extreme conditions, IMEA Operations Center staff will alert the coordinators of the Illinois Municipal Utilities Association's Mutual Aid Program to send volunteer crews from other Member municipalities to help an IMEA Member community restore power.

Engineering

IMEA electrical engineers and technicians supplement the work of IMEA Members' engineers and electric department personnel. They assist the Members with such tasks as preparing emission reports, stack-emission analyses, coordination of delivery point improvements, preventive maintenance activities, load flow studies, power factor improvement recommendations and key account customer support (such as meter testing, programming and power quality surveys). They also test annually the power capability of the Members' generation units.

Legal

IMEA employs a full-time General Counsel to manage the legal and regulatory aspects of the Agency's corporate, governmental and utility industry activities and contracts that underlie almost every service the Agency provides for its Members. The General Counsel also advises the President & CEO, IMEA Board and staff on legal and regulatory matters and manages specialized outside counsel when required by the Agency. IMEA hires outside legal counsel from time to time to provide advice and/or representation to the Agency in connection with specialized legal matters.

In addition to performing all the legal work the Agency requires, IMEA's on-staff legal counsel serves as a resource to IMEA member communities, often providing assistance on such questions as territorial service rights and retail customer choice under Illinois' deregulation statutes.

Regulatory Compliance and Legislative Advocacy

The IMEA finds itself either directly subject to (or concerned with) a number of laws, regulations and standards established by such authorities as the North American Electric Reliability Corporation (NERC), the Federal Energy Regulatory Commission (FERC), the Environmental Protection Agency, the Illinois General Assembly and the U.S. Congress.

The IMEA works to ensure its compliance with current laws and regulations, and, in some instances, the Agency helps Members with their compliance efforts. The IMEA also supports advocacy efforts for establishing responsible public policy on energy issues.

Reliability and Regulatory Compliance

IMEA is registered with the North American Electric Reliability Corporation (NERC) under two of NERC's eight regional entities: Reliability First (RF) Corporation and Southeast Electric Reliability Corporation (SERC). IMEA is registered with SERC as a Resource Planner (responsible for having a long-term plan for resource adequacy).

IMEA is also registered as a Distribution Provider and Load-Serving Entity on behalf of certain municipal Members depending on those Members' assets owned and load served (that is, if they are interconnected to the grid at 100 kV or above and serve a peak load greater than 25 MW). This is referred to as a Joint Registration Organization (JRO) Member. IMEA must monitor each individual Member's status to determine the need to update its registration status.

RF and SERC have individual Compliance Monitoring and Enforcement Program schedules that require IMEA to periodically submit Self-Certifications and/or Data Submittals. These address IMEA's status of compliance with numerous NERC reliability standards that apply to one or more of IMEA's registered functions. Lead responsibility for compliance typically falls to the IMEA Operations Center, IMEA's Engineering Department and/or individual JRO Members (currently Chatham, Highland, Naperville, Princeton and Winnetka). In addition to scheduled compliance submittals, IMEA diligently monitors NERC, RF and SERC requests for additional compliance.

Once a proposed reliability standard is approved by NERC and FERC, IMEA monitors the implementation period in order to assure compliance processes are in place by the required effective date.

On top of complying with reliability standards that have been approved by NERC and FERC, IMEA continually monitors NERC, RF and SERC development of new reliability standards, revision of existing reliability standards and compliance program development initiatives for potential impacts on IMEA and its Members. For example, IMEA was one of the first entities in the nation to take advantage of a new NERC definition of the Bulk Electric System (approved by FERC), which allowed IMEA to demonstrate that the City of Naperville's 138 kV system, which had been considered part of the Bulk Electric System, should not be part of the part of the Bulk Electric System due to Naperville's radial and local network design and operation (i.e., that it strictly serves local distribution load). This allowed IMEA to apply for and achieve deactivation of its Transmission Owner registration. A practical result is that Naperville utility personnel will now spend less time and effort on the compliance issues associated with being designated as a Transmission Owner and will be free to dedicate more time to providing direct services to customers.

In addition to reviewing proposals for changes to reliability standards for potential impacts on IMEA and Member compliance obligations, IMEA interacts with the American Public Power Association (APPA), Transmission Access Policy Study Group (TAPS) and other industry groups to collaborate on influencing NERC program development initiatives. The results of these actions have real benefits to customers, even though these behind-the-scenes efforts may largely go unnoticed.

Legislative Advocacy

In conjunction with its affiliation with the American Public Power Association (APPA) and through its association with the Illinois Municipal Utilities Association (IMUA), the IMEA tracks state and federal legislation and regulations that affect its Members, provides regular alerts and engages in timely lobbying efforts.

Perhaps the highest profile issue concerning IMEA on the regulatory front today is the EPA's new rules concerning the regulation of greenhouse gas emissions from existing electric generating units under section 111(d) of the Clean Air Act. This initiative is known as the Clean Power Plan.

Years in the making, the final version of the Clean Power Plan was released in August 2015. The rule sets carbon dioxide reduction goals for each state, which much be achieved by 2030. For Illinois and Kentucky (the states in which IMEA owns generation units that would be subject to the new rule) the final version is more stringent than the proposed version that came out a year before.

The rule also offers a couple of pathways to compliance – through a Federal Implementation Plan or through a State Implementation Plan. With a built-in mechanism for extensions, states have until September 2018 to finalize their plans.

It appears Illinois will formulate a State Implementation Plan. In doing so, policymakers will need to decide, among many other details, whether to measure the reduction goals as rate based or mass based. A rate based approach would set a limit that each generator would achieve for every MW of power it produced. A mass based approach would set a limit on all the CO_2 emitted by all units in the state. Under either approach, coal-fired units could not achieve the requirements without some mitigation garnered via heat rate improvements and the creation or purchase of CO_2 credits.

The 2014 draft of the Clean Power Plan suggested four building blocks of a state compliance plan:

1. Heat rate improvements at the electric generating unit.
2. Dispatching lower emitting base-load units (nuclear and natural gas) before those that emit higher rates of CO_2 (coal-fired units).
3. Adding more renewables to a state's generation portfolio.
4. Electric efficiency.

The final version of the Clean Power Plan does away with the fourth building block. However, in the final version of the plan, under something called the 'state measures approach,' states will have the flexibility to choose a mixture of energy efficiency policies and programs run by a variety of provider types to help meet its Clean Power Plan goal.

Given the little that can be known about the Clean Power Plan at this time, IMEA is focused on learning the answers to two core questions:

1. What are the obligations that will fall to the electric generation units part-owned by IMEA?

and

2. What obligations (if any) will fall to the Member municipal electric systems?

The answers to these questions will only come into focus once the states submit their compliance plans. (And maybe also when the federal court system weighs in on the inevitable challenges to the Clean Power Plan.)

In the meantime, IMEA is continuing to work with the Illinois EPA to be part of the process of helping to formulate the state implementation plan. And, the Agency is reviewing its electric efficiency program to make it compliance ready.

IMEA's goal is to work with stakeholders to assure that the mandates of this rule stay within authorities granted to the EPA under the Clean Air Act and to assure that responsible compliance with the rule protects not only the environment but also the viability of the Agency's generating assets. This "backstage" work is one example of the often unseen, but vital services IMEA performs on behalf of its Member municipalities.

Value-Added Service

In addition to providing its member communities with operational, technical, regulatory compliance and advocacy support services, IMEA helps its Member utilities and their communities in a number of other ways. Among them are:

- Aiding economic development efforts with Member systems;
- Training of utility department personnel through the Illinois Municipal Utilities Association; and
- Delivery of an electric efficiency program for all Member systems.

Economic Development

IMEA Member municipalities often leverage their highly reliable and predictably priced electric service to aid with their economic development efforts. When asked, IMEA staff assists Member municipalities with those efforts. IMEA staff members are routinely invited to call on Members' key accounts, perform energy audits and discuss options for reducing energy consumption and lowering bills. These services help municipalities retain local businesses and attract new ones.

Electric Efficiency Program
The Agency's electric efficiency program began in 2009, with an initiative that provides funds to go toward the purchase and installation of energy efficient technologies for IMEA Members and their commercial and industrial electric customers. The program helps cities and their customers reduce their electric demand and their electric consumption and therefore reduce the Members' wholesale power costs. This allows Members to shift dollars for other needs and to enhance their economic climate by making utility costs more affordable for established and potential businesses. Examples of projects that qualify for incentives include the installation of light-emitting diode (LED) street lights and lighting systems; replacement of inefficient industrial motors with more energy-efficient and variable-speed versions; installation of geothermal or other high-efficiency Heating, Ventilation and Air Conditioning (HVAC) systems; and, the installation of a variety of "smart-grid" and power-factor improvement equipment.

As of September 2015, more than 250 electric efficiency projects had been completed since the start of the program. Member municipalities and their commercial and industrial customers are estimated to have reduced energy consumption by more than 39 million kWh annually.

In August 2011, IMEA began what has become a five-year, $500,000 commitment to the Recycle My Fridge program, aimed at taking residents' secondary refrigerators off the grid. The IMEA administers the program in conjunction with the Appliance Recycling Centers of America (ARCA), Inc. Residents served by an IMEA Member utility can easily get rid of an old refrigerator or freezer taking up space in the basement or garage and receive a $50 prepaid card for doing so. From August 2011 through September 2015, residents in IMEA Member communities recycled 1,315 refrigerators and freezers, realizing an estimated energy savings of more than 1.1 million kWh annually.

Association and Agency Management
Under management services contracts that continue through the end of this decade, IMEA manages the Illinois Public Energy Agency (IPEA) and the Illinois Municipal Utilities Association (IMUA).

Formed in 1948, the IMUA is a statewide trade association that provides a wide variety of services to its 57 municipal members, including active governmental representation before the Illinois General Assembly and other administrative and regulatory bodies both in Illinois and at the federal level, including Congress. IMUA provides a diverse array of vital training programs and activities for municipal electric, natural gas, telecommunications, water and wastewater treatment utilities. IMUA also administers a voluntary mutual aid program designed to assist members with restoration of energy services and other vital community services in the event of natural disasters such as storms, floods and tornadoes.

The IPEA, which was formed in 2005, is a wholesaler of natural gas to 12 municipal systems and two cooperative natural gas systems across Illinois. IMEA provides managerial oversight for the IPEA's day-to-day operations. IPEA has become one of the leading natural gas joint-action agencies in the Midwest. ■

Summary of IMEA Sales to Members
Fiscal Year Ending April 30, 2015

Participating Members	Non-Coincident Peak Demand (kW)	Energy Usage (kWh)	Population
Altamont	5,974	25,125,173	2,304
Bethany	2,522	8,880,091	1,322
Breese	12,903	53,567,264	4,502
Bushnell	8,620	35,357,182	3,014
Cairo	11,882	71,827,260	2,576
Carlyle	9,200	37,174,070	3,238
Carmi	14,074	58,305,008	5,136
Casey	7,372	31,243,072	2,744
Chatham	25,114	80,735,063	12,212
Fairfield	16,846	72,716,281	5,080
Farmer City	4,995	20,620,109	2,005
Flora	25,337	125,345,816	4,977
Freeburg	11,318	42,884,551	4,280
Greenup	3,915	16,699,958	1,487
Highland	35,580	136,396,426	9,894
Ladd	2,920	14,104,384	1,251
Marshall	13,463	64,963,972	3,921
Mascoutah	16,570	58,470,661	7,896
Metropolis	19,654	86,250,037	6,390
Naperville	322,831	1,430,138,393	146,128
Oglesby	8,657	35,579,198	3,676
Peru	52,435	222,557,960	10,016
Princeton	24,577	103,830,153	7,415
Rantoul	33,724	159,370,785	13,100
Red Bud	13,566	52,938,218	3,609
Riverton	7,168	23,662,000	3,472
Rock Falls	18,442	67,750,342	9,062
Roodhouse	3,182	11,542,067	1,750
St. Charles	113,266	540,327,566	33,387
Sullivan	15,532	71,870,354	4,458
Waterloo	23,268	88,945,523	10,178
Winnetka	32,019	125,693,871	12,490
Total Full Requirements Sales to Participating Members	916,926	3,974,872,808	
Sales to RECC	25,235	120,211,294	
Total Sales	942,161	4,095,084,102	

ILLINOIS MUNICIPAL ELECTRIC AGENCY
Springfield, Illinois

FINANCIAL STATEMENTS
Including Independent Auditor's Report

As of and for the Years Ended April 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Illinois Municipal Electric Agency
Springfield, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Illinois Municipal Electric Agency (IMEA), as of and for the years ended April 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise IMEA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMEA as of April 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Illinois Municipal Electric Agency

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 23, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2015 and 2014

The management of the Illinois Municipal Electric Agency ("IMEA") offers all persons interested in the financial position of IMEA this narrative overview and analysis of IMEA's financial performance during the years ending April 30, 2015 and 2014. Please read this narrative in conjunction with the accompanying financial statements and the accompanying notes to financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Illinois Municipal Electric Agency is a body politic and corporate, municipal corporation and unit of local government of the State of Illinois. IMEA was created in 1984 under the provisions of Division 119.1 of Article II of the Illinois Municipal Code by a group of municipalities. The purpose of IMEA is to jointly plan, finance, own and operate facilities for the generation and transmission of electric power and energy to provide for the current and projected energy needs of the purchasing members. IMEA has thirty two (32) members, each of which is a municipal corporation in the State of Illinois and owns and operates a municipal electric system.

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the 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. IMEA uses the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

The Statements of Revenues, Expenses and Changes in Net Position present information showing how IMEA's net position changed during the most recent year due to IMEA's business activity. The Statements of Net Position report year end assets, deferred outflows of resources, liabilities and net position balances based on the original cost adjusted for any depreciation, amortization or unrealized gains/losses as appropriate. Over time, increases or decreases in IMEA's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider include the Agency's wholesale electric rates and ability to maintain or exceed the debt coverage levels required by its bond resolution.

IMEA FINANCIAL ANALYSIS

An analysis of IMEA's financial position begins with the review of the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position. A summary of IMEA's Statements of Net Position is presented in Table 1 and the Statements of Revenues, Expenses and Changes in Net Position are summarized in Table 2.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2015 and 2014

IMEA FINANCIAL ANALYSIS (cont.)

Table 1
Condensed Statements of Net Position

	2015	2014	2013
Utility plant	$ 1,081,957,424	$ 1,100,097,664	$ 1,121,178,815
Restricted assets	105,604,914	126,912,166	141,967,394
Current assets	121,816,491	114,957,833	93,004,477
Other assets	6,931,831	19,262,007	20,407,630
Deferred outflows of resources	44,266,182	1,885,545	2,404,249
Total Assets and Deferred Outflows of Resouces	$ 1,360,576,842	$ 1,363,115,215	$ 1,378,962,565
Net Position:			
Invested in capital assets	$ 46,944,830	$ 29,022,108	$ 29,478,466
Restricted	7,274,396	6,319,758	2,015,940
Unrestricted	93,660,713	92,516,072	78,814,000
Total Net Position	147,879,939	127,857,938	110,308,406
Noncurrent liabilities	1,143,096,170	1,164,790,798	1,196,206,513
Current liabilities	69,600,733	70,466,479	72,447,646
Total Liabilities	1,212,696,903	1,235,257,277	1,268,654,159
Total Net Position and Liabilities	$ 1,360,576,842	$ 1,363,115,215	$ 1,378,962,565

STATEMENTS OF NET POSITION

During the year ended April 30, 2015, utility plant decreased by $18,140,240. IMEA's capital investments made during the year included total payments of $15,987,356 toward the capital improvements associated with the Prairie State project, Trimble County Units 1 & 2 projects and other smaller capital acquisitions and improvements. Total current liabilities associated with these capital improvements were $1,452,360 which is reflected in current liabilities. These capital investments net of depreciation accounted for a majority of the changes in utility plant. Depreciation expense of $33,126,911 was recorded during the year.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2015 and 2014

IMEA FINANCIAL ANALYSIS (cont.)

STATEMENTS OF NET POSITION (cont.)

During the year ended April 30, 2014, utility plant decreased by $21,081,151. IMEA's capital investments made during the year included total payments of $9,078,632 toward the capital costs associated with the Prairie State project, general improvements to Trimble County Units 1 & 2 and other smaller capital acquisitions and improvements. Total current liabilities associated with these capital improvements were $2,190,792 which is reflected in current liabilities. These capital investments net of depreciation accounted for a majority of the changes in utility plant. Depreciation expense of $32,659,266 was recorded during the year.

During the fiscal year ended April 30, 2015, IMEA increased the cash and short-term investments held in operating reserve accounts by $7,883,819 from the previous year. This change represents the majority of the increase in current assets during the year. Proceeds of revenue bonds not yet expended are included in restricted assets. The decrease in restricted assets of $21,307,252 was primarily caused by payments being made toward capital investments as well as a decrease in IMEA's debt service reserve requirement as a result of IMEA's refinancing of a portion of the Series 2006 and 2007A Power Supply System Revenue Bonds. This refinancing also caused other assets to decrease by $12,330,176 and the deferred outflows of resources to increase by $42,380,637. Net position increased due to current year operations that resulted in net income of $20,022,001. As a result of the refinancing mentioned above, IMEA was able to decrease the total revenue bonds outstanding by $50,170,000. Principal repayments associated with the Agency's outstanding revenue bonds also totaled $36,960,000. IMEA is scheduled to repay an additional $41,375,000 on the outstanding revenue bonds on February 1, 2016 which is included in current liabilities. The Agency also made a net payment of $1,250,000 against a line of credit facility available to IMEA bringing the total outstanding draws on the line of credit to $7,250,000. The total undrawn portion of this line of credit was $42,750,000. Total current liabilities decreased by $865,745 due to a decrease in accrued interest payable.

During the fiscal year ended April 30, 2014, IMEA increased the cash and short-term investments held in operating reserve accounts by $17,155,205 from the previous year. This change represents the majority of the increase in current assets during the year. Proceeds of revenue bonds not yet expended are included in restricted assets. The decrease in restricted assets of $15,055,228 was primarily caused by payments being made toward capital investments discussed above as well as changes in the market value of investments held in these accounts. Other assets decreased by $1,145,623 due to the amortization of certain regulatory costs. Net position increased due to current year operations that resulted in net income of $17,549,532. Principal repayments associated with the Agency's outstanding revenue bonds totaled $35,285,000. IMEA has also repaid an additional $36,960,000 on the outstanding revenue bonds on February 1, 2015 which was included in current liabilities. The Agency also made a net draw of $2,500,000 against a line of credit facility available to IMEA bringing the total outstanding draws on the line of credit to $8,500,000. The total undrawn portion of this line of credit was $41,500,000. Total current liabilities decreased by $1,981,168 due to a decrease in accounts payable associated with jointly-owned facilities.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2015 and 2014

IMEA FINANCIAL ANALYSIS (cont.)

STATEMENTS OF NET POSITION (cont.)

Table 2
Condensed Statements of Revenues, Expenses and Changes in Net Position

	2015	2014	2013
Operating revenues	$ 312,314,685	$ 327,102,020	$ 304,482,865
Depreciation expense	33,126,911	32,659,266	27,081,063
Other operating expenses	205,766,755	217,462,750	215,505,425
Total Operating Expenses	238,893,666	250,122,016	242,586,488
Operating Income	73,421,019	76,980,004	61,896,377
Investment income	3,425,234	(864,374)	2,089,378
Interest and amortization expense	(56,806,181)	(58,598,914)	(48,510,365)
Other income/(expense)	(18,071)	32,816	(116)
Total Nonoperating Expenses	(53,399,018)	(59,430,472)	(46,421,103)
Change in Net Position	20,022,001	17,549,532	15,475,274
Net Position, Beginning of Year	127,857,938	110,308,406	94,833,132
Net Position, End of Year	$ 147,879,939	$ 127,857,938	$ 110,308,406

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2015 and 2014

IMEA FINANCIAL ANALYSIS (cont.)

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Sales to participating members of $297,920,665 and 3,974,872,808 kilowatt hours ("kWh") were during the fiscal year ended April 30, 2015. This represented a decrease of $15,408,751 (5%) in from sales to participating members and a decrease of 127,964,124 kWh (3%) as compared wit previous year. IMEA also supplies the Rural Electric Convenience Cooperative (RECC) with full requirements power supply service which accounted for additional revenue of $9,487,955 which is reflected in sales to others.

During the fiscal year ended April 30, 2014, IMEA recorded sales to participating members of $313,329,416 and 4,102,836,932 kilowatt hours ("kWh"). This represented an increase of $20,077,041 (7%) in revenue from sales to participating members and a decrease of 32,683,843 kWh (0.8%) as compared with the previous year. IMEA also supplies the Rural Electric Convenience Cooperative (RECC) with full requirements power supply service which accounted for additional revenue of $10,202,123 which is reflected in sales to others.

During the fiscal year ending April 30, 2015, IMEA recorded a coincident peak demand of 882 MW which was approximately 9% lower than the 968 MW experienced in the previous year. The total member non-coincident peak demand was 942 MW which included both sales to participating members and to RECC. This non-coincident peak demand was approximately 6% lower than the previous year. The decrease in peak demand during the past year was caused by extremely mild weather conditions experienced in the mid-west during the summer of 2014.

The average cost of power sold to the participating members during the year ending April 30, 2015 was 7.49 cents per kWh which was approximately 2% lower than the previous year. The average cost of power sold to the participating members during the year ending April 30, 2014 was 7.64 cents per kWh which was approximately 8% higher than the previous year.

For the year ended April 30, 2015, total operating expenses decreased by $11,228,350 (4.5%) from the previous year due primarily to lower purchased power expense. Interest income increased during this year by $4,289,608.

Total operating expenses during the fiscal year ended April 30, 2014 increased by $7,535,528 (3%) from the previous year due primarily to the Prairie State Energy Campus being operational for the entire year. During this year, interest income decreased by $2,953,752 due to market changes in the value of investments caused by increasing interest rates.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2015 and 2014

IMEA FINANCIAL ANALYSIS (cont.)

DEBT SERVICE COVERAGE

IMEA's bond resolution requires the Agency to maintain a debt service coverage ratio of 110%. Debt service coverage during the years ended April 30, 2015 and 2014 was approximately 110% each year after transfers to the rate stabilization account. IMEA transferred $4,700,000 during the year ended April 30, 2015 and $4,400,000 during the year ended April 30, 2014 into the rate stabilization account which reduced the debt service covered during both of these years. Without these rate stabilization transfers, debt service coverage would have been 115% for the year ended April 30, 2015 and 114% for the year ended April 30, 2014.

SIGNIFICANT EVENTS

POWER SUPPLY SYSTEM REVENUE REFUNDING BONDS, SERIES 2015A

On April 28, 2015, IMEA issued the Power Supply System Revenue Refunding Bonds, Series 2015A ("Series 2015A Bonds") in the par amount of $594,685,000. The Series 2015A Bonds were issued to (1) refinance a portion of Power Supply System Revenue Bonds, Series 2006 and a portion of the Power Supply System Revenue Bonds, Series 2007A; and (2) fund the costs of issuance of the Series 2015A Bonds. The Series 2015A Bonds have coupon interest rates that range from 4% to 5% and a final maturity date of February 1, 2035. The refinancing will result in a reduction of future debt service of approximately $112 million. The present value of the reduction in debt service is approximately $83 million.

PRAIRE STATE PROJECT

IMEA is part of the consortium known as the Prairie State Generating Company, LLC. IMEA owns a 15.17% undivided interest in the project. The Prairie State project is a nominal 1,600 MW plant, utilizing two supercritical steam units of approximately 800 MW in size. Prairie State includes contiguous coal reserves and the operation of a coal mine to supply coal to the power plant. The first unit was placed into commercial operation in June 2012 and the second unit was placed into commercial operations in November 2012.

RENEWABLE ENERGY RESOURCES

In recognition of the changing legislative and regulatory environment, the IMEA Board of Directors has adopted a policy that directs the agency to acquire approximately 5% of its energy requirements from renewable resources. To implement this policy, IMEA entered into a 20 year contract to purchase 70MW of wind energy from the Lee-Dekalb wind project owned by FPL Energy Illinois Wind, LLC. The contract was effective on January 1, 2010.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended April 30, 2015 and 2014

CONTACTING IMEA'S MANAGEMENT

This financial report is designed to provide our members, investors and creditors with a general ov of IMEA's finances. Questions concerning any of the information provided in this report or request additional information should be addressed to Illinois Municipal Electric Agency, 3400 Conifer Driv Springfield, IL 62711.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

STATEMENTS OF NET POSITION
As of April 30, 2015 and 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2015	2014
UTILITY PLANT		
Utility plant in service	$ 1,214,871,130	$ 1,197,472,873
Accumulated depreciation	(155,392,678)	(122,793,575)
Construction work in progress	22,478,972	25,418,366
Total Utility Plant	1,081,957,424	1,100,097,664
RESTRICTED ASSETS		
Investments	105,604,914	126,912,166
CURRENT ASSETS		
Cash	68,199,370	57,510,796
Investments	2,370,970	5,175,725
Accounts receivable	24,014,078	24,310,208
Bond interest subsidy receivable	2,387,524	2,400,747
Renewable energy credits	2,199,152	1,959,700
Prepayments	22,645,397	23,600,657
Total Current Assets	121,816,491	114,957,833
OTHER ASSETS		
Regulatory costs for future recovery	4,258,598	16,788,842
Prairie State - other long term asset	2,673,233	2,473,165
Total Other Assets	6,931,831	19,262,007
Total Assets	1,316,310,660	1,361,229,670
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on advance refunding	44,266,182	1,885,545
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,360,576,842	$ 1,363,115,215

NET POSITION AND LIABILITIES

		2015		2014
NET POSITION				
Net investment in capital assets	$	46,944,830	$	29,022,108
Restricted		7,274,396		6,319,758
Unrestricted		93,660,713		92,516,072
Total Net Position		147,879,939		127,857,938
NONCURRENT LIABILITIES				
Revenue bonds		1,045,885,000		1,137,430,000
Other long-term debt - line of credit		7,250,000		8,500,000
Unamortized premium		81,441,703		10,686,510
Other liabilities		8,519,467		8,174,288
Total Noncurrent Liabilities		1,143,096,170		1,164,790,798
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses				
Accounts Payable				
Purchased power and transmission		10,539,635		9,594,982
Jointly-owned facilities		8,198,339		6,489,811
Other		216,160		82,828
Other current liabilities		364,008		343,684
Total Accounts Payable and Accrued Expenses		19,318,142		16,511,305
Current Liabilities Payable from Restricted Assets				
Current maturities of revenue bonds		41,375,000		36,960,000
Accounts payable - jointly-owned facilities		757,119		764,716
Accounts payable - bond issuance costs		200,650		-
Interest accrued		7,949,822		16,230,458
Total Current Liabilities Payable from Restricted Assets		50,282,591		53,955,174
Total Current Liabilities		69,600,733		70,466,479
Total Liabilities		1,212,696,903		1,235,257,277
TOTAL NET POSITION AND LIABILITIES	$	1,360,576,842	$	1,363,115,215

See accompanying notes to financial statements.

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ILLINOIS MUNICIPAL ELECTRIC AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended April 30, 2015 and 2014

	2015	
OPERATING REVENUES		
Sales to participating members	$ 297,920,665	$
Sales to others	9,487,955	
Other income	4,906,065	3,570,481
Total Operating Revenues	312,314,685	327,102,020
OPERATING EXPENSES		
Purchased power and transmission	106,935,574	127,132,951
Prairie State and Trimble County Units No. 1 and 2		
Fuel	43,282,351	37,198,450
Operations and maintenance	36,338,400	32,417,374
Member Payments		
Fuel reimbursements	1,119,275	1,431,522
Capacity payments	9,202,280	9,163,470
Generation payments	2,774	6,056
Administration and general	7,456,187	8,232,434
Depreciation	33,126,911	32,659,266
Other utility operations	1,429,914	1,880,493
Total Operating Expenses	238,893,666	250,122,016
Operating Income	73,421,019	76,980,004
NONOPERATING REVENUE (EXPENSES)		
Investment income (loss)	3,425,234	(664,374)
State grant revenue	-	195,000
State grant expense	(32,816)	(162,184)
Bond interest subsidy revenue	9,043,661	9,020,144
Interest expense	(65,580,073)	(67,297,008)
Amortization expense	(269,769)	(322,050)
Other income	14,745	-
Total Nonoperating Expenses	(53,399,018)	(59,430,472)
CHANGE IN NET POSITION	20,022,001	17,549,532
NET POSITION - Beginning of Year	127,857,938	110,308,406
NET POSITION - END OF YEAR	$ 147,879,939	$ 127,857,938

See accompanying notes to financial statements.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

STATEMENTS OF CASH FLOWS
For the Years Ended April 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from power sales	$ 297,961,390	$ 313,785,921
Paid to suppliers for purchased power and transmission	(105,768,693)	(125,364,926)
Paid to suppliers and employees for other services	(80,929,172)	(84,876,571)
Net Cash Flows from Operating Activities	111,263,525	103,544,424
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from grant received	-	195,000
Payment of grant expenditures	(32,816)	(162,184)
Proceeds from line of credit draws	5,250,000	6,500,000
Payment of line of credit debt	(6,500,000)	(4,000,000)
Net Cash Flows from Noncapital Financing and Related Activities	(1,282,816)	2,532,816
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt principal paid	(36,960,000)	(35,285,000)
Interest paid	(73,860,709)	(67,780,912)
Proceeds from debt issuance	647,383	-
Debt issuance costs	(429,154)	-
Payments to escrow during refunding	(18,071,287)	-
Receipt of funds from member for escrow deposit	8,774,864	-
Bond interest subsidy received	9,056,884	9,031,665
Acquisition and construction of capital assets	(15,987,356)	(9,078,632)
Net Cash Flows From Capital and Related Financing Activities	(126,829,375)	(103,112,879)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	3,425,234	2,686,044
Purchase of long-term investments	(64,044,390)	(68,467,245)
Maturity of long-term investments	77,479,000	71,798,582
Net Cash Flows from Investing Activities	16,859,844	6,017,381
Net Change in Cash and Cash Equivalents	11,178	8,981,742
CASH AND CASH EQUIVALENTS – Beginning of Year	77,884,121	68,902,379
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 77,895,299	$ 77,884,121
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in asset retirement obligation liability	$ (76,931)	$ 4,031,539
Discontinued capital projects	$ -	$ 852,738
Unrealized loss on investments	$ -	$ (3,550,418)
Amortization expense	$ (269,769)	$ (322,050)
Credits given on billings	$ (10,324,330)	$ (10,601,048)
Net loss on sale of assets	$ 14,745	$ -
Premium on refunding	$ 80,533,843	$ -
Bond proceeds used in refunding	$ 594,685,000	$ -
Underwriters discount paid by refunding	$ (588,796)	$ -
Loss on refunding	$ 55,001,244	$ -
Write off unamortized loss on advance refunding	$ (12,158,082)	$ -
Write off debt issuance costs	$ (4,326,869)	$ -
Write off unamortized premium	$ 8,682,657	$ -

	2015	2014
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	$ 73,421,019	$ 76,980,00
Noncash items included in operating income		
Depreciation	33,126,911	32,659,26
Other non-cash transactions	166,311	2,914,44
Changes in assets and liabilities		
Accounts receivable	296,130	142,229
Prepayments	955,260	(3,251,423)
Allowance inventory	(239,452)	(1,700,477)
Accounts payable	3,517,348	(4,220,330)
Other current liabilities	19,998	20,706
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 111,263,525	$ 103,544,424
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Restricted investments	$ 105,604,914	$ 126,912,166
Cash	68,199,370	57,510,796
Investments	2,370,970	5,175,725
Total Cash and Investments	176,175,254	189,598,687
Long-term investments	(98,279,955)	(111,714,566)
TOTAL CASH AND CASH EQUIVALENTS	$ 77,895,299	$ 77,884,121

See accompanying notes to financial statements.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Illinois Municipal Electric Agency (IMEA) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by IMEA are described below.

REPORTING ENTITY

IMEA is a body politic and corporate, municipal corporation and unit of local government of the State of Illinois. IMEA was created in May 1984 under the provisions of Division 119.1 of Article II of the Illinois Municipal Code (the Act) by a group of municipalities for the purpose of jointly planning, financing, owning and operating facilities for the generation and transmission of electrical power and energy-related facilities which are appropriate to the present and projected energy needs to such municipalities. IMEA is owned and its policies governed by its member municipalities.

IMEA has provided the power and energy requirements of certain members since 1986, primarily through the purchase of wholesale requirements service from investor-owned utilities and through IMEA owned generation. The contracts with investor-owned utilities, which obligate IMEA to purchase electric energy for concurrent resale to its members, are in effect through September 2035.

As of April 30, 2015, IMEA had 32 member municipalities, all of which have executed long-term power sales contracts for the purchase of full requirements power and energy from IMEA. The termination date for all of the power sales contracts with participating members is September 30, 2035. These members participate in the IMEA owned generation facilities and pay rates sufficient to meet the obligations of IMEA's bond resolution.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The 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 used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when exchange takes place. IMEA uses the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES AND NET POSITION

Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount billed to members and non-members. Allowance for doubtful accounts is not considered necessary as IMEA has not historically experienced delays in payments for service rendered.

Renewable Energy Credits

Energy credits consist of emission allowances and are valued at current market value. The emission allowances are obtained from Florida Power and Light through the purchase of renewable energy resources.

Prepayments

The amount in prepaid items represents amounts paid which will benefit future periods, IMEA's payment for collateral for operating activities in the MISO and PJM transmission markets and advance payments to Trimble County and Prairie State for working capital.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Prairie State - Other Long Term Asset

Other long-term assets are comprised of the assets related to the prepayments made on a long-term parts agreement and collateral paid toward a self-insurance fund.

Regulatory Costs for Future Recovery

Expenses incurred and paid in the current and prior periods in which the benefit of the expense will be recovered and realized in future periods in accordance with GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. See Note 9 for further discussion related to these assets.

Utility Plant

Utility plant is generally defined by IMEA as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year, except for jointly owned assets. In these cases, utility plant is capitalized based on policies defined by Louisville Gas & Electric Company and Prairie State Generating Company.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES AND NET POSITION (cont.)

Utility Plant (cont.)

Utility plant of IMEA is recorded at cost or the fair market value at the time of contribution to IMEA. Major outlays for utility plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the utility plant constructed, net of interest earned on the invested proceeds over the same period. Utility plant is depreciated using the straight-line method over the following useful lives:

	Years
Utility Plant	
Electric plant – Trimble County Units No. 1 and 2	20 – 53
Electric plant – Prairie State Units No. 1 and 2	10 – 40
Mobile generation	30
Land	–
Land improvements	10
Office building	10 – 31.5
Office furniture and equipment	5
Supervisory control and data acquisition equipment	5
Winnetka 138 interconnect	30
Other equipment	5

Coal reserves are depleted as the commodity is consumed using a rate which is based upon the cost to IMEA divided by the total estimated coal to be mined.

Deferred Outflow of Resources

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

Loss on Refunding

The deferred change resulting from the refunding of debt is amortized over the shorter of the term of the refunding issue or the original term of the refunded debt.

Other Current Liabilities

Other current liabilities represent accrued vacation benefits and accrued property taxes payable.

Other Liabilities

Other liabilities represent accrued sick leave and asset retirement obligation (Note 7). Under terms of employment, employees are granted one day of sick leave per month. One-half of accumulated sick leave benefits are paid if the employee terminates service after at least 10 years of service. Accumulated sick leave and vacation benefits have been recorded in the financial statements.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES AND NET POSITION (cont.)

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities. Bond discounts and premiums are amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the new debt, whichever is shorter. The balance at year end for premiums is shown as an increase in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

REVENUES AND EXPENSES

IMEA 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 IMEA's principal ongoing operations. The principal operating revenues of IMEA are charges to members for sales and services. Operating expenses for IMEA include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

IMEA billings are rendered and recorded monthly based on month-end metered usage.

BOND SUBSIDY REVENUE AND RECEIVABLE

This amount represents the accrued amount receivable under the Build America Bond Program (BAB) which provides a 35% subsidy for interest expense on the Series 2009 and 2010 revenue bond issues. The interest expense reduction is classified as non-operating revenue.

The United States Federal Government was subject to the process of sequestration for the budget year ending September 30, 2015 and 2014 whereby foreseeable spending reductions for many Federal programs, including issuers of the BAB's, may directly affect the recovery of the BAB's subsidy. See Note 6 for further details.

TAXES

IMEA is exempt from State and Federal income taxes.

RATES

Rates charged to members are evaluated annually by the Board of Directors and were increased May 1, 2012.

RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified in order to conform to the current year's presentation.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 2 – CASH AND INVESTMENTS

IMEA's cash and investments consist of the following:

	Carrying Value as of April 30		Associated Risks
	2015	2014	
Illinois Fund	$ 69,534,447	$ 57,504,609	Credit and interest rate risks
Mutual funds	7,381,369	19,760,450	Credit and interest rate risks
U.S. agency securities	98,808,710	112,333,128	Custodial credit, credit, concentration of credit, and interest rate
Checking and savings	450,228	-	Custodial credit risk
Petty cash	500	500	Not applicable
Totals	$ 176,175,254	$ 189,598,687	

IMEA's Trust Indenture authorizes IMEA to deposit funds only in banks insured by the Federal Deposit Insurance Corporation (FDIC). IMEA may also make investments in U.S. Government and federal agency obligations, investment grade bonds, commercial paper rated at the highest classification established by at least two standard rating services, money market mutual funds, repurchase agreements and the Illinois Funds.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts and $250,000 for demand deposit accounts (interest and noninterest bearing). Investments in The Illinois Funds are covered under securities pledged for all pool participants. The difference between the bank balance and carrying value is due to outstanding checks, deposits in transit, and/or market value adjustments.

CUSTODIAL CREDIT RISK

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, IMEA's deposits may not be returned to IMEA. At April 30, 2015 and 2014, IMEA had $200,228 and $0 uncollateralized deposits as of April 30, 2015 and 2014, respectively. IMEA management moved the uncollateralized deposit balance into an investment in May 2015. IMEA's investment policy does not require collateralization of deposits but rather restricts the financial institutions that can be used based on the equity and market ratings of the financial institution's debt.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 2 – CASH AND INVESTMENTS (cont.)

CUSTODIAL CREDIT RISK (cont.)

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, IMEA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All investments held as of April 30, 2015 and 2014, were considered to be in risk category one (investments held in trust on behalf of IMEA), therefore, not subject to custodial credit risk. IMEA's policy is to have all investment securities held by its agent in IMEA's name.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of April 30, 2015 and 2014 IMEA's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's
U.S. agency securities	AA+	Aaa-mf
Mutual funds	AAAm	Aaa-mf
Illinois fund	AAAm	-

IMEA's investment policy requires that all investments be rated in highest or second highest categories by the national rating agencies.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of IMEA's investment in a single issuer.

As of April 30, 2015 and 2014, IMEA's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2015	2014
Federal Home Loan Bank Discount	US Agency Securities - Implicitly Guaranteed	12%	7%
Federal Home Loan Bank	US Agency Securities - Implicitly Guaranteed	25%	12%
Federal Farm Credit Banks Funding Corporation	US Agency Securities - Implicitly Guaranteed	40%	26%
Federal Home Loan Mortgage Corporation	US Agency Securities - Implicitly Guaranteed	11%	-
Federal National Mortgage Association	US Agency Securities - Implicitly Guaranteed	8%	-

IMEA's investment policy states that no more than 50% of the total portfolio may be invested in one type of investment with the exception of the US government and its Agencies.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 2 – CASH AND INVESTMENTS (cont.)

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of April 30, 2015 IMEA's investments were as follows:

		Maturity (In Years)		
Investment Type	Fair Value	Less than 1	1-5	Over 5
U.S. agency securities	$ 98,808,710	$ 27,900,665	$ 45,516,708	$ 25,391,337

IMEA also has $7,613,369 invested in a mutual fund and $69,534,447 in the Illinois Fund with underlying investments of U.S. Treasuries and U.S. Agency Securities as of April 30, 2015. The average maturity of the mutual fund is 51 days and the Illinois Fund is 43 days.

As of April 30, 2014, IMEA's investments were as follows:

		Maturity (In Years)		
Investment Type	Fair Value	Less than 1	1-5	Over 5
U.S. agency securities	$ 112,333,128	$ 18,397,807	$ 51,353,489	$ 42,581,832

IMEA also has $19,760,450 invested in a mutual fund and $57,504,609 in the Illinois Fund with underlying investments of U.S. Treasuries and U.S. Agency Securities as of April 30, 2014. The average maturity of the mutual fund is 58 days and the Illinois Fund is 37 days.

IMEA's investment policy states that investment securities should not mature later than the monies will be needed for the respective use.

NOTE 3 – JOINTLY-OWNED FACILITIES

TRIMBLE COUNTY UNIT NO. 1

Pursuant to an ownership agreement entered into in September 1990, IMEA acquired an undivided 12.12% ownership interest (approximately 62 MW), as tenant in common, in the Trimble County Unit No. 1 generating facility from Louisville Gas and Electric Company. Trimble County Unit 1 is a 514 MW subcritical pulverized coal fired unit.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 3 – JOINTLY-OWNED FACILITIES (cont.)

TRIMBLE COUNTY UNIT NO. 2

Trimble County Unit 2, which was placed into commercial operation in January 2011, is a pulverize super-critical unit of 750 MW nominal net rating located adjacent to Trimble County Unit 1. IMEA ov 12.12% (approximately 91 MW) undivided interest as tenant in common in the unit.

PRAIRIE STATE PROJECT

IMEA is part of the consortium known as the Prairie State Generating Company, LLC that developed the Prairie State Project. IMEA owns a 15.17% (approximately 240 MW) undivided interest in the project. The Prairie State Project is a nominal 1,600 MW plant, utilizing two supercritical steam units of approximately 800 MW in size. Prairie State includes contiguous coal reserves and the operation of a coal mine to supply coal to the power plant. The first unit was placed into commercial operation in June 2012 and the second unit was placed into commercial operation in November 2012.

IMEA's share of the operating costs associated with these joint owned facilities are included in the accompanying financial statements.

NOTE 4 – FUNDS

IMEA's Trust Indenture requires the segregation of bond proceeds, establishment of various funds and prescribes the application of IMEA's revenues. Also, it defines what type of securities that IMEA may invest in. Funds consist principally of cash, money market funds, federal securities and investments in The Illinois Funds. The fund's purposes and balances are summarized below.

Fund	Held By	Purpose
Revenue	IMEA	To initially receive revenues and to disburse them to other accounts.
Operations and Maintenance	IMEA	To pay operating and maintenance expenses.
Renewals and Replacements	IMEA	To provide funds to be applied to the payment of the costs of renewals, replacements and repairs.
General Reserve	IMEA	To receive surplus funds after all other accounts are funded.
Rate Stabilization	IMEA	To accumulate any revenues in excess of the 10% debt service coverage requirement which will be used to minimize rate fluctuations in the future.
Cost of Issuance	IMEA	To receive proceeds from bond issuance to pay for the cost of issuance of the bonds.
Acquisition Fund	Trustee	To maintain unspent bond proceeds that will be used for construction projects.
Debt Service Account	Trustee	To accumulate principal and interest associated with each bond series.
Debt Service Reserve Account	Trustee	To establish a reserve to cover deficiencies in the Debt Service Account. Any excess may be used for other purposes.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 4 – FUNDS (cont.)

The indenture requires that certain cash and investments be segregated. The following are accounts included in current and restricted assets at April 30, 2015 and 2014.

	2015	2014
Included in Current Assets:		
Revenue	$ 352,737	$ 125
Operation and maintenance	27,012,415	27,082,586
Renewals and replacements	2,373,726	2,384,214
General reserve	8,630,392	5,686,011
Rate stabilization	32,200,000	27,500,000
PNC line of credit	256	250
General cash (not restricted by indenture)	500	500
DCEO grant	314	32,835
Total Current Cash and Investments	$ 70,570,340	$ 62,686,521
Included in Restricted Investment Accounts:		
Acquisition fund	$ 6,853,013	$ 13,036,931
Debt service	16,181,987	23,314,932
Debt service reserve	82,351,685	90,560,303
Cost of issuance	218,229	-
Total Restricted Investments	$ 105,604,914	$ 126,912,166

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 5 – Changes In Utility Plant

A summary of changes in utility plant for 2015 follows:

	Balance 5/1/14	Additions/ Reclassifications	Deletions/ Reclassifications	
Utility Plant being depreciated				
Electric plant –				
Trimble County Unit No. 1	$ 113,548,802	$ 253,005	$ (475,862)	$ 113,325,945
Trimble County Unit No. 2	170,673,273	8,393,952	-	179,067,225
Prairie State Unit No. 1	351,453,171	1,072,157	-	352,525,328
Prairie State Unit No. 2	321,009,531	1,830,965	-	322,840,496
Mobile generation	3,116,660	-	-	3,116,660
Prairie State - Common	140,365,421	3,694,873	(6,357)	144,053,937
Prairie State - Jordan Grove	9,922,243	(23,567)	-	9,898,676
Prairie State - Nearfield	6,411,087	1,398,135	-	7,809,222
Prairie State - Other	7,619,807	50,623	-	7,670,430
Prairie State - Mine	38,100,063	1,104,235	-	39,204,298
Prairie State - Coal Reserves	17,312,881	56,129	-	17,369,010
Land[1]	5,966,369	-	-	5,966,369
Office building	8,139,715	-	-	8,139,715
Office furniture and equipment	503,917	2,381	-	506,298
Supervisory control and data acquisition equipment	2,317,855	10,215	-	2,328,070
Winnetka 138 interconnect	500,000	-	-	500,000
Other equipment	512,078	85,718	(48,345)	549,451
Total Utility Plant in Service	1,197,472,873	17,928,821	(530,564)	1,214,871,130
Construction work in progress[1]	25,418,366	14,286,691	(17,226,085)	22,478,972
Total Utility Plant	$ 1,222,891,239	$ 32,215,512	$ (17,756,649)	$ 1,237,350,102

[1] Utility plant that is not being depreciated.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 5 – CHANGES IN UTILITY PLANT (cont.)

	Balance 5/1/14	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 4/30/15
Less: Accumulated depreciation				
Electric plant –				
Trimble County Unit No. 1	$ (57,955,283)	$ (2,820,148)	$ 475,862	$ (60,299,569)
Trimble County Unit No. 2	(14,638,865)	(4,768,795)		(19,407,660)
Prairie State Unit No. 1	(16,798,037)	(8,809,156)		(25,607,193)
Prairie State Unit No. 2	(12,038,702)	(8,063,305)		(20,102,007)
Mobile generation	(1,237,749)	(103,889)		(1,341,638)
Prairie State - Common	(6,794,258)	(3,562,624)	6,357	(10,350,525)
Prairie State - Jordan Grove	(1,890,846)	(991,299)		(2,882,145)
Prairie State - Nearfield	(182,662)	(177,997)		(360,659)
Prairie State - Other	(726,205)	(382,000)		(1,108,205)
Prairie State - Mine	(4,769,363)	(2,584,177)		(7,353,540)
Prairie State - Coal Reserves	(853,467)	(413,004)		(1,266,471)
Office building	(1,682,269)	(261,631)		(1,943,900)
Office furniture and equipment	(439,613)	(25,968)		(465,581)
Supervisory control and data acquisition equipment	(2,108,308)	(84,896)		(2,193,204)
Winnetka 138 interconnect	(294,445)	(16,666)		(311,111)
Other equipment	(383,503)	(61,356)	45,589	(399,270)
Total Accumulated Depreciation	(122,793,575)	(33,126,911)	527,808	(155,392,678)
Net Utility Plant	$ 1,100,097,664			$ 1,081,957,424

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 5 – CHANGES IN UTILITY PLANT (cont.)

A summary of changes in utility plant for 2014 follows:

	Balance 5/1/13	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 4/30/14
Utility Plant being depreciated				
Electric plant –				
Trimble County Unit No. 1	$ 109,754,080	$ 4,398,556	$ (603,834)	$ 113,548,802
Trimble County Unit No. 2	169,415,755	1,147,274	110,244	170,673,273
Prairie State Unit No. 1	350,412,980	1,040,191	-	351,453,171
Prairie State Unit No. 2	321,110,569	(101,038)	-	321,009,531
Mobile generation	3,116,660	-	-	3,116,660
Prairie State - Common	146,259,032	(5,893,611)	-	140,365,421
Prairie State - Jordan Grove	9,911,148	11,095	-	9,922,243
Prairie State - Nearfield	5,550,125	860,962	-	6,411,087
Prairie State - Other	7,561,143	58,664	-	7,619,807
Prairie State - Mine	37,585,278	514,785	-	38,100,063
Prairie State - Coal Reserves	17,272,491	40,390	-	17,312,881
Land[1]	5,966,369	-	-	5,966,369
Office building	8,139,715	-	-	8,139,715
Office furniture and equipment	529,486	31,021	(56,590)	503,917
Supervisory control and data acquisition equipment	2,233,296	84,559	-	2,317,855
Winnetka 138 interconnect	500,000	-	-	500,000
Other equipment	610,918	22,486	(121,326)	512,078
Total Utility Plant in Service	1,195,929,045	2,215,334	(671,506)	1,197,472,873
Construction work in progress[1]	16,055,584	27,954,351	(18,591,569)	25,418,366
Total Utility Plant	$ 1,211,984,629	$ 30,169,685	$ (19,263,075)	$ 1,222,891,239

[1] Utility plant that is not being depreciated.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 5 – CHANGES IN UTILITY PLANT (cont.)

	Balance 5/1/13	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 4/30/14
Less: Accumulated depreciation				
Electric plant –				
Trimble County Unit No. 1	$ (55,791,476)	$ (2,767,641)	$ 603,834	$ (57,955,283)
Trimble County Unit No. 2	(9,944,570)	(4,584,051)	(110,244)	(14,638,865)
Prairie State Unit No. 1	(8,026,970)	(8,771,067)	-	(16,798,037)
Prairie State Unit No. 2	(4,010,052)	(8,028,650)	-	(12,038,702)
Mobile generation	(1,133,860)	(103,889)	-	(1,237,749)
Prairie State - Common	(3,242,103)	(3,552,155)	-	(6,794,258)
Prairie State - Jordan Grove	(899,361)	(991,485)	-	(1,890,846)
Prairie State - Nearfield	(34,688)	(147,974)	-	(182,662)
Prairie State - Other	(346,926)	(379,279)	-	(726,205)
Prairie State - Mine	(2,251,568)	(2,517,795)	-	(4,769,363)
Prairie State - Coal Reserves	(500,595)	(352,872)	-	(853,467)
Office building	(1,420,638)	(261,631)	-	(1,682,269)
Office furniture and equipment	(470,795)	(25,407)	56,589	(439,613)
Supervisory control and data acquisition equipment	(2,009,598)	(98,710)	-	(2,108,308)
Winnetka 138 interconnect	(277,778)	(16,667)	-	(294,445)
Other equipment	(444,836)	(59,993)	121,326	(383,503)
Total Accumulated Depreciation	(90,805,814)	(32,659,266)	671,505	(122,793,575)
Net Utility Plant	$ 1,121,178,815			$ 1,100,097,684

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 6 – LONG TERM OBLIGATIONS

IMEA has issued the following revenue bonds:

Date	Purpose	Final Maturity	Interest Rates	Original Issue	Outstanding Amount 4/30/15
June 23, 2006	Capital improvements	Feb. 1, 2035	4.25 – 5.00%	$ 139,505,000	$ 3,960,000
Sept. 6, 2007	Capital improvements	Feb. 1, 2035	4.00 – 5.25%	575,700,000	34,045,000
Sept. 6, 2007	Capital improvements	Feb. 1, 2015	5.34 – 5.46%	29,660,000	-
Nov. 5, 2007	Refinance 1998 bonds	Feb. 1, 2021	5.00 – 5.20%	51,360,000	27,375,000
Jul. 15, 2009	Debt service and capitalized interest	Feb. 1, 2016	4.00 – 5.00%	10,040,000	4,705,000
Jul. 15, 2009	Debt service and capital improvements	Feb. 1, 2015	4.16 - 4.88%	16,995,000	-
Jul. 15, 2009	Debt service and capital improvements *	Feb. 1, 2035	5.33 – 6.13%	294,755,000	294,755,000
Nov. 30, 2010	Debt service and capital improvements *	Feb. 1, 2035	2.47 – 7.29%	140,290,000	127,735,000
April 1, 2015	Refunding 2006 and 2007A bonds	Feb. 1, 2035	4.00 – 5.00%	594,685,000	594,685,000

* The 2009C and 2010A revenue bonds are taxable Build America Bonds. IMEA receives a 35% interest subsidy from the federal government for these bonds. During Federal fiscal years 2015 and 2014, the U.S. federal government was subject to the process of sequestration reducing spending amounts for many programs including payments to the issuers of BAB's. A 7.3% and an 7.2% reduction in payments for the federal budget year ended September 30, 2015 and 2014, respectively, was experienced. The subsidy payment is not taken into account in the debt service displayed below.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 6 – LONG TERM OBLIGATIONS (cont.)

The annual debt service and sinking fund requirements of the remaining bonds to maturity are as follows:

Year	Principal	Interest	Total
2016	$ 41,375,000	$ 52,912,645	$ 94,287,645
2017	39,310,000	57,665,956	96,975,956
2018	41,095,000	55,615,262	96,710,262
2019	42,950,000	53,472,074	96,422,074
2020	44,895,000	51,234,173	96,129,173
2021 – 2025	234,035,000	219,219,811	453,254,811
2026 – 2030	284,705,000	147,915,051	432,620,051
2031 - 2035	358,895,000	58,604,383	208,749,692
Totals	$ 1,087,260,000	$ 696,639,355	$ 1,783,899,355

Repayment of the bonds is secured by a pledge of IMEA's revenues.

Committed Line of Credit

On October 29, 2010, IMEA entered into a $25 million Committed Line of Credit agreement (LOC Agreement) with PNC Bank. Under the LOC Agreement, IMEA may draw funds and/or post standby letters of credit. The LOC Agreement was increased to $50 million on September 1, 2012 and expires on October 29, 2016. IMEA had $7.25 million and $8.5 million outstanding under the LOC Agreement as of April 30, 2015 and 2014, respectively.

Long-term obligation activity for the year ended April 30, 2015 is as follows:

	Balance 5/1/14	Additions	Reductions	Balance 4/30/15	Due Within One Year
Revenue bonds	$ 1,174,390,000	$594,685,000	$ 681,815,000	$ 1,087,260,000	$ 41,375,000
Line of credit agreement	8,500,000	5,250,000	6,500,000	7,250,000	-
Unamortized premium	10,686,510	80,533,843	9,778,650	81,441,703	-
Other liabilities	8,174,288	351,066	5,887	8,519,467	-
Totals	$ 1,201,750,798	$680,819,909	$ 698,099,537	$ 1,184,471,170	$ 41,375,000

Long-term obligation activity for the year ended April 30, 2014 is as follows:

	Balance 5/1/13	Additions	Reductions	Balance 4/30/14	Due Within One Year
Revenue bonds	$ 1,209,675,000	$ -	$ 35,285,000	$ 1,174,390,000	$ 36,960,000
Line of credit agreement	6,000,000	6,500,000	4,000,000	8,500,000	-
Unamortized premium	11,835,286	-	1,148,776	10,686,510	-
Other liabilities	3,981,227	4,243,867	50,806	8,174,288	-
Totals	$ 1,231,491,513	$ 10,743,867	$ 40,484,582	$ 1,201,750,798	$ 36,960,000

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 7 – ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS

An asset retirement obligation represents a legal obligation associated with the retirement of a tan long-lived asset that is incurred upon the acquisition, construction, development, or normal operati that long-lived asset.

The asset retirement obligation includes the closure of ash ponds at the Trimble County plant site and mine closure and mine reclamation at the Prairie State Generating facility. Other asset retirement obligations are not significant to these financial statements. IMEA used estimated cash flows to determine the obligation.

The following table presents the details of IMEA's asset retirement obligations, which are included on the balance sheet in other noncurrent liabilities:

Balance 5/1/14	Liabilities Incurred	Accretion	Balance 4/30/15
$ 7,740,977	$ (76,931)	$ 388,166	$ 8,052,212

Balance 5/1/13	Liabilities Incurred	Accretion	Balance 4/30/14
$ 3,532,800	$ 4,031,539	$ 176,638	$ 7,740,977

NOTE 8 – NET POSITION

GASB No. 34 requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

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

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

Unrestricted net position - This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets."

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

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 8 – NET POSITION (cont.)

The following calculation supports the net investment in capital assets:

	2015	2014
Utility plant in service	$ 1,214,871,130	$ 1,197,472,873
Accumulated depreciation	(155,392,678)	(122,793,575)
Construction work in progress	22,478,972	25,418,366
Sub-totals	1,081,957,424	1,100,097,664
Less: Capital related debt		
Current portion of capital related long-term debt	41,375,000	36,960,000
Long-term portion of capital related long-term debt	1,045,885,000	1,137,430,000
Unamortized loss on advance refunding	(44,266,182)	(1,885,545)
Unamortized premium	81,441,703	10,686,510
Deferred asset – Fairfield	-	(8,518,175)
Sub-totals	1,124,435,521	1,174,672,790
Add: Unspent debt proceeds		
Debt service reserve from borrowing	82,351,685	90,560,303
Acquisition fund	7,071,242	13,036,931
Sub-totals	89,422,927	103,597,234
Total Net Investment in Capital Assets	$ 46,944,830	$ 29,022,108

The following calculation supports the amount of restricted net position:

	2015	2014
Restricted investments	$ 105,604,914	$ 126,912,166
Less: Restricted Assets Not Funded by Revenues		
Debt service reserve account	(82,351,685)	(90,560,303)
Acquisition funds	(7,071,242)	(13,036,931)
Total Restricted Net Position Not Funded by Revenues	(89,422,927)	(103,597,234)
Current liabilities payable from restricted assets	(8,907,591)	(16,995,174)
Total Restricted Net Position as Calculated	$ 7,274,396	$ 6,319,758

ILLINOIS MUNICIPAL ELECTRIC AGENCY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 9 – REGULATORY COSTS FOR FUTURE RECOVERY

A portion of the proceeds of the Power Supply System Revenue Bonds, Series 2006 were advanced to the City of Fairfield to construct a 138KV transmission line and substation facilities. The City of Fairfield will repay the debt service associated with any advanced bond proceeds through monthly rates paid to IMEA. The City of Fairfield elected to repay its outstanding balance during the 2015 bond refunding. The balance of this deferred asset as of April 30, 2015 and 2014 was $0 and $8,518,175, respectively.

Regulatory costs for future recovery also include amounts chargeable to members for settlements of power costs which amounted to $0 and $222,222 for the years ended April 30, 2015 and 2014, respectively.

Regulatory costs for future recovery includes unamortized debt issuance costs, which amounted to $4,258,598 and $8,048,445 for the years ended April 30, 2015 and 2014, respectively. IMEA has chosen to use the application of GASB 62 to recover these costs in future periods.

NOTE 10 – EMPLOYEE RETIREMENT PLAN

IMEA's employees are covered by the Illinois Municipal Electric Agency Pension Plan, a defined contribution money purchase pension plan with a 5 year vesting schedule. Benefit provisions and all other requirements are established by the board of IMEA. IMEA contributes 25% of eligible employee earnings on behalf of each employee. Employees that terminate service prior to being fully vested, forfeit the unvested portion of their account balance which is applied to future contributions to the plan. Total contributions to the plan by IMEA, net of applied forfeitures, for the years ended April 30, 2015, 2014 and 2013 were $705,000, $742,000, and $707,000, respectively. Total covered payroll for the respective years was $3,108,000, $2,967,000, and $2,828,000.

NOTE 11 – CONTRACTS AND COMMITMENTS

IMEA has long and short-term contracts and commitments with various wholesale power suppliers to supply energy, capacity and transmission services to its members. These contracts vary in length and have flexible terms and cancellation provisions. These contracts may be material to the financial statements.

In the normal course of business, IMEA may be involved in various disputes with other parties. While management cannot predict the ultimate outcome of these disputes, total exposure is not material to IMEA's financial position or results of operation.

NOTE 12 – SIGNIFICANT CUSTOMERS

IMEA has two significant customers, who were responsible for 48% and 49% of operating revenue 2015 and 2014, respectively.

ILLINOIS MUNICIPAL ELECTRIC AGENCY

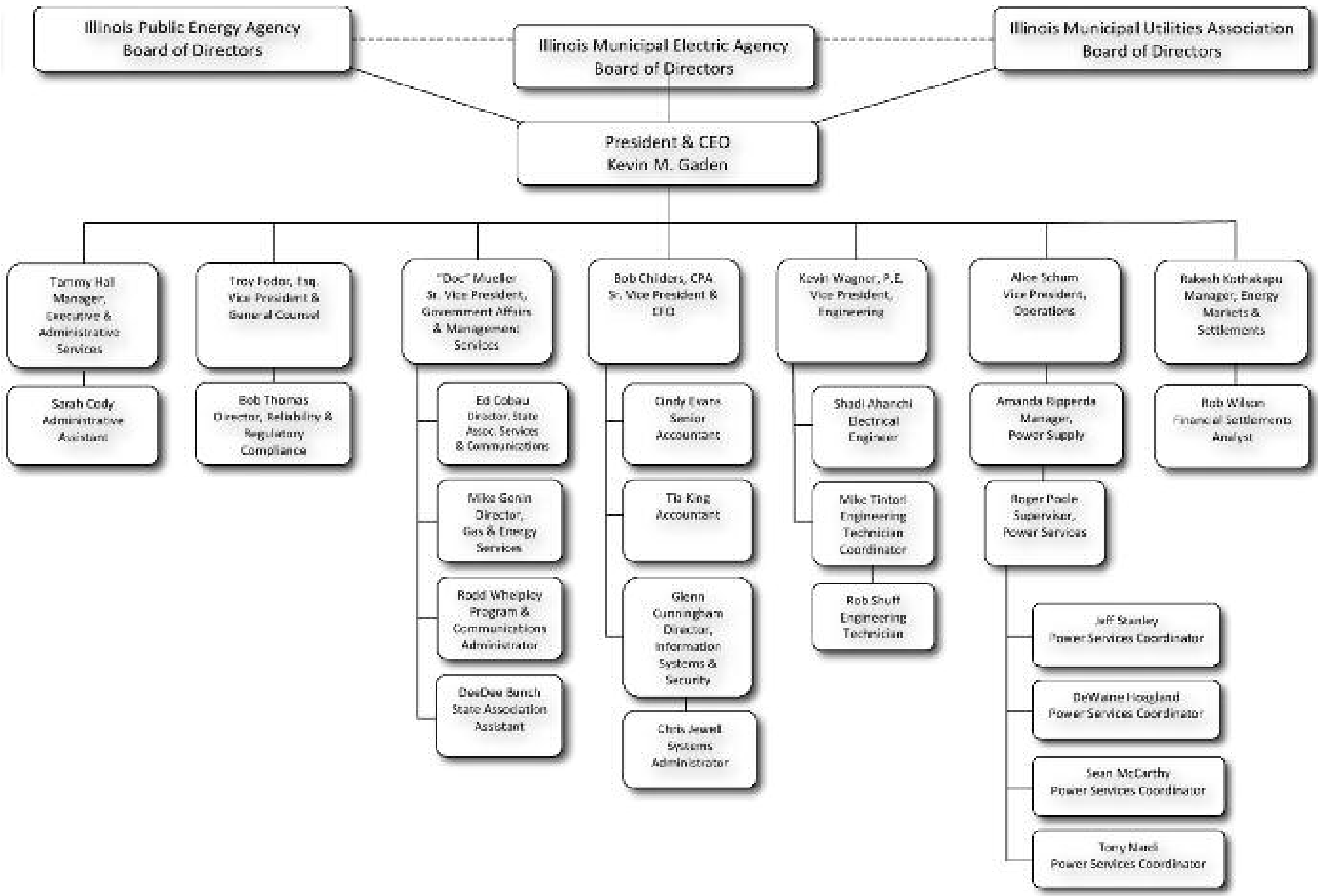
NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 13 – RISK MANAGEMENT

IMEA is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Organizational Chart

Effective 3/2015



IMEA

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