

Electric System Statements of Net Position
(Figures in Thousands)

	Audited 2014	Audited 2013	Audited 2012	Audited 2011
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Utility Plant, Net	\$191,110	\$174,639	\$182,019	\$184,690
Restricted Assets	110,333	73,319	82,214	94,573
Current Assets	44,665	37,467	32,508	34,028
Noncurrent Assets	7,321	10,716	8,237	1,565
Deferred Outflows of Resources	21,440	5,101	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 374,869	\$ 301,242	\$ 304,978	\$ 314,856
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Net Position	\$114,997	\$113,934	\$112,939	\$112,110
Long-Term Debt	203,785	141,181	152,909	163,999
Current Liabilities	33,667	41,027	34,897	34,512
Noncurrent Liabilities	8,267	1,601	131	-
Deferred Revenue	-	-	3,112	4,235
Deferred Inflows of Resources	14,153	3,499	990	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 374,869	\$ 301,242	\$ 304,978	\$ 314,856

Electric System Statements of Revenues, Expenses & Changes in Net Position
(Figures in Thousands)

	Audited 2014	Audited 2013	Audited 2012	Audited 2011
Kilowatt Hours Sold:				
Retail	887,199	870,197	891,497	896,450
Wholesale (1)	1,694,656	1,848,830	1,693,531	1,803,996
TOTAL KILOWATT HOURS SOLD	2,581,855	2,719,027	2,585,028	2,700,446
Operating Revenues	\$137,401	\$142,294	\$141,474	\$138,348
Operating Expenses	119,648	123,056	126,034	121,222
OPERATING INCOME	\$ 17,753	\$ 19,238	\$ 15,440	\$ 17,126
Nonoperating Revenues (Expenses)	(8,277)	(9,611)	(9,925)	(10,058)
INCOME BEFORE SPECIAL ITEM AND TRANSFERS	\$ 9,476	\$ 9,627	\$ 5,515	\$ 7,068
Special Item - Gain (Loss) (2)	\$ -	\$ -	\$ 3,680	\$ -
Dividend to City	(8,414)	(8,631)	(8,366)	(7,812)
CHANGE IN NET POSITION	\$ 1,062	\$ 996	\$ 829	\$ (744)

(1) Includes kWh from SEPA power sales.

(2) Special Item In Fiscal Year 2011-2012 resulted from gain on litigation settlement.

Fiscal Years 2013-2014, 2012-2013, 2011-2012, and 2010-2011 revenues include unbilled revenue accounting adjustments of (\$830,000), \$1,022,000, (\$424,000), and \$55,000, respectively.

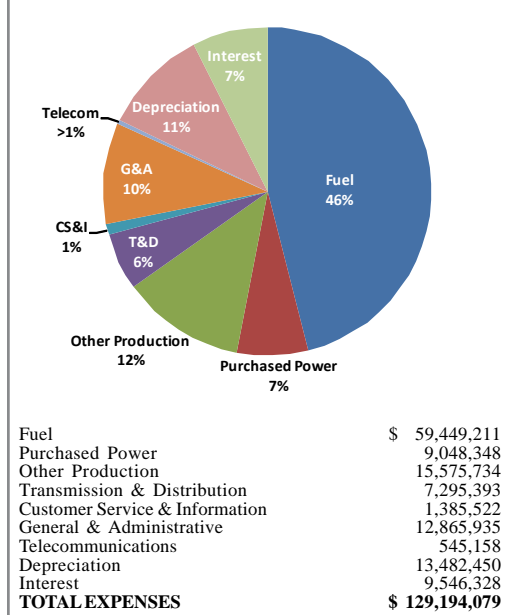
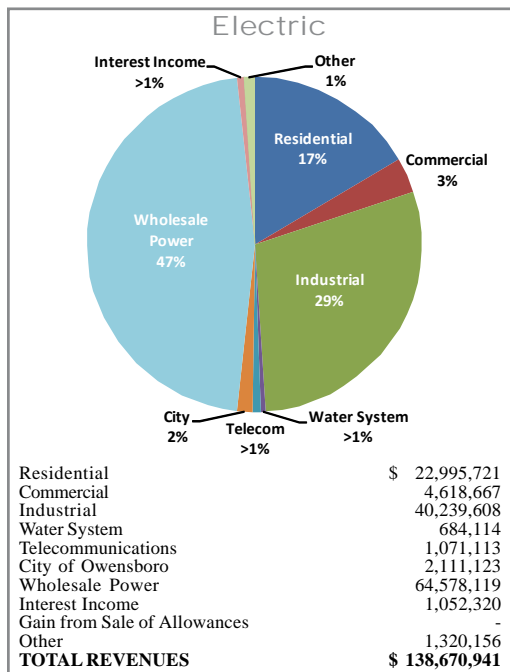
Water System Statements of Net Position
(Figures in Thousands)

	Audited 2014	Audited 2013	Audited 2012	Audited 2011
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Utility Plant, Net	\$ 44,824	\$ 44,722	\$ 44,677	\$ 44,689
Restricted Assets	3,759	4,413	5,791	6,343
Current Assets	4,280	4,542	4,314	3,596
Noncurrent Assets	822	876	915	971
Deferred Outflows of Resources	469	539	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 54,154	\$ 55,092	\$ 55,697	\$ 55,599
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Net Position	\$ 28,659	\$ 28,958	\$ 29,164	\$ 29,071
Long-Term Debt	23,272	23,907	23,899	24,367
Current Liabilities	1,708	1,616	1,764	1,455
Noncurrent Liabilities	251	277	407	383
Deferred Revenue	-	-	463	323
Deferred Inflows of Resources	264	334	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 54,154	\$ 55,092	\$ 55,697	\$ 55,599

Water System Statements of Revenues, Expenses & Changes in Net Position
(Figures in Thousands)

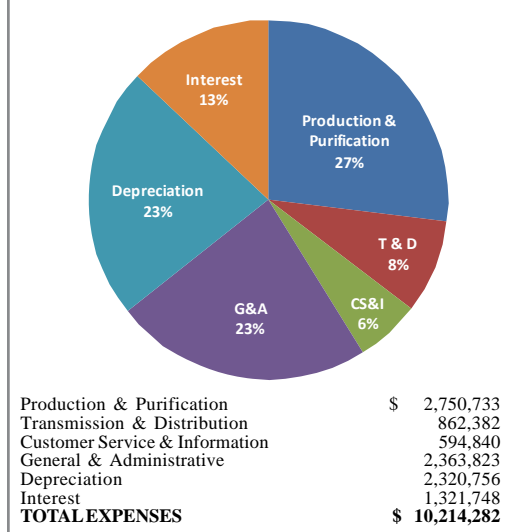
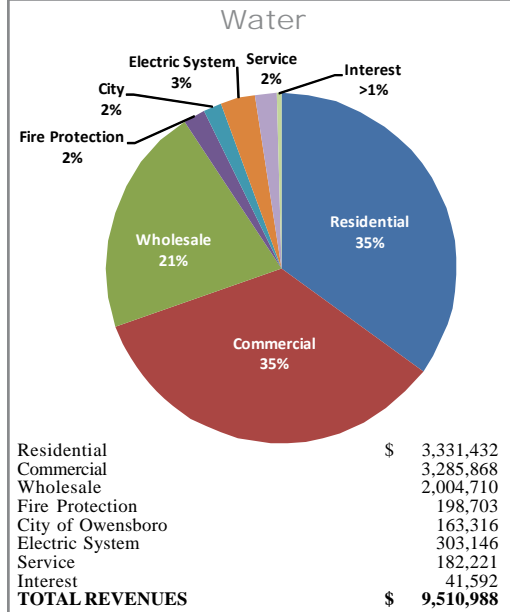
	Audited 2014	Audited 2013	Audited 2012	Audited 2011
CUBIC FEET SOLD	563,944	572,364	572,832	568,045
Operating Revenues	\$ 9,469	\$ 9,948	\$ 9,492	\$ 8,944
Operating Expenses	8,892	8,809	8,341	7,668
OPERATING INCOME	\$ 577	\$ 1,139	\$ 1,151	\$ 1,276
Nonoperating Revenues (Expenses)	(1,280)	(1,318)	(1,359)	(1,373)
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	\$ (703)	\$ (179)	\$ (208)	\$ (97)
Capital Contributions	567	141	448	222
Dividend to City	(163)	(168)	(147)	(144)
CHANGE IN NET POSITION	\$ (299)	\$ (206)	\$ 93	\$ (19)

Fiscal Years 2013-2014, 2012-2013, 2011-2012, and 2010-2011, revenues include unbilled revenue accounting adjustments of (\$102,000), \$194,000, (\$57,000), and \$1,000.



Residential	\$ 22,995,721
Commercial	4,618,667
Industrial	40,239,608
Water System	684,114
Telecommunications	1,071,113
City of Owensboro	2,111,123
Wholesale Power	64,578,119
Interest Income	1,052,320
Gain from Sale of Allowances	-
Other	1,320,156
TOTAL REVENUES	\$ 138,670,941

Fuel	\$ 59,449,211
Purchased Power	9,048,348
Other Production	15,575,734
Transmission & Distribution	7,295,393
Customer Service & Information	1,385,522
General & Administrative	12,865,935
Telecommunications	545,158
Depreciation	13,482,450
Interest	9,546,328
TOTAL EXPENSES	\$ 129,194,079



Residential	\$ 3,331,432
Commercial	3,285,868
Wholesale	2,004,710
Fire Protection	198,703
City of Owensboro	163,316
Electric System	303,146
Service	182,221
Interest	41,592
TOTAL REVENUES	\$ 9,510,988

Production & Purification	\$ 2,750,733
Transmission & Distribution	862,382
Customer Service & Information	594,840
General & Administrative	2,363,823
Depreciation	2,320,756
Interest	1,321,748
TOTAL EXPENSES	\$ 10,214,282

Public Power Month 2014

For over 20 years in October, the more than 2,000 municipally-owned and operated electric utilities have celebrated Public Power Week. OMU joins others this week and throughout the month in celebrating local community control and ownership of their utility services. In this annual report, you will get a glimpse of Owensboro Municipal Utilities' performance from June 1, 2013 through May 31, 2014. We have proudly served our community for the past 114 years. We hope to continue to serve you, our customer and our owner, efficiently and effectively. As your local utility, our mission continues to be "to serve our community by providing quality utility services at the most economical cost."

OMU: Your Electric, Water and Telecommunications Utility

As you may know, OMU is a municipally-owned utility, which means that you, our customers, are owners of a company with \$148.2 million in combined revenues last year. Nearly 114 years ago, Owensboro Municipal Utilities served only a few hundred customers. As Owensboro has grown, OMU has expanded and now provides service to 26,067 electric customers and 24,864 water users, including both residential and commercial accounts.

In an effort to maximize the use of the Elmer Smith Generating Station, OMU began to sell excess power into the wholesale market on May 17, 2010. May 2014 marked the four-year anniversary of this event which produced \$64.6 million in revenues during the past fiscal year, despite dipping wholesale prices and a recessionary economy.

Customer Service

OMU employees take pride in their jobs and are dedicated to serving their customers in a conscientious and professional manner. To learn more about how we can better serve our customers, a formal customer survey was conducted last year. We were pleased to receive a 93% satisfaction rating from our customers. In addition, we are incorporating the findings into our policies, practices and procedures. Our customers matter – that is what public power is all about. OMU transitioned to a new customer information system designed to provide timely and useful information to assist us in serving our customers.

Human Resources

Over the past few years, OMU has strategically positioned itself to face the many challenges ahead by building a skilled and capable workforce. Our employees, over 240 men and women, are the hearts, hands and minds that have built and maintain an efficient and quality utility system.

Electric usage

OMU set its 2014 electric usage peak on August 27 at 178.9 megawatts at the hour ending 4 p.m. In 2010, OMU set an all-time electric peak with 208 megawatts. OMU has plenty of capacity to serve this peak with nearly 400 megawatts of net generation capability. OMU's annual production from the Elmer Smith Station in Fiscal Year 2014 was 2.4 million megawatt hours with 66 percent of that being sold on the wholesale market.

Water usage

OMU's two water treatment plants provide water to not only Owensboro residents, but also supply wholesale water to three local districts (Southeast Daviess County, West Daviess County and East Daviess County), who distribute water throughout Daviess County. OMU maintains ample water treatment capacity of 30 million gallons per day. OMU sold 4,219 million gallons during the last fiscal year with 31 percent of its production going to neighboring water districts. OMU set its annual peak on July 22 when it pumped 16,531,000 gallons. OMU set an all-time peak for water production on July 23, 1999 when OMU pumped a daily total of 19,122,000 gallons of water to its customers.

City of Owensboro

OMU transferred \$8,577,800 in cash and free electric and water service to the City of Owensboro in fiscal year 2013-2014, lowering the tax requirements for the city. This saved each Owensboro resident approximately \$147 in taxes based on an estimated city population of 58,400.

Electric costs*

On average, OMU electric customers paid 8.2 cents per kilowatt hour in Fiscal Year 2013-2014.

Water costs**

OMU water customers paid an average of \$2.51 per 1000 gallons, or approximately 1/4 of a cent per gallon.

Using your utilities wisely

Now more than ever, customers want to save money and lower their personal environmental impact. For information about ways you can lower your water and electric usage, visit www.omu.org and choose the "Using Your Utilities Wisely" tab. Daily efficiency tips are also posted on our Facebook page at facebook.com/omu.org.

Payment options

OMU continually looks for ways to better serve our customers. We offer a variety of programs that make paying your combined services bill easier. For instance, many customers have their monthly bill automatically deducted from their checking account or applied to their credit card. Many others choose from two of our monthly budgeting plans: levelized or budget billing. Customers can also use a VISA, Discover or MasterCard debit or credit card to pay their combined services bill.

OMU also offers a telephone payment option. This system allows customers to pay with a credit or debit card or by electronic check by calling the Customer Service Center, any time of the day or night and following the touch-tone options. Customers can simply dial (270) 926-3200 and listen for the prompts. Customers may also receive approval for a payment extension on a current bill through this system.

In addition, OMU offers online bill payment through its website at www.omu.org, allowing customers to use their credit card to pay via the Internet.

Telecommunications

OMU added a third utility to its list of services in 1996. OMU's telecommunication division provides dark fiber, point-to-point and internet services for commercial and industrial customers. Gross revenues for the telecom division were \$1,071,113 in Fiscal Year 2014.

Safety program

Safety is our first concern at OMU, for our community and for our employees. OMU recently launched a new safety initiative to reinforce this commitment. Your local utility has in the past been recognized for its efforts in providing a safe work environment for our employees, earning the Platinum RP3 honor from the American Public Power Association and the Kentucky Governor's Health and Safety Award.

In May 2014, OMU's Elmer Smith Station employees were honored with the Governor's Health and Safety Award when the team reached 277,293 hours without a lost-time incident or illness.

Our commitment continues. In 2014, OMU continued to build upon a new training program, STEP: Safety Takes Every Person.

Community

Since its start, OMU has maintained a strong commitment to its community. Owensboro Municipal Utilities' employees have remained one of the largest donors to the local United Way annually. Employees also participate in a number of community events and organizations including local blood drives, festivals, and Neighborhood Alliance projects. In addition, OMU is proud of its school safety program. Power Town and Louie the Lightning Bug® tell children each year about the importance of electricity and using it safely.

**Average electric revenues from residential, industrial and commercial customers.*

***Average water revenues from residential and commercial customers.*