Financial Statements And Supplemental Schedules

Utah Associated Municipal Power Systems
Years Ended March 31, 2018 and 2017
With Report of Independent Auditors

Ernst & Young LLP

Building a better working world

Utah Associated Municipal Power Systems

Financial Statements and Supplemental Schedules

Years Ended March 31, 2018 and 2017

Contents

Utah Associated Municipal Power Systems

Management's Discussion and Analysis

Introduction

The following is a discussion and analysis of Utah Associated Municipal Power Systems' (UAMPS) financial performance and position, providing an overview of UAMPS' activities for the years ended March 31, 2018, 2017, and 2016.

Description of Business

UAMPS is a political subdivision of the state of Utah (the State). Its 46 members (the Members) include public power utilities in Utah, Idaho, Nevada, New Mexico, California, and Wyoming. UAMPS' purposes include the planning, financing, developing, acquiring, constructing, improving, bettering, operating, and maintaining projects or ownership interests or capacity rights therein for the generation, transmission, and distribution of electric energy for the benefit of its Members. UAMPS is governed by its Board of Directors (the Board). The Board consists of directors representing Members that have entitlement shares in the various projects undertaken by UAMPS. UAMPS is a project-based organization and presently operates 16 separate projects that provide a variety of power supply, transmission and other services to the Members that participate in them. The Members make their own elections to participate in UAMPS' projects and are not obligated to participate in any particular project. In general, UAMPS and its Members that elect to participate in a project enter into a contract that specifies the services or product to be provided to UAMPS from the project, the payments to be made by participating Members in respect of the costs of the project and other matters relating to the project.

Providing the Members with better methods to share resources and information about electric power issues is an important role for UAMPS. Through the Government and Public Affairs (GPA) project the Members are able to participate in the political process at the state and federal levels and to monitor current political issues that could directly impact the future of the electric industry.

The Board has ultimate control of UAMPS, maintaining managerial, financial and operational responsibility. UAMPS functions as an autonomous company supported solely from its own revenues. All assets, debts and obligations of UAMPS are separate and distinct from the assets, debts and obligations of the State. Upon dissolution of UAMPS, any monies not needed to liquidate UAMPS' obligations would be returned to its Members.

Highlights

UAMPS posted a change in net position for the years ended March 31, 2018, 2017, and 2016, of \$4.4 million, \$3.0 million, and \$3.7 million, respectively. The Members may elect to receive refunds of the 2018 excess of revenues over expenses during fiscal year 2019.

Overview of the Financial Statements

This report includes UAMPS' audited financial statements presented in accordance with accounting principles generally accepted in the United States. The audited financial statements include four components: statements of net position, statements of revenues and expenses and changes in net position, statements of cash flows and notes to the financial statements. The statements of net position provide information at a particular point in time; the statements of revenues and expenses show the results of the organization for the fiscal period. The changes in net position include additions due to the excess of revenue over expenses and decreases due to distributions. The statements of cash flows illustrate the cash that is received from and expended on various activities over the period.

UAMPS' financial statements were audited in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* issued by the Comptroller General of the United States. All statements are prepared on the accrual basis of accounting. All revenues and expenses are recognized when earned or incurred regardless of when cash is received or spent.

Notes to the financial statements provide additional schedules and information that are essential to a complete understanding of the financial statements.

Financial Analysis

Total cash and invested assets at March 31, 2018, 2017, and 2016, were $79.0 million, $73.3 million, and $75.8 million, respectively. The increase of $5.7 million from March 31, 2017 to March 31, 2018 is due to fluctuations in several accounts. Accounts for changes in the Energy Imbalance Market and Billing Escrow increased $4.1 million. Member funds on hand increased $1.0 million. Unrestricted cash increased $1.6 million due to timing of cash disbursements. Veyo Capital Contributions decreased $1.9 million as the unspent proceeds of the construction project were disbursed. Payson Project overhaul decreased $1.8 million due the consumption of funds for the purchase of planned maintenance items. Horse Butte Wind Project Debt Service Reserve Funds decreased overall by $0.6 million due to refunding activity. San Juan Project Reclamation Trust Fund increased by $2.4 million due to the required annual contribution. Finally, Horse Butte Wind Project overhaul account increased by $1.6 million.

The decrease of $2.5 million from March 31, 2016 to March 31, 2017, is due to usage of the Veyo Heat Recovery Project funds of $6.5 million, as the project was completed and placed in service during the fiscal year. This decrease was offset by increases in San Juan Project overhaul funds of $1.0 million, as well as an increase to the San Juan Reclamation funds also of $1.0 million. Additionally, there was an increase to unrestricted cash of $1.7 million. There were other minor fluctuations within accounts.

Financial Analysis (continued)

The components of investments at March 31, 2018, 2017, and 2016, consisted of the following:

	2018	2017	2016
Utah Public Treasurer's Investment Fund	**85.7%**	83.8%	82.6%
Investment in U.S. Treasury notes	**14.3**	15.6	15.3
Money Market invested in U.S. Government	**0.0**	0.0	1.5
Investment in Debenture issued by Government Sponsored Enterprise	**0.0**	0.6	0.6
	100.00%	100.0%	100.0%

At March 31, 2018, 2017, and 2016, accounts receivable totaled $22.1 million, $22.3 million, and $25.8 million, respectively. The change from March 31, 2017 to March 31, 2018 was minimal, as the balances were very consistent over those two years. The decrease of $3.5 million from March 31, 2016 to March 31, 2017, is due to the earlier payment of various larger invoices, than at the same time in the prior year.

The table below summarizes UAMPS' net position at March 31, 2018, 2017, and 2016 (in thousands):

	2018	2017	2016
Capital assets, net	**$ 217,377**	$ 141,549	$ 153,163
Other assets	**107,690**	188,518	199,951
	325,067	330,067	353,114
Deferred outflows of resources	**4,182**	3,581	3,993
Total assets and deferred outflows of resources	**$ 329,249**	$ 333,648	$ 357,107
Current liabilities	**$ 41,727**	$ 39,369	$ 42,652
Long-term liabilities	**213,221**	211,807	226,456
Other liabilities	**47,981**	49,944	52,668
Total liabilities	**302,929**	301,120	321,776
Deferred inflows of resources	**17,514**	25,447	27,982
Net position:			
Net investment in capital assets	**23,792**	29,009	28,029
Restricted	**6,146**	7,618	10,261
Unrestricted	**(21,132)**	(29,546)	(30,941)
	8,806	7,081	7,349
Total liabilities, deferred inflows of resources, and net position	**$ 329,249**	$ 333,648	$ 357,107

Financial Analysis of Operations

Operating revenue from power sales for the years ended March 31, 2018, 2017, and 2016, was $192.9 million, $189.1 million, and $185.1 million, respectively. The increase of $3.8 million in fiscal year 2018 from fiscal year 2017 is due to increased revenue in the Pool Project due to increased MWh. San Juan Project also saw an increase of $0.7 million due to higher MWh. These increases were offset by decreased MWh and revenue at Payson Project of $2.0 million. The Firm Power Project also saw a decrease of $1.8 million due to the conclusion of specific contracts.

The increase of $4.0 million in fiscal year 2017 from fiscal year 2016 is due to several reasons. First, increased MWh production in several projects. Second, the rate charged for transmission increased due an increase in rates from PacifiCorp. Third, revenue increased in the Firm Power Supply Project as there were additional contracts added. Finally, the Veyo Heat Recovery Project was placed in service, and income was generated to cover costs.

Investment and other income (expense) for March 31, 2018, 2017, and 2016, was ($0.1 million), $0.3 million, and $0.5 million, respectively. The expense associated with March 31, 2018 is related to the expensing of bond issuance costs related to the Debt Refunding in the Horse Butte Wind Project. The decrease in income from March 31, 2016 to March 31, 2017, is due to an unrealized loss on investments held.

The table below summarizes UAMPS' total revenues and expenses for fiscal years 2018, 2017, and 2016 (in thousands):

	2018	**2017**	**2016**
Revenue:			
Power sales	**$ 192,895**	$ 189,123	$ 185,093
Investment and other income (expense)	**(119)**	276	461
Other income	**1,882**	1,863	2,740
	194,658	191,262	188,294
Expenses:			
Cost of power	**155,926**	151,856	150,763
Other expenses	**34,345**	36,390	33,866
	190,271	188,246	184,629
Change in net position	**4,387**	3,016	3,665
Net position at beginning of year	**7,080**	7,349	6,758
Distributions	**(2,661)**	(3,285)	(3,074)
Net position at end of year	**$ 8,806**	$ 7,080	$ 7,349

Cash Flow and Liquidity

UAMPS' sources of cash include power sales, services, issuance of debt and investment income. The cash balance at March 31, 2018, 2017, and 2016, was $3.8 million, $2.2 million, and $0.5 million, respectively. The amount will fluctuate primarily due to timing of the transfer from the revolving line of credit and cash transfers.

In order to manage cash flow requirements, UAMPS has a revolving line of credit with two financial institutions with total available cash lines of $25.0 million. The rates from both financial institutions are variable with one being in relation to the prime rate and the other in relation to LIBOR. Of the combined $25.0 million available on the revolving lines of credit, the outstanding balance was $13.1 million, $9.8 million, and $13.4 million, as of March 31, 2018, 2017, and 2016, respectively.

Budgets and Billing

The UAMPS Board is presented a budget for its approval prior to the start of each fiscal year and power billings are based on that budget. Monthly reports are presented to the Board describing the operating costs compared to the budget and the revenues derived from the billing process. Any deviations are explained and the budgets are amended as necessary.

Significant Capital Assets and Long-Term Debt Activity

UAMPS purchased the Horse Butte Wind Farm in March 2018. The project is a 57.6 MW wind project comprised of 32 Vestas V100 wind turbine generators rated at 1.8MW each, located in Bonneville County, Idaho. This project had been completed in August of 2012, and UAMPS had previously been purchasing the output of the project under a Power Purchase Agreement with the former owner.

On March 31, 2018, 2017, and 2016, the construction work-in-progress balance was $0, $0.4 million, and $26.3 million. The balance at March 31, 2017, which consisted of computer equipment upgrades was placed in service during fiscal year 2018, reducing the balance to $0 at March 31, 2018. The balance at March 31, 2016 represent Veyo project construction costs.

On November 29, 2017, UAMPS issued Horse Butte Wind Project Revenue and Refunding Bonds Series 2017A (totaling $38.5 million) and Horse Butte Wind Project Revenue and Refunding Bonds Series 2017B (totaling $32.5 million) and Horse Butte Wind Project Revenue Bonds Series 2017C (totaling $2.1 million). The bonds were issued to provide amounts sufficient, together with other available funds, to provide for payment in full of the Acquisition Price of the Facility (a 57.6 MW nameplate capacity wind farm comprised of 32 wind turbines and related facilities located in Bonneville County, Idaho), advance refund the portion of UAMPS Horse Butte Wind Project Revenue Bonds, Series 2012A, maturing on and after September 1, 2023, current refund all of UAMPS Horse Butte Wind Project Variable Rate Demand Revenue Bonds, fund the Debt Service

Significant Capital Assets and Long-Term Debt Activity (continued)

Reserve Requirement for the Series 2017 Bonds and the 2012A Bonds remaining outstanding after the refunding and defeasance of the Series 2012A Refunded bonds, fund a deposit to the Operation and Maintenance Fund, and pay all expenses associated with the issuance of the Series 2017 Bonds.

The Series 2017A Bonds and the Series 2017B Bonds maturing on or after September 1, 2028, are subject to redemption prior to maturity on or after March 1, 2028, in whole or in part on any date, at a redemption price equal to 100% of the principal amount of each Series 2017 Bond or portion thereof to be so redeemed plus accrued interest to the redemption date.

The Series 2017C Bonds are subject to redemption prior to the maturity at the option of UAMPS, in whole or in part, and if in part among maturities to be designated by UAMPS, on any date, at a Redemption Price, calculated by a quotation agent selected by UAMS in a commercially reasonable manner, equal to the greater of 100% the principal amount of the Series 2017C Bonds to be redeemed; and the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2017C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2017C Bonds are to be redeemed, discounted to the date on which such Series 2017C Bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30 day months, at the Treasury Rate plus 10 basis points; plus, in each case, accrued interest on the Series 2017C Bonds to be redeemed to the redemption date. The Series 2017C Bonds maturing on September 1, 2025 are subject to mandatory sinking fund redemption on September 1, 2024 at a redemption price equal to 100% of the principal amount of each Series 2017C Bond to be so redeemed, plus accrued interest to the redemption date.

The Horse Butte Wind Revenue Bonds Series 2012A maturing on and after September 1, 2023 (totaling 42.0 million) were redeemed at 100% principal and accrued interest. Accordingly, all amounts related to the defeased Bonds were removed from the balance sheet, which resulted in an increase in the deferred refunding charge on defeasance of debt of $1.0 million. All of Series 2012B Bonds were redeemed at 100% principal plus accrued interest. The refunding reduced total debt service payments by $5.6 million and results in an economic gain (i.e., the difference between the present value of the debt service payments on the old and the new debt) of $2.7 million. The outstanding principal amount of the Bonds extinguished through defeasance at March 31, 2018 was $66.0 million. The outstanding principal of the remaining Series 2012A Bonds at March 31, 2018 was $14.5 million. The outstanding principal of the defeased in substance bonds was $42.0 million.

Western Electric Energy Markets

The energy markets in the Western Interconnection have remained stable due to low natural gas prices and general economic conditions. While most utilities in the west are seeing minimal load growth due to energy efficiency and distributed generation, UAMPS Members are still seeing significant load growth. UAMPS' loads continue to be growing in the 1% –2% range with some Members in the 5% growth range. UAMPS continues efforts to evaluate new generation resources, to work with the various regional transmission providers and regional planning organizations to see that the needed transmission infrastructure is built in a timely fashion and to evaluate and monitor the Energy Imbalance Market that our Transmission Providers, PacifiCorp and NV Energy, and others have joined. UAMPS is also monitoring efforts to form a Regional Independent System Operator based on the expansion of the California Independent System Operator (CAISO), the proposal by Peak RC and PJM to create a new organized market, and the proposed expansion of the Southwest Power Pool RTO being proposed by utilities in the Colorado area in the Western Interconnection.

Requests for Information

This financial report is designed to provide a general overview of UAMPS' finances for all those with an interest in UAMPS' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Controller, UAMPS, 155 North 400 West, Suite #480, Salt Lake City, Utah 84103.

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Report of Independent Auditors

The Board of Directors
Utah Associated Municipal Power Systems

Report on the Financial Statements

We have audited the accompanying financial statements of Utah Associated Municipal Power Systems as of and for the years ended March 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Utah Associated Municipal Power Systems' 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 conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Associated Municipal Power Systems as of March 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 1 through 7 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, which 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, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Utah Associated Municipal Power Systems' basic financial statements. The accompanying schedules of project financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of project financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedules of project financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated July 18, 2018 on our consideration of Utah Associated Municipal Power Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utah Associated Municipal Power Systems' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Utah Associated Municipal Power Systems' internal control over financial reporting and compliance.

Ernst & Young LLP

July 18, 2018

Utah Associated Municipal Power Systems

Statements of Net Position

	March 31	
	2018	**2017**
Assets		
Current assets:		
Cash	**$ 3,815,705**	$ 2,186,485
Receivables	**22,110,667**	22,326,874
Prepaid expenses and deposits	**6,486,188**	6,758,251
Investments	**18,691,772**	13,407,395
Current portion of energy prepayment	**–**	5,724,341
	51,104,332	50,403,346
Restricted assets:		
Interest receivable	**45,658**	53,466
Investments	**56,540,284**	57,716,093
	56,585,942	57,769,559
Capital assets:		
Generation	**403,862,720**	305,845,678
Transmission	**84,669,469**	84,669,469
Furniture and equipment	**1,828,449**	1,014,537
	490,360,638	391,529,684
Less accumulated depreciation	**(272,983,887)**	(250,380,491)
	217,376,751	141,149,193
Construction work-in-progress	**–**	400,000
	217,376,751	141,549,193
Other assets:		
Energy prepayment, less current portion	**–**	80,344,348
Deferred outflows of resources		
Defeasance costs	**4,182,124**	3,581,266
Total assets and deferred outflows of resources	**$329,249,149**	$333,647,712

Utah Associated Municipal Power Systems

Statements of Net Position (continued)

	March 31 2018	March 31 2017
Liabilities		
Current liabilities:		
Accounts payable	**$ 14,523,548**	$ 16,088,482
Accrued liabilities	**11,130,002**	10,493,507
Lines of credit	**13,050,000**	9,800,000
Current portion of unearned revenue	**3,023,716**	2,987,178
	41,727,266	39,369,167
Liabilities payable from restricted assets:		
Accrued interest payable	**2,255,393**	2,363,655
Current portion of long-term debt	**15,217,464**	14,680,517
	17,472,857	17,044,172
Long-term debt:		
Bonds payable, less current portion	**194,301,000**	200,760,000
Unamortized bond discount	**(2,576)**	(5,153)
Unamortized bond premium	**18,922,162**	11,052,635
	213,220,586	211,807,482
Other liabilities:		
Unearned revenue, less current portion	**30,508,989**	32,899,360
Deferred inflows of resources		
Net costs advanced from billings to members	**17,513,639**	25,447,232
Net position		
Invested in plant, net of debt	**23,792,290**	29,008,611
Restricted for project costs	**6,145,445**	7,617,720
Unrestricted	**(21,131,923)**	(29,546,032)
	8,805,812	7,080,299
Total liabilities, deferred inflows of resources, and net position	**$329,249,149**	$333,647,712

See accompanying notes.

Utah Associated Municipal Power Systems

Statements of Revenues and Expenses and Changes in Net Position

	Year Ended March 31	
	2018	**2017**
Operating revenues:		
Power sales	**$ 192,895,364**	$ 189,123,110
Other	**1,882,408**	1,863,273
	194,777,772	190,986,383
Operating expenses:		
Cost of power	**155,925,969**	151,856,232
In lieu of ad valorem taxes	**639,302**	703,067
Depreciation	**22,759,223**	19,038,667
General and administrative	**11,193,567**	11,736,481
	190,518,061	183,334,447
Operating income	**4,259,711**	7,651,936
Nonoperating revenues (expenses):		
Interest expense	**(7,687,467)**	(7,447,198)
Investment and other income (expense), net	**(119,019)**	276,406
Recognition of deferred costs and revenues	**7,933,593**	2,535,005
Total nonoperating expenses, net	**127,107**	(4,635,787)
Change in net position	**4,386,818**	3,016,149
Net position at beginning of year	**7,080,299**	7,348,824
Distributions to members	**(2,661,305)**	(3,284,674)
Net position at end of year	**$ 8,805,812**	$ 7,080,299

See accompanying notes.

Utah Associated Municipal Power Systems

Statements of Cash Flows

	Year Ended March 31	
	2018	**2017**
Operating activities		
Cash received from customers	**$ 192,038,817**	$ 191,480,682
Cash payments to suppliers for goods and services	**(154,189,340)**	(151,429,964)
Cash payments to employees for services	**(7,115,004)**	(6,758,985)
Cash payments for ad valorem taxes	**(510,400)**	(707,123)
Deferred revenue	**2,434,393**	–
Net cash provided by operating activities	**32,658,467**	32,584,610
Capital and related financing activities		
Disbursements for utility plant and equipment	**(19,118,563)**	(7,024,587)
Refund of excess construction proceeds	**(1,833,062)**	–
Proceeds from issuance of long-term debt	**87,254,263**	1,968,000
Disbursement for bond refunding	**(65,970,000)**	–
Principal disbursement on revenue bonds	**(13,009,000)**	(14,632,000)
Interest disbursement on revenue bonds	**(14,721,799)**	(8,801,238)
Bond issuance costs	**(874,901)**	(130,001)
Distribution	**(2,661,307)**	(3,284,674)
Net cash used in capital and related financing activities	**(30,934,369)**	(31,904,500)
Noncapital and related financing activities		
Draws on lines of credit	**166,517,422**	147,001,839
Disbursements on lines of credit	**(163,267,422)**	(150,574,578)
Net cash provided by (used in) noncapital and related financing activities	**3,250,000**	(3,572,739)

Utah Associated Municipal Power Systems

Statements of Cash Flows (continued)

	Year Ended March 31	
	2018	**2017**
Investing activities		
Cash received from investments	$ –	$ 223,119
Cash paid for investments	**(5,284,377)**	(443,393)
Restricted assets:		
Cash received from investments	**7,127,947**	7,134,234
Cash paid for investments	**(6,311,946)**	(3,100,218)
Interest income received	**1,123,498**	809,678
Net cash (used in) provided by investing activities	**(3,344,878)**	4,623,420
Increase in cash	**1,629,220**	1,730,791
Cash at beginning of year	**2,186,485**	455,694
Cash at end of year	**$ 3,815,705**	$ 2,186,485
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 4,259,711**	$ 7,651,936
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**22,759,223**	19,038,667
Amortization of unearned revenue	**(2,955,162)**	(2,942,982)
Amortization of prepaid energy	**6,600,471**	6,583,591
Unearned revenue	**2,434,393**	–
Decrease in current receivables	**216,207**	3,437,281
Decrease (increase) in prepaid expenses and deposits	**272,063**	(1,073,557)
(Decrease) increase in accounts payable	**(1,564,934)**	297,753
Increase (decrease) in accrued liabilities	**636,495**	(408,079)
Net cash provided by operating activities	**$ 32,658,467**	$ 32,584,610
Noncash investing, capital and financing activities		
Noncash expenditures in accounts payable	$ –	$ 400,000

See accompanying notes.

1. Summary of Significant Accounting Policies

Organization and Purpose

Utah Associated Municipal Power Systems (UAMPS), a separate political subdivision of the state of Utah, was established pursuant to the provisions of the Utah Interlocal Co-operation Act of November 1980, and was organized under the Amended and Restated Utah Associated Municipal Power Systems Agreement for Joint Cooperative Action. UAMPS' membership consists of 35 municipalities, 1 joint action agency, 1 electric service district, 1 public utility district, 2 water conservancy districts, 3 co-ops, 1 municipal utility district, 1 utility improvement district and 1 nonprofit corporation. (collectively, the Members). The Members are located in Utah, Idaho, Nevada, New Mexico, California, and Wyoming. UAMPS is a separate legal entity that possesses the ability to establish its own budget, incur debt, sue and be sued, and own and lease property. No other governmental units in Utah exercise significant control over UAMPS. As such, UAMPS is not a component unit as defined by the Governmental Accounting Standards Board (GASB) in its Section 2100, *Defining the Financial Reporting Entity*. Further, as defined in this Statement, UAMPS has no component units that should be included in the accompanying financial statements.

UAMPS' purposes include the planning, financing, developing, acquiring, constructing, improving, bettering, operating, and maintaining projects or ownership interests or capacity rights therein for the generation, transmission, and distribution of electric energy for the benefit of its Members.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. The accounting and reporting policies of UAMPS conform with the accounting rules prescribed by the GASB.

Recent Accounting Developments

GASB Statement No. 83

In November of 2016, the Governmental Accounting Standards Board (GASB) released GASB 83. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations

1. Summary of Significant Accounting Policies (continued)

(AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Company is currently evaluating the effects the adoption of this statement will have on the financial statements.

GASB Statement No. 86

In May of 2017, the Governmental Accounting Standards Board (GASB) released GASB 86, which provides additional guidance related to in-substance defeasances of debt for transactions in which cash and other monetary assets are placed in an irrevocable trust for the sole purpose of extinguishing debt. The statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Company is currently evaluating the effects the adoption of this statement will have on the financial statements.

GASB Statement No. 87

In June of 2017, the Governmental Accounting Standards Board (GASB) released GASB 87, which requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after January 15, 2019. The Company is currently evaluating the effects the adoption of this statement will have on the financial statements.

GASB Statement No. 88

In March, the Governmental Accounting Standards Board (GASB) released guidance designed to enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements.

1. Summary of Significant Accounting Policies (continued)

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, clarifies which liabilities governments should include in their note disclosures related to debt. This Statement requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Company is currently evaluating the effects the adoption of this statement will have on the financial statements.

GASB Statement No. 89

In June of 2018, the Governmental Accounting Standards Board (GASB) released GASB 89. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Company is currently evaluating the effects the adoption of this statement will have on the financial statements.

Revenue

UAMPS distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the organization. The principal operating revenues and expenses of UAMPS are associated with the planning, financing, developing, acquiring, constructing, improving, bettering, operating, and maintaining projects or ownership interests or capacity rights therein for the generation, transmission, and distribution of electric energy for the benefit of its Members. All other revenues and expenses, such as interest income and interest expense and are reported as nonoperating revenues and expenses.

Investments

All investments are recorded at fair value. UAMPS' investment in the Utah Public Treasurer's Investment Fund (PTIF) has a fair value equivalent to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act.

1. Summary of Significant Accounting Policies (continued)

Receivables

Receivables consist primarily of current power billings to Members. There is no allowance for bad debt as UAMPS expects to receive payment in full.

Capital Assets

Generation assets, transmission assets, furniture, and equipment with an initial cost of more than $500 are stated at cost, less accumulated depreciation. Interest incurred in the construction and implementation of fixed assets is capitalized into the cost of the fixed assets. Expenditures that increase values or extend useful lives are capitalized and routine maintenance and repairs are charged to expense in the period incurred. Leasehold improvements are capitalized and amortized over the lesser of the asset life or lease term. Depreciation is calculated using the straight-line method at rates that are designed to depreciate the cost of the assets over estimated useful lives ranging from three to 26 years.

Net Costs Advanced or to be Recovered Through Billings to Members

Billings to Members are designed to recover power costs as defined by the power sales contracts, which principally include current operating expenses, scheduled debt principal, and interest and deposits into certain funds. Pursuant to GASB Re10, *Regulated Operations*, expenses determined in accordance with GAAP, which are not currently billable as power costs, or amounts billed as power costs and recovered in advance of being recognized for GAAP are recorded as deferred inflows of resources in the accompanying statements of net position. For a company to report under GASB Re10, a company's rates must be designed to recover its costs of providing services, and the company must be able to collect those rates from customers. If it were determined, whether due to competition or regulatory action, that these standards no longer applied, UAMPS could be required to write off its regulatory deferred inflows. Management believes that UAMPS currently meets the criteria for continued application of GASB Re10, but will continue to evaluate significant changes in the regulatory and competitive environment to assess continuing applicability of the criteria.

Income Taxes

UAMPS is not subject to federal or state income taxes under provisions of Section 115 of the Internal Revenue Code.

1. Summary of Significant Accounting Policies (continued)

Unearned Revenue

Certain participants of the Payson project, the San Juan project, the Hunter II Project, the Central-St. George project, and the Horse Butte Wind project have elected to prepay certain costs of acquisition and debt service during the refinancing and/or construction of their projects. These prepayments, which represent the portion of Debt Service Costs that would be applicable to the participant's entitlement share in each of the respective projects future power generation capability, have been treated as unearned revenue and will be amortized to revenue over the life of the respective bond issues.

Risk Management

UAMPS is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters and insures against these losses. UAMPS purchases plant and machinery insurance from a commercial carrier. There have been no significant reductions in insurance coverage from that in the prior year, and settlements have not exceeded insurance coverage for the past three fiscal years. Additionally, UAMPS purchases the following categories of insurance: Property, which includes Earthquake and Flood, General Liability, and Commercial Auto; Difference in Conditions, which includes Earthquake and Flood, Umbrella, Workers Compensation, Directors and Officers/Employment Practices Liability and Crime.

Net Position

Net position is classified into three components:

- Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, other long-term borrowings, or deferred outflows of resources 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 is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

1. Summary of Significant Accounting Policies (continued)

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

- Unrestricted: This component of net position consists of amounts that do not meet the definition of "restricted" or "net investment in capital assets". As of March 31, 2018 and 2017, UAMPS reported a negative balance in unrestricted net position. The deficit is a result of a long-term prepayment of future power sales.

The accounting policies and practices of UAMPS conform to the accounting principles generally accepted in the United States applicable to an enterprise fund of a government unit.

2. Power Sales and Transmission Service Contracts Relating to Bonds

UAMPS has entered into power sales and/or transmission service contracts (the Contracts) with various participants (the Purchasers). The Contracts are as follows:

- UAMPS has contracted with five municipalities to provide transmission capabilities from the Central-St. George project to deliver electric power to the Purchasers. Each contract term extends, at a minimum, to the date all principal and interest on the Series 2009, 2011, 2012, and 2016 Bonds have been paid.

- UAMPS has contracted with 15 municipalities and 1 electric service district in the San Juan project to supply power from the generating unit. Each contract term extends, at a minimum, to the date all principal and interest on the Series 2008 and 2011 Bonds have been paid.

- UAMPS has contracted with 14 municipalities, 1 public utility district, and 1 electric service district in the Payson project to supply power from the generating unit. Each contract term extends, at a minimum, to the date all principal and interest on the 2012 and 2013 Bonds have been paid.

2. Power Sales and Transmission Service Contracts Relating to Bonds (continued)

- UAMPS has contracted with 21 municipalities, 1 joint action agency, 1 co-op, and 1 public utility district in the Horse Butte Wind project to supply power from the project. Each contract term extends, at a minimum, to the date all principal and interest on the 2012 and 2017 Bonds have been paid.

- UAMPS has contracted with six municipal utilities of one California public utility district in the Veyo Heat Recovery project to supply power from the project. Each contract term extends, at a minimum, to the date all principal and interest on the 2014 bonds have been paid.

3. Net Costs Advanced From Billings to Members

	For the Years Ended		**Accumulated Total as of**	
	2018	**2017**	**2018**	**2017**
Items in accordance with GAAP not currently billable to members				
Depreciation, accretion and amortization of bond issuance costs	**$ 23,634,123**	$ 19,168,668	**$327,803,868**	$304,169,745
Refunding charge on refunding/defeasance of revenue bonds	**163,333**	–	**40,273,931**	40,110,598
Principal collected from certain receivables	**–**	–	**8,151,148**	8,151,148
Excess bond proceeds (used to pay Interest/CWIP)	**14,695**	409,853	**13,604,822**	13,590,126
Principal amounts of notes	**–**	–	**1,750,000**	1,750,000
Cost recovery on off-system sales losses	**–**	–	**40,640,144**	40,640,144
Estimated future loss on contracts	**–**	–	**10,384,038**	10,384,038
Amortization of deferred revenue	**(2,955,162)**	(2,942,982)	**(35,119,505)**	(32,164,343)
Utility plant renewals and replacements	**(5,566,622)**	(2,767,503)	**(101,366,421)**	(95,799,799)
Plant inventory	**33,224**	(181,718)	**(582,655)**	(615,879)
Principal amounts of debt service	**(13,407,457)**	(13,159,313)	**(328,886,705)**	(315,479,248)
Amortization of bond premium	**(1,672,591)**	(1,776,439)	**(14,644,678)**	(12,972,087)
Major overhaul reserve payments	**308,222**	(3,627,196)	**(16,304,798)**	(16,613,019)
Unrealized gain/loss on investment	**359,808**	402,463	**(256,265)**	(616,073)
Amortization of defeased debt costs	**435,067**	411,657	**1,383,261**	948,194
Amortization of prepaid energy	**6,600,471**	6,583,591	**35,106,577**	28,506,106
Accrued personal leave	**(13,518)**	13,924	**549,599**	563,117
Net costs advanced from billings to members	**$ 7,933,593**	$ 2,535,005	**$ (17,513,639)**	$ (25,447,232)

4. Capital Assets

UAMPS' interest in two generating units represents a 14.6% and a 7.0% undivided interest in the PacifiCorp Hunter II and the Public Service Company of New Mexico San Juan Unit IV electric generating units (the Generating Units), respectively. The interest is recorded based on UAMPS' acquisition cost.

UAMPS has a 15.0% entitlement share in the transmission capability of a 105-mile 345 kilovolts (kV) transmission line constructed between Craig, Colorado and the Bonanza Generation Station in Uintah County, Utah. UAMPS is responsible for a like percentage of the costs of acquisition, construction, operation, and maintenance of the line. UAMPS has also purchased an entitlement share of 54 MW of transmission capability on the Bonanza line, which extends from the Bonanza Generation Station to the Mona, Utah Substation.

The Central-St. George project, located in Washington County, Utah, owned and operated by UAMPS, consists of 138 kV transmission facilities, including a 345/138 kV electric substation, approximately 25 miles of 138 kV transmission line, a 138 kV switching yard, a 138/69 kV electric substation, and approximately 16 miles of 69 kV transmission line to provide service to four of its Members in Washington County. Pursuant to the terms of the Joint Operating Agreement, UAMPS and PacifiCorp have undertaken the Phase 3 upgrade to this system, which is the reconstruction of an existing line. The line has been removed, and replaced with twenty miles of new double circuit 345 kV transmission line. The line has been constructed at 345 kV standards and initially operating at 138 kV. The project was placed into service in April 2010.

The Payson project is a combined cycle, natural-gas-fired, electric generating facility with a nominal generating capacity of 143 MW located in Payson, Utah, owned, and operated by UAMPS. The Payson project also includes gas pipelines, electric transmission lines, and other properties, and facilities and equipment necessary for the operation of the generating facility. Engineering, equipment acquisition, and other pre-construction work on the Payson project began in 2002 and was completed in June 2004.

The Washington-Hurricane Generator Set consists of three generators. The generator set is rated 1,900 kilowatts (Kw) Continuous, 3,000 foot altitude, 120 degree, 12,740 volt, 3 phase, 1,800 RPM. The capacity of these units is sold to the respective purchasers. The generator set was purchased and placed into service in May 2007.

4. Capital Assets (continued)

The Washington Generator Set consists of two generators. The generator set is rated 1,900 Kw Continuous, 3,000 foot altitude, 120 degree, 12,740 volt, 3 phase, 1,800 RPM. The generator set was purchased and placed into service in June 2008.

The Veyo Heat Recovery Project is a 7.8 MW recovered energy generation system that is constructed adjacent to a natural gas compressor station owned and operated by Kern River Gas Transmission Company in Southwestern Utah, near the community of Veyo. The Recovered Energy Generation System interconnects with the Veyo Compressor Station and utilizes the waste heat in the generation of electricity. The project was placed in service in May 2016.

UAMPS purchased the Horse Butte Wind Farm in March 2018. The project is a 57.6 MW wind project comprised of 32 Vestas V100 wind turbine generators rated at 1.8MW each, located in Bonneville County, Idaho. This project had been completed in August of 2012, and UAMPS had previously been purchasing the output of the project under a Power Purchase Agreement with the former owner.

	Generation	Transmission	Furniture and Equipment	Construction Work-In-Progress	Total
Balance, April 1, 2017	$ 305,845,678	$ 84,669,469	$ 1,014,537	$ 400,000	$ 391,929,684
Capital additions	98,462,872	–	947,811	–	99,410,683
Sales, retirements	(445,830)	–	(133,899)	(400,000)	(979,729)
Balance, March 31, 2018	$ 403,862,720	$ 84,669,469	$ 1,828,449	$ –	$ 490,360,638
Accumulated depreciation, April 1, 2017	$ (194,442,170)	$ (55,338,890)	$ (599,431)	$ –	$ (250,380,491)
Depreciation expense	(19,119,153)	(3,288,597)	(351,473)	–	(22,759,223)
Retirements	21,928	–	133,899	–	155,827
Accumulated depreciation, March 31, 2018	$ (213,539,395)	$ (58,627,487)	$ (817,005)	$ –	$ (272,983,887)
Average depreciation rate	5.4%	3.9%	24.7%	0.0%	5.2%

4. Capital Assets (continued)

	Generation	Transmission	Furniture and Equipment	Construction Work-In-Progress	Total
Balance, April 1, 2016	$ 272,753,656	$ 84,669,469	$ 1,221,333	$ 26,292,559	$ 384,937,017
Capital additions	33,157,008	–	160,138	5,024,207	38,341,353
Sales, retirements	(64,986)	–	(366,934)	(30,916,766)	(31,348,686)
Balance, March 31, 2017	$ 305,845,678	$ 84,669,469	$ 1,014,537	$ 400,000	$ 391,929,684
Accumulated depreciation, April 1, 2016	$ (178,970,050)	$ (52,050,293)	$ (753,401)	$ –	$ (231,773,744)
Depreciation expense	(15,537,106)	(3,288,597)	(212,963)	–	(19,038,667)
Retirements	64,986	–	366,934	–	431,920
Accumulated depreciation, March 31, 2017	$ (194,442,170)	$ (55,338,890)	$ (599,430)	$ –	$ (250,380,491)
Average depreciation rate	5.4%	3.9%	19.0%	–%	4.9%

5. Investments

Investments are related primarily to debt service reserve funds. Investments consisted of the following:

	Year Ended March 31 2018	2017
Restricted:		
Utah Public Treasurer's Investment Fund	**$ 45,797,897**	$ 46,163,163
U.S. Treasury Note	**10,742,387**	11,118,454
U.S. Government Agencies	**-**	434,476
Total	**$ 56,540,284**	$ 57,716,093
Current:		
Utah Public Treasurers' Investment Fund	**$ 18,691,772**	$ 13,407,395
Total	**$ 18,691,772**	$ 13,407,395

5. Investments (continued)

UAMPS categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As of March 31, 2018 and 2017, UAMPS had fair value measurements as shown below:

		Fair Value Measurements Using		
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Fiscal year 2018				
Utah Public Treasurers' Investment Fund	**$ 64,489,669**	**$ –**	**$ –**	**$ 64,489,669**
U.S. Treasury Note	**10,742,387**		**10,742,387**	**–**
	$ 75,232,056	**$**	**$ 10,742,387**	**$ 64,489,669**
Fiscal year 2017				
Utah Public Treasurers' Investment Fund	$ 59,570,558	$ –	$ –	$ 59,570,558
U.S. Treasury Note	11,118,454	–	11,118,454	–
U.S. Government Agencies	434,476	–	434,476	–
	$ 71,123,488	$ –	$ 11,552,930	$ 59,570,558

Debt securities classified in Level 2 of the fair value hierarchy are valued using third-party pricing service, which provides documentation on an ongoing basis that includes among other things, pricing information with respect to reference data, methodology, inputs summarized by asset class, pricing application and corroborative information. Utah Public Treasurers' Investment Fund (PTIF) securities classified in Level 3 are priced using the pool's fair value per share factor, as published by the Utah Treasurer's Office, multiplied by our pool balance.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. UAMPS policy for reducing its exposure to credit risk is to comply with the bond covenants that allow UAMPS to invest in U.S. government securities, obligations of any state, including the Utah Public Treasurer's Investment Fund (PTIF), certificates of deposit and bankers acceptances of banks meeting certain minimum requirements and repurchase agreements.

5. Investments (continued)

The PTIF operates and reports to the participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. The PTIF was unrated at March 31, 2018.

At March 31, 2018 and 2017, UAMPS' investments held the following quality ratings:

		Quality Rating	
	Value	AAA/Aaa/ AA+	Unrated
Fiscal Year 2018			
Utah Public Treasurers' Investment Fund	**$ 64,489,669**	**$ –**	**$ 64,489,669**
U.S. Treasury Notes	**10,742,387**	**10,742,387**	**–**
Total	**$ 75,232,056**	**$ 10,742,387**	**$ 64,489,669**
Fiscal Year 2017			
Utah Public Treasurers' Investment Fund	$ 59,570,558	$ –	$ 59,570,558
U.S. Treasury Notes	11,118,454	11,118,454	–
U.S. Government Agencies	434,476	434,476	–
Total	$ 71,123,488	$ 11,552,930	$ 59,570,558

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance, and are not collateralized, are collateralized by the pledging financial institution, or is collateralized by the pledging financial institution's trust department or agent, but not in the depositor governments' name. UAMPS deposits are insured up to $250,000 by the Federal Deposit Insurance Corporation. At March 31, 2018, UAMPS had $3.6 million exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect fair value of an investment. UAMPS uses the Specific Identification Method for identifying interest rate risk. UAMPS policy for reducing its exposure to interest rate risk is to comply with bond covenants as previously discussed.

5. Investments (continued)

At March 31, 2018, UAMPS had the following debt investment balances by investment type and maturity:

	2018	Less Than 1	1–5	6–10	More Than 10
U.S. Treasury Note	$10,742,387	$ –	$10,742,387	$ –	$ –
	$10,742,387	$ –	$10,742,387	$ –	$ –

6. Cash

The cash balance at March 31, 2018, of $3.8 million and at March 31, 2017, of $2.2 million consisted of deposits with banks.

As of March 31, 2018 and 2017, there was no balance in restricted cash.

7. Debt

Pursuant to the Horse Butte Wind Project Revenue Bond Resolution, the San Juan Project Revenue Bond Resolution, the Central-St. George Transmission Project Revenue Bond Resolution, the Payson Power Project Bond Resolution, the Member Services Revenue Bond Resolution, and the Veyo Heat Recovery Project Revenue Bond Resolution, (collectively, the Resolutions), all supplemented from time to time, UAMPS has issued the following revenue and refunding revenue bonds and notes payable:

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding March 31 2018	Principal Outstanding March 31 2017
Horse Butte Wind 2012A					
Serial	$ 67,860,000	0.05%–5.00%	2013–2032	**$ 14,460,000**	$ 58,950,000
Horse Butte Wind 2012B Variable Rate Demand					
Term	2,065,000	Variable	2023	–	2,065,000
Term	2,135,000	Variable	2024	–	2,135,000
Term	2,205,000	Variable	2025	–	2,205,000
Term	2,275,000	Variable	2026	–	2,275,000
Term	2,350,000	Variable	2027	–	2,350,000
Term	2,425,000	Variable	2028	–	2,425,000
Term	2,505,000	Variable	2029	–	2,505,000
Term	2,585,000	Variable	2030	–	2,585,000
Term	2,670,000	Variable	2031	–	2,670,000
Term	2,755,000	Variable	2032	–	2,755,000
	23,970,000				
Horse Butte Wind 2017A:					
Serial	38,480,000	5.00%	2023-2032	**38,480,000**	–
Horse Butte Wind 2017B: Serial	32,455,000	5.00%	2026-2037	**32,455,000**	–
Horse Butte Wind 2017C:					
Taxable component	165,000	2.05%	2019	**165,000**	–
Taxable component	170,000	2.20%	2020	**170,000**	–
Taxable component	170,000	2.45%	2021	**170,000**	–
Taxable component	180,000	2.60%	2022	**180,000**	–
Taxable component	460,000	2.85%	2023	**460,000**	–
Term	480,000	3.05%	2024	**480,000**	–
Term	495,000	3.05%	2025	**495,000**	–
	2,120,000				

7. Debt (continued)

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding March 31 2018	2017
San Juan 2008A					
Serial	$ 2,345,000	3.50%–4.50%	2009–2022	**$ 1,000,000**	$ 1,175,000
San Juan 2011					
Serial	22,165,000	2.00%–5.50%	2011–2023	**12,000,000**	13,845,000
Central–St. George 2009					
Serial	2,350,000	4.00%–5.00%	2010–2019	**565,000**	830,000
Central–St. George 2011					
Term	3,800,000	2.65%	2011–2019	**1,025,000**	1,520,000
Central–St. George 2012					
Serial	11,240,000	2.32%	2012–2019	**2,985,000**	4,430,000
Central–St. George 2016					
Term	25,880,000	2.53%	2016–2027	**24,910,000**	25,300,000
Payson 2012					
Serial	74,885,000	2.00%–5.00%	2013–2026	**52,085,000**	56,970,000
Payson 2013					
Serial	2,025,000	1.76%	2014–2023	**1,265,000**	1,465,000
Veyo 2014					
Serial	12,990,000	3.00%–5.00%	2017–2034	**12,005,000**	12,505,000
Term	1,060,000	4.00%	2035	**1,060,000**	1,060,000
Term	1,100,000	4.00%	2036	**1,100,000**	1,100,000
Term	1,145,000	4.00%	2037	**1,145,000**	1,145,000
Term	1,190,000	4.00%	2038	**1,190,000**	1,190,000
Term	1,240,000	5.00%	2039	**1,240,000**	1,240,000
Term	1,300,000	5.00%	2040	**1,300,000**	1,300,000
Term	1,365,000	5.00%	2041	**1,365,000**	1,365,000
	8,400,000				

7. Debt (continued)

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding March 31 2018	Principal Outstanding March 31 2017
Hurricane City – 2013					
Term	$ 2,009,000	2.30%	2014–2027	**$ 1,500,000**	$ 1,632,000
Washington City – 2013					
Term	996,000	2.30%	2014–2027	**743,000**	809,000
Washington City – 2016					
Term	1,968,000	2.59%	2017–2029	**1,847,000**	1,968,000
				207,845,000	213,769,000
		Less unamortized bond discount		**2,576**	5,153
		Plus unamortized bond premium		**18,922,162**	11,052,635
	Less current portion (excluding current portion of unamortized bond premium and discount)			**13,544,000**	13,009,000
				$ 213,220,586	$ 211,807,482

On November 29, 2017, UAMPS issued Horse Butte Wind Project Revenue and Refunding Bonds Series 2017A (totaling $38.5 million) and Horse Butte Wind Project Revenue and Refunding Bonds Series 2017B (totaling $32.5 million) and Horse Butte Wind Project Revenue Bonds Series 2017C (totaling $2.1 million). The bonds were issued to provide amounts sufficient, together with other available funds, to provide for payment in full of the Acquisition Price of the Facility (a 57.6 MW nameplate capacity wind farm comprised of 32 wind turbines and related facilities located in Bonneville County, Idaho), advance refund the portion of UAMPS Horse Butte Wind Project Revenue Bonds, Series 2012A, maturing on and after September 1, 2023, current refund all of UAMPS Horse Butte Wind Project Variable Rate Demand Revenue Bonds, fund the Debt Service Reserve Requirement for the Series 2017 Bonds and the 2012A Bonds remaining outstanding after the refunding and defeasance of the Series 2012A Refunded bonds, fund a deposit to the Operation and Maintenance Fund, and pay all expenses associated with the issuance of the Series 2017 Bonds.

The Series 2017A Bonds and the Series 2017B Bonds maturing on or after September 1, 2028, are subject to redemption prior to maturity on or after March 1, 2028, in whole or in part on any date, at a redemption price equal to 100% of the principal amount of each Series 2017 Bond or portion thereof to be so redeemed plus accrued interest to the redemption date.

7. Debt (continued)

The Series 2017C Bonds are subject to redemption prior to the maturity at the option of UAMPS, in whole or in part, and if in part among maturities to be designated by UAMPS, on any date, at a Redemption Price, calculated by a quotation agent selected by UAMS in a commercially reasonable manner, equal to the greater of 100% the principal amount of the Series 2017C Bonds to be redeemed; and the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2017C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2017C Bonds are to be redeemed, discounted to the date on which such Series 2017C Bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30 day months, at the Treasury Rate plus 10 basis points; plus, in each case, accrued interest on the Series 2017C Bonds to be redeemed to the redemption date. The Series 2017C Bonds maturing on September 1, 2025 are subject to mandatory sinking fund redemption on September 1, 2024 at a redemption price equal to 100% of the principal amount of each Series 2017C Bond to be so redeemed, plus accrued interest to the redemption date.

The Horse Butte Wind Revenue Bonds Series 2012A maturing on and after September 1, 2023 (totaling 42.0 million) were redeemed at 100% principal and accrued interest. Accordingly, all amounts related to the defeased Bonds were removed from the balance sheet, which resulted in an increase in the deferred refunding charge on defeasance of debt of $1.0 million. All of Series 2012B Bonds were redeemed at 100% principal plus accrued interest. The refunding reduced total debt service payments by $5.6 million and results in an economic gain (i.e., the difference between the present value of the debt service payments on the old and the new debt) of $2.7 million. The outstanding principal amount of the Bonds extinguished through defeasance at March 31, 2018 was $66.0 million. The outstanding principal of the remaining Series 2012A Bonds at March 31, 2018 was $14.5 million.

The San Juan Project Revenue Bonds, Series 2008A (totaling $2.3 million) maturing on or after June 1, 2019, are subject to redemption prior to maturity on or after June 1, 2018, in whole or in part on any date, at a redemption price equal to 100% of the principal amount of each bond or portion thereof plus accrued interest.

The San Juan Project Refunding Revenue Bonds, Series 2011 (totaling $22.2 million), maturing June 1, 2023, at 2.00% – 5.50% interest, maturing on and after June 1, 2022, are subject to optional maturity on or after June 1, 2021, in whole at any time or in part on any date, at redemption price equal to 100.00% of the principal amount plus accrued interest.

7. Debt (continued)

The Central-St. George Transmission Project Revenue and Refunding Bonds, Series 2009, (totaling $24.8 million), maturing on or after December 1, 2020, were redeemed at 100% principal and accrued interest. Accordingly, all amounts related to the defeased Bonds were removed from the balance sheet, the outstanding principal of the remaining Series 2009 Bonds at March 31, 2018 was $0.6 million.

The Central-St. George Transmission Project Revenue and Refunding Bond, Series 2011, (totaling $3.8 million), at 2.65% interest, is subject to optional redemption on or after December 1, 2015, at 101.00% of the principal amount of the Series 2011 Bond to be so redeemed plus accrued interest to the redemption date.

The Central-St. George Transmission Project Revenue and Refunding Bond, Series 2012, (totaling $11.2 million), at 2.32% interest, is subject to optional redemption on or after June 1, 2016, at 101.00% of the principal amount of the Series 2012 Bond to be so redeemed plus accrued interest to the redemption date.

The Central-St. George Transmission Project Revenue and Refunding Bond, Series 2016, (totaling $25.8 million), at 2.53% interest, may be prepaid in whole or in part without penalty.

The Payson Power Project Refunding Revenue Bonds, Series 2012, (totaling $74.9 million) maturing on April 1, 2026, at 2.00% – 5.00% interest, maturing on or after April 1, 2022, are subject to redemption on or after October 1, 2021, in whole or in part on any date, at a redemption price of 100.00% of the principal amount of each Series 2012 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date.

The Payson Power Project Revenue Bonds Series 2013 (totaling $2.0 million) at 1.76% interest are not subject to optional redemption prior to maturity.

The Veyo Heat Recovery Project Revenue Bonds Series 2014 (totaling $21.4 million) maturing on or after March 1, 2026, are subject to redemption prior to maturity on or after March 1, 2025, in whole or in part on any date, at a redemption price equal to 100% of the principal amount or portion plus accrued interest to redemption date. The Series 2014 Bonds maturing on March 1, 2038 are subject to mandatory sinking fund redemption on March 1, 2035 and on each March 1 thereafter to and including March 1, 2037, at a redemption price equal at a redemption price equal

7. Debt (continued)

to principal amount plus accrued interest to the redemption date. The Series 2014 Bonds maturing on March 1, 2041 are subject to mandatory sinking funds redemption on March 1, 2039 and March 1, 2040, at a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date.

The Member Services Project Generator Revenue Refunding Bonds (Hurricane City project and Washington City project) Series 2013 Revenue Refunding Bonds (totaling $2.0 million and $1.0 million, respectively) at 2.30% interest are subject to redemption prior to maturity, at the election of UAMPS on or after November 1, 2020, in whole (but not in part), at a redemption price equal to 100.00% of the principal plus accrued interest.

The Member Services Project Generator Refunding Revenue Bonds (Washington City Project) Series 2016 (totaling $2.0 million) at 2.59% interest, maturing on or after July 1, 2024, are subject to redemption prior to maturity, at the election of UAMPS on any interest payment date, on or after July 1, 2023, in whole or in part (and if in part, in inverse order of principal installments), at a redemption price equal to 100% of the principal amounts of the bonds to be redeemed plus accrued interest.

Restricted cash and investments are restricted only for the purposes stipulated in the Resolutions. When both restricted and unrestricted resources are available for use, UAMPS' Project Management Committee determines which resources are used first.

The Bond Resolutions include certain provisions and covenants including among others, the requirement that UAMPS shall at all times establish and collect rates and charges to provide Revenues at least sufficient in each fiscal year, together with other available funds, for the payment of the sum of operation and maintenance costs, debt service, and debt service reserve account for the fiscal year. UAMPS will punctually pay or cause to be paid the principal, redemption price and interest on the Bonds and any repayment obligations in strict conformity with the terms of the Bonds, any security instrument agreement, any reserve instrument agreement, and the indenture, and UAMPS will punctually pay or cause to be paid all sinking fund installments which may be established for any series of bonds. UAMPS is required file an annual budget with the respective trustees of each of their bonds and is required to keep proper books of records and accounts, and file with the Trustee annually financial statements.

7. Debt (continued)

The scheduled maturities and related interest, based on scheduled rates for fixed rate bonds and the existing rates at March 31, 2018, for variable rate bonds, of long-term debt are as follows:

	Revenue and Refunding Revenue Bonds	Interest	Total Debt Service Requirements
Year Ending March 31			
2019	$ 13,544,000	$ 8,943,063	$ 22,487,063
2020	13,911,000	8,337,728	22,248,723
2021	14,476,000	7,714,650	22,190,650
2022	15,125,000	7,046,119	22,171,119
2023	15,799,000	6,345,146	22,144,146
2024–2028	67,514,000	22,408,470	89,922,470
2029–2033	28,126,000	13,109,794	41,235,794
2034–2038	35,445,000	5,408,808	40,853,808
2039–2043	3,905,000	380,479	4,285,479
	$ 207,845,000	$ 79,694,257	$ 287,539,252

UAMPS incurred interest costs of $7.7 million and $7.4 million for the years ended March 31, 2018 and 2017, respectively.

7. Debt (continued)

The table below shows the changes in the net long-term debt balances that occurred during the year ended March 31, 2018.

	March 31 2017	Additions	Reductions	March 31 2018	Amount Due Within One Year
Horse Butte Wind 2012A – Serial	$ 58,950,000	$ –	$ 44,490,000	$ 14,460,000	$ 2,615,000
Horse Butte Wind 2012B – Term	2,065,000	–	2,065,000	–	–
Horse Butte Wind 2012B – Term	2,135,000	–	2,135,000	–	–
Horse Butte Wind 2012B – Term	2,205,000	–	2,205,000	–	–
Horse Butte Wind 2012B – Term	2,275,000	–	2,275,000	–	–
Horse Butte Wind 2012B – Term	2,350,000	–	2,350,000	–	–
Horse Butte Wind 2012B – Term	2,425,000	–	2,425,000	–	–
Horse Butte Wind 2012B – Term	2,505,000	–	2,505,000	–	–
Horse Butte Wind 2012B – Term	2,585,000	–	2,585,000	–	–
Horse Butte Wind 2012B – Term	2,670,000	–	2,670,000	–	–
Horse Butte Wind 2012B – Term	2,755,000	–	2,755,000	–	–
Horse Butte Wind 2017A – Serial	–	38,480,000	–	38,480,000	–
Horse Butte Wind 2017B – Serial	–	32,455,000	–	32,455,000	–
Horse Butte Wind 2017C – Taxable Component	–	165,000	–	165,000	–
Horse Butte Wind 2017C – Taxable Component	–	170,000	–	170,000	–
Horse Butte Wind 2017C – Taxable Component	–	170,000	–	170,000	–
Horse Butte Wind 2017C – Taxable Component	–	180,000	–	180,000	–
Horse Butte Wind 2017C – Taxable Component	–	460,000	–	460,000	–
Horse Butte Wind 2017C – Term	–	480,000	–	480,000	–
Horse Butte Wind 2017C – Term	–	495,000	–	495,000	–
San Juan 2008A– Serial	1,175,000	–	175,000	1,000,000	185,000
San Juan 2011 – Serial	13,845,000	–	1,845,000	12,000,000	1,940,000
Central-St. George 2009 – Serial	830,000	–	265,000	565,000	275,000
Central-St. George 2011 – Serial	1,520,000	–	495,000	1,025,000	505,000
Central-St. George 2012 – Serial	4,430,000	–	1,445,000	2,985,000	1,475,000
Central-St. George 2016 – Term	25,300,000	–	390,000	24,910,000	400,000
Payson 2012 – Serial	56,970,000	–	4,885,000	52,085,000	5,075,000
Payson 2013 – Serial	1,465,000	–	200,000	1,265,000	200,000
Veyo 2014 – Serial	12,505,000	–	500,000	12,005,000	525,000
Veyo 2014 – Term	1,060,000	–	–	1,060,000	–
Veyo 2014 – Term	1,100,000	–	–	1,100,000	–
Veyo 2014 – Term	1,145,000	–	–	1,145,000	–
Veyo 2014 – Term	1,190,000	–	–	1,190,000	–
Veyo 2014 – Term	1,240,000	–	–	1,240,000	–
Veyo 2014 – Term	1,300,000	–	–	1,300,000	–
Veyo 2014 – Term	1,365,000	–	–	1,365,000	–
Hurricane City 2013 – Term	1,632,000	–	132,000	1,500,000	135,000
Washington City 2013 – Term	809,000	–	66,000	743,000	67,000
Santa Clara – Washington 2008	–	–	–	–	–
Washington 2016 – Term	1,968,000	–	121,000	1,847,000	147,000
	213,769,000	73,055,000	78,979,000	207,845,000	13,544,000
Less unamortized discount	7,729	–	2,576	5,153	2,576
Plus unamortized premium	12,726,728	14,199,262	6,327,787	20,598,203	1,676,040
	$ 226,487,999	$ 87,254,262	$ 85,304,211	$ 228,438,050	$15,217,464

7. Debt (continued)

The table below shows the changes in the net long-term debt balances that occurred during the year ended March 31, 2017.

	March 31, 2016	Additions	Reductions	March 31, 2017	Amount Due Within One Year
Horse Butte Wind 2012A – Serial	$ 61,325,000	$ –	$ 2,375,000	$ 58,950,000	$ 2,490,000
Horse Butte Wind 2012B – Term	2,065,000	–	–	2,065,000	–
Horse Butte Wind 2012B – Term	2,135,000	–	–	2,135,000	–
Horse Butte Wind 2012B – Term	2,205,000	–	–	2,205,000	–
Horse Butte Wind 2012B – Term	2,275,000	–	–	2,275,000	–
Horse Butte Wind 2012B – Term	2,350,000	–	–	2,350,000	–
Horse Butte Wind 2012B – Term	2,425,000	–	–	2,425,000	–
Horse Butte Wind 2012B – Term	2,505,000	–	–	2,505,000	–
Horse Butte Wind 2012B – Term	2,585,000	–	–	2,585,000	–
Horse Butte Wind 2012B – Term	2,670,000	–	–	2,670,000	–
Horse Butte Wind 2012B – Term	2,755,000	–	–	2,755,000	–
San Juan 2008A – Serial	1,345,000	–	170,000	1,175,000	175,000
San Juan 2011 – Serial	15,600,000	–	1,755,000	13,845,000	1,845,000
Central-St. George 2009 – Serial	1,080,000	–	250,000	830,000	265,000
Central-St. George 2009 – Term	–	–	–	–	–
Central-St. George 2009 – Term	–	–	–	–	–
Central-St. George 2009 – Term	–	–	–	–	–
Central-St. George 2009 – Term	–	–	–	–	–
Central-St. George 2009 – Term	–	–	–	–	–
Central-St. George 2009 – Term	–	–	–	–	–
Central-St. George 2009 – Term	–	–	–	–	–
Central-St. George 2009 – Term	–	–	–	–	–
Central-St. George 2011 – Serial	2,000,000	–	480,000	1,520,000	495,000
Central-St. George 2012 – Serial	5,840,000	–	1,410,000	4,430,000	1,445,000
Central-St. George 2016 – Term	25,880,000	–	580,000	25,300,000	390,000
Payson 2012 – Serial	61,660,000	–	4,690,000	56,970,000	4,885,000
Payson 2013 – Serial	1,660,000	–	195,000	1,465,000	200,000
Veyo 2014 – Serial	12,990,000	–	485,000	12,505,000	500,000
Veyo 2014 – Term	1,060,000	–	–	1,060,000	–
Veyo 2014 – Term	1,100,000	–	–	1,100,000	–
Veyo 2014 – Term	1,145,000	–	–	1,145,000	–
Veyo 2014 – Term	1,190,000	–	–	1,190,000	–
Veyo 2014 – Term	1,240,000	–	–	1,240,000	–
Veyo 2014 – Term	1,300,000	–	–	1,300,000	–
Veyo 2014 – Term	1,365,000	–	–	1,365,000	–
Hurricane City 2013 – Term	1,761,000	–	129,000	1,632,000	132,000
Washington City 2013 – Term	873,000	–	64,000	809,000	66,000
Santa Clara – Washington 2008	2,049,000	–	2,049,000	–	–
Washington 2016 – Term	–	1,968,000	–	1,968,000	121,000
	226,433,000	1,968,000	14,632,000	213,769,000	13,009,000
Less unamortized discount	10,306	–	2,577	7,729	2,576
Plus unamortized premium	14,505,744	–	1,779,016	12,726,728	1,674,093
	$ 240,928,438	$ 1,968,000	$ 16,408,439	$ 226,487,999	$ 14,680,517

8. Lines of Credit

The outstanding balance on the combined $25.0 million available lines of credit was $13.05 million and $9.8 million at March 31, 2018 and 2017, respectively. The additional revolving lines of credit were obtained to assist UAMPS with working capital requirements.

9. Commitments and Contingencies

In the course of ordinary business activities, UAMPS enters into a variety of contractual obligations for future transactions for both energy and natural gas in order to meet Member's load and resource requirements.

UAMPS had the following Purchase Commitments at March 31, 2018:

	Gas	Power
Fiscal year:		
2019	$ 14,168,655	$ 45,045,660
2020	12,699,191	46,873,787
2021	13,035,520	47,788,927
2022	13,252,725	46,747,167
2023	12,740,490	3,002,466
Total	$ 65,896,581	$ 189,458,007

Under similar agreements UAMPS purchased energy in the amount of $47.0 million in fiscal years 2018 and 2017. UAMPS purchased natural gas in the amount of $15.0 million in fiscal year 2018 and $12.5 million in fiscal year 2017.

9. Commitments and Contingencies (continued)

UAMPS shares an ownership interest in the San Juan Generating Station, which has an agreement with the Public Service Company of New Mexico to purchase a minimum annual quantity of coal. Under the agreement currently in place, the San Juan Generating Station and UAMPS, as a part owner of generating unit number 4, have the following estimated commitments over the next five years:

	Tons	Price per Ton	Total Commitment March 31, 2018	UAMPS Portion of Commitment March 31, 2018
Year				
2019	2,800,000	$ 35.18	$ 98,504,000	$ 4,140,000
2020	2,800,000	35.18	98,504,000	4,140,000
2021	2,800,000	35.18	98,504,000	4,140,000
2022	1,400,000	35.18	49,252,000	2,070,000

During fiscal years 2018 and 2017, UAMPS incurred minimum coal costs of $4.4 million and $4.1 million respectively, and incremental coal costs each year of $.5 million and $.1 million respectively, as its portion of the existing San Juan Operating Agreement. Incremental coal costs are comprised of variable costs for the purchase of coal in excess of the minimum purchase requirement and can be negative due to consumption being less than the base purchase requirement.

UAMPS leases office space under a ten-year operating lease expiring in fiscal year 2021. Future minimum lease payments under the operating lease obligation are:

Fiscal year:	
2019	$ 433,419
2020	442,087
2021	336,514
Thereafter	–
	$ 1,212,020

Rent expense for the years ended March 31, 2018 and 2017, was $0.4 million and $0.4 million, respectively.

9. Commitments and Contingencies (continued)

During the normal course of conducting its business, UAMPS becomes involved in litigation. It is not possible to determine the eventual outcome of presently unresolved litigation. However, management believes it will not have a material adverse effect on UAMPS financial position or results of operations.

10. Retirement Plan

UAMPS has a noncontributory money purchase defined contribution pension plan, which covers all of its employees. Employees are eligible to participate from the date of employment. Contributions and earnings thereon are always fully vested upon participation in the plan. Contribution levels are established by the Board and are initially equal to 15.3%, increasing to a maximum of 25.0% of each covered employee's compensation. UAMPS' covered payroll amounted to approximately $4.5 million in 2018 and $4.7 million in 2017. Contributions, which are approximately 24.28% in 2018 and 23.18% in 2017 of total payroll, totaled approximately $1.1 million for the years ended March 31, 2018 and 2017. All contributions are invested using an outside pension administrator, ICMA Retirement Corp. (ICMA). ICMA provides the participants with multiple options for their pension investments.

	Year Ended March 31	
	2018	**2017**
Total covered payroll	**$ 4,490,000**	$ 4,660,000
Contributions	**1,090,000**	1,080,000
Contributions as a percentage of payroll	**24.28%**	23.18%

11. Subsequent Events

On April 27, 2018, UAMPS issued the Central-St. George Transmission Revenue Bonds Series 2018 (totaling $2.2 million) at 3.85% interest to fund the construction of Purgatory Flats Project, the Debt Service Reserve requirement, and the associated costs of issuance. UAMPS may prepay the Bonds in whole or in part, in a minimum principal amount of $0.5 million or in increments of $1 in excess thereof, on any principal repayment date of December 1 in the years 2018 through 2027 with payments of accrued and unpaid interest, and the applicable prepayment premium. Principal prepaid shall be applied to reduce remaining principal payments on the Series 2018 Bonds in reverse chronological order.

11. Subsequent Events (continued)

UAMPS may, at its election, prepay the loan in part, upon UAMPS determination, in its sole discretion, that it has or will have proceeds of the Series 2018 Bonds that will not be applied to the cost of construction of Purgatory Flats Project, or other purposes for which the Series 2018 Bonds have been authorized to be issued. Such extraordinary optional prepayment shall be made in a single prepayment in a maximum principal amount of $0.5 million, or any lesser principal amount, including accrued interest, without premium or penalty. Principal prepaid shall be applied to reduce remaining principal payments on the Series 2018 Bonds in reverse chronological order.

Supplemental Schedules

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements

Balance Sheet

March 31, 2018

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Horse Butte Wind	Veyo	Craig Mona	Central St. George	Pool	Payson	CFPP	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Totals
Assets																		
Current assets:																		
Cash	$ (509,186)	$ 2,431,559	$ (1,110,664)	$ 396,372	$ 321,650	$ (2,137,519)	$ 524,118	$ 331,111	$ (1,973,340)	$ 5,679,563	$ (1,187,139)	$ (69,457)	$ 188,503	$ 851,423	$ (121,049)	$ 263,421	$ (63,660)	$ 3,815,705
Receivables	1,550,129	2,033,917	2,424,222	14,770	757,803	2,110,452	440,600	20,824	627,426	7,106,550	4,050,599	431,403	–	222,734	166,140	63,968	89,130	22,110,667
Prepaid expenses and deposits	–	2,706,000	1,747,704	–	–	77,963	–	4,238	–	270,000	1,680,283	–	–	–	–	–	–	6,486,188
Investment	1,355,322	2,259,181	1,903,028	8,823	676,792	1,567,791	363,387	42,673	429,911	5,949,161	3,888,973	14,804	–	79,552	19,402	43,178	89,795	18,691,772
Current portion of energy prepayment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	2,396,265	9,430,657	4,964,290	419,965	1,756,245	1,618,687	1,328,105	398,846	(916,003)	19,005,274	8,432,716	376,750	188,503	1,153,709	64,493	370,567	115,265	51,104,332
Restricted assets:																		
Cash	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments	–	10,384,362	9,141,760	–	–	12,195,546	1,558,333	–	4,636,075	–	17,295,558	–	–	–	–	–	1,328,650	56,540,284
Interest receivable	–	–	–	–	–	–	–	–	14,959	–	30,699	–	–	–	–	–	–	45,658
	–	10,384,362	9,141,760	–	–	12,195,546	1,558,333	–	4,651,034	–	17,326,257	–	–	–	–	–	1,328,650	56,585,942
Utility plant and equipment:																		
Generation	–	95,206,260	68,397,457	–	–	93,456,329	30,688,563	–	–	–	109,285,129	–	–	–	–	–	6,828,982	403,862,720
Transmission	–	–	–	–	–	–	–	17,492,388	56,655,344	–	10,521,737	–	–	–	–	–	–	84,669,469
Furniture and equipment	76,998	224,180	176,008	67,883	37,340	200,817	15,296	18,816	60,464	–	385,765	124,923	–	233,577	75,266	116,783	14,333	1,828,449
	76,998	95,430,440	68,573,465	67,883	37,340	93,657,146	30,703,859	17,511,204	56,715,808	–	120,192,631	124,923	–	233,577	75,266	116,783	6,843,315	490,360,638
Less accumulated depreciation	(38,450)	(84,200,565)	(51,987,899)	(39,108)	(23,081)	(2,444,529)	(1,886,921)	(16,319,845)	(41,334,983)	–	(70,757,767)	(38,687)	–	(118,204)	(35,711)	(66,385)	(3,691,752)	(272,983,887)
	38,548	11,229,875	16,585,566	28,775	14,259	91,212,617	28,816,938	1,191,359	15,380,825	–	49,434,864	86,236	–	115,373	39,555	50,398	3,151,563	217,376,751
Construction work-in-progress	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	38,548	11,229,875	16,585,566	28,775	14,259	91,212,617	28,816,938	1,191,359	15,380,825	–	49,434,864	86,236	–	115,373	39,555	50,398	3,151,563	217,376,751
Other assets:																		
Energy prepayment, less current portion	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deferred outflows of resources	–	–	129,831	–	–	1,012,514	–	–	3,009,622	–	30,157	–	–	–	–	–	–	4,182,124
	$ 2,434,813	$ 31,044,894	$ 30,821,447	$ 448,740	$ 1,770,504	$ 106,039,364	$ 31,703,376	$ 1,590,205	$ 22,125,478	$ 19,005,274	$ 75,223,994	$ 462,986	$ 188,503	$ 1,269,082	$ 104,048	$ 420,965	$ 4,595,478	$ 329,249,149

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements (continued)

Balance Sheet

March 31, 2018

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Horse Butte Wind	Veyo	Craig Mona	Central St. George	Pool	Payson	CFPP	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Totals
Membership capital and liabilities																		
Current liabilities:																		
Outstanding checks in excess of transfer	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	1,276,150	(892,313)	1,388,302	2,607	362,232	(720,950)	153,700	8,299	42,639	10,964,013	1,862,770	54,741	–	30,497	3,147	(1,568)	(10,718)	14,523,548
Accrued liabilities	53,895	238,095	644,893	26,670	30,618	371,359	16,582	10,835	31,724	9,156,756	200,211	122,867	–	129,105	41,491	54,883	18	11,130,002
Members' advance billings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Lines of credit	946,242	1,577,288	1,328,634	6,160	472,514	1,094,582	253,705	29,793	300,150	4,153,515	2,715,157	10,336	–	55,541	13,546	30,146	62,692	13,050,000
Current portion of unearned revenue	–	–	412,772	–	–	1,346,736	462,557	–	116,445	44,196	641,010	–	–	–	–	–	–	3,023,716
	2,276,287	923,070	3,774,601	35,437	865,364	2,091,727	886,544	48,927	490,958	24,318,480	5,419,148	187,944	–	215,143	58,184	83,461	51,992	41,727,266
Liabilities payable from restricted assets:																		
Accrued interest payable	1,320	2,201	229,662	9	659	359,708	78,628	42	252,048	5,796	1,291,671	14	–	78	19	42	33,495	2,255,393
Current portion of long-term debt	–	–	2,202,408	–	–	3,406,060	619,309	–	2,652,424	–	5,988,263	–	–	–	–	–	349,000	15,217,464
	1,320	2,201	2,432,070	9	659	3,765,768	697,937	42	2,904,472	5,796	7,279,934	14	–	78	19	42	382,495	17,472,857
Long-term debt:																		
Bonds payable, less current portion	–	–	10,875,000	–	–	84,900,000	19,880,000	–	26,830,000	–	48,075,000	–	–	–	–	–	3,741,000	194,301,000
Less unamortized bond discount	–	–	–	–	–	–	–	–	(2,576)	–	–	–	–	–	–	–	–	(2,576)
Plus unamortized bond premium	–	–	153,049	–	–	14,774,688	1,238,835	–	–	–	2,755,590	–	–	–	–	–	–	18,922,162
	–	–	11,028,049	–	–	99,674,688	21,118,835	–	26,827,424	–	50,830,590	–	–	–	–	–	3,741,000	213,220,586
Unearned revenue, less current portion	–	–	10,274,750	–	–	23,863,431	9,827,236	–	2,800,267	2,151,232	6,155,629	–	–	–	–	–	–	55,072,545
Accumulated amortization of unearned revenue	–	–	(8,967,636)	–	–	(7,180,484)	(1,522,584)	–	(2,729,543)	–	(4,163,308)	–	–	–	–	–	–	(24,563,555)
Net unearned revenue	–	–	1,307,114	–	–	16,682,947	8,304,652	–	70,724	2,151,232	1,992,321	–	–	–	–	–	–	30,508,990
Deferred inflows of resources	7,411	26,791,569	11,453,549	15,422	(23,418)	(17,273,702)	232,108	1,711,799	(8,017,963)	(6,337,367)	8,520,162	35,099	–	43,621	18,825	15,289	321,234	17,513,638
Net position	149,794	3,328,054	826,064	397,872	927,899	1,097,936	463,300	(170,563)	(150,137)	(1,132,867)	1,181,839	239,929	188,503	1,010,241	27,020	322,175	98,756	8,805,812
	$ 2,434,812	$ 31,044,894	$ 30,821,447	$ 448,740	$ 1,770,504	$ 106,039,364	$ 31,703,376	$ 1,590,205	$ 22,125,478	$ 19,005,274	$ 75,223,994	$ 462,986	$ 188,503	$ 1,269,083	$ 104,048	$ 420,967	$ 4,595,477	$ 329,249,149

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements

Income Statement

Year Ended March 31, 2018

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Wind	Veyo	Craig Mona	Central St. George	Pool	Payson	CFPP	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Totals
Operating revenues:																		
Power sales to members	$ 11,700,037	$ 19,046,662	$ 17,652,462	$ 147,991	$ 6,091,247	$ 15,432,372	$ 3,495,612	$ 559,006	$ 3,833,483	$ 75,675,837	$ 37,374,055	$ 507,004	$ –	$ 24,410	$ 140,582	$ 393,046	$ 821,558	$ 192,895,364
Other	(9,300)	(32,733)	(17,044)	87	(7,903)	(11,049)	(3,570)	35	103	(212,118)	(31,607)	893,624	–	1,313,569	135	179	–	1,882,408
	11,690,737	19,013,929	17,635,418	148,078	6,083,344	15,421,323	3,492,042	559,041	3,833,586	75,463,719	37,342,448	1,400,628	–	1,337,979	140,717	393,225	821,558	194,777,772
Operating expenses:																		
Cost of power	11,389,350	16,251,624	9,962,010	(3,983)	5,726,531	13,074,005	781,775	477,577	257,442	73,277,599	23,895,491	–	–	628,069	–	14,757	193,722	155,925,969
In lieu of ad valorem taxes	–	341,837	162,250	–	–	135,215	–	–	–	–	–	–	–	–	–	–	–	639,302
Depreciation	13,717	5,387,434	4,072,156	15,434	7,830	2,377,538	1,271,216	596,624	2,709,449	–	5,881,908	28,081	–	40,674	14,432	25,628	317,102	22,759,223
General and administrative	249,131	794,723	551,326	114,996	196,449	854,960	421,835	66,194	217,868	2,450,902	3,218,791	1,142,798	–	452,774	139,626	293,085	28,109	11,193,567
	11,652,198	22,775,618	14,747,742	126,447	5,930,810	16,441,718	2,474,826	1,140,395	3,184,759	75,728,501	32,996,190	1,170,879	–	1,121,517	154,058	333,470	538,933	190,518,061
Operating income (loss)	38,539	(3,761,689)	2,887,676	21,630	152,534	(1,020,395)	1,017,216	(581,355)	648,827	(264,782)	4,346,260	229,749	–	216,462	(13,341)	59,755	282,625	4,259,711
Nonoperating revenues (expenses):																		
Investment and other income (expense)	–	162,680	111,448	–	–	(634,723)	60,737	–	20,669	–	142,766	–	–	–	–	–	17,404	(119,019)
Interest expense	(12,151)	(20,254)	(656,230)	(79)	(6,068)	(2,985,996)	(837,567)	(383)	(1,165,370)	(53,336)	(1,847,345)	(133)	–	(713)	(174)	(387)	(101,281)	(7,687,467)
Deferred outflows of resources – net costs advanced	(2,100)	5,040,357	(1,591,726)	4,726	(3,866)	5,285,892	129,055	586,424	451,611	–	(1,813,475)	31,177	–	1,192	(1,236)	(4,561)	(179,877)	7,933,593
	(14,251)	5,182,783	(2,136,508)	4,647	(9,934)	1,665,173	(647,775)	586,041	(693,090)	(53,336)	(3,518,054)	31,044	–	479	(1,410)	(4,948)	(263,754)	127,107
Change in net position	$ 24,288	$ 1,421,094	$ 751,168	$ 26,277	$ 142,600	$ 644,778	$ 369,441	$ 4,686	$ (44,263)	$ (318,118)	$ 828,206	$ 260,793	$ –	$ 216,941	$ (14,751)	$ 54,807	$ 18,871	$ 4,386,818

Other Reports

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Independent Auditor's Report on Compliance and Report on Internal Control over Compliance as Required by the *State Compliance Audit Guide*

The Board of Directors
Utah Associated Municipal Power Systems

Report on Compliance with General State Compliance Requirements

We have audited Utah Associated Municipal Power Systems' compliance with general compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Utah Associated Municipal Power Systems for the year ended March 31, 2018.

General state compliance requirements were tested for the year ended March 31, 2018, in the following areas:

- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Other General Issues

Utah Associated Municipal Power Systems did not have any state funding classified as a major program during the year ended March 31, 2018.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on Utah Associated Municipal Power Systems' compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Utah Associated

Municipal Power Systems occurred. An audit includes examining, on a test basis, evidence about Utah Associated Municipal Power Systems' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of Utah Associated Municipal Power Systems' compliance.

Opinion on Compliance

In our opinion, Utah Associated Municipal Power Systems complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Utah Associated Municipal Power Systems for the year ended March 31, 2018.

Report On Internal Control Over Compliance

Management of UAMPS is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered UAMPS' internal control over compliance with the compliance requirements that could have a direct and material effect on UAMPS to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UAMPS' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Building a better working world

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit* Guide. Accordingly, this report is not suitable for any other purpose.

Ernst & Young LLP

July 18, 2018

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

The Management and the Board of Directors
Utah Associated Municipal Power Systems

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Utah Associated Municipal Power Systems, which comprise the statement of net position as of March 31, 2018, and the related statements of revenues and expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Utah Associated Municipal Power Systems' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Utah Associated Municipal Power Systems' internal control. Accordingly, we do not express an opinion on the effectiveness of Utah Associated Municipal Power Systems' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Building a better
working world

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Utah Associated Municipal Power Systems' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Ernst & Young LLP

July 18, 2018

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