Financial Statements and Supplemental Schedules

Utah Associated Municipal Power Systems
Years Ended March 31, 2015 and 2014
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, 2015 and 2014

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, 2015, 2014, and 2013.

Description of Business

UAMPS is a political subdivision of the state of Utah (the State). Its 45 members (the Members) include public power utilities in Utah, Oregon, Arizona, 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 14 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, 2015, 2014, and 2013, of $3.7 million, $3.2 million, and $18.7 million, respectively. The Members may elect to receive refunds of the 2015 excess of revenues over expenses during fiscal year 2016.

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, providing information regarding future cash flows. The changes in net position allow a look at the changes in equity over the period, including 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, 2015, 2014, and 2013, were $96.1 million, $57.0 million, and $52.3 million, respectively. The increase of $39.1 million from March 31, 2014 to March 31, 2015, is due to two main items. First, the addition of the Veyo 2014 Heat Recovery Project funds. Financing and capital contributions for related project costs increased cash and invested assets by $29.4 million. Second, the member funds on hand increased $8.7 million, as a member elected to contribute funds to be retained for a future use. There were other small fluctuations due to overhaul fund contributions and usage. The increase of $4.0 million from March 31, 2013 to March 31, 2014, is due to a few key items. First, the Payson Project overhaul account increased $2.0 million due to the financing of certain outage related expenses. Second, the Hunter Project overhaul account increased $1.7 million, as contributions exceeded consumption. Third, the San Juan overhaul account decreased by $1.0 million due to outage expenses. Finally, there was an increase of unrestricted cash of $1.6 million due to a bank delay in processing a payment at the end of the year. There were other minor account fluctuations due to refinancing and overhaul fund usage.

The components of investments at March 31, 2015, 2014, and 2013, consisted of the following:

	2015	**2014**	**2013**
Money Market invested in U.S. Government	**0.5%**	0.7%	0.6%
Investment in U.S. Treasury notes	**12.1**	20.7	23.2
Investment in Debenture issued by Government Sponsored Enterprise	**0.5**	0.9	1.0
Utah Public Treasurer's Investment Fund	**86.9**	77.7	75.2
	100.0%	100.0%	100.0%

Financial Analysis (continued)

At March 31, 2015, 2014, and 2013, receivables totaled $22.6 million, $22.0 million, and $21.7 million, respectively. The slight increase of $0.6 million from March 31, 2014 to March 31, 2015, and $0.3 million from March 31, 2013 to March 31, 2014, is due to normal fluctuations in receipt of payments. The table below summarizes UAMPS' net position at March 31, 2015, 2014, and 2013 (in thousands):

	2015	2014	2013
Capital assets, net	**$ 148,641**	$ 152,009	$ 166,304
Other assets	**224,271**	190,232	191,021
	372,912	342,241	357,325
Deferred outflows of resources	**526**	632	737
Total assets and deferred outflows of resources	**$ 373,438**	$ 342,873	$ 358,062
Current liabilities	**$ 44,354**	$ 30,921	$ 29,391
Long-term liabilities	**237,319**	227,336	237,806
Other liabilities	**54,965**	45,270	43,311
Total liabilities	**336,638**	303,527	310,508
Deferred inflows of resources	**30,042**	34,171	42,489
Net position:			
Net investment in capital assets	**23,794**	17,941	9,993
Restricted	**13,060**	4,439	7,324
Unrestricted	**(30,096)**	(17,204)	(12,252)
	6,758	5,176	5,065
Total liabilities, deferred inflows of resources, and net position	**$ 373,438**	$ 342,873	$ 358,062

Financial Analysis of Operations

Operating revenue from power sales for the years ended March 31, 2015, 2014, and 2013, was $168.8 million, $172.0 million, and $161.0 million, respectively. The decrease of $3.2 million in fiscal year 2015 from fiscal year 2014 is due to declines in three projects. First, Colorado River Storage Project (CRSP) decreased by $1.0 million. One contract that was formerly administered by UAMPS, as agent through CRSP, was changed to run through an outside schedule within Pool project. Second, within Pool, while MWh increased due to the inclusion of the $0 energy contracts, imbalance pricing changed from PacifiCorp, redefining the sales price for off-system sales. Finally, the San Juan project decreased MWh, and therefore decreased revenue by approximately $1.1 million.

The increase of $11.0 million in fiscal year 2014 from fiscal year 2013 is due to operating and economic conditions for various projects. First, the IPP project decreased $6.2 million as a result of decreased callback of energy. Horse Butte Wind project revenue increased $3.2 million, largely as a result of a full year of operations compared with a partial operating year in fiscal year 2013. Pool project revenue increased $10.2 million on increased MWh and activity. Nebo project revenue increased due to higher gas prices. Amortization of unearned revenue increased $1.0 million due to a full year of Horse Butte Wind project, and additional revenue associated with the Payson project overhaul financing and prepayment. The remainder is due to smaller fluctuations within other projects.

Investment and other income (expense) for March 31, 2015, 2014, and 2013, was $0.2 million, $(0.3) million, and $(1.7) million, respectively. The increase in income from fiscal year 2014 to fiscal year 2015 is due to unrealized gain on investments held at March 31, 2015 of $0.2 million. Similarly, the decrease in expense of $1.4 million from fiscal year 2013 to fiscal year 2014 is due to an unrealized loss on investments that UAMPS held at March 31, 2014, of $0.8 million, compared to a gain in fiscal 2013 of $0.3 million. Additionally, per GASB #65, the Company included the current period costs of bond issuance of $0.5 million in fiscal 2015, compared to $0.1 million in fiscal 2014.

Financial Analysis of Operations (continued)

The table below summarizes UAMPS' total revenues and expenses for fiscal years 2015, 2014, and 2013 (in thousands):

	2015	2014	2013
Revenue:			
Power sales	**$ 168,817**	$ 172,025	$ 160,969
Investment and other income (expense)	**218**	(296)	(1,736)
Other income	**1,942**	2,003	18,553
	170,977	173,732	177,786
Expenses:			
Cost of power	**136,708**	144,310	131,199
Other expenses	**30,539**	26,233	27,894
	167,247	170,543	159,093
Change in net position	**3,730**	3,189	18,693
Net position at beginning of year	**5,176**	5,065	8,459
Distributions	**(2,148)**	(3,078)	(22,087)
Net position at end of year	**$ 6,758**	$ 5,176	$ 5,065

Cash Flow and Liquidity

UAMPS' sources of cash include power sales, services, issuance of debt and investment income. The cash balance at March 31, 2015, 2014, and 2013, was $0, $1.70 million, and $0.02 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 $11.4 million, $12.4 million, and $9.4 million, as of March 31, 2015, 2014, and 2013, 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 has entered into an Engineering, Construction and Procurement Contract as of October 30, 2014 to construct The Veyo Heat Recovery Project. The Project will be a 7.8 MW recovered energy generation system that is being 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 will interconnect with the Veyo Compressor Station and utilize the waste heat in the generation of electricity. The project is expected to be completed in September 2016.

On March 31, 2015, 2014, and 2013, the construction work-in-progress balance was $11.0 million, which consists of Veyo project construction costs, and $0, respectively.

On July 22, 2014 UAMPS issued Veyo Heat Recovery Project Revenue Bond Anticipation Notes, Series 2014 (maximum principal amount of $35 million). The Bond Anticipation Notes were drawn upon once for a requisition totaling $2.3 million. The Bond Anticipation Notes were paid in full for principal plus accrued interest with the issuance of the Veyo Heat Recovery Project Revenue Bonds which closed on December 16, 2014.

On December 16, 2014, UAMPS issued Veyo Heat Recovery Project Revenue Bonds (totaling $21.4 million). The bonds were issued to finance a portion of the cost of the Veyo Heat Recovery Project and together with other available funds, will be used to pay all of the estimated costs of the project, including retiring the Veyo Heat Recovery Project Revenue Bond Anticipation Notes, Series 2014, the deposit to the construction fund, the deposit to Debt Service Reserve Account, the capitalized interest on the Series 2014 Bonds to October 15, 2016, and the costs of issuance. The Series 2014 Bonds 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 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.

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 the national economy finally appears to be recovering, UAMPS Member’s economic indicators remain last year’s positive trends. UAMPS’ loads continue to be growing in the 1% – 2% range. UAMPS continues efforts to evaluate new generation resources, to work with the various regional transmission providers in order to see that the needed transmission infrastructure is built in a timely fashion, to evaluate and monitor the Energy Imbalance Market that our Transmission Providers, PacifiCorp and NV Energy, have joined, and to monitor efforts to expand the California Independent System Operator (CAISO) into our area.

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 year ended March 31, 2015, and 2014, 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 audits 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.

Opinions

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, 2015, and 2014, and the changes in financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 1 through 8 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 14, 2015 on our consideration of the 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 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 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 14, 2015

Utah Associated Municipal Power Systems

Statements of Net Position

	March 31	
	2015	**2014**
Assets		
Current assets:		
Cash	**$ –**	$ 1,663,220
Receivables	**22,648,161**	22,005,220
Prepaid expenses and deposits	**6,413,774**	6,415,052
Investments	**13,769,370**	5,474,245
Current portion of energy prepayment	**5,724,341**	5,724,341
	48,555,646	41,282,078
Restricted assets:		
Interest receivable	**53,466**	53,567
Investments	**82,331,507**	49,859,729
	82,384,973	49,913,296
Capital assets:		
Generation	**266,060,907**	263,676,496
Transmission	**84,669,469**	84,669,469
Furniture and equipment	**1,062,909**	1,071,183
	351,793,285	349,417,148
Less accumulated depreciation	**(214,146,944)**	(197,408,223)
	137,646,341	152,008,925
Construction work in progress	**10,995,133**	–
	148,641,474	152,008,925
Other assets:		
Energy prepayment, less current portion	**93,329,206**	99,036,797
	93,329,206	99,036,797
Deferred outflows of resources		
Deferred refunding charge	**526,294**	631,770
Total assets and deferred outflows of resources	**$ 373,437,593**	$ 342,872,866

	March 31 2015	March 31 2014
Liabilities		
Current liabilities:		
Outstanding checks in excess of transfers	**$ 160,411**	$ –
Accounts payable	**17,289,063**	11,580,295
Accrued liabilities	**12,602,889**	4,395,715
Lines of credit	**11,413,531**	12,400,000
Current portion of unearned revenue	**2,888,189**	2,469,830
	44,354,083	30,845,840
Liabilities payable from restricted assets:		
Accrued interest payable	**2,872,501**	2,940,560
Current portion of long-term debt	**13,033,236**	12,563,790
	15,905,737	15,504,350
Long-term debt:		
Bonds payable, less current portion	**223,038,000**	212,829,000
Unamortized bond discount	**(224,862)**	(252,553)
Unamortized bond premium	**14,505,744**	14,759,735
	237,318,882	227,336,182
Other liabilities:		
Unearned revenue, less current portion	**39,058,844**	29,840,505
	39,058,844	29,840,505
Deferred inflows of resources		
Net costs advanced through billings to Members	**30,041,821**	34,170,425
Net position		
Investment in capital assets	**23,793,638**	17,318,632
Restricted for project costs	**13,060,529**	5,060,611
Unrestricted	**(30,095,941)**	(17,203,679)
	6,758,226	5,175,564
Total liabilities, deferred inflows of resources, and net position	**$ 373,437,593**	$ 342,872,866

See accompanying notes.

Utah Associated Municipal Power Systems

Statements of Revenues and Expenses and Changes in Net Position

	Year Ended March 31	
	2015	**2014**
Operating revenues:		
Power sales	**$ 168,816,619**	$ 172,024,520
Other	**1,942,352**	2,002,973
	170,758,971	174,027,493
Operating expenses:		
Cost of power	**136,708,098**	144,309,557
In lieu of ad valorem taxes	**735,542**	788,008
Depreciation	**17,029,528**	16,760,581
General and administrative	**9,288,712**	9,022,623
	163,761,880	170,880,769
Operating income	**6,997,091**	3,146,724
Nonoperating revenues (expenses):		
Interest expense	**(7,613,628)**	(7,981,532)
Investment and other income (expense), net	**218,346**	(295,516)
Deferred outflows of resources – net costs advanced	**4,128,604**	8,318,613
Total nonoperating revenues (expenses), net	**(3,266,678)**	41,565
Change in net position	**3,730,413**	3,188,289
Net position at beginning of year	**5,175,564**	5,064,992
Distributions to members	**(2,147,751)**	(3,077,717)
Net position at end of year	**$ 6,758,226**	$ 5,175,564

See accompanying notes.

Utah Associated Municipal Power Systems

Statements of Cash Flows

	Year Ended March 31	
	2015	**2014**
Operating activities		
Cash received from customers	**$ 167,630,372**	$ 171,238,737
Cash payments to suppliers for goods and services	**(120,807,679)**	(144,049,439)
Cash payments to employees for services	**(5,564,086)**	(5,451,616)
Cash payments for ad valorem taxes	**(735,776)**	(782,774)
Deferred revenue	**12,122,355**	4,831,116
Net cash provided by operating activities	**52,645,186**	25,786,024
Capital and related financing activities		
Disbursements for utility plant and equipment	**(13,662,077)**	(2,465,786)
Proceeds from issuance of long-term debt	**25,329,213**	2,025,000
Disbursement for bond refunding	**–**	(2,936,000)
Principal disbursement on revenue bonds	**(13,010,000)**	(10,393,000)
Interest disbursement on revenue bonds	**(9,443,277)**	(9,908,214)
Bond issuance costs	**(507,341)**	(103,181)
Distribution	**(2,147,751)**	(3,077,717)
Net cash used in capital and related financing activities	**(13,441,233)**	(26,858,898)
Noncapital and related financing activities		
Draws on lines of credit	**202,091,353**	152,587,391
Disbursements on lines of credit	**(203,077,822)**	(149,588,809)
Outstanding checks in excess of transfers	**160,411**	–
Proceeds from issuance of long-term debt	**–**	3,005,000
Net cash (used in) provided by noncapital and related financing activities	**(826,058)**	6,003,582

Utah Associated Municipal Power Systems

Statements of Cash Flows (continued)

	Year Ended March 31	
	2015	**2014**
Investing activities		
Cash received from investments	**$ 396,943**	$ 411,917
Cash paid for investments	**(8,692,067)**	(1,119,353)
Restricted assets:		
Cash received from investments	**1,007,503**	2,177,609
Cash paid for investments	**(33,328,676)**	(5,328,864)
Interest income received	**575,182**	564,713
Net cash used in investing activities	**(40,041,115)**	(3,293,978)
Increase (decrease) in cash	**(1,663,220)**	1,636,730
Current assets – cash balance at beginning of year	**1,663,220**	26,490
Current assets – cash balance at end of year	**$ –**	$ 1,663,220
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 6,997,091**	$ 3,146,724
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**17,029,528**	16,760,581
Amortization of unearned revenue	**(2,485,657)**	(2,461,716)
Unearned revenue	**5,707,591**	4,831,116
Amortization of prepaid energy	**12,122,355**	6,411,556
Increase in current receivables	**(642,942)**	(327,040)
Increase (decrease) in prepaid expenses and deposits	**1,278**	(557,080)
Increase (decrease) in accounts payable	**5,708,768**	(1,173,237)
Decrease (increase) in accrued liabilities	**8,207,174**	(844,880)
Net cash provided by operating activities	**$ 52,645,186**	$ 25,786,024

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, one joint action agency, one electric service district, two public utility districts, two water conservancy districts, two co-ops, one municipal utility district, and one nonprofit corporation (collectively, the Members). The Members are located in Utah, Oregon, Arizona, 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. 65

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that

1. Summary of Significant Accounting Policies (continued)

were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reporting by a transferor government in a qualifying services concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. The Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The Statement is effective for financial statements prepared for periods beginning after December 15, 2012, with earlier application encouraged. The Company has implemented GASB Statement No. 65 during the 2014 fiscal year.

GASB Statement No. 68

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. Statement No. 67, *Financial Reporting for Pension Plans,* revises existing standards of financial reporting for most pension plans. This

1. Summary of Significant Accounting Policies (continued)

Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement–determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The Statement is effective for financial statements prepared for fiscal years beginning after June 15, 2014, with earlier application encouraged. The Company is currently evaluating the effects the adoption of this statement will have on the financial statements.

GASB Statement No. 69

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Until now, governments have accounted for mergers, acquisitions, and transfers of operations by analogizing to accounting and financial reporting guidance intended for the business environment, generally APB Opinion No. 16, *Business Combinations*. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The Statement is effective for financial statements prepared for fiscal years beginning after December 15, 2013, with earlier application encouraged. The Company has reviewed the requirements of GASB 69 and does not expect its adoption to impact financial position, results of operations or cash flows.

GASB Statement No. 70

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will

1. Summary of Significant Accounting Policies (continued)

augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The Statement is effective for financial statements prepared for fiscal years beginning after June 15, 2013, with earlier application encouraged. The Company has reviewed the requirements of GASB 70 and does not expect its adoption to impact financial position, results of operations or cash flows.

GASB Statement No. 71

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68. The Company is currently evaluating the effects the adoption of this statement will have on the financial statements.

GASB Statement No. 72

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The

1. Summary of Significant Accounting Policies (continued)

requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. 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.

Receivables

Receivables consist primarily of current power billings to Members.

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 3 to 26 years.

1. Summary of Significant Accounting Policies (continued)

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.

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.

1. Summary of Significant Accounting Policies (continued)

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; and Travel insurance.

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.

- 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, 2015 and 2014, 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, and 2012 Bonds have been paid.

- UAMPS has contracted with 15 municipalities and one 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, one public utility district, and one 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 Bonds have been paid.

- UAMPS has contracted with 21 municipalities, one joint action agency, one co-op, and one public utility district in the Horse Butte Wind Project to supply power from the project. UAMPS executed a 20-year power purchase agreement, prepaying for the expected minimum energy output of the project (known as the P99 output). UAMPS will also purchase all additional energy produced as well as all RECs associated with the prepaid and additional energy on a pay-as-you-go basis. The prepayment of the energy output has been recorded as energy prepayment on the statement of net position.

- UAMPS has contracted with six municipal utilities 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 Through Billings to Members

Net costs advanced through billings to members for the years ended March 31, 2015 and 2014, consisted of the following:

	Balance 2015	Balance 2014
Items billable to members not currently recognizable in accordance with GAAP		
Balance at beginning of year	**$ (34,170,425)**	$ (42,489,038)
Depreciation, accretion, and amortization of bond issuance costs	**17,536,868**	16,863,763
Excess bond proceeds	**196,112**	538,152
Amortization of unearned revenue	**(2,485,657)**	(2,461,716)
Utility plant renewals and replacements	**(2,394,588)**	1,499,158
Plant inventory	**(96,046)**	(243,579)
Principal amounts of debt service	**(11,084,046)**	(10,641,444)
Amortization of bond premium	**(1,867,067)**	(1,922,540)
Major overhaul reserve payments	**(1,397,379)**	(2,610,867)
Unrealized gain/loss on investments	**(150,605)**	757,752
Amortization of defeased debt costs	**105,476**	105,476
Amortization of prepaid energy	**5,707,591**	6,411,556
Accrued personal leave	**57,945**	22,902
Net costs advanced to members	**$ (30,041,821)**	$ (34,170,425)

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,

4. Capital Assets (continued)

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 at a total cost of approximately $114.1 million.

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.

The Washington-Santa Clara 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 capacity of these units is sold to the respective purchasers. The generator set was purchased and placed into service in June 2008.

UAMPS has entered into an Engineering, Construction and Procurement Contract as of October 30, 2014, to construct The Veyo Heat Recovery Project. The Project will be a 7.8 MW recovered energy generation system that is being constructed adjacent to a natural gas compressor station owned and operated by Kern River Gas Transmission Company in

4. Capital Assets (continued)

Southwestern Utah, near the community of Veyo. The Recovered Energy Generation System will interconnect with the Veyo Compressor Station and utilize the waste heat in the generation of electricity. The project is expected in September 2016.

The Construction in Progress balance at March 31, 2015, of $11.0 million consists of Veyo Project construction costs. As of March 31, 2014, there was no Construction in Progress balance.

A summary of utility, plant and equipment, changes in accumulated depreciation and related depreciation provisions expressed as an average depreciation rate follows:

	Generation	Transmission	Furniture and Equipment	Construction Work-In-Progress	Total
Balance, April 1, 2014	**$ 263,676,496**	**$ 84,669,469**	**$ 1,071,183**	**$ –**	**$ 349,417,148**
Capital additions	**2,445,115**	**–**	**227,377**	**10,995,133**	**13,667,625**
Sales, retirements	**(60,704)**	**–**	**(235,651)**	**–**	**(296,355)**
Balance, March 31, 2015	**$ 266,060,907**	**$ 84,669,469**	**$ 1,062,909**	**$ 10,995,133**	**$ 362,788,418**
Accumulated depreciation, April 1, 2014	**$ (151,291,336)**	**$ (45,473,099)**	**$ (643,789)**	**$ –**	**$ (197,408,224)**
Depreciation expense	**(13,540,997)**	**(3,288,597)**	**(199,934)**	**–**	**(17,029,528)**
Retirements	**55,158**	**–**	**235,650**	**–**	**290,808**
Accumulated depreciation, March 31, 2015	**$ (164,777,175)**	**$ (48,761,696)**	**$ (608,073)**	**$ –**	**$ (214,146,944)**
Average depreciation rate	**5.1%**	**3.9%**	**18.7%**	**–**	**4.8%**

	Generation	Transmission	Furniture and Equipment	Construction Work-In-Progress	Total
Balance, April 1, 2013	$ 261,347,204	$ 84,669,469	$ 1,171,209	$ –	$ 347,187,882
Capital additions	2,334,459	–	131,328	2,140,444	4,606,231
Sales, retirements	(5,167)	–	(231,354)	(2,140,444)	(2,376,965)
Balance, March 31, 2014	$ 263,676,496	$ 84,669,469	$ 1,071,183	$ –	$ 349,417,148
Accumulated depreciation, April 1, 2013	$ (138,040,322)	$ (42,184,502)	$ (659,339)	$ –	$ (180,884,163)
Depreciation expense	(13,256,181)	(3,288,597)	(215,803)	–	(16,760,581)
Retirements	5,167	–	231,354	–	236,521
Accumulated depreciation, March 31, 2014	$ (151,291,336)	$ (45,473,099)	$ (643,789)	$ –	$ (197,408,223)
Average depreciation rate	5.0%	3.9%	19.2%	–	4.8%

5. Investments

At March 31, 2015 and 2014 UAMPS had the following total investments:

	2015	2014
Restricted:		
Money Market Funds invested in U.S. Government Securities	**$ 483,466**	$ 404,618
Investment in U.S. Treasury Note	**11,616,987**	11,440,769
Investment in Debentures issued by Government Sponsored Enterprise	**471,599**	503,349
Utah Public Treasurer's Investment Fund	**69,759,455**	37,510,993
Total	**$ 82,331,507**	$ 49,859,729
Current:		
Money Market Funds invested in U.S. Government Securities	**$ –**	$ –
Utah Public Treasurer's Investment Fund	**13,769,370**	5,474,245
Total	**$ 13,769,370**	$ 5,474,245

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.

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, 2015.

At March 31, 2015, one investment held by UAMPS had a split rating, Aaa Moody's and AA+ S&P, and a money market, rated Aaa-mf Moody's and AAAm S&P. Investments in U.S. Treasury Notes are backed by the full faith and credit of the United States Treasury. Current ratings are Aaa Moody's and AA+ S&P.

5. Investments

At March 31, 2015, UAMPS had the following investments and quality ratings:

	2015	Quality Rating AAA/Aaa/ AA+	Quality Rating Unrated
Money Market Funds invested in U.S. Government Securities	$ 483,466	$ 483,466	$ –
Investment in U.S. Treasury Note	11,616,987	11,616,987	
Investment in Debentures issued by Government Sponsored Enterprise	471,599	471,599	–
Utah Public Treasurer's Investment Fund	83,528,825	–	83,528,825
Total	$ 96,100,877	$ 955,065	$ 95,145,812

During the year ended March 31, 2015 and 2014, UAMPS recorded unrealized (losses) or gains on investments of $0.2 million and $(0.8) million, respectively.

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, 2015, UAMPS had $0 exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the 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, 2015, UAMPS had the following debt investment balances by investment type and maturity:

	2015	Less Than 1	1–5	6–10	More Than 10
Money Market	$ 483,466	$ 483,466	$ –	$ –	$ –
Investment in U.S. Treasury Note	11,616,987	–	11,616,987	–	–
Investment in Debentures issued by Government Sponsored Enterprise	471,599	–	471,599	–	–
	$12,572,052	$ 483,466	$12,088,586	$ –	$ –

6. Cash

At March 31, 2015, there was no cash balance. The cash balance of $1.70 million at March 31, 2014, consisted of deposits with banks.

As of March 31, 2015, and 2014, there was no balance in restricted cash.

7. Debt

Pursuant to the Horse Butte Wind Project Revenue and Variable Rate Demand 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 2015	Principal Outstanding – March 31 2014
Horse Butte Wind 2012A					
Serial	$ 67,860,000	0.05%–5.00%	2013–2032	$ 63,585,000	$ 65,740,000
Horse Butte Wind 2012B Variable Rate Demand					
Term	2,065,000	Variable	2023	2,065,000	2,065,000
Term	2,135,000	Variable	2024	2,135,000	2,135,000
Term	2,205,000	Variable	2025	2,205,000	2,205,000
Term	2,275,000	Variable	2026	2,275,000	2,275,000
Term	2,350,000	Variable	2027	2,350,000	2,350,000
Term	2,425,000	Variable	2028	2,425,000	2,425,000
Term	2,505,000	Variable	2029	2,505,000	2,505,000
Term	2,585,000	Variable	2030	2,585,000	2,585,000
Term	2,670,000	Variable	2031	2,670,000	2,670,000
Term	2,755,000	Variable	2032	2,755,000	2,755,000
	23,970,000				
San Juan 2008A					
Serial	2,345,000	3.50%–4.50%	2009–2022	1,505,000	1,660,000
San Juan 2011					
Serial	22,165,000	2.00%–5.5%	2011–2023	17,275,000	18,865,000
Central-St. George 2009					
Serial	2,350,000	4.00%–5.00%	2010–2019	1,320,000	1,545,000
Term	2,335,000	5.25%	2020	2,335,000	2,335,000
	2,455,000	5.25%	2021	2,455,000	2,455,000
	2,585,000	5.25%	2022	2,585,000	2,585,000
	2,720,000	5.25%	2023	2,720,000	2,720,000
	2,865,000	5.25%	2024	2,865,000	2,865,000
	3,015,000	5.25%	2025	3,015,000	3,015,000
	3,170,000	5.25%	2026	3,170,000	3,170,000
	3,340,000	5.25%	2027	3,340,000	3,340,000
	22,485,000				

7. Debt (continued)

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding – March 31 2015	Principal Outstanding – March 31 2014
Central-St.George 2011					
Term	$ 3,800,000	2.65%	2011-2019	**$ 2,465,000**	$ 2,920,000
Central-St.George 2012					
Serial	11,240,000	2.32%	2012-2019	**7,220,000**	8,570,000
Payson 2012					
Serial	74,885,000	2.00%-5.00%	2013-2026	**66,175,000**	70,510,000
Payson 2013					
Serial	2,025,000	1.76%	2014-2023	**1,850,000**	2,025,000
Veyo 2014					
Serial	12,990,000	3.00%-5.00%	2017-2034	**12,990,000**	–
Term	1,060,000	4.00%	2035	**1,060,000**	–
Term	1,100,000	4.00%	2036	**1,100,000**	–
Term	1,145,000	4.00%	2037	**1,145,000**	–
Term	1,190,000	4.00%	2038	**1,190,000**	–
Term	1,240,000	5.00%	2039	**1,240,000**	–
Term	1,300,000	5.00%	2040	**1,300,000**	–
	1,365,000	5.00%	2041	**1,365,000**	–
	8,400,000				
Hurricane City – 2013					
Term	2,009,000	2.30%	2013	**1,886,000**	2,009,000
Washington City – 2013					
Term	996,000	2.30%	2013	**936,000**	996,000
Santa Clara – Washington 2008					
Serial	2,698,000	5.16%	2009-2028	**2,157,000**	2,259,000
				234,219,000	223,554,000
Less unamortized bond discount				**224,862**	252,553
Plus unamortized bond premium				**14,505,744**	14,759,735
Less current portion (excluding current portion of unamortized bond premium and discount)				**11,181,000**	10,725,000
				$ 237,318,882	$ 227,336,182

7. Debt (continued)

On July 22, 2014 UAMPS issued Veyo Heat Recovery Project Revenue Bond Anticipation Notes, Series 2014 (maximum principal amount of $35 million). The Bond Anticipation Notes were drawn upon once for a requisition totaling $2.3 million. The Bond Anticipation Notes were paid in full for principal plus accrued interest with the issuance of the Veyo Heat Recovery Project Revenue Bonds which closed on December 16, 2014.

On December 16, 2014, UAMPS issued Veyo Heat Recovery Project Revenue Bonds (totaling $21.4 million). The bonds were issued to finance a portion of the cost of the Veyo Heat Recovery Project and together with other available funds, will be used to pay all of the estimated costs of the project, including retiring the Veyo Heat Recovery Project Revenue Bond Anticipation Notes, Series 2014, the deposit to the construction fund, the deposit to Debt Service Reserve Account, the capitalized interest on the Series 2014 Bonds to October 15, 2016, and the costs of issuance. The Series 2014 Bonds 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 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.

On September 6, 2012, UAMPS issued Horse Butte Wind Project Revenue Bonds Series 2012A (totaling $67.9 million) and Horse Butte Wind Project Variable Rate Demand Revenue Bonds Series 2012B (totaling $24.0 million). The bonds were issued to finance a prepayment for a specified supply of electricity to be delivered under a 20-year power purchase agreement from a 57.6 MW nameplate capacity wind farm. Bond proceeds also financed certain reserves and costs of issuance. UAMPS has sold all of the prepaid electricity to 24 of its members under Power Sales Contracts that extend for the term of the prepaid power purchase agreement and unconditionally obligate these members to pay all of UAMPS' costs associated with this project, including debt service on the Bonds.

The Series 2012A Bonds mature annually on September 1, 2013 through 2032, and bear interest at a fixed rate of 5.00% (other than the 2013 maturity which bears interest at 0.05%). The Series 2012B Bonds maturing on or after September 1, 2023, are subject to optional redemption by UAMPS at par on and after September 1, 2022.

7. Debt (continued)

The Series 2012B Bonds mature on September 1, 2032, and are subject to annual mandatory sinking fund redemption at par beginning September 1, 2023. The Series 2012B Bonds bear interest at a daily, weekly, commercial paper or a long-term interest rate, as elected by UAMPS. The Series 2012B Bonds currently bear interest at a weekly rate determined by BMO Capital Markets, as remarketing agent, subject to a maximum rate of 12%. When interest is payable at a daily or weekly rate, the Series 2012B Bonds are subject to optional redemption by UAMPS at par on any business day.

The Series 2012B Bonds are subject to optional and mandatory tender for purchase. While the weekly rate is in effect, the Series 2012B Bonds are subject to option tender for purchase on seven days' notice by the bondholder at 100% of their principal amount plus accrued interest. The remarketing agent has agreed to use its best efforts to sell all Series 2012B Bonds tendered for purchase at a price equal to 100% of their principal amount plus accrued interest.

While the Series 2012B Bonds bear interest at a daily, weekly, or commercial paper rate, UAMPS is required to maintain a letter of credit or other credit enhancement in an amount sufficient to pay the principal or purchase price of and 45 days of interest on the Series 2012B Bonds at the maximum rate, unless certain rating requirements are met. The Series 2012B Bonds are currently secured by an irrevocable direct-pay Letter of Credit issued by Bank of Montreal that meets these requirements. The Letter of Credit expires on September 8, 2015, unless extended by the Bank in accordance with its terms. The Letter of Credit is subject to early termination upon the occurrence of various events of default specified in the reimbursement agreement between UAMPS and Bank of Montreal. UAMPS agrees to reimburse the Bank for amounts drawn under the letter of credit, together with interest on advances made by the Bank, and agrees to pay certain costs and expenses.

In the event that Series 2012B Bonds are tendered for purchase and not remarketed within 120 days, Bank of Montreal has, subject to certain conditions specified in the reimbursement agreement, agreed to provide a term loan in an amount equal to the purchase price of the unremarketed bonds. Any term loan will bear interest at a floating rate plus a margin, and is to be repaid through equal semiannual installments over the remaining term of the Letter of Credit. To date, all Series 2012B Bonds tendered for purchase have been remarketed. UAMPS is unable to predict whether and what amount of Series 2012B Bonds may be tendered for purchase and not remarketed in the future. If Series 2012B Bonds become unremarketed bonds and are converted to a term loan, it is possible that UAMPS would not have sufficient liquidity to repay the term loan in accordance with the terms of the reimbursement agreement. In such event, UAMPS

7. Debt (continued)

would expect to convert the interest on the Series 2012B Bonds to a long-term interest rate or take other actions to refinance the term loan.

UAMPS has not entered into any interest rate swap or other arrangement to hedge its exposure to the floating interest rate on the Series 2012B Bonds.

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.

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 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.

On June 20, 2013, UAMPS issued 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. The Series 2013 Bonds are subject to redemption prior to maturity, at the election of UAMPS on or after

7. Debt (continued)

November 1, 2020, in whole (but not in part), at a redemption price equal to 100.00% of the principal plus accrued interest.

The Santa Clara-Washington Generating Project Revenue Bonds, Series 2008, (totaling $2.7 million) maturing July 1, 2028, at 5.16% interest are subject to redemption price equal to 100.00% of the principal amount of the bonds plus accrued interest. The bonds were issued to provide funds for the purchase of two generators for the cities of Santa Clara and Washington, the costs of issuance, and the sale of the related bonds.

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, 2015, 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			
2016	$ 11,181,000	$ 9,895,777	$ 21,076,777
2017	12,116,000	9,417,051	21,533,051
2018	12,618,000	8,903,270	21,521,270
2019	13,123,000	8,358,389	21,481,389
2020	13,318,000	7,752,367	21,070,367
2021–2025	74,071,000	28,314,924	102,385,924
2026–2030	60,257,000	11,771,225	72,028,225
2031–2035	30,195,000	3,532,558	33,727,558
2036–2040	5,975,000	1,170,617	7,145,617
2041–2045	1,365,000	62,563	1,427,563
	$ 234,219,000	$ 89,178,740	$ 323,397,740

UAMPS incurred interest costs of $7.6 million and $8.0 million for the years ended March 31, 2015 and 2014, respectively.

7. Debt (continued)

The table below shows the changes in net long-term debt balances that occurred during the year ended March 31, 2015.

	March 31, 2014	Additions	Reductions	March 31, 2015	Amount Due Within One Year
Horse Butte Wind 2012A – Serial	$ 65,740,000	$ –	$ 2,155,000	$ 63,585,000	$ 2,260,000
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	1,660,000	–	155,000	1,505,000	160,000
San Juan 2011 – Serial	18,865,000	–	1,590,000	17,275,000	1,675,000
Central-St. George 2009 – Serial	1,545,000	–	225,000	1,320,000	240,000
Central-St. George 2009 – Term	2,335,000	–	–	2,335,000	–
Central-St. George 2009 – Term	2,455,000	–	–	2,455,000	–
Central-St. George 2009 – Term	2,585,000	–	–	2,585,000	–
Central-St. George 2009 – Term	2,720,000	–	–	2,720,000	–
Central-St. George 2009 – Term	2,865,000	–	–	2,865,000	–
Central-St. George 2009 – Term	3,015,000	–	–	3,015,000	–
Central-St. George 2009 – Term	3,170,000	–	–	3,170,000	–
Central-St. George 2009 – Term	3,340,000	–	–	3,340,000	–
Central-St. George 2011 – Serial	2,920,000	–	455,000	2,465,000	465,000
Central-St. George 2012 – Serial	8,570,000	–	1,350,000	7,220,000	1,380,000
Payson 2012 – Serial	70,510,000	–	4,335,000	66,175,000	4,515,000
Payson 2013 – Serial	2,025,000	–	175,000	1,850,000	190,000
Veyo 2014 – Serial	–	12,990,000	–	12,990,000	–
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	–
Hurricane-Washington – 2007B Term	–	1,365,000	–	1,365,000	–
Hurricane City 2013 – Term	2,009,000	–	123,000	1,886,000	125,000
Washington City 2013 – Term	996,000	–	60,000	936,000	63,000
Santa Clara – Washington 2008	2,259,000	–	102,000	2,157,000	108,000
	223,554,000	21,390,000	10,715,000	234,219,000	11,181,000
Less unamortized discount	280,407	–	27,853	252,554	27,691
Plus unamortized premium	16,626,380	1,654,213	1,894,921	16,385,672	1,879,927
	$ 239,899,973	$ 23,044,213	$ 12,582,068	$ 250,352,118	$ 13,033,236

7. Debt (continued)

The table below shows the changes in net long-term debt balances that occurred during the year ended March 31, 2014.

	March 31, 2013	Additions	Reductions	March 31, 2014	Amount Due Within One Year
Horse Butte Wind 2012A – Serial	$ 67,860,000	$ –	$ 2,120,000	$ 65,740,000	$ 2,155,000
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	1,810,000	–	150,000	1,660,000	155,000
San Juan 2011 – Serial	20,390,000	–	1,525,000	18,865,000	1,590,000
Central-St. George 2009 – Serial	1,765,000	–	220,000	1,545,000	225,000
Central-St. George 2009 – Term	2,335,000	–	–	2,335,000	–
Central-St. George 2009 – Term	2,455,000	–	–	2,455,000	–
Central-St. George 2009 – Term	2,585,000	–	–	2,585,000	–
Central-St. George 2009 – Term	2,720,000	–	–	2,720,000	–
Central-St. George 2009 – Term	2,865,000	–	–	2,865,000	–
Central-St. George 2009 – Term	3,015,000	–	–	3,015,000	–
Central-St. George 2009 – Term	3,170,000	–	–	3,170,000	–
Central-St. George 2009 – Term	3,340,000	–	–	3,340,000	–
Central-St. George 2011 – Serial	3,365,000	–	445,000	2,920,000	455,000
Central-St. George 2012 – Serial	9,885,000	–	1,315,000	8,570,000	1,350,000
Payson 2012	74,885,000	–	4,375,000	70,510,000	4,335,000
Payson 2013	–	2,025,000	–	2,025,000	175,000
Hurricane-Washington 2007A – Term	–	–	–	–	–
Hurricane-Washington 2007A – Term	533,000	–	533,000	–	–
Hurricane-Washington 2007A – Term	671,000	–	671,000	–	–
Hurricane-Washington 2007A – Term	857,000	–	857,000	–	–
Hurricane-Washington 2007B – Term	–	–	–	–	–
Hurricane-Washington 2007B – Term	264,000	–	264,000	–	–
Hurricane-Washington 2007B – Term	332,000	–	332,000	–	–
Hurricane-Washington 2007B – Term	425,000	–	425,000	–	–
Hurricane City 2013 – Term	–	2,009,000	–	2,009,000	123,000
Washington City 2013 – Term	–	996,000	–	996,000	60,000
Santa Clara-Washington 2008	2,356,000	–	97,000	2,259,000	102,000
	231,853,000	5,030,000	13,329,000	223,554,000	10,725,000
Less unamortized discount	308,487	–	28,081	280,406	27,853
Plus unamortized premium	18,577,001	–	1,950,622	16,626,379	1,866,644
	$ 250,121,514	$ 5,030,000	$ 15,251,541	$ 239,899,973	$ 12,563,790

8. Lines of Credit

In August 2001, UAMPS obtained a $3.0 million revolving line of credit for cash flow purposes at a rate of 75.00% of the financial institution's prime lending rate, which rate was 2.44% as of March 31, 2015. In January 2012, UAMPS obtained an additional $3.0 million from the same financial institution upon substantially the same terms and conditions. In March 2006, UAMPS obtained a revolving line of credit totaling $11.0 million at a variable rate in relation to LIBOR, which rate was 1.09% as of March 31, 2015. In September 2006, UAMPS obtained an additional $8.0 million from the same financial institution upon substantially the same terms and conditions. The outstanding balance on the combined $25.0 million available lines of credit was $11.4 million and $12.4 million at March 31, 2015 and 2014, 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 Members' load and resource requirements.

UAMPS had the following Purchase Commitments at March 31, 2015:

	Gas	Power
Fiscal year:		
2016	$ 13,321,418	$ 41,349,148
2017	13,907,994	43,252,391
2018	12,771,272	43,782,516
2019	13,540,815	44,717,666
2020	–	46,535,641
	$ 53,541,499	$ 219,637,362

Under similar agreements UAMPS purchased energy in the amount of $35.3 million in fiscal year 2015 and $34.2 million in fiscal year 2014. UAMPS purchased natural gas in the amount of $12.9 million in fiscal year 2015 and $11.7 million in fiscal year 2014.

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	Total Commitment at the March 31, 2015 Price Per Ton	UAMPS' Portion of Commitment at March 31, 2015 Price Per Ton
Year			
2016	5,600,000	$ 347,032,000	$ 7,525,000
2017	5,600,000	347,032,000	7,525,000
2018	5,600,000	347,032,000	7,525,000
2019	5,600,000	347,032,000	7,525,000
2020	5,600,000	347,032,000	7,525,000

During fiscal years 2015 and 2014, UAMPS incurred minimum coal costs of $7.0 million and $6.7 million respectively, and incremental coal costs of $0.1 million and $0.3 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

Fiscal year:	
2016	$ 402,241
2017	410,286
2018	418,492
2019	426,862
2020	435,399
Thereafter	331,423
	$ 2,424,703

9. Commitments and Contingencies (continued)

Rent expense for the years ended March 31, 2015 and 2014, were $0.4 million and $0.4 million, respectively.

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.

In October 2010, construction began on the Horse Butte Wind project. The Horse Butte Wind project is a 57.6 MW wind powered electric generating facility located in Bonneville County, Idaho.

UAMPS has executed a 20-year Power Purchase Agreement with the Project Owner. Under the Power Purchase Agreement, UAMPS was required to make a prepayment of at $114.6 million for the expected minimum energy output of the project (known as the P99 output) over the 20-year term of the Power Purchase Agreement, on or before the commercial operation date of the project. Additionally, UAMPS agreed to purchase all additional energy produced and all RECs associated with the prepaid and additional energy on a pay-as-you-go basis. Under the Power Purchase Agreement, UAMPS has the option to purchase the project on certain specified dates.

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 $3.8 million in 2015 and $3.9 million in 2014. Contributions, which are approximately 23.44% in 2015 and 23.5% in 2014 of total payroll, totaled approximately $0.9 million for both the years ended March 31, 2015 and 2014. All contributions are invested using an outside pension administrator, ICMA Retirement Corp. (ICMA). ICMA provides the participants with multiple options for their pension investments.

10. Retirement Plan (continued)

	Year Ended March 31	
	2015	**2014**
Total covered payroll	**$ 3,840,000**	$ 3,910,000
Contributions	**900,000**	920,000
Contributions as a percentage of payroll	**23.44%**	23.53%

11. Subsequent events

On April 1, 2015, the consolidated line of credit with Wells Fargo Bank, totaling $19.0 million was renewed for a term of two years.

Supplemental Schedules

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements

Statements of Net Position

March 31, 2015

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Horse Butte Wind	Craig-Mona	Central-St. George	UAMPS Pool	Payson	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Totals
Assets																
Current assets:																
Cash	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Receivables	2,017,372	2,490,729	2,356,757	62,513	338,361	1,785,678	(16,293)	426,361	7,907,677	4,273,995		371,170	409,089	99,208	125,544	22,648,161
Prepaid expenses and deposits	–	2,637,000	2,111,291	–	–	–	6,275	–	205,000	1,454,208	–	–	–	–	–	6,413,774
Investment	1,030,648	1,888,558	1,813,771	13,726	195,247	1,229,864	39,751	385,924	4,158,022	2,798,950	–	83,023	11,943	38,247	81,696	13,769,370
Current portion of energy prepayment	–	–	–	–	–	5,724,341	–	–	–	–	–	–	–	–	–	5,724,341
	3,048,020	7,016,287	6,281,819	76,239	533,608	8,739,883	29,733	812,285	12,270,699	8,527,153	–	454,193	421,032	137,455	207,240	48,555,646
Restricted assets:																
Investments	–	7,420,603	7,298,058	–	–	11,135,900	–	5,120,293	–	21,201,404	–	29,378,646	–	–	776,603	82,331,507
Interest receivable	–	–	–	–	–	–	–	14,959	–	38,507	–	–	–	–	–	53,466
	–	7,420,603	7,298,058	–	–	11,135,900	–	5,135,252	–	21,239,911	–	29,378,646	–	–	776,603	82,384,973
Capital Assets:																
Generation	–	92,953,512	62,581,086	–	–	–	–	–	–	103,697,325	–	–	–	–	6,828,984	266,060,907
Transmission	–	–	–	–	–	–	17,492,388	56,655,344	–	10,521,737	–	–	–	–	–	84,669,469
Furniture and equipment	49,239	84,773	69,432	44,671	18,693	126,512	11,735	32,066	17,726	384,943	(29,448)	124,912	36,639	76,683	14,333	1,062,909
	49,239	93,038,285	62,650,518	44,671	18,693	126,512	17,504,123	56,687,410	17,726	114,604,005	(29,448)	124,912	36,639	76,683	6,843,317	351,793,285
Less accumulated depreciation	(22,140)	(68,743,111)	(40,503,312)	(15,149)	(16,637)	(72,545)	(14,541,391)	(33,230,779)	(33,452)	(54,089,915)	–	(77,178)	(20,348)	(48,419)	(2,732,568)	(214,146,944)
	27,099	24,295,174	22,147,206	29,522	2,056	53,967	2,962,732	23,456,631	(15,726)	60,514,091	(29,448)	47,734	16,291	28,264	4,110,748	137,646,341
Construction work in progress												10,995,133				10,995,133
	27,099	24,295,174	22,147,206	29,522	2,056	53,967	2,962,732	23,456,631	(15,726)	60,514,091	(29,448)	11,042,867	16,291	28,264	4,110,748	148,641,474
Other assets:																
Energy prepayment, less current portion	–	–	–	–	–	93,329,206	–	–	–	–	–	–	–	–	–	93,329,206
Deferred outflows of resources	–	–	221,475	–	–	–	–	213,851	–	90,968	–	–	–	–	–	526,294
	$ 3,075,119	$ 38,732,064	$ 35,948,558	$ 105,761	$ 535,664	$ 113,258,956	$ 2,992,465	$ 29,618,019	$ 12,254,973	$ 90,372,123	$ (29,448)	$ 40,875,706	$ 437,323	$ 165,719	$ 5,094,591	$ 373,437,593

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements (continued)

Statements of Net Position

March 31, 2015

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Horse Butte Wind	Craig-Mona	Central-St. George	UAMPS Pool	Payson	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Totals
Membership capital and liabilities																
Current liabilities:																
Outstanding checks in excess of transfer	$ 970,233	$ (4,543,365)	$ 3,973,162	$ (444,259)	$ (612,100)	$ 509,407	$ (519,327)	$ 1,480,642	$ (1,206,232)	$ 1,405,350	$ (244,591)	$ (611,634)	$ 351,460	$ (299,381)	$ (48,955)	$ 160,411
Accounts payable	1,048,149	185,472	1,406,632	29,969	188,934	603,143	14,713	37,646	5,901,414	2,083,743	–	5,700,152	11,728	48,653	28,716	17,289,063
Accrued liabilities	74,857	280,457	1,071,916	85,713	25,104	149,366	40,692	47,958	10,265,675	249,487	–	157,191	44,364	110,080	29	12,602,889
Lines of credit	854,312	1,565,439	1,503,448	11,378	161,842	1,019,443	32,950	319,895	3,446,615	2,320,070	–	68,819	9,900	31,703	67,717	11,413,531
Current portion of unearned revenue	–	–	412,772	–	–	1,255,335	–	116,445	–	641,082	–	462,555	–	–	–	2,888,189
	2,947,551	(2,511,996)	8,367,930	(317,199)	(236,220)	3,536,694	(430,972)	2,002,587	18,407,472	6,699,732	(244,591)	5,777,082	417,451	(108,945)	47,507	44,354,083
Liabilities payable from restricted assets:																
Accrued interest payable	782	1,433	324,122	10	148	335,933	30	493,389	3,155	1,576,954	–	81,633	9	29	54,872	2,872,501
Current portion of long-term debt	–	–	1,952,362	–	–	3,010,384	–	2,057,309	–	5,618,954	–	98,227	–	–	296,000	13,033,236
	782	1,433	2,276,484	10	148	3,346,317	30	2,550,698	3,155	7,195,908	–	179,860	9	29	350,872	15,905,737
Long-term debt:																
Bonds payable, less current portion	–	–	16,945,000	–	–	85,295,000	–	31,405,000	–	63,320,000	–	21,390,000	–	–	4,683,000	223,038,000
Less: unamortized bond discount	–	–	–	–	–	–	–	(224,862)	–	–	–	–	–	–	–	(224,862)
Plus: unamortized bond premium	–	–	426,491	–	–	7,449,549	–	–	–	5,101,995	–	1,527,709	–	–	–	14,505,744
	–	–	17,371,491	–	–	92,744,550	–	31,180,138	–	68,421,995	–	22,917,709	–	–	4,683,000	237,318,882
Unearned revenue, less current portion	–	–	2,545,430	–	–	20,608,423	–	420,058	44,196	3,915,349	–	11,525,388	–	–	–	39,058,844
Deferred inflows of resources	(7,408)	38,917,647	5,388,156	11,642	(35,325)	(7,549,160)	3,477,090	(6,572,170)	(6,351,279)	3,256,658	13,912	(318,177)	(339)	(7,136)	(182,290)	30,041,821
Net position	134,194	2,324,980	(933)	411,308	807,060	572,132	(53,683)	36,708	151,428	882,481	201,231	793,845	20,202	281,771	195,501	6,758,226
	$ 3,075,119	$ 38,732,064	$ 35,948,558	$ 105,761	$ 535,664	$ 113,258,956	$ 2,992,465	$ 29,618,019	$ 12,254,973	$ 90,372,123	$ (29,448)	$ 40,875,706	$ 437,323	$ 165,719	$ 5,094,591	$ 373,437,593

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements

Statements of Revenues and Expenses and Changes in Net Position

Year Ended March 31, 2015

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Wind	Craig Mona	Central St. George	Pool	Payson	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Total
Operating revenues:																
Power sales	$ 10,283,905	$ 19,525,162	$ 16,690,425	$ 211,015	$ 2,060,329	$ 14,532,161	$ 542,730	$ 4,013,686	$ 62,873,863	$ 36,528,353	$ –	$ 142,685	$ 109,670	$ 390,886	$ 911,749	$ 168,816,619
Other	2,034	21,029	8,942	447	1,503	5,381	24	61	108,533	18,510	–	1,775,693	56	139	–	1,942,352
	10,285,939	19,546,191	16,699,367	211,462	2,061,832	14,537,542	542,754	4,013,747	62,982,396	36,546,863	–	1,918,378	109,726	391,025	911,749	170,758,971
Operating expenses:																
Cost of power	10,022,359	15,569,634	12,248,768	(146)	1,911,256	12,157,370	281,604	108,894	59,140,333	24,039,411	–	962,814	–	31,722	234,080	136,708,098
In lieu of ad valorem taxes	–	304,479	189,067	–	–	189,417	52,579	–	–	–	–	–	–	–	–	735,542
Depreciation	8,006	4,780,839	3,099,544	11,551	4,084	26,826	594,893	2,703,715	13,912	5,435,590	(13,912)	22,262	7,387	17,730	317,101	17,029,528
General and administrative	233,803	679,201	682,843	175,740	98,469	934,330	83,236	177,467	2,514,296	2,634,745	–	634,235	100,387	314,809	25,151	9,288,712
	10,264,168	21,334,153	16,220,222	187,145	2,013,809	13,307,943	1,012,312	2,990,076	61,668,541	32,109,746	(13,912)	1,619,311	107,774	364,261	576,332	163,761,880
Operating income	21,770	(1,787,961)	479,146	24,317	48,023	1,229,599	(469,557)	1,023,671	1,313,855	4,437,118	13,912	299,067	1,952	26,764	335,416	6,997,091
Nonoperating revenues (expenses):																
Investment and other income (expense), Net	–	35,840	25,878	–	–	56,296	–	186,644	–	392,981	–	(482,079)	–	–	2,786	218,346
Interest expense	(8,382)	(15,361)	(899,049)	(112)	(1,588)	(2,682,207)	(323)	(1,598,376)	(33,820)	(2,223,207)	–	27,602	(97)	(311)	(178,396)	(7,613,628)
Deferred outflows of resources – net costs advanced	(1,814)	2,145,452	363,321	(4,253)	903	1,743,207	592,174	556,199	13,912	(1,434,834)	(13,912)	320,605	254	(990)	(151,619)	4,128,604
	(10,196)	2,165,931	(509,849)	(4,365)	(685)	(882,704)	591,850	(855,533)	(19,908)	(3,265,060)	(13,912)	(133,873)	157	(1,301)	(327,229)	(3,266,678)
Change in net position	$ 11,574	$ 377,968	$ (30,703)	$ 19,952	$ 47,338	$ 346,895	$ 122,293	$ 168,138	$ 1,293,947	$ 1,172,058	$ –	$ 165,194	$ 2,109	$ 25,463	$ 8,187	$ 3,730,413

Other Reports

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Independent Auditor's Report in Accordance with the *State Compliance Audit Guide* on Compliance with General State Compliance Requirements

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, 2015.

General state compliance requirements were tested for the year ended March 31, 2015 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, 2015.

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 the Company occurred. An audit includes examining, on a test basis, evidence about the Company's 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 the Company's 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 the Company for the year ended March 31, 2015.

Purpose of Report

The purpose of this report is solely to describe the scope of our testing of compliance and express an opinion thereon, and not to provide an opinion on the effectiveness of the entity's internal control. 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 14, 2015

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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*

Management and the Board of Directors of
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, 2015, 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 14, 2015.

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.

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 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 14, 2015

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