Financial Statements and Supplemental Schedules

Utah Associated Municipal Power Systems
Years Ended March 31, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP

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Utah Associated Municipal Power Systems

Financial Statements and Supplemental Schedules

Years Ended March 31, 2011 and 2010

Contents

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Report of the Independent Auditors

The Board of Directors of
Utah Associated Municipal Power Systems

We have audited the accompanying balance sheets of Utah Associated Municipal Power Systems as of March 31, 2011 and 2010, and the related statements of revenues and expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Utah Associated Municipal Power Systems' management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Organization's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Associated Municipal Power Systems as of March 31, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2011 on our consideration of Utah Associated Municipal Power Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules of changes in funds required by the revenue bond resolutions and project financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ernst + Young LLP

July 27, 2011

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, 2011, 2010 and 2009.

Description of Business

UAMPS is a political subdivision of the state of Utah (the State). Its 52 members (the Members) include public power utilities in Utah, Arizona, California, Idaho, Oregon, Nevada, New Mexico, and Wyoming. UAMPS' purposes include the planning, financing, development, acquisition, construction, operation and maintenance of various projects for the generation, supply, transmission and management of electric energy for the benefit of the 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 15 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 by 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.

UAMPS' 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 an excess of revenues over expenses for the years ended March 31, 2011, 2010 and 2009 of $3.9 million, $6.3 million, and $3.8 million, respectively. The Members may elect to issue a refund of the 2011 excess of revenues over expenses during fiscal year 2012.

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 five components: balance sheets, statements of revenues and expenses, statements of changes in net assets, statements of cash flows and notes to the financial statements. The balance sheets 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 assets 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, 2011, 2010 and 2009 were $42.6 million, $51.1 million, and $46.5 million, respectively. The $8.5 million decrease between March 31, 2010 and March 31, 2011 is due to a few key items. First, major maintenance reserve accounts and project accounts based upon bond funds for capital projects decreased by $6.9 million due to the completion of projects, and current environmental upgrades for the Hunter project. Second, there was a decrease of $4.6 million in the Hunter debt service accounts, as the Hunter 2004 series bonds matured in July 2010. These decreases were offset by $1.0 million net increase to the member funds retained at their request for future use. The $4.6 million increase in cash and invested assets between March 31, 2009 and March 31, 2010 is due to several factors. First, there was an increase to investments of $3.2 million related to the margin on the IPP#3 settlement sale. Second, there was an increase to investments of $4.5 million related to the new bond issue, and remaining project funds for the Central-St. George project. These increases were offset by decreases to investments for $1 million as a net decrease to the project major maintenance accounts, $1.1 million decrease to a debt service reserve account that was used for a final year of debt service obligation, and a $1.0 million decrease related to timing of cash receipts and payments.

Financial Analysis (continued)

The components of cash and investments at March 31, 2011, 2010 and 2009 consisted of the following:

	2011	**2010**	**2009**
Money market funds invested in U.S. government securities	**1.0%**	10.0%	28.0%
Investment in U.S. Treasury notes	**31.0**	24.0	–
Investment in Debenture issued by Government Sponsored Enterprise	**8.0**	3.0	–
Utah Public Treasurer's Investment Fund	**60.0**	63.0	70.0
Qualified institutions	**0.0**	0.0	2.0
	100.0%	100.0%	100.0%

At March 31, 2011, 2010 and 2009, accounts receivable totaled $24.3 million, $25.9 million, and $22.4 million, respectively. The decrease of $1.6 million between March 31, 2010 and March 31, 2011 is due to the expiration of an energy contract, resulting in an outstanding balance at the end of the fiscal year in 2010, which was not present at the end of the fiscal year in 2011. The increase of $3.5 million between March 31, 2010 and 2009 was the result of an outstanding invoice to a counterparty, increasing their year-end balance by $1.6 million. Additionally, one member account had an additional outstanding invoice at year end, and finally, cumulative increases in billings to membership accounted for approximately $1 million. Billings outstanding at year-end were relatively constant.

Financial Analysis (continued)

The table below summarizes UAMPS' total assets and total liabilities at March 31, 2011, 2010 and 2009:

	2011	2010	2009
	(In Thousands)		
Total current assets	**$ 39,754**	$ 37,318	$ 30,898
Capital assets, net	**181,332**	176,565	161,798
Other assets	**35,044**	47,173	44,677
Total assets	**$ 256,130**	$ 261,056	$ 237,373
Total current liabilities	**$ 46,677**	$ 49,840	$ 45,563
Total long-term liabilities	**202,141**	201,921	186,054
Total liabilities	**248,818**	251,761	231,617
Net assets:			
Invested in capital assets, net of related debt	**866**	(250)	(870)
Restricted net assets	**8,202**	11,678	11,235
Unrestricted net assets	**(1,756)**	(2,133)	(4,609)
	7,312	9,295	5,756
Total liabilities and net assets	**$ 256,130**	$ 261,056	$ 237,373

Financial Analysis of Operations

Operating revenue from power sales for the years ended March 31, 2011, 2010 and 2009 was $192.2 million, $188.9 million, and $185.7 million, respectively. The increase in revenue of $3.3 million from fiscal year 2010 to fiscal year 2011 was a result of the increase in revenue in the Pool project of $9.5 million due to increased volume. This increase is offset by the decrease in revenue from the conclusion of the IPP#3 settlement, and subsequent disbursement of proceeds, resulting in a decrease of $4.4 million from the prior year. There was also a decrease in revenue from the IPP Project of $2.5 million that resulted from a reduced callback. In addition, there were other minor cumulative fluctuations. The increase in revenue of $3.2 million from the fiscal year 2009 to the fiscal year 2010 was due to the increase in production revenue derived from the IPP#3 settlement sale. This increased revenue was offset by declines in other projects, namely the Power Pool, and the Payson Project, due to declining energy costs.

Financial Analysis of Operations (continued)

Investment income for March 31, 2011, 2010, and 2009 was $0.9 million, $0.4 million, and $1.0 million, respectively. While the balances of UAMPS cash and investments decreased from March 31, 2010 to 2011, the increase in investment income can primarily be attributed to unrealized gain on investments of $0.3 million for investments that UAMPS held at March 31, 2011. Investment income decreased from 2008 to 2009, due to a significant decline in interest rates. The table below summarizes UAMPS' total revenues and expenses for fiscal years 2011, 2010 and 2009.

	Year Ended March 31		
	2011	**2010**	**2009**
	(In Thousands)		
Revenues:			
Power sales	**$ 192,225**	$ 188,877	$ 185,695
Investment income	**850**	368	1,011
Other income	**1,606**	710	377
	194,681	189,955	187,083
Expenses:			
Cost of power	**151,823**	146,741	143,303
Other expenses	**29,898**	28,430	28,607
	181,721	175,171	171,910
Excess of revenues over expenses before net costs to be recovered from future billings to Members	**12,960**	14,784	15,173
Decrease in net costs to be recovered from future billings to Members	**(9,093)**	(8,469)	(11,397)
Excess of revenues over expenses	**3,867**	6,315	3,776
Net assets at beginning of year	**9,295**	5,755	3,552
Distributions	**(5,850)**	(2,775)	(1,573)
Net assets at end of year	**$ 7,312**	$ 9,295	$ 5,755

Cash Flow and Liquidity

UAMPS' sources of cash include power sales, services, issuance of debt and investment income. The cash balance decreased to $0.7 million at March 31, 2011 from $0.8 million at March 31, 2010. There was no cash balance at March 31, 2009. The amount of cash will fluctuate primarily due to timing of the transfer from the revolving line of credit and cash transfers.

Cash Flow and Liquidity (continued)

In order to manage cash flow requirements, UAMPS has a revolving line of credit with two financial institutions with total available cash lines of $22 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 $22 million available on the revolving lines of credit, the outstanding balance was $14.8 million, $14.4 million, and $12.1 million, at March 31, 2011, 2010, and 2009 respectively.

Significant Capital Assets and Long-Term Debt Activity

On March 31, 2011 the construction work in progress balance was $20.1 million, comprised solely of the balance in Hunter. The environmental upgrades and planned outage were still ongoing at March 31, 2011. The Central-St.George Project placed the Phase 3 facilities in service during the fiscal year. On March 31, 2010 the construction work-in-progress balance was $23.6 million, comprised of balances in Hunter ($4.7 million), due to the environmental project, and Central-St. George ($18.9 million).

The IPP Unit 3 Project was investigating the acquisition of a third unit at IPP with several other public power utilities. The third unit was proposed as a 900-megawatt coal-fired generation station. As a result of several factors development of the third unit ceased. On June 5, 2009, arrangements were made and agreements reached that provide for UAMPS to recover its development and investigation costs. As part of the agreement, UAMPS recovered the costs through the purchase of energy at below market rates. The contract was concluded during fiscal year 2011.

On April 26, 2011 UAMPS issued the San Juan Project Refunding Revenue Bonds, Series 2011, (totaling $22.2 million) maturing June 1, 2023 at 2.00%-5.50% interest. The bonds maturing on and after June 1, 2022, are subject to maturity on or after June 1, 2021, in whole at any time or in part on any date, at redemption price equal to 100% of the principal amount plus accrued interest. The bonds were issued to refund all the current outstanding San Juan Project Refunding Revenue Bonds, Series 1998, provide for a deposit into the Debt Service Reserve Account, and pay cost of issuance.

In October 2010, construction began on the Horse Butte Wind Project. The Horse Butte Wind Project will be a wind powered electric generating facility to be constructed in Bonneville County, Idaho with an expected generating capacity of 57.6 MW. So that the costs of construction of the project can be ultimately funded in part with the cash grant for 30% of the qualifying costs of renewable energy projects provided by the American Recovery and

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

Reinvestment Act of 2009, the project is and will be owned by Horse Butte Wind I LLC (the Project Owner). UAMPS is acting developer and agent for the Project Owner with respect to the project and is responsible for all aspects of the development and construction of the project. UAMPS has co-signed and is primarily liable for making the payments required under the various contracts and agreements. The project is expected to have a commercial operation date of January 1, 2012.

UAMPS has executed a 20-year Power Purchase Agreement with Project Owner. Under the Power Purchase Agreement, UAMPS will prepay for the P99 energy output of the Facility, and will purchase all additional energy produced and all RECs associated with the prepaid and additional energy on a pay-as-you-go basis.

Western Electric Energy Markets

The energy markets in the Western Interconnection have remained fairly stable due to the general economic conditions which have kept load growth flat, moderate summer temperatures, low natural gas prices and good hydro conditions for generation.

The amount of energy and the rate for participants from Western Area Power Administration (WAPA) has remained stable from fiscal 2010 into fiscal 2011.

While the current economic conditions continue to moderate our historically high load growth, there are signs that this situation may be turning around for some members of UAMPS. UAMPS continues efforts to acquire new generation resources and also in working with the various transmission providers in order to see that the needed transmission infrastructure is built in a timely fashion.

New regulations governing greenhouse gas emissions and other environmental issues affecting all operating electric utilities as well as the new regulatory rules concerning reliability of the electric grid are significantly affecting UAMPS resource and transmission planning. UAMPS is complying with all of the current rules and statutes and is looking at all of the many proposed rules that may be implemented in its planning and decision-making process.

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.

Utah Associated Municipal Power Systems

Balance Sheets

	March 31 2011	March 31 2010
Assets		
Current assets:		
Cash	**$ 689,418**	$ 801,213
Investments	**10,079,988**	6,552,853
Receivables	**24,261,713**	25,943,566
Prepaid expenses and deposits	**4,722,538**	4,020,258
	39,753,657	37,317,890
Restricted assets:		
Cash	**5,729,344**	657,391
Investments	**26,132,373**	43,074,129
Interest receivable	**69,330**	53,902
	31,931,047	43,785,422
Utility plant and equipment:		
Generation	**226,012,106**	225,214,906
Transmission	**84,669,469**	64,729,146
Furniture and equipment	**1,227,499**	1,091,214
	311,909,074	291,035,266
Less accumulated depreciation	**(150,690,840)**	(138,049,855)
	161,218,234	152,985,411
Construction work in progress	**20,114,283**	23,579,485
	181,332,517	176,564,896
Unamortized bond issuance costs (net of accumulated amortization of $1,892,000 and $1,994,000, respectively)	**3,112,619**	3,387,333
Total assets	**$ 256,129,840**	$ 261,055,541

	March 31	
	2011	**2010**
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 10,290,006**	$ 10,344,977
Accrued liabilities	**9,244,123**	6,804,442
Lines of credit	**14,800,000**	14,400,000
Current portion of deferred revenue	**769,629**	769,629
	35,103,758	32,319,048
Liabilities payable from restricted assets:		
Accrued interest payable	**3,425,511**	3,648,097
Current portion of long-term debt	**8,147,567**	13,872,266
	11,573,078	17,520,363
Long-term debt:		
Bonds payable, less current portion	**152,762,000**	160,666,000
Unamortized bond discount	**(336,782)**	(365,355)
Unamortized bond premium	**5,381,947**	5,654,087
	157,807,165	165,954,732
Other liabilities:		
Deferred revenue, less current portion	**6,406,604**	7,132,037
Net costs advanced through billings to members	**37,927,596**	28,834,435
	44,334,200	35,966,472
Net assets:		
Invested in capital assets, net of debt	**866,234**	(249,837)
Restricted net assets	**8,202,110**	11,677,958
Unrestricted net assets	**(1,756,705)**	(2,133,195)
	7,311,639	9,294,926
Total liabilities and net assets	**$ 256,129,840**	$ 261,055,541

See accompanying notes.

Utah Associated Municipal Power Systems

Statements of Revenues and Expenses and Changes in Net Assets

	Year Ended March 31	
	2011	**2010**
Operating revenues:		
Power sales	**$ 192,224,695**	$ 188,876,598
Other	**1,605,830**	709,997
	193,830,525	189,586,595
Operating expenses:		
Cost of power	**151,822,685**	146,741,356
Payments in lieu of ad valorem taxes	**953,575**	984,054
Depreciation	**13,039,009**	12,971,594
General and administrative	**7,623,956**	6,641,948
	173,439,225	167,338,952
Operating income	**20,391,300**	22,247,643
Nonoperating revenues (expenses):		
Investment income	**850,499**	368,422
Interest expense	**(8,007,206)**	(7,517,113)
Amortization of bond issuance costs	**(274,714)**	(315,025)
	(7,431,421)	(7,463,716)
Excess of revenues over expenses before net costs advanced or to be recovered through billings to members	**12,959,879**	14,783,927
Increase in net costs advanced through billings to members	**(9,093,161)**	(8,469,096)
Excess of revenues over expenses	**3,866,718**	6,314,831
Net assets at beginning of year	**9,294,926**	5,755,583
Distributions to members	**(5,850,005)**	(2,775,488)
Net assets at end of year	**$ 7,311,639**	$ 9,294,926

See accompanying notes.

Utah Associated Municipal Power Systems

Statements of Cash Flows

	Year Ended March 31 2011	2010
Operating activities		
Cash received from customers	**$ 194,786,945**	$ 185,257,924
Cash payments to suppliers for goods and services	**(153,990,066)**	(147,970,266)
Cash payments to employees for services	**(3,779,145)**	(2,988,478)
Cash payments for ad valorem taxes	**(948,575)**	(974,054)
Net cash provided by operating activities	**36,069,159**	33,325,126
Capital and related financing activities		
Additions to utility plant and equipment	**(17,806,630)**	(27,738,353)
Proceeds from issuance of long-term debt	**–**	24,418,929
Payments for bond refunding	**–**	(2,440,000)
Principal payments on refunding revenue bonds	**(13,604,000)**	(14,006,000)
Interest payments on refunding revenue bonds	**(8,498,057)**	(7,689,627)
Bond issuance costs	**–**	(408,183)
Distribution	**(5,850,005)**	(2,775,488)
Net cash used in capital and related financing activities	**(45,758,692)**	(30,638,722)
Noncapital and related financing activities		
Draws on lines of credit	**153,873,584**	141,795,249
Payment on lines of credit	**(153,473,584)**	(139,495,249)
Net cash provided by noncapital and related financing activities	**400,000**	2,300,000
Investing activities		
Net increase in investments	**(3,527,135)**	(1,382,275)
Restricted assets:		
Net decrease (increase) in restricted cash	**(5,071,953)**	167
Net decrease (increase) in investments	**17,238,578**	(2,419,239)
Investment income received	**538,248**	314,520
Net cash provided by (used in) investing activities	**9,177,738**	(3,486,827)
Increase (decrease) in cash	**(111,795)**	1,499,577
Cash (Outstanding checks in excess of transfers) at beginning of year	**801,213**	(698,364)
Cash at end of year	**$ 689,418**	$ 801,213

Utah Associated Municipal Power Systems

Statements of Cash Flows (continued)

	Year Ended March 31	
	2011	**2010**
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 20,391,300**	$ 22,247,643
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**13,039,009**	12,971,594
Amortization of deferred revenue	**(725,433)**	(778,465)
Decrease (increase) in current receivables	**1,681,853**	(3,550,207)
Increase in prepaid expenses and deposits	**(702,280)**	(685,832)
Increase (decrease) in accounts payable	**(54,971)**	1,916,445
Increase in accrued liabilities	**2,439,681**	1,203,948
Net cash provided by operating activities	**$ 36,069,159**	$ 33,325,126

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 37 municipalities, one joint action agency, one electric service district, four public utility districts, two water conservancy districts, five 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 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. UAMPS has elected under GASB Section P80, *Proprietary Fund Accounting and Financial Reporting*, to apply all applicable GASB pronouncements, as well as all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Developments

GASB Statement No. 53

On April 1, 2010 UAMPS adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* The Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The adoption was applied retrospectively and did not impact the financial position, results of operations or cash flows.

GASB Statement No. 59

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The Statement emphasizes the applicability of U.S. Securities and Exchange Commission requirements to certain external investment pools, known as 2a7-like pools, to provide users more consistent information on qualifying pools. This Statement amends Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, to indicate that a 2a7-like pool is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. The Statement amends Statement No. 40, *Deposit and Investment Risk Disclosures*, to indicate that interest rate risk information should be disclosed only for debt investment pools, such as bond mutual funds and external bond investment bonds, which do not meet the requirements to be reported as a 2a7-like pool. The Statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2010. The Company has reviewed the requirements of GASB 59 and does not expect its adoption to impact financial position, results of operations or cash flows.

GASB Statement No. 61

In December 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The Statement is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, The Financial Reporting Entity, and No. 34 Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments, to better meet user needs and address reporting entity issues that have come to

1. Summary of Significant Accounting Policies (continued)

light since those statements were issued. The Statement amends the criteria for including component units within the primary governments financial statements by ensuring that the financial reporting entity includes only organizations for which they are financially accountable or that the entity determines would be misleading to exclude. The Statement amends the criteria for blending so that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government and will clarify which component units have that characteristic and will require condensed combining information to be included in the notes to the financial statements. The Statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2012. The Company has reviewed the requirements of GASB 61 and does not expect its adoption to impact financial position, results of operations or cash flows.

GASB Statement No. 62

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. The Statement allows those who prepare or audit financial statements to access applicable guidance with greater ease and certainty by consolidating the accounting and financial reporting provisions that apply to state and local governments into a single publication. Statement 62 is effective for financial statements for periods beginning after December 15, 2011. The Company has reviewed the requirements of GASB 62 and does not expect its adoption to impact financial position, results of operations or cash flows.

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, development, acquisition, construction, operation and maintenance, and administrative and general expenses of various projects for the generation, supply, transmission, and management of electric energy for the benefit of the Members. All other revenues and expenses, such as interest income, interest expense, and the amortization of bond issuance costs, are reported as no operating revenues and expenses.

1. Summary of Significant Accounting Policies (continued)

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 three to 26 years.

Unamortized Bond Issuance Costs

Unamortized bond issuance costs related to the issuance of the Hunter II Project Revenue and Refunding Bonds, the Central-St. George Transmission Project Revenue and Refunding Bonds, the San Juan Project Revenue and Refunding Bonds, and the Payson Power Project Revenue Bonds are being amortized over the terms of the bonds using the straight-line method, the impact of which approximates the effective interest method.

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 FASB ASC 980, *Regulated Operations*, expenses determined in accordance with GAAP, which are not currently billable as "power

1. Summary of Significant Accounting Policies (continued)

costs," or amounts billed as "power costs" and recovered in advance of being recognized for GAAP are deferred in the accompanying balance sheets. For a company to report under ASC 980, 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 assets and liabilities. Management believes that UAMPS currently meets the criteria for continued application of ASC 980, 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 and the Central-St. George 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 deferred revenue and will be amortized to revenue over the life of the respective bond issues.

Risk Management

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

1. Summary of Significant Accounting Policies (continued)

Net Assets

Net assets are classified into three components:

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

- Restricted: This component of net assets consists of net assets 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 net assets: This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.” As of March 31, 2011 and 2010, UAMPS reported a deficit in unrestricted net assets. The deficit is a result of long-term deferred revenue which represents the 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 22 municipalities and one joint-action agency in the Hunter II Project to supply power from the generating unit. Each contract term extends at a minimum to the date all principal and interest on the 1998 and 2004 Series Bonds have been paid. The 2004 Series Bonds matured during the year.

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

- UAMPS has contracted with five municipalities to provide transmission capabilities from the Central-St. George Project to deliver electric power to the participants. Each contract term extends, at a minimum, to the date all principal and interest on the 2000, 2003 and 2009 Series 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 1998 and 2008 Series Bonds have been paid.

- UAMPS has contracted with 14 municipalities 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 2003 and 2007 Series Bonds have been paid. The Payson Project was completed in June 2004.

The Contracts cannot be terminated or amended in any manner that will impair or adversely affect the rights of the bondholders.

Under the terms of the Contracts, the Purchasers are obligated to pay their proportionate share of all operation and maintenance expenses, debt service on the revenue bonds, and any other costs incurred by UAMPS. The Purchasers are obligated to pay whether or not these projects, or any parts thereof, are operating or operable or output is suspended, interrupted, curtailed, interfered with, reduced, or terminated.

3. Net Costs Advanced or to Be Recovered Through Billings to Members

Net costs advanced or to be recovered through billings to Members for the years ended March 31, 2011 and 2010 and the accumulated totals as of March 31, 2011 and 2010, consisted of the following:

	For the Years Ended		Accumulated Totals as of March 31	
	2011	**2010**	**2011**	**2010**
Items advanced or not currently billable to Members				
Depreciation, accretion, and amortization of bond issuance costs	**$ 13,313,723**	$ 13,286,619	**$ 197,916,365**	$ 184,602,642
Refunding charge on refunding/defeasance of revenue bonds	**–**	69,972	**40,110,598**	40,110,598
Principal collected from certain receivables	**–**	–	**8,151,148**	8,151,148
Excess bond proceeds (used to pay interest/CWIP)	**–**	727,945	**11,761,440**	11,761,440
Principal amounts of notes	**–**	–	**1,750,000**	1,750,000
Cost recovery on off-system sales losses	**–**	–	**40,640,144**	40,640,144
Estimated future loss on contracts	**–**	–	**10,384,038**	10,384,038
Amortization of deferred revenue	**(725,433)**	(778,464)	**(19,168,631)**	(18,443,198)
Capital asset renewals and replacements	**(16,854,797)**	(9,512,129)	**(74,657,119)**	(57,802,322)
Principal amounts of debt service	**(9,354,001)**	(14,134,684)	**(245,539,409)**	(236,185,408)
Amortization of bond premium	**(268,266)**	(404,564)	**(3,551,861)**	(3,283,595)
Major overhaul reserve payments	**5,048,538**	2,232,694	**(5,874,737)**	(10,923,275)
Unrealized gain on investment	**(296,822)**	–	**(296,822)**	–
Accrued personal leave	**43,897**	43,515	**447,250**	403,353
Net costs advanced through billings to Members	**$ (9,093,161)**	$ (8,469,096)	**$ (37,927,596)**	$ (28,834,435)

4. Capital Assets

UAMPS' interest in two generating units represents a 14.582% and a 7.028% 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.

4. Capital Assets (continued)

UAMPS acquired a 15% entitlement share in the transmission capability of a 105-mile 345 kilovolts (kV) transmission line constructed between Craig, Colorado and the Bonanza Generation Station in Uintah County, Utah. UAMPS is responsible for a like percentage of the costs of acquisition, construction, operation, and maintenance of the line. UAMPS has also purchased an entitlement share of 54 megawatt (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 line. The line has been constructed at 345 kV standards and initially operating at 138 kV. The project was placed in service 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 City, 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 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 participants. 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 participants. The generator set was purchased and placed into service in June 2008.

4. Capital Assets (continued)

The Construction Work-In Progress balance was $20.1 million at March 31, 2011 and $23.6 million at March 31, 2010. The balance at March 31, 2011 is composed entirely of costs for the Hunter Project planned outage and environmental upgrades that were still in progress at the end of the year. In the prior year the balance consisted of $4.7 million for the Hunter Project environmental upgrades, and $18.9 million for the Central-St. George Project for the Phase 3 upgrades.

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, 2010	$ 225,214,906	$ 64,729,146	$ 1,091,214	$ 23,579,485	$ 314,614,751
Capital additions	**840,560**	**19,940,323**	**490,950**	**16,475,121**	**37,746,954**
Transfers, sales, and retirements	**(43,360)**	**–**	**(354,665)**	**(19,940,323)**	**(20,338,348)**
Balance, March 31, 2011	**$ 226,012,106**	**$ 84,669,469**	**$ 1,227,499**	**$ 20,114,283**	**$ 332,023,357**
Accumulated depreciation, April 1, 2010	$ (104,821,058)	$ (32,463,742)	$ (765,055)	$ –	$ (138,049,855)
Depreciation expense	**(9,686,035)**	**(3,143,566)**	**(209,408)**	**–**	**(13,039,009)**
Retirements	**43,359**	**–**	**354,665**	**–**	**398,024**
Accumulated depreciation, March 31, 2011	**$ (114,463,734)**	**$ (35,607,308)**	**$ (619,798)**	**$ –**	**$ (150,690,840)**
Average depreciation rate	**4.3%**	**4.2%**	**18.1%**	**–**	**4.0%**

4. Capital Assets (continued)

	Generation	Transmission	Furniture and Equipment	Construction Work-in-Progress	Total
Balance, April 1, 2009	$ 217,004,957	$ 64,689,181	$ 1,281,885	$ 4,261,353	$ 287,237,376
Capital additions	8,227,601	39,965	152,656	21,447,902	29,868,124
Transfers, sales, and retirements	(17,652)	–	(343,327)	(2,129,770)	(2,490,749)
Balance, March 31, 2010	$ 225,214,906	$ 64,729,146	$ 1,091,214	$ 23,579,485	$ 314,614,751
Accumulated depreciation, April 1, 2009	$ (94,632,743)	$ (29,904,753)	$ (901,743)	$ –	$ (125,439,239)
Depreciation expense	(10,205,967)	(2,558,989)	(206,638)	–	(12,971,594)
Retirements	17,652	–	343,327	–	360,979
Accumulated depreciation, March 31, 2010	$ (104,821,058)	$ (32,463,742)	$ (765,055)	$ –	$ (138,049,855)
Average depreciation rate	4.6%	4.0%	17.4%	–	4.3%

5. Investments

At March 31 UAMPS had the following total investments:

	2011	2010
Restricted:		
Money market funds invested in U.S. government securities	**$ 457,629**	$ 5,062,876
Investment in U.S. Treasury Note	**11,019,281**	11,665,619
Investment in debentures issued by Government Sponsored Enterprise	**3,002,419**	1,491,372
Utah Public Treasurer's Investment Fund	**11,653,044**	24,854,262
Total	**$ 26,132,373**	$ 43,074,129
Current:		
Money Market Funds invested in U.S. government securities	**$ 23,186**	$ 137,756
Utah Public Treasurer's Investment Fund	**10,056,802**	6,415,097
Total	**$ 10,079,988**	$ 6,552,853

5. Investments (continued)

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 banker's 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, 2011.

At March 31, 2011 UAMPS had the following rated debt investments and quality ratings:

	2011	AAA	Unrated
Money market funds invested in U.S. government securities	$ 480,815	$ 480,815	$ –
Investment in U.S. Treasury Note	11,019,281	–	11,019,281
Investment in debentures issued by Government Sponsored Enterprise	3,002,419	3,002,419	–
Utah Public Treasurer's Investment Fund	21,709,846	–	21,709,846
	$ 36,212,361	$ 3,483,234	$ 32,729,127

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 are collateralized by the pledging financial institution's trust department or agent, but not in the depositor government's name. The City has no formal deposit policy with respect to custodial credit risk. UAMPS deposits are insured up to $250,000 by the Federal Deposit Insurance Corporation. At March 31, 2011 UAMPS had approximately $0.4 million exposed to custodial credit risk. State statutes do not require such accounts to be collateralized.

5. Investments (continued)

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.

At March 31, 2011 UAMPS had the following debt investment balances by investment type and maturity:

	2011	Less than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Investments in U.S. Treasury Note	$ 11,019,281	$ –	$ –	$ 11,019,281	$ –
Investment in debentures issued by Government Sponsored Enterprise	3,002,419	2,501,652	–	500,767	–
	$ 14,021,700	$ 2,501,652	$ –	$ 11,520,048	$ –

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entities investment in a single issuer. UAMPS investments are in Money Market Funds invested in U.S. Government Securities, Investment in U.S. Treasury Note, Debentures issued by Government Sponsored Enterprise, and the Utah Public Treasurer’s Investment Fund, were 1%, 31%, 8%, and 60%, respectively.

6. Cash

Cash of $0.7 million as of March 31, 2011 and $0.8 million at March 31, 2010 consists of deposits with banks.

Restricted cash of $5.7 million as of March 31, 2011 and $0.7 million at March 31, 2010 consisted of debt principal and interest payments for the Payson Project that were due on April 1, 2011 and 2010.

7. Debt

Pursuant to the Hunter II Project Revenue Bond Resolution, the San Juan Project Revenue Bond Resolution, the Craig-Mona Transmission Project Revenue Bond Resolution, the Central-St. George Transmission Project Revenue Bond Resolution, the Payson Power Project Bond Resolution, and the Member Services 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 2011	2010
Hunter II 1998					
Serial	$ 6,455,000	4.00%–5.00%	2000–2012	**$ 1,210,000**	$ 1,770,000
Hunter II 2004					
Serial	17,425,000	1.50%–5.00%	2004–2010	**–**	6,060,000
San Juan 1998					
Serial	15,750,000	4.00%–5.25%	2000–2015	**7,830,000**	9,165,000
Term	5,740,000	5.00%	2018	**5,740,000**	5,740,000
Term	9,125,000	5.00%	2022	**9,125,000**	9,125,000
	30,615,000				
San Juan 2008A					
Serial	2,345,000	3.50% – 4.50%	2009-2022	**2,090,000**	2,220,000
Central-St. George 2000					
Serial	7,025,000	4.40%–5.40%	2001–2019	**4,055,000**	4,405,000
Central-St. George 2003					
Serial	19,945,000	3.00%–4.75%	2003–2019	**12,510,000**	13,645,000
Central-St. George 2009					
Serial	2,350,000	4.00%–5.00%	2010-2019	**2,165,000**	2,350,000

7. Debt (continued)

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding – March 31 2011	Principal Outstanding – March 31 2010
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				
Payson 2003					
Serial	100,850,000	3.00%–5.25%	2006–2026	**85,280,000**	88,680,000
Payson 2007					
Serial	2,751,000	3.90%–4.49%	2009-2018	**2,285,000**	2,522,000
Hurricane-Washington 2007A					
Term	430,000	4.15%	2012	**183,000**	269,000
Term	533,000	4.40%	2017	**533,000**	533,000
Term	671,000	4.75%	2022	**671,000**	671,000
Term	857,000	5.00%	2027	**857,000**	857,000
	2,491,000				
Hurricane-Washington 2007B					
Term	213,000	4.15%	2012	**90,000**	133,000
Term	264,000	4.40%	2017	**264,000**	264,000
Term	332,000	4.75%	2022	**332,000**	332,000
Term	425,000	5.00%	2027	**425,000**	425,000
	1,234,000				

7. Debt (continued)

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding – March 31 2011	2010
Santa Clara – Washington 2008					
Serial	2,698,000	5.16%	2009-2028	**$ 2,536,000**	$ 2,619,000
				160,666,000	174,270,000
Less unamortized bond discount				**336,782**	365,355
Plus unamortized bond premium				**5,381,947**	5,654,087
Less current portion (excluding current portion of unamortized bond premium and discount)				**7,904,000**	13,604,000
				$157,807,165	$165,954,732

The Hunter 1998 Series Bonds (totaling $6.5 million) maturing on or after July 1, 2009 are subject to redemption prior to maturity at the option of UAMPS, in whole or in part, at various times on or after July 1, 2008, at redemption prices ranging from 100% to 101%, plus accrued interest to the date of redemption.

The 2004 Hunter II Series Bonds (totaling $17.4 million) fully matured on July 1, 2010.

The San Juan 1998 Series Bonds (totaling $30.6 million) maturing on or after June 1, 2009 are subject to redemption prior to maturity at the option of UAMPS, in whole or in part, at various times on or after June 1, 2008, at redemption prices ranging from 100% to 101%, plus accrued interest to the date of redemption.

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 Central-St. George 2000 Series Bonds (totaling $7.0 million), maturing on or after December 1, 2011, are subject to redemption prior to maturity at the option of UAMPS, in whole or in part, at various times on or after December 1, 2010, at a redemption price equal to 100%, plus accrued interest to the date of redemption.

7. Debt (continued)

The Central-St. George 2003 Series Bonds (totaling $19.9 million), maturing on or after December 1, 2012, are subject to redemption prior to maturity at the option of UAMPS on and after June 1, 2012, in whole or in part on any date, at a redemption price equal to 100% of the principal amount, plus accrued interest to the date of redemption.

The Central-St. George Transmission Project Revenue and Refunding Bonds, Series 2009, (totaling $24.8 million), at 4.00%–5.25% interest, maturing on and after December 1, 2020, are subject to maturity on or after December 1, 2019, in whole at any time or in part on any date, at redemption price equal to 100% of the principal amount plus accrued interest.

The Payson Project Revenue 2003 Series Bonds (totaling $100.9 million), were issued on March 18, 2003 at a premium of $7.4 million, with effective interest rates of 2.48% to 4.73%. The 2003 Series Bonds maturing on or after April 1, 2014 are subject to redemption prior to maturity at the option of UAMPS, in whole or in part, at various times on or after April 1, 2013 at a redemption price equal to 100%, plus accrued interest to the date of redemption.

The Payson Power Project Special Obligation Revenue Bonds, Series 2007, (totaling $2.8 million) maturing April 19, 2018 at 3.90%-4.49% interest, are subject to redemption, in whole or in part, on or after April 1, 2013, at a redemption price equal to 100% of the principal amount of the bonds redeemed, plus accrued interest to the date fixed for redemption.

The Hurricane-Washington Generating Project Revenue Bonds, Series 2007 A & B, (totaling $3.7 million) maturing May 1, 2027 at 4.15%-5.00% interest, are subject to redemption prior to maturity on any date, in whole or in part, in inverse order of maturity, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed 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% 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.

The Resolutions for bond issues with term bonds require mandatory sinking fund payments be made beginning in 2005 and beyond. Such sinking fund requirements have been scheduled so that UAMPS will have approximately the same debt service requirement each year over the life of the bonds.

7. Debt (continued)

The Resolutions provide that the Revenue and Refunding Revenue Bonds shall be direct and special obligations of UAMPS, payable solely from and solely secured by certain sources described in the Resolutions.

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 scheduled maturities and related interest, based on scheduled rates for fixed rate bonds and the existing rates at March 31, 2011 for variable rate bonds, of long-term debt are as follows:

Year Ending March 31	Revenue and Refunding Revenue Bonds	Interest	Total Debt Service Requirements
2012	$ 7,904,000	$ 7,733,877	$ 15,637,877
2013	8,293,000	7,338,350	15,631,350
2014	8,060,000	6,934,760	14,994,760
2015	8,447,000	6,517,395	14,964,395
2016	8,882,000	6,079,102	14,961,102
2017–2021	50,535,000	23,079,384	73,614,384
2022–2026	53,367,000	9,675,850	63,042,850
2027–2031	15,178,000	459,498	15,637,498
Total	$ 160,666,000	$ 67,818,216	$ 228,484,216

UAMPS incurred interest costs of $8.0 million and $8.4 million for the years ended March 31, 2011 and 2010, respectively. Of the total interest costs, UAMPS capitalized an immaterial amount during the year ended March 31, 2011 as a result of interest incurred on the Central-St. George 2009 Series Bonds used for the construction of the Phase 3 facilities. UAMPS capitalized $0.9 million during the year ended March 31, 2010.

7. Debt (continued)

The table below shows the changes in net long-term debt balances that occurred during the year ended March 31, 2011.

	March 31, 2010	Additions	Reductions	March 31, 2011	Amount Due Within One Year
Hunter II 1998	$ 1,770,000	$ –	$ 560,000	**$ 1,210,000**	**$ 590,000**
Hunter II 2004	6,060,000	–	6,060,000	**–**	**–**
San Juan 1998–Serial	9,165,000	–	1,335,000	**7,830,000**	**1,405,000**
San Juan 1998–Term	5,740,000	–	–	**5,740,000**	**–**
San Juan 1998–Term	9,125,000	–	–	**9,125,000**	**–**
San Juan 2008A – Serial	2,220,000	–	130,000	**2,090,000**	**135,000**
Central-St. George 2000	4,405,000	–	350,000	**4,055,000**	**365,000**
Central-St. George 2003	13,645,000	–	1,135,000	**12,510,000**	**1,175,000**
Central-St. George 2009 – Serial	2,350,000	–	185,000	**2,165,000**	**195,000**
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**	**–**
Payson 2003	88,680,000	–	3,400,000	**85,280,000**	**3,570,000**
Payson 2007	2,522,000	–	237,000	**2,285,000**	**247,000**
Hurricane-Washington – 2007A – Term	269,000	–	86,000	**183,000**	**90,000**
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	133,000	–	43,000	**90,000**	**44,000**
Hurricane-Washington – 2007B – Term	264,000	–	–	**264,000**	**–**
Hurricane-Washington – 2007B – Term	332,000	–	–	**332,000**	**–**
Hurricane-Washington – 2007B – Term	425,000	–	–	**425,000**	**–**
Santa Clara – Washington 2008	2,619,000	–	83,000	**2,536,000**	**88,000**
	174,270,000	–	13,604,000	**160,666,000**	**7,904,000**
Less unamortized discount	394,037	–	28,682	**365,355**	**28,572**
Plus unamortized premium	5,951,035	–	296,948	**5,654,087**	**272,139**
	$ 179,826,998	$ –	$ 13,872,266	**$ 165,954,732**	**$ 8,147,567**

7. Debt (continued)

The table below shows the changes in net long-term debt balances that occurred during the year ended March 31, 2010.

	March 31, 2009	Additions	Reductions	March 31, 2010	Amount Due Within One Year
Hunter II 1998	$ 2,305,000	$ –	$ 535,000	**$ 1,770,000**	**$ 560,000**
Hunter II 2004	11,840,000	–	5,780,000	**6,060,000**	**6,060,000**
San Juan 1998–Serial	10,430,000	–	1,265,000	**9,165,000**	**1,335,000**
San Juan 1998–Term	5,740,000	–	–	**5,740,000**	**–**
San Juan 1998–Term	9,125,000	–	–	**9,125,000**	**–**
San Juan 2008A – Serial	2,345,000	–	125,000	**2,220,000**	**130,000**
Craig Mona 1993	1,010,000	–	1,010,000	**–**	**–**
Central-St. George 1997B–Serial	785,000	–	785,000	**–**	**–**
Central-St. George 1997B–Term	1,840,000	–	1,840,000	**–**	**–**
Central-St. George 2000	4,740,000	–	335,000	**4,405,000**	**350,000**
Central-St. George 2003	14,745,000	–	1,100,000	**13,645,000**	**1,135,000**
Central-St. George 2009 – Serial	–	2,350,000	–	**2,350,000**	**185,000**
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**	**–**
Payson 2003	91,920,000	–	3,240,000	**88,680,000**	**3,400,000**
Payson 2007	2,751,000	–	229,000	**2,522,000**	**237,000**
Hurricane-Washington – 2007A – Term	351,000	–	82,000	**269,000**	**86,000**
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	174,000	–	41,000	**133,000**	**43,000**
Hurricane-Washington – 2007B – Term	264,000	–	–	**264,000**	**–**
Hurricane-Washington – 2007B – Term	332,000	–	–	**332,000**	**–**
Hurricane-Washington – 2007B – Term	425,000	–	–	**425,000**	**–**
Santa Clara – Washington 2008	2,698,000	–	79,000	**2,619,000**	**83,000**
	165,881,000	24,835,000	16,446,000	**174,270,000**	**13,604,000**
Less unamortized discount	–	416,072	22,035	**394,037**	**28,682**
Plus unamortized premium	6,377,633	–	426,598	**5,951,035**	**296,948**
	$ 172,258,633	$ 24,418,928	$ 16,850,563	**$ 179,826,998**	**$ 13,872,266**

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% of the financial institution's prime lending rate, which rate was 2.44% as of March 31, 2011. As of March 31, 2006, UAMPS had obtained an additional revolving line of credit totaling $11.0 million at a variable rate in relation to LIBOR, which rate was 1.20% as of March 31, 2011. 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 $22.0 million available lines of credit was $14.8 million and $14.4 million at March 31, 2011 and 2010, respectively. The additional revolving lines of credit were obtained to assist UAMPS with working capital requirements.

9. Commitments and Contingencies

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

UAMPS had the following Purchase Commitments at March 31, 2011:

	Gas	Power
Fiscal Year:		
2012	$ 8,867,503	$ 1,487,212
2013	7,696,835	23,642,490
2014	5,691,750	25,325,490
2015	679,525	25,325,490
2016	–	25,397,838
	$ 22,935,613	$ 101,178,520

Under similar agreements UAMPS purchased energy in the amount of $20.1 million in fiscal year 2011 and $19.2 million in fiscal year 2010. UAMPS purchased natural gas in the amount of $7.8 in fiscal year 2011 and $8.4 in fiscal year 2010.

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:

Year	Tons	Total Commitment at the March 31, 2011 Price per Ton	UAMPS' Portion of Commitment at March 31, 2011 Price Per Ton
2012	5,600,000	$ 270,704,000	$ 5,870,000
2013	5,600,000	270,704,000	5,870,000
2014	5,600,000	270,704,000	5,870,000
2015	5,600,000	270,704,000	5,870,000
2016	5,600,000	270,704,000	5,870,000

During fiscal years 2011 and 2010, UAMPS incurred minimum coal costs of $6.7 million and $5.5 million, respectively, and incremental coal costs of $0.3 million and $0.4 million, respectively, as its portion of the existing San Juan Operating Agreement. Incremental coal costs are comprised of variable costs for the purchase of coal in excess of the minimum purchase requirement and can be negative due to consumption being less than the base purchase requirement.

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

Fiscal Year:	
2012	$ 180,467
2013	366,330
2014	373,656
2015	381,129
2016	388,752
Thereafter	1,954,638
	$ 3,644,972

9. Commitments and Contingencies (continued)

Rent expense was approximately $0.3 million for the years ended March 31, 2011 and 2010.

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 currently under construction in Bonneville County, Idaho. So that the costs of construction of the project can be ultimately funded in part with the cash grant for 30% of the qualifying costs of renewable energy projects provided by the American Recovery and Reinvestment Act of 2009, the project is and will be owned by Horse Butte Wind I LLC (the "Project Owner").

Pursuant to a Development Agreement between the Project Owner and UAMPS, UAMPS is acting as developer and agent for the Project Owner with respect to the project and is responsible for all aspects of the development and construction of the project. As developer, UAMPS has, among other things, negotiated the terms of a Construction Loan Agreement (pursuant to which construction financing for the project is being provided), a Turbine Supply Agreement (providing for the acquisition of the wind turbines for the project) and a Balance of Plant (BOP) Contract (providing for all other work necessary to construct the project and place it into commercial operation). In order to enable the project to be economically constructed and financed on favorable terms, UAMPS has co-signed these agreements with the Project Owner and has agreed to be primarily liable for making the payments required under these agreements.

UAMPS has executed a 20-year Power Purchase Agreement with the Project Owner. Under the Power Purchase Agreement, UAMPS is required to make a prepayment estimated at $173.2 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 agrees to purchase all additional energy produced and all RECs associated with the prepaid and additional energy on a pay-as-you-go basis. The expected energy purchase commitment for the 5 years following the commercial operation date is $20.8 million. 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% of each covered employee's compensation. UAMPS' covered payroll amounted to approximately $3.3 million and $2.9 million in 2011 and 2010, respectively. Contributions, which are approximately 22.2% and 22.8% of total payroll, totaled approximately $0.7 million for the years ended March 31, 2011 and 2010. All contributions are invested using an outside pension administrator, ICMA Retirement Corp. (ICMA). ICMA provides the participants with multiple options for their pension investments.

11. Subsequent Events

On April 1, the consolidated line of credit from Wells Fargo Bank, totaling $19 million, was renewed through March 31, 2012.

On April 26, 2011, UAMPS issued the San Juan Project Refunding Revenue Bonds, Series 2011 (totaling $22.2 million), maturing June 1, 2023 at 2.00%–5.50% interest. The bonds maturing on and after June 1, 2022, are subject to maturity on or after June 1, 2021, in whole at any time or in part on any date, at redemption price equal to 100% of the principal amount plus accrued interest. The bonds were issued to refund all the current outstanding San Juan Project Refunding Revenue Bonds, Series 1998, provide for a deposit into the Debt Service Reserve Account, and pay cost of issuance.

On July 21, 2011, UAMPS entered into a short term financing for the Hunter Project (totaling $6 million), at a fixed interest rate of 1.37% for a term of nine months. The financing will be used to fund capital projects consisting of environmental upgrades at the plant, refunding of the Hunter II 1998 Series Bonds, maturing on July 1, 2012, and pay cost of issuance.

Supplemental Schedules

Utah Associated Municipal Power Systems

Schedules of Changes in Funds Required by the Revenue Bond Resolutions

Year Ended March 31, 2010

	Revenue Fund	Operations and Maintenance Fund	Construction Fund	Debt Service Fund: Debt Service Account	Debt Service Fund: Debt Service Reserve Account	Reserve and Contingency Fund	Total
Balance at March 31, 2009	$ 5,170,578	$ (698,364)	$ 861,744	$ 14,124,330	$ 10,545,282	$ 15,781,092	$ 45,784,662
Additions:							
Investment earnings receipts	6,818	–	87,650	33,746	72,705	113,601	314,520
Debt proceeds	141,795,249	–	19,127,446	2,458,844	2,832,639	–	166,214,178
Sale of Fixed Asset Proceeds	–	–	–	–	–	–	–
Power sales receipts	185,257,924	–	–	–	–	–	185,257,924
Transfers from irrevocable trust	–	–	–	–	–	–	–
Transfers (to) from other funds	(184,382,875)	157,399,052	(27,961)	22,562,014	(1,470,639)	5,920,409	–
	142,677,116	157,399,052	19,187,135	25,054,604	1,434,705	6,034,010	351,786,622
Deductions:							
Purchase of capital additions	–	2,854,019	17,232,199	902,919	–	6,749,216	27,738,353
Payments on debt	139,495,249	–	–	16,446,000	–	–	155,941,249
Interest payments	–	142,462	–	7,547,165	–	–	7,689,627
Cost of issuance	–	–	408,183	–	–	–	408,183
Distribution	–	2,775,488	–	–	–	–	2,775,488
Operating expenses	–	151,927,099	–	5,700	–	–	151,932,799
	139,495,249	157,699,068	17,640,382	24,901,784	–	6,749,216	346,485,699
Balance at March 31, 2010	8,352,445	(998,380)	2,408,497	14,277,150	11,979,987	15,065,886	51,085,585
Additions:							
Investment earnings receipts	**6,706**	**–**	**2,502**	**25,899**	**387,502**	**115,639**	**538,248**
Debt proceeds	**153,873,584**	**–**	**–**	**–**	**–**	**–**	**153,873,584**
Sale of Fixed Asset Proceeds	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Power sales receipts	**194,786,945**	**–**	**–**	**–**	**–**	**–**	**194,786,945**
Transfers from irrevocable trust	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfers (to) from other funds	**(194,609,692)**	**167,870,556**	**(102,633)**	**17,464,664**	**154,409**	**9,222,696**	**–**
	154,057,543	**167,870,556**	**(100,131)**	**17,490,563**	**541,911**	**9,338,335**	**349,198,777**
Deductions:							
Purchase of capital additions	**–**	**679,521**	**2,308,366**	**–**	**–**	**14,818,743**	**17,806,630**
Payments on debt	**153,473,584**	**–**	**–**	**13,604,000**	**–**	**–**	**167,077,584**
Interest payments	**–**	**93,936**	**–**	**8,404,121**	**–**	**–**	**8,498,057**
Cost of issuance	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Distribution	**–**	**5,850,005**	**–**	**–**	**–**	**–**	**5,850,005**
Operating expenses	**–**	**158,415,713**	**–**	**5,250**	**–**	**–**	**158,420,963**
	153,473,584	**165,039,175**	**2,308,366**	**22,013,371**	**–**	**14,818,743**	**357,653,239**
Balance at March 31, 2011	**$ 8,936,404**	**$ 1,833,001**	**$ –**	**$ 9,754,342**	**$ 12,521,898**	**$ 9,585,478**	**$ 42,631,123**

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements

Balance Sheet

March 31, 2011

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Wind	Craig-Mona	Central-St. George	UAMPS Pool	Payson	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Total
Assets																
Current assets:																
Cash	$ 938,336	$ 1,429,866	$ 1,349,284	$ 3,097,163	$ 912,066	$ (341,830)	$ 946,211	$ (1,588,016)	$ (8,254,656)	$ 2,597,804	$(1,095,665)	$ 562,078	$ (302,667)	$ 302,769	$ 136,675	$ 689,418
Investments	2,103,987	2,973,854	2,264,445	6,791,997	212,947	283,519	73,039	731,131	4,037,984	4,159,005	–	94,718	377,604	54,482	103,001	24,261,713
Receivables	–	2,777,000	760,841	–	–	139,222	13,081	–	10,000	1,022,394	–	–	–	–	–	4,722,538
Prepaid expenses and deposits	230,420	380,080	271,094	969,087	29,355	6,985	8,916	67,140	6,021,291	494,205	1,573,482	5,923	2,539	5,564	13,907	10,079,988
	3,272,743	7,560,800	4,645,664	10,858,247	1,154,368	87,896	1,041,247	(789,745)	1,814,619	8,273,408	477,817	662,719	77,476	362,815	253,583	39,753,657
Restricted assets:																
Cash	–	–	–	–	–	–	–	–	–	5,729,344	–	–	–	–	–	5,729,344
Investments	–	5,734,948	3,814,816	–	–	–	–	5,128,691	–	10,991,958	–	–	–	–	461,960	26,132,373
Interest receivable	–	8,011	–	–	–	–	–	22,711	–	38,608	–	–	–	–	–	69,330
	–	5,742,959	3,814,816	–	–	–	–	5,151,402	–	16,759,910	–	–	–	–	461,960	31,931,047
Utility plant and equipment:																
Generation	–	62,559,707	57,245,963	–	–	–	–	–	–	99,527,453	–	–	–	–	6,678,983	226,012,106
Transmission	–	–	–	–	–	–	17,492,388	56,655,344	–	10,521,737	–	–	–	–	–	84,669,469
Furniture and equipment	66,106	71,425	55,046	33,109	42,142	46,634	32,804	52,311	17,950	492,436	94,500	83,745	19,363	105,604	14,324	1,227,499
	66,106	62,631,132	57,301,009	33,109	42,142	46,634	17,525,192	56,707,655	17,950	110,541,626	94,500	83,745	19,363	105,604	6,693,307	311,909,074
Less accumulated depreciation	(38,241)	(51,759,252)	(29,203,233)	(16,188)	(34,463)	(7,707)	(12,189,597)	(22,461,241)	(39,605)	(33,256,715)	(101,005)	(38,910)	(3,685)	(76,820)	(1,464,178)	(150,690,840)
	27,865	10,871,880	28,097,776	16,921	7,679	38,927	5,335,595	34,246,414	(21,655)	77,284,911	(6,505)	44,835	15,678	28,784	5,229,129	161,218,234
Construction work-in-progress	–	20,114,283	–	–	–	–	–	–	–	–	–	–	–	–	–	20,114,283
	27,865	30,986,163	28,097,776	16,921	7,679	38,927	5,335,595	34,246,414	(21,655)	77,284,911	(6,505)	44,835	15,678	28,784	5,229,129	181,332,517
Other assets:																
Unamortized bond issuance costs	–	248,840	719,619	–	–	–	–	1,025,996	–	2,767,987	–	–	–	–	241,951	5,004,393
Accumulated amortization of	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
bond issuance costs	–	(226,443)	(319,956)	–	–	–	–	(341,107)	–	(963,250)	–	–	–	–	(41,018)	(1,891,774)
Net bond issuance costs	–	22,397	399,663	–	–	–	–	684,889	–	1,804,737	–	–	–	–	200,933	3,112,619
Total assets	$ 3,300,608	$ 44,312,319	$ 36,957,919	$10,875,168	$1,162,047	$ 126,823	$ 6,376,842	$ 39,292,960	$ 1,792,964	$104,122,966	$ 471,312	$ 707,554	$ 93,154	$ 391,599	$ 6,145,605	$ 256,129,840

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements (continued)

Balance Sheet (continued)

March 31, 2011

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Wind	Craig-Mona	Central-St. George	UAMPS Pool	Payson	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Total
Membership capital and liabilities																
Current liabilities:																
Accounts payable	$ 1,695,103	$ 1,133,259	$ 425,533	$ 345,906	$ 165,797	$ 16,270	$ 441,587	$ 78,368	$ 3,308,128	$ 2,614,481	$ 13,004	$ 22,453	$ 3,158	$ 19,610	$ 7,349	$ 10,290,006
Accrued liabilities	139,896	190,071	908,259	3,712,639	27,492	68,167	41,116	24,133	3,472,666	582,197	7,288	(4,117)	25,717	48,583	16	9,244,123
Lines of credit	1,273,809	2,101,154	1,498,655	5,357,292	162,281	38,614	49,288	371,160	1,061,272	2,732,054	–	32,746	14,035	30,760	76,880	14,800,000
Current portion of unearned revenue	–	20,800	412,772	–	–	–	–	116,445	44,196	175,416	–	–	–	–	–	769,629
	3,108,808	3,445,284	3,245,219	9,415,837	355,570	123,051	531,991	590,106	7,886,262	6,104,148	20,292	51,082	42,910	98,953	84,245	35,103,758
Liabilities payable from restricted assets:																
Accrued interest payable	983	16,747	413,739	4,136	125	30	38	680,195	819	2,209,975	–	25	11	24	98,664	3,425,511
Current portion of long-term debt	–	590,000	1,542,914	–	–	–	–	1,706,428	–	4,086,225	–	–	–	–	222,000	8,147,567
	983	606,747	1,956,653	4,136	125	30	38	2,386,623	819	6,296,200	–	25	11	24	320,664	11,573,078
Long-term debt:																
Bonds payable, less current portion	–	620,000	23,245,001	–	–	–	–	39,479,999	–	83,748,000	–	–	–	–	5,669,000	152,762,000
Less: unamortized bond discount	–	–	–	–	–	–	–	(336,782)	–	–	–	–	–	–	–	(336,782)
Plus: unamortized bond premium	–	–	16,087	–	–	–	–	–	–	5,365,860	–	–	–	–	–	5,381,947
	–	620,000	23,261,088	–	–	–	–	39,143,217	–	89,113,860	–	–	–	–	5,669,000	157,807,165
Unearned revenue, less current portion	–	268,676	10,274,749	–	–	–	–	2,800,268	–	1,965,067	–	–	–	–	–	15,308,760
Accumulated amortization of unearned revenue	–	(263,476)	(6,078,232)	–	–	–	–	(1,914,428)	–	(646,020)	–	–	–	–	–	(8,902,156)
Net unearned revenue	–	5,200	4,196,517	–	–	–	–	885,840	–	1,319,047	–	–	–	–	–	6,406,604
Net costs advanced or to be recovered through billings to Members	(3,312)	37,348,876	3,652,364	1,324	(27,239)	3,742	5,852,053	(3,541,691)	(6,403,678)	1,075,597	83,325	9,082	2,404	(279)	(124,972)	37,927,596
Net assets	194,129	2,286,212	646,078	1,453,871	833,591	–	(7,240)	(171,135)	309,561	214,114	367,695	647,365	47,829	292,901	196,668	7,311,639
	$ 3,300,608	$ 44,312,319	$ 36,957,919	$ 10,875,168	$ 1,162,047	$ 126,823	$ 6,376,842	$ 39,292,960	$ 1,792,964	$ 104,122,966	$ 471,312	$ 707,554	$ 93,154	$ 391,599	$ 6,145,605	$ 256,129,840

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements (continued)

Statement of Revenues and Expenses

Year Ended March 31, 2011

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Wind	Craig-Mona	Central-St. George	UAMPS Pool	Payson	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Total
Operating revenues:																
Power sales to Members	$13,699,514	$21,701,500	$16,647,183	$ 48,846,621	$ 2,298,423	$ 686,365	$ 539,356	$ 4,411,169	$37,989,321	$ 34,645,760	$ 9,458,875	$ 44,601	$ 128,067	$ 343,329	$ 784,611	$192,224,695
Other	737	566	387	1,182	91	113	27	110	3,189	1,326	50	1,597,928	43	81	–	1,605,830
	13,700,251	21,702,066	16,647,570	48,847,803	2,298,514	686,478	539,383	4,411,279	37,992,510	34,647,086	9,458,925	1,642,529	128,110	343,410	784,611	193,830,525
Operating expenses:																
Cost of power	13,264,691	9,798,823	10,695,337	47,215,524	2,202,065	–	225,632	186,311	35,393,918	23,237,613	9,419,627	–	–	26,413	156,731	151,822,685
In lieu of ad valorem taxes	–	279,793	239,500	363,893	–	–	70,389	–	–	–	–	–	–	–	–	953,575
Depreciation	9,995	2,023,710	2,534,297	7,136	7,695	6,533	598,310	2,244,466	15	5,228,922	26,315	11,105	2,983	20,427	317,100	13,039,009
General and administrative	341,397	311,131	454,772	522,638	73,304	663,088	93,221	196,432	1,073,390	2,064,755	15,970	1,465,101	73,108	264,856	10,793	7,623,956
	13,616,083	12,413,457	13,923,906	48,109,191	2,283,064	669,621	987,552	2,627,209	36,467,323	30,531,290	9,461,912	1,476,206	76,091	311,696	484,624	173,439,225
Operating income	84,168	9,288,609	2,723,664	738,612	15,450	16,857	(448,169)	1,784,070	1,525,187	4,115,796	(2,987)	166,323	52,019	31,714	299,987	20,391,300
Nonoperating revenues (expenses):																
Interest income	–	46,646	15,422	399	–	–	825	223,194	–	541,283	21,150	–	–	–	1,580	850,499
Interest expense	(10,709)	(124,469)	(1,259,691)	(45,044)	(1,364)	(325)	(414)	(2,083,150)	(8,923)	(4,181,303)	–	(275)	(118)	(259)	(291,162)	(8,007,206)
Amortization of bond issuance costs	–	(42,667)	(35,790)	–	–	–	–	(58,567)	–	(125,769)	–	–	–	–	(11,921)	(274,714)
	(10,709)	(120,490)	(1,280,059)	(44,645)	(1,364)	(325)	411	(1,918,523)	(8,923)	(3,765,789)	21,150	(275)	(118)	(259)	(301,503)	(7,431,421)
Excess of revenues over expenses before net costs to be recovered from future billings to Members	73,459	9,168,119	1,443,605	693,967	14,086	16,532	(447,758)	(134,453)	1,516,264	350,007	18,163	166,048	51,901	31,455	(1,516)	12,959,879
Increase (decrease) in net costs to be recovered from future billings to Members	(1,214)	(8,442,591)	(1,295,845)	(1,079)	(1,838)	(16,532)	590,572	85,330	15	(13,102)	26,316	(37,230)	(10,054)	(501)	24,592	(9,093,161)
Excess of revenues over expenses	$ 72,245	$ 725,528	$ 147,760	$ 692,888	$ 12,248	$ –	$ 142,814	$ (49,123)	$ 1,516,279	$ 336,905	$ 44,479	$ 128,818	$ 41,847	$ 30,954	$ 23,076	$ 3,866,718

Other Reports

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Report of Independent Auditors on State of Utah Legal Compliance

The Board of Directors of
Utah Associated Municipal Power Systems

We have audited Utah Associated Municipal Power Systems' compliance with general compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended March 31, 2011. The general compliance requirements applicable to the Company are identified as follows:

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

Utah Associated Municipal Power Systems did not receive any major or non-major state grants during the year ended March 31, 2011.

Compliance with the requirements referred to above is the responsibility of the Company's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit 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 of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the general compliance requirements identified above. 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. Our audit does not provide a legal determination of the Company's compliance with those requirements.

In our opinion, Utah Associated Municipal Power Systems complied, in all material respects, with the general compliance requirements identified above for the year ended March 31, 2011.

This report is intended solely for the information and use of the Board, management and the State of Utah, Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

July 27, 2011

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

Utah Associated Municipal Power Systems

We have audited the financial statements of Utah Associated Municipal Power Systems as of and for the year ended March 31, 2011, and have issued our report thereon dated July 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal control over financial reporting

In planning and performing our audit, we considered Utah Associated Municipal Power Systems' internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Utah Associated Municipal Power Systems' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the Board, management and the State of Utah, Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

July 27, 2011

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