

Alabama Municipal Electric Authority

Financial Statements as of and for the
Years Ended September 30, 2011 and 2010,
Additional Information for the Years Ended
September 30, 2011 and 2010, and
Independent Auditors' Report

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

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ALABAMA MUNICIPAL ELECTRIC AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Corporate Structure — The Alabama Municipal Electric Authority (the “Authority”) is a nonprofit joint action agency created on August 17, 1981, under Act No. 81-681 (the “Act”), General Laws of Alabama. The Authority is a public corporation whose primary purpose is to provide reliable and economical electric power to its eleven members.

Joint Action — The Authority is comprised of eleven members consisting of municipalities, utilities boards and an electric board, all located in the state of Alabama (the “Participating Members”), each of which owns and operates an electrical distribution system. Each Participating Member has signed a purchase power contract with the Authority that expires on December 31, 2035.

Legal Authority — The Act provides that the Authority will establish rates and charges to produce revenues sufficient to cover its costs, including debt service. The Authority is specifically authorized by the Act to undertake projects for its members and to issue tax-exempt bonds and other obligations to finance the costs of such projects.

Overview of the Financial Statements — This discussion and analysis is intended to serve as an introduction to the Authority’s basic financial statements. These financial statements are designed to provide readers with an overview of the Authority’s finances, in a manner similar to private sector businesses.

The balance sheets present information on all of the Authority’s assets and liabilities, with the difference between the two being reported as net assets. The Authority limits the amount of net assets to amounts necessary to fund any capital assets that need to be purchased that are not funded by bond issues. All other excess funds are transferred to the rate stabilization account. The rate stabilization account funds will be used to help reduce future rate increases to the Participating Members.

The statements of revenues and expenses and changes in net assets present information relative to how the Authority’s net assets changed during the fiscal years presented. All changes in net assets are reported on the accrual basis as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will result in cash flow in future fiscal years.

Proprietary Funds — The Authority operates only one type of proprietary fund — the enterprise fund type. Enterprise funds are used to report business-type activities (as contrasted with tax-supported governmental activities).

Notes to Financial Statements — The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis — 2011 Compared to 2010

Following are condensed balance sheets as of September 30:

	2011	2010
Total assets	<u>\$ 88,958,603</u>	<u>\$ 90,737,560</u>
Long-term debt, net	37,339,180	38,339,542
Other liabilities	<u>33,690,332</u>	<u>34,817,162</u>
Total liabilities	<u>71,029,512</u>	<u>73,156,704</u>
Net assets	<u>\$ 17,929,091</u>	<u>\$ 17,580,856</u>

Total Assets — The decrease in total assets of \$1,778,957 is driven by several factors. Annual amortization and depreciation decreased total assets in the amount of \$2,377,144. Other long-term assets decreased by \$201,019, primarily a result of the repayment of an economic development loan. Total current assets increased by a total of \$128,483. Regulatory assets increased by \$330,714, primarily the result the costs of the new Santee Cooper purchased power contract and the negotiation costs of a new Alabama Power Company contract.

Total Liabilities —The decrease in total liabilities of \$2,127,192 was primarily a result of the following items. Long-term debt was reduced by \$1,000,362 primarily as a result of normal debt payments. Net costs to be refunded to participating members decreased by \$656,054, a result of a \$200,000 transfer to the Rate Stabilization account from the Working Capital account, offset by deferred depreciation and other items normally charged to this account. Additionally, amounts payable under power supply contracts decreased by \$272,602, a result of less purchases from Alabama Power Company in September 2011 as opposed to 2010.

Following is a summary of operations for the years ended September 30:

	2011	2010
Operating revenues	<u>\$ 215,159,393</u>	<u>\$ 199,847,875</u>
Operating expenses:		
Purchased power expenses	205,725,080	192,800,849
Plant operating expenses	808,541	1,162,059
Administrative, general, and operating expenses	<u>7,147,385</u>	<u>7,168,645</u>
Total operating expenses	<u>213,681,006</u>	<u>201,131,553</u>
Operating gain (loss)	1,478,387	(1,283,678)
Other income and (expense) — net	(1,786,206)	(1,789,570)
Changes in net costs to be refunded to participating members	<u>656,054</u>	<u>3,595,466</u>
Excess of revenues over expenses	348,235	522,218
Net assets — beginning of year	<u>17,580,856</u>	<u>17,058,638</u>
Net assets — end of year	<u>\$ 17,929,091</u>	<u>\$ 17,580,856</u>

Operating Revenues — Total operating revenues increased by \$15,311,518. Small decreases in capacity sales and energy sales and a February 1, 2011, increase in the demand and energy rates charged to the Authority's participating members resulted in a net increase of Sales of electricity to participating members in the amount of \$14,102,630. Sales of electricity to others increased by \$1,208,888.

Operating Expenses — Total operating expenses increased \$12,549,453. Purchased power expenses increased by \$11,835,989 due to increases in Power Supply Agreement (PSA) and Transmission costs. Capacity costs under the PSA increased by \$10,880,730 based on contracted rate increases. The net energy costs under the PSA decreased by \$558,210. Transmission costs increased \$562,924 as a direct result of a transmission rate increase. Plant operating expenses decreased by \$353,518 as a result of the Authority's Sylacauga Plant operating less than in the previous year.

Other Income and Expense, Net — Other income and expense, net decreased by \$3,364. Interest expense decreased by \$33,190 due to a lower outstanding debt balance. Interest income decreased by \$8,149 as a result of lower interest rates. Investment income decreased by \$79,749 as a result of an decrease in the Authority's share of Hometown Connections profit and an increase in the market value of Authority's investment account. Other income increased by \$56,164 primarily as a result of an increase in rental income and a sale of Nox credits.

Changes in Net Costs To Be Refunded To Participating Members — The change of \$2,939,412 in this account is due to a small reduction in the amount of the regular annual charges to this account and a deposit in FY2011 of \$200,000 to the rate stabilization account. In FY2010, \$2,700,000 was withdrawn from the rate stabilization account. (See Note 6)

Liquidity and Capital Resources — The Authority had cash and cash equivalents of \$18,656,423 at September 30, 2011, an increase of \$1,190,576 from the prior year. The cash receipts during the year for operating activities was \$2,925,167 more than cash paid for operating expenses. Also, \$3,046,372 was paid out for capital and related financial activities. During the year, \$1,125,722 was transferred from the investment account to the working capital account. Cash and cash equivalents balances are composed of the working capital account, including the operating and maintenance fund and the rate stabilization account included in the revenue fund.

The Authority's debt classified as long-term as of September 30, 2011, is \$37,339,180. This debt was issued in 2003 to finance the construction of the AMEA-Sylacauga Plant. Future revenues from the sale of electricity to members are expected to be sufficient to fully retire this debt at scheduled maturity dates through 2033.

Financial Analysis — 2010 Compared to 2009

Following are condensed balance sheets as of September 30:

	2010	2009
Total assets	<u>\$ 90,737,560</u>	<u>\$ 92,686,991</u>
Long-term debt	\$ 38,339,542	\$ 39,299,673
Other liabilities	<u>34,817,162</u>	<u>36,328,680</u>
Total liabilities	<u>\$ 73,156,704</u>	<u>\$ 75,628,353</u>
Net assets	<u>\$ 17,580,856</u>	<u>\$ 17,058,638</u>

Total Assets — The decrease in total assets of \$1,949,431 is driven by several factors. Annual amortization and depreciation decreased total assets in the amount of \$2,375,648. Total funds invested decreased by \$7,060,120 and receivables from participating members increased by \$6,597,758, primarily as a result of the timing of the August 2010 billing and when payments were made to Alabama Municipal Electric Authority (AMEA). Regulatory assets increased by \$635,799, primarily the result of AMEA's share of the costs of the City of Foley's delivery point #11.

Total Liabilities — The decrease in total liabilities of \$2,471,649 was primarily a result of the following items. Long-term debt was reduced by \$960,131 as a result of normal debt payments. Net costs to be refunded to participating members decreased \$3,595,466, a result of a \$2,700,000 transfer from the Rate Stabilization Account to the Working Capital account and deferred depreciation and other items normally charged to this account. Additionally, amounts payable under power supply contracts increased by \$2,076,251, a result of a higher demand requirements and slightly higher demand costs in September 2010 than in September 2009.

Following is a summary of operations for the years ended September 30:

	2010	2009
Operating revenues	<u>\$ 199,847,875</u>	<u>\$ 195,901,796</u>
Operating expenses:		
Purchased power expenses	192,800,849	190,341,142
Plant operating expenses	1,162,059	657,439
Administrative, general, and operating expenses	<u>7,168,645</u>	<u>7,396,437</u>
Total operating expenses	<u>201,131,553</u>	<u>198,395,018</u>
Operating gain (loss)	(1,283,678)	(2,493,222)
Other income and (expense) — net	(1,789,570)	(1,833,407)
Changes in net costs to be refunded to participants	<u>3,595,466</u>	<u>5,297,275</u>
Excess of revenues over expenses	522,218	970,646
Net assets — beginning of year	<u>17,058,638</u>	<u>16,087,992</u>
Net assets — end of year	<u>\$ 17,580,856</u>	<u>\$ 17,058,638</u>

Operating Revenues — Total operating revenues increased by \$3,946,079. Increases in demand sales and energy sales, a March 1, 2010 increase in the demand and energy rates charged to the Authority’s participating members and a reduction in fuel costs for the year resulted in a net increase of Sales of electricity to participating members in the amount of \$4,241,188. Sales of electricity to others decreased by \$295,809.

Operating Expenses — Total operating expenses increased \$2,736,535. Purchased power expenses increased by \$2,459,707 due to increases in Power Supply Agreement (PSA) and Transmission costs. Capacity costs under the PSA increased by \$7,653,629 based on contracted rate increases. Because of lower fuel costs and increased kWh purchases, the net energy costs under the PSA decreased by \$5,740,167. Transmission costs increased \$873,082 as a direct result of a transmission rate increase. Plant operating expenses increased by \$504,620 as a result of the Authority’s Sylacauga Plant operating more than in the previous year.

Other Income and Expense, Net — Other income and expense, net increased by \$43,837. Interest expense decreased by \$28,601. Interest income decreased by \$68,272, as a result of lower interest rates. Investment income increased by \$115,432 as a result of an increase in the Authority’s share of Hometown Connections profit and an increase in the market value of Authority’s investment account. Other income decreased by \$33,771, primarily as a result of a decrease in interest income paid by participating members.

Changes in Net Costs To Be Refunded To Participating Members — The change of \$1,701,809 in this account is due to a small reduction in the amount of the regular annual charges to this account and a withdrawal in FY2010 of \$2,700,000 from the rate stabilization account. In FY2009, \$4,400,000 was withdrawn from the rate stabilization account. (See Note 6)

Liquidity and Capital Resources — The Authority had cash and cash equivalents of \$17,465,847 at September 30, 2010, a decrease of \$7,155,974 from the prior year. The cash distribution during the year for operating activities was \$3,298,606 less than payments for operating expense items. Also, \$4,009,932 was paid out for capital and related financial activities. Cash and cash equivalents balances are composed of the working capital account, including the operating and maintenance fund and the rate stabilization account included in the revenue fund.

The Authority's debt classified as long-term as of September 30, 2010, is \$38,339,542. This debt was issued in 2003 to finance the construction of the AMEA-Sylacauga Plant. Future revenues from the sale of electricity to members are expected to be sufficient to fully retire this debt at scheduled maturity dates.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Alabama Municipal Electric Authority
Montgomery, Alabama

We have audited the accompanying balance sheets of Alabama Municipal Electric Authority (the "Authority") as of September 30, 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 the Authority's 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 of America. 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 includes 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 Authority'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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Authority as of September 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The additional information on pages 25 through 27 is presented for the purpose of additional analysis and is not a required part of the financial statements. This additional information is the responsibility of the Authority's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

March 1, 2012

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

BALANCE SHEETS AS OF SEPTEMBER 30, 2011 AND 2010

	2011	2010
ASSETS		
PROPERTY AND EQUIPMENT — Net	<u>\$ 29,780,070</u>	<u>\$ 31,743,188</u>
OTHER LONG-TERM ASSETS:		
Investments	419,805	414,138
Receivables from participating members		6,686
Capital fund program receivable	<u>400,000</u>	<u>600,000</u>
Total other long-term assets	<u>819,805</u>	<u>1,020,824</u>
SPECIAL FUNDS INVESTED:		
Debt service fund (restricted)	2,941,023	2,945,007
Reserve and contingency fund	<u>50,000</u>	<u>50,000</u>
Total special funds invested	<u>2,991,023</u>	<u>2,995,007</u>
CURRENT ASSETS:		
Funds invested:		
Revenue fund	14,707,313	14,501,217
Operation and maintenance fund	12,863,352	13,033,407
Special funds — debt service fund (restricted)	<u>244,068</u>	<u>243,766</u>
Total funds invested	27,814,733	27,778,390
Receivables from participating members	23,219,012	23,119,326
Other receivables	39,944	38,013
Materials and supplies	154,310	164,310
Capital fund program receivable	200,000	200,000
Prepaid expenses	<u>97,319</u>	<u>96,796</u>
Total current assets	<u>51,525,318</u>	<u>51,396,835</u>
DEFERRED COSTS:		
Regulatory assets, net	2,928,156	2,597,442
Unamortized bond issuance costs — net of accumulated amortization of \$611,537 and \$541,504, respectively	<u>914,231</u>	<u>984,264</u>
Total deferred costs	<u>3,842,387</u>	<u>3,581,706</u>
TOTAL	<u><u>\$ 88,958,603</u></u>	<u><u>\$ 90,737,560</u></u>

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ALABAMA MUNICIPAL ELECTRIC AUTHORITY

BALANCE SHEETS

AS OF SEPTEMBER 30, 2011 AND 2010

	2011	2010
LIABILITIES AND NET ASSETS		
LONG-TERM DEBT — Revenue bonds — net of unamortized discounts	<u>\$ 37,339,180</u>	<u>\$ 38,339,542</u>
REGULATORY LIABILITIES — Net costs to be refunded to participating members	<u>14,404,121</u>	<u>15,060,175</u>
CURRENT LIABILITIES:		
Current maturities of revenue bonds	1,010,000	970,000
Amounts payable under power supply contracts	17,481,714	17,754,316
Special funds — accrued interest on revenue bonds	159,902	162,933
Other current liabilities	<u>634,595</u>	<u>869,738</u>
Total current liabilities	<u>19,286,211</u>	<u>19,756,987</u>
Total liabilities	<u>71,029,512</u>	<u>73,156,704</u>
NET ASSETS:		
Invested in capital assets — net of related debt	(8,569,110)	(7,566,355)
Restricted for debt service	3,185,091	3,188,773
Unrestricted	<u>23,313,110</u>	<u>21,958,438</u>
Total net assets	<u>17,929,091</u>	<u>17,580,856</u>
TOTAL	<u>\$ 88,958,603</u>	<u>\$ 90,737,560</u>

See notes to financial statements.

(Concluded)

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
OPERATING REVENUES:		
Sales of electricity to participating members	\$ 213,627,226	\$ 199,524,596
Sales of electricity — other	<u>1,532,167</u>	<u>323,279</u>
Total operating revenues	<u>215,159,393</u>	<u>199,847,875</u>
OPERATING EXPENSES:		
Partial requirements services:		
Purchased power	189,589,778	178,316,713
Transmission and distribution	14,773,178	14,210,254
Plant operating expenses	808,541	1,162,059
Cost of other electricity sales	1,362,124	273,882
Other operating and maintenance expenses	521,007	533,849
Administrative and general expenses	4,319,267	4,330,858
Amortization and depreciation	<u>2,307,111</u>	<u>2,303,938</u>
Total operating expenses	<u>213,681,006</u>	<u>201,131,553</u>
NET OPERATING INCOME (LOSS)	<u>1,478,387</u>	<u>(1,283,678)</u>
OTHER INCOME (EXPENSE):		
Interest expense	(1,952,166)	(1,985,356)
Interest income	160,483	168,632
Investment (loss) gain	(13,534)	66,215
Other income	98,682	42,518
Amortization of bond discounts, issuance costs, and excess costs of bond refundings	<u>(79,671)</u>	<u>(81,579)</u>
Total other expense	<u>(1,786,206)</u>	<u>(1,789,570)</u>
CHANGES IN NET COSTS TO BE REFUNDED TO PARTICIPATING MEMBERS	<u>656,054</u>	<u>3,595,466</u>
EXCESS OF REVENUES OVER EXPENSES	348,235	522,218
NET ASSETS:		
Balance — beginning of year	<u>17,580,856</u>	<u>17,058,638</u>
Balance — end of year	<u>\$ 17,929,091</u>	<u>\$ 17,580,856</u>

See notes to financial statements.

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
OPERATING ACTIVITIES:		
Cash received from sales of electricity	\$ 215,327,226	\$ 193,187,334
Cash paid under power supply contracts	(205,810,914)	(190,708,792)
Cash paid to other suppliers and employees	(6,902,786)	(6,076,227)
Other cash receipts	<u>311,641</u>	<u>299,079</u>
Net cash provided by (used in) operating activities	<u>2,925,167</u>	<u>(3,298,606)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payment for acquisition of property and equipment	(121,175)	(1,081,834)
Principal paid on revenue bond maturities	(970,000)	(940,000)
Interest paid on revenue bonds	<u>(1,955,197)</u>	<u>(1,988,098)</u>
Net cash used in capital and related financing activities	<u>(3,046,372)</u>	<u>(4,009,932)</u>
INVESTING ACTIVITIES:		
Payments for purchases of funds invested	(3,016,109)	(3,046,222)
Proceeds from sale of funds invested	4,150,636	2,963,173
Interest income received	<u>177,254</u>	<u>235,613</u>
Net cash provided by investing activities	<u>1,311,781</u>	<u>152,564</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,190,576	(7,155,974)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>17,465,847</u>	<u>24,621,821</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 18,656,423</u>	<u>\$ 17,465,847</u>

(Continued)

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net operating income (loss)	\$ 1,478,387	\$ (1,283,678)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Amortization and depreciation	2,307,111	2,303,938
Changes in assets and liabilities:		
Decrease (increase) in receivables	202,307	(6,344,089)
(Increase) decrease in prepaid expenses	(523)	1,379
Decrease in materials and supplies	10,000	4,949
Increase in regulatory assets	(561,284)	
(Decrease) increase in amounts payable under power supply contracts	(253,292)	2,076,251
Decrease in other liabilities	<u>(257,539)</u>	<u>(57,356)</u>
Total adjustments	<u>1,446,780</u>	<u>(2,014,928)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 2,925,167</u>	<u>\$ (3,298,606)</u>

See notes to financial statements.

(Concluded)

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

1. ORGANIZATION AND OPERATIONS

Alabama Municipal Electric Authority (the “Authority”) is a public corporation of the state of Alabama. The Authority was created on August 17, 1981, pursuant to the provisions of Act No. 81-681 of the State of Alabama Legislature for the purpose of securing an adequate, dependable, and economical power supply for its participating members. The Authority’s power supply is provided under the terms of contractual arrangements, generation at the AMEA-Sylacauga Plant, or purchased on the open market (see Note 4). The Authority sells power pursuant to Power Sales Contracts (see Note 3) to each of its eleven participating members (the “Participating Members”), which consist of municipalities, utility boards, and an electric board. Each Participating Member owns and operates its own electric distribution system.

The activities of the Authority are formally promulgated by and financed under The Power Supply System Revenue Bond Resolution (the “Resolution”), as supplemented and amended, adopted by the Board of Directors (the “Board”). The Resolution established special funds to hold proceeds from debt issuances; such proceeds are restricted and are to be used for development and acquisition costs and to maintain certain reserves. The Resolution also established additional special funds in which revenues from participating members are to be deposited and from which operating costs, debt service, and other specified payments are to be made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The accounting records of the Authority are maintained on an accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting and the Financial Accounting Standards Board (FASB) that do not conflict with accounting standards issued by the GASB. The Authority also complies with policies and practices prescribed by its Board and to practices common in the utility industry. Also, the accounts of the Authority are maintained in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC).

New Accounting Standards — In February 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 became effective for the Authority in fiscal year 2011 and was adopted but did not have a material effect on the Authority’s financial statements.

In June 2010, the GASB issued GASB Statement No. 59, *Financial Instruments Omnibus*. This statement addresses the accounting and financial reporting of certain financial instruments. GASB Statement No. 59 became effective for the Authority in fiscal year 2011 and was adopted but did not have a material effect on the Authority’s financial statements.

In December 2010, the GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA*

Pronouncements. This statement establishes accounting and financial reporting standards for the financial statements of state and local governments and other governmental activities. This statement will become effective for the Authority in fiscal year 2012. Management has not yet determined the impact it will have on the Authority's financial statements.

In June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement standardizes the presentation of deferred outflows of resources and their effects on an entity's net position. This statement will become effective for the Authority for fiscal year 2013. Management has not yet determined the impact it will have on the Authority's financial statements.

Regulatory Assets and Liabilities — As the Board has the authority to set rates, the Authority follows FASB ASC 980 — *Regulated Operations*, which provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. Regulatory assets represent probable future revenues associated with certain costs that are expected to be recovered from customers through the rate making process. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be credited to customers through the rate making process.

Regulatory assets reflected in the Authority's balance sheets as of September 30, 2011 and 2010, relate to the following:

	2011	2010	Note
Power supply agreements implementation costs	\$ 874,718	\$ 353,454	(a)
Delivery point development costs	2,053,438	2,123,289	(b)
Load management inventory costs	<u> </u>	<u>120,699</u>	(c)
	<u>\$2,928,156</u>	<u>\$2,597,442</u>	

- (a) Power supply agreements implementation costs were incurred by the Authority for the current agreement with the Alabama Power Company, the contract with Santee Cooper and the costs of negotiating a new Alabama Power Company contract. The Authority Board of Directors directed the Authority to defer and amortize these costs over the terms of the agreements. The recorded amounts are presented net of accumulated amortization of \$387,116 for 2011 and \$319,792 for 2010.
- (b) Delivery point development costs were incurred by the Authority in the construction of transmission substations required in order for Participating Members to efficiently receive power. The Authority Board of Directors directed the Authority to defer and amortize these costs over the life of the contract with the Participating Member or the life of the asset, whichever is shorter. The recorded amounts are presented net of accumulated amortization of \$307,351 for 2011 and \$223,162 for 2010.
- (c) The Authority Board of Directors directed the Authority to defer and amortize these costs over a five-year period beginning October 1, 2006. The recorded amount is presented net of accumulated amortization of \$603,495 for 2011 and \$482,796 for 2010.

See Note 6 for discussion of the regulatory liabilities reflected in the Authority's balance sheets at September 30, 2011 and September 30, 2010.

Amortization — Unamortized bond issuance costs and bond discounts are being amortized using a method that approximates the effective interest method over the life of the bonds.

Cash and Cash Equivalents — The Authority considers cash and cash equivalents to be all unrestricted, highly liquid instruments with original maturities of three months or less, the amounts of which are included in certain funds as of September 30 as follows:

	2011	2010
Revenue fund — rate stabilization	\$ 14,700,000	\$ 14,500,000
Operation and maintenance fund	<u>3,956,423</u>	<u>2,965,847</u>
	<u>\$ 18,656,423</u>	<u>\$ 17,465,847</u>

As of September 30, 2011, the Authority maintained all of its cash deposits in two Alabama financial institutions. The carrying amount of the Authority's deposits as of September 30, 2011 and 2010, was \$18,656,423 and \$17,465,847, respectively. Of this amount, \$500,000 and \$500,000, respectively, was insured by the Federal Deposit Insurance Corporation (FDIC) and \$18,156,423 and \$16,965,847, respectively, was insured under the State of Alabama Security for Alabama Funds Enhancement Act (SAFE) program for public funds. The SAFE program became effective on January 1, 2001, and in case of a failure of a public depositor in the state of Alabama, the SAFE program provides loss coverage for all public funds deposited in excess of amounts covered by the FDIC.

Funds Invested — The Authority accounts for investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this statement, investments are recorded at fair value for purposes of reporting under GAAP. Investments are stated at amortized cost or cost for purposes of reporting in accordance with the terms of the Resolution. During the year ended September 30, 2011, the Authority invested securities held in a Regions Morgan Keegan Trust Account. At September 30, 2011, the market value of this account was \$8,918,692. This amount was insured under the State of Alabama SAFE program.

Receivables — Receivables derived from sales of electricity to participating members represent a substantial portion of the total receivables balance.

Capital Fund Program — In 2000, the Authority established the Capital Fund Program. The objective of this program is to assist its member communities in the development or improvement of sites and facilities available for economic development. If a member meets the criteria of the program, it would be eligible for a loan in \$200,000 increments. All loans are noninterest bearing. The maximum total amount of loans that can be made from this program is \$3,000,000 as of September 30, 2011, and was approved by the Budget/Audit/Rate (BAR) Committee of the Board. The Authority's BAR Committee administers this program. The loans are payable based on terms established by this committee.

Materials and Supplies — Generally, materials and supplies include the historical costs of generating plant materials. Materials are charged to inventory when purchased and then expensed or capitalized to plant, as appropriate, when installed.

Property and Equipment — All property and equipment is recorded at cost and depreciation is computed using the straight-line method over the estimated useful lives of 3 to 35 years. Depreciation expense was \$2,034,899 and \$2,057,764 for the years ended September 30, 2011 and 2010, respectively. Property and equipment consist of the following items at September 30:

	2011	2010
Electric plant	\$41,387,490	\$41,375,116
Building	1,404,482	1,391,185
Equipment	594,179	591,223
Transportation equipment	164,967	165,066
Load management and SCADA system	<u>4,361,055</u>	<u>4,359,313</u>
	47,912,173	47,881,903
Accumulated depreciation	<u>18,132,103</u>	<u>16,138,715</u>
Property and equipment — net	<u>\$29,780,070</u>	<u>\$31,743,188</u>

Taxes — As an agency of the State of Alabama, the Authority’s income is exempt from federal and state income taxes. The Authority is exempted from property and franchise or other privilege taxes; however, the Authority is subject to a statutory requirement to make a payment in lieu of property, sales, and certain other taxes.

Revenue Recognition — Operating revenues are recognized in the period that electricity is supplied to Participating Members and others. All other revenues are reflected in other income. Costs associated with the acquisition and generation of electricity supplies are included in operating expenses.

Accounting Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

3. POWER SALES CONTRACTS

Each Participating Member has entered into an Amended and Restated Power Sales Contract (the “Sales Contracts”) with the Authority, which extends through December 31, 2035. The Sales Contracts require that the Authority furnish, and each Participating Member take and pay for, all power and energy requirements of the Participating Member (“full requirements services”) in excess of that supplied by the Southeastern Power Administration (SEPA) and any excluded power supply resources, as defined. Initially, the Participating Members were required to purchase all of their full requirement services from the Authority. Beginning January 1, 2001, the power supply requirements may be limited by either the Participating Member or the Authority to equal the Participating Members’ “Contract Rate of Delivery,” which is defined as the highest billing demand of the Participating Member during the 24 billing periods preceding the effective date of the limitation, adjusted up or down by not more than 10%, to provide for optimal utilization of the Authority’s resources.

Under the terms of the Sales Contracts, each Participating Member may acquire excluded power supply resources under certain conditions that include a provision that the total power obtained from such resources, excluding its SEPA allocation, cannot exceed 10% of the Participating Member's adjusted maximum demand (as defined) in any preceding calendar year.

Retail electric rates charged by Participating Members to their local consumers are not subject to the regulatory control of the Alabama Public Service Commission (PSC) (the "Commission"). The Sales Contracts stipulate that each Participating Member maintain retail rates sufficient to enable it to pay all amounts due to the Authority.

4. POWER SUPPLY AGREEMENTS

The Authority's power supply is provided under the terms of contractual arrangements, generation at the AMEA-Sylacauga Plant, or purchased on the open market.

Currently and in the past, the Authority has entered into power supply agreements with Alabama Power Company (the "Company"). On December 20, 2001, the Authority entered into its most recent agreement ("the PSA") with the Company. The PSA began January 1, 2006, and terminates December 31, 2015. Under the PSA, the Company will deliver the capacity and energy sold to the Authority at the high voltage side of the transformers at the various generating units of the Company that provide capacity and energy under the PSA. The Company will provide 100% of the Authority's capacity and energy needs, as determined by the Authority, during the contract period unless the Authority provides the Company notice to supply up to 20% of its 2006 forecasted capacity needs during years 2007–2015. The Authority may provide all of the Authority's load growth after the first five years of the contract period.

In order for the Authority to obtain transmission service to deliver the capacity and energy to the Authority's metering points with its Participating Members, the Authority entered into the Agreement for Network Integration Transmission Service and the Network Operating Agreement, both dated December 29, 2005, with Southern Company Services. These agreements provide the transmission services required by the Authority to allow it to deliver the output of the resources defined in the PSA, the output of the AMEA-Sylacauga Plant (see further discussion below), and to deliver certain nonfirm energy transactions.

Pursuant to the provisions of Section 11-50A-25, Code of Alabama 1975, as amended, the Authority was required to file the PSA with the PSC. On May 7, 2002, the PSC ordered that "the Agreement and the rates to be charged by the Authority pursuant to the provisions of the Agreement are not disapproved by the Commission." The PSA, pursuant to the FERC regulations, does not require PSC approval.

The AMEA-Sylacauga Plant is a 95 MW gas-fired peaking generation facility located within the city limits of the city of Sylacauga, Alabama. The AMEA-Sylacauga Plant was financed via the \$45,550,000 Power Supply System Revenue Bonds, 2003 Series A. The interconnection of the AMEA-Sylacauga Plant to the 115 kV transmission systems was agreed to by the Company. Gas and water supply are provided by the Utilities Board of the City of Sylacauga.

As of September 30, 2009, the Authority has entered into a power purchase and sales agreement with Tenaska Power Services Co. This agreement provides the Authority the opportunity to buy and sell replacement energy on an hour-to-hour, daily, weekly, and monthly basis.

On December 15, 2010, the Authority entered into an agreement for 50 MW of base load capacity and energy through a 10 year contract with the South Carolina Public Service Authority (Santee Cooper).

This agreement begins on January 1, 2014, and terminates on December 31, 2023. Under the agreement, Santee Cooper will deliver 50 MW of capacity and energy to the Southern Company Transmission System-Santee Cooper interface. The transmission at the interface to Southern was approved per the Southern Company Open Access Transmission Tariff procedures.

5. FUNDS INVESTED

The Authority's cash and other funds invested as of September 30 are summarized as follows:

	2011		2010	
	Fair Value	Cost	Fair Value	Cost
U.S. government Treasury bonds and agency certificates — held by trustee in the Authority's name (uninsured and unregistered)	\$ 2,941,023	\$ 2,929,000	\$ 2,945,007	\$ 2,929,000
Money market instruments — mutual funds composed of U.S. Treasury obligations	294,068	294,068	293,766	293,766
	3,235,091	3,223,068	3,238,773	3,222,766
Interest-bearing cash and cash equivalent accounts	18,656,423	18,656,423	17,465,847	17,465,847
U.S. government bonds and agency certificates	8,906,929	8,914,355	10,067,560	10,055,785
Accrued interest and other	7,313	7,313	1,217	1,217
Total funds invested	<u>\$ 30,805,756</u>	<u>\$ 30,801,159</u>	<u>\$ 30,773,397</u>	<u>\$ 30,745,615</u>
Consisting of:				
Special funds invested	\$ 3,235,091		\$ 3,238,773	
Current assets — funds invested	<u>27,570,665</u>		<u>27,534,624</u>	
	<u>\$ 30,805,756</u>		<u>\$ 30,773,397</u>	

Investments included in the funds invested categories are stated at fair values, plus any accrued interest.

Credit Risk — The Authority's policy regarding credit risk on investments is governed by the Resolution, which authorizes the Authority to invest in (1) direct obligations of, or obligations, which the principal and interest are unconditionally guaranteed by the United States of America; (2) direct and general obligations of any state in the United States of America, or of any agency or local government unit thereof whose obligations are fully secured as to principal and interest by cash or obligations of the character described in (1) above; (3) obligations of or guaranteed by any agency or corporation of the United States of America; (4) new housing authority bonds or project notes issued by the public agencies and fully secured as to principal and interest by certain agreements with the United States of America; (5) obligations of any state, territory, or possession of the United States of America or of any political subdivision thereof whose securities are rated by a nationally recognized bond-rating agency in either of its two highest rating categories; (6) certificates of deposit issued by a bank, trust company, or similar institution (the Authority's deposits in any such institution cannot exceed 5% of the institution's capital stock, surplus, and undivided profits, unless fully insured by the FDIC or secured to the extent not insured by certain obligations acceptable under the Resolution); (7) obligations issued or guaranteed by any corporation which are rated similarly to that described in (5) above; (8) repurchase agreements with a member of the Federal Reserve System which are collateralized by the types of obligations described above; and (9) interest in a portfolio of money market instruments containing specified types of obligations.

Per the chart above, all instruments held by the Authority are in compliance with the Resolution.

Interest Rate Risk — The Resolution states that funds will be reinvested to the fullest extent practicable in investment securities, which mature no later than at such time when funds are required for payments to be made from each account. The Resolution also states that all funds held by depositories must be held in accounts that are available by use at the time when needed.

6. NET COSTS TO BE REFUNDED TO PARTICIPATING MEMBERS

Power rates charged to Participating Members are designed to cover the Authority's "costs" as defined by the Resolution and the Sales Contracts. The Authority's rates are structured to systematically provide for debt service requirements, operating funds, and reserves specified by the Resolution. Recognition of "expenses" (defined according to GAAP), which are not included as "costs," is deferred to such period as it is intended that such "expenses" will be covered by rates. Recognition of the "revenues," which under the Resolution and the Sales Contracts are collected to cover "costs" that are not "expenses," is deferred to such period as it is intended that such "revenues" cover "expenses."

The Authority is required by the Resolution to review and, if necessary, revise its rate structure upon the occurrence of a material change in circumstances, but in any event, at least once every year. The Resolution also permits the Authority to implement rate stabilization practices whereby revenues collected currently may be deposited in a special account to provide for reductions in possible future rate increases that will be required in future years to cover the Authority's costs and other funds requirements mentioned above. Rates charged by the Authority are not subject to the regulatory control of the PSC or FERC.

Net costs to be refunded to participating members include the following:

	Year Ended September 30		From Inception to September 30	
	2011	2010	2011	2010
GAAP items not included in billings to participants:				
Amortization of prepaid purchase power contracts	\$ -	\$ -	\$ 152,900,000	\$ 152,900,000
Amortization of development costs			3,200,000	3,200,000
Amortization of bond discounts and issuance costs	79,671	81,579	11,117,341	11,037,669
Amortization of excess costs of bond refundings			15,026,369	15,026,369
Interest on revenue bonds			17,063,216	17,063,216
Expenses paid with bond proceeds			3,449,602	3,449,602
Decrease (increase) in fair value of funds invested	3,985	6,838	(12,022)	(16,007)
Deferred depreciation on plant	1,745,731	1,691,722	12,592,244	10,846,513
Other		57,827	2,695,345	2,695,346
	<u>1,829,387</u>	<u>1,837,966</u>	<u>218,032,095</u>	<u>216,202,708</u>
Bond resolution requirements included in billings to participants:				
Debt service	973,333	942,500	216,633,417	215,660,084
Special funds deposits	200,000	(2,700,000)	14,700,000	14,500,000
Investment income not available for operating purposes			1,102,799	1,102,799
	<u>1,173,333</u>	<u>(1,757,500)</u>	<u>232,436,216</u>	<u>231,262,883</u>
	<u>\$ 656,054</u>	<u>\$ 3,595,466</u>	<u>\$ (14,404,121)</u>	<u>\$ (15,060,175)</u>

7. LONG-TERM DEBT

Long-term debt as of September 30, 2011, consists of the following serial bonds:

Maturity	2003 Bonds	
	Effective Interest Rate	Amount
2012	4.00 %	\$ 1,010,000
2013	4.10	1,050,000
2014	4.13	1,090,000
2015	5.50	1,135,000
2016	5.50	1,200,000
2017	5.50	1,265,000
2018	5.50	1,335,000
2019	5.50	1,410,000
2020	4.70	1,485,000
2021	4.80	1,555,000
2022	5.00	1,630,000
2023	5.00	1,710,000
2024	5.00	1,795,000
2025	5.00	1,885,000
2026	5.00	1,980,000
2027	5.00	2,080,000
2028	5.00	2,185,000
2029	5.00	2,295,000
2030	5.00	2,410,000
2031	5.00	2,530,000
2032	5.00	2,655,000
2033	5.00	<u>2,785,000</u>
		38,475,000
Less current maturities		1,010,000
Less unamortized bond discount		<u>125,820</u>
		<u>\$ 37,339,180</u>

Interest on all of the bond issues is payable semiannually.

The Authority's bonds are secured by a pledge of all revenues of the Authority and all special funds established by the Resolution subject to certain terms and conditions set forth therein. The Resolution requires that reserve deposits be maintained in the debt service fund equal to 10% of the principal amount of a bond series outstanding or the highest annual debt service payment required under a series, calculated with respect to each series as of the date of issuance. The Resolution contains certain restrictive financial and operational covenants. At September 30, 2011, the Authority was in compliance with its debt covenants.

	September 30, 2011		September 30, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Series 2003 Bonds	\$38,475,000	\$39,706,725	\$39,445,000	\$41,117,631

8. RETIREMENT PLAN

The Authority’s employees participate in the Employees’ Retirement System of Alabama’s defined benefit pension plan. Employees currently contribute 5% of their gross pay to the plan, and the Authority contributed approximately 7.02% (2011) and 5.33% (2010). The Authority’s contributions are designed to fund the normal contribution amount. The Authority’s retirement expense for the years ended September 30, 2011 and 2010, was \$108,428 and \$75,418, respectively.

Retirement payments under the plan are future obligations of the Employees’ Retirement System of Alabama. The Authority’s obligations under the plan are limited to the funding described above. Valuation of the plan assets and accumulated benefits for the Authority is not available as the Employees’ Retirement System of Alabama does not segregate this information.

9. RELATED-PARTY TRANSACTIONS

In addition to sales of electricity to participating members as discussed in Note 3, the Authority has entered into a Natural Gas Purchase Agreement with the Utilities Board of the City of Sylacauga (“Sylacauga”), one of the Participating Members. The purpose of this agreement is to provide the natural gas requirements for the AMEA-Sylacauga Plant. The Authority also purchases water and sewer services and internet services for the plant from Sylacauga. During the years ended September 30, 2011 and 2010, the Authority’s costs to Sylacauga were \$173,806 and \$723,308, respectively, under the provisions of this agreement.

10. SUBSEQUENT EVENTS

The Authority has evaluated all events or transactions that occurred after September 30, 2011 through the date the accompanying financial statements were available to be issued, March 1, 2012. During this period, there were no material subsequent events which required disclosure.

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ADDITIONAL INFORMATION

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

STATEMENT OF CHANGES IN ASSETS OF FUNDS INVESTED FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Funds Invested September 30, 2010	Power Billing Receipts	Income from Other Electricity Sales	Other Income	Investment Income (Loss)	Disbursements	Transfers	Funds Invested September 30, 2011
DEBT SERVICE FUND:								
Debt service account	\$ 243,766	\$ -	\$ -	\$ -	\$ 413	\$ (2,925,197)	\$ 2,925,086	\$ 244,068
Debt service reserve account	<u>2,945,007</u>	<u> </u>	<u> </u>	<u> </u>	<u>28,898</u>	<u> </u>	<u>(32,882)</u>	<u>2,941,023</u>
	<u>3,188,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,311</u>	<u>(2,925,197)</u>	<u>2,892,204</u>	<u>3,185,091</u>
GENERAL RESERVE FUND								
	<u>50,000</u>	<u> </u>	<u> </u>	<u> </u>	<u>6</u>	<u> </u>	<u>(6)</u>	<u>50,000</u>
RESERVE AND CONTINGENCY FUND								
	<u>50,000</u>	<u> </u>	<u> </u>	<u> </u>	<u>6</u>	<u> </u>	<u>(6)</u>	<u>50,000</u>
REVENUE FUND:								
Revenue account	1,217	213,931,269	1,539,637	178,631	(1,331)		(215,642,110)	7,313
Rate stabilization account	<u>14,500,000</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>200,000</u>	<u>14,700,000</u>
	<u>14,501,217</u>	<u>213,931,269</u>	<u>1,539,637</u>	<u>178,631</u>	<u>(1,331)</u>	<u>-</u>	<u>(215,442,110)</u>	<u>14,707,313</u>
OPERATION AND MAINTENANCE FUND:								
Operation and maintenance account						(212,745,318)	212,745,318	-
Working capital account	<u>13,033,407</u>	<u> </u>	<u> </u>	<u> </u>	<u>25,351</u>	<u> </u>	<u>(195,406)</u>	<u>12,863,352</u>
	<u>13,033,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,351</u>	<u>(212,745,318)</u>	<u>212,549,912</u>	<u>12,863,352</u>
	<u>\$30,773,397</u>	<u>\$213,931,269</u>	<u>\$1,539,637</u>	<u>\$178,631</u>	<u>\$53,337</u>	<u>\$(215,670,515)</u>	<u>\$ -</u>	<u>\$30,805,756</u>

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

STATEMENT OF CHANGES IN ASSETS OF FUNDS INVESTED FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Funds Invested September 30, 2009	Power Billing Receipts	Income from Other Electricity Sales	Other Income	Investment Income (Loss)	Disbursements	Transfers	Funds Invested September 30, 2010
DEBT SERVICE FUND:								
Debt service account	\$ 244,008	\$ -	\$ -	\$ -	\$ 666	\$ (2,928,098)	\$ 2,927,190	\$ 243,766
Debt service reserve account	<u>2,951,845</u>				<u>77,142</u>		<u>(83,980)</u>	<u>2,945,007</u>
	<u>3,195,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,808</u>	<u>(2,928,098)</u>	<u>2,843,210</u>	<u>3,188,773</u>
GENERAL RESERVE FUND								
								<u>-</u>
RESERVE AND CONTINGENCY FUND								
	<u>50,000</u>				<u>9</u>		<u>(9)</u>	<u>50,000</u>
REVENUE FUND:								
Revenue account	32,827	192,884,021	321,309	122,988	(31,610)		(193,328,318)	1,217
Rate stabilization account	<u>17,200,000</u>						<u>(2,700,000)</u>	<u>14,500,000</u>
	<u>17,232,827</u>	<u>192,884,021</u>	<u>321,309</u>	<u>122,988</u>	<u>(31,610)</u>	<u>-</u>	<u>(196,028,318)</u>	<u>14,501,217</u>
OPERATION AND MAINTENANCE FUND:								
Operation and maintenance account						(199,604,867)	199,604,867	-
Working capital account	<u>17,438,021</u>				<u>60,133</u>		<u>(4,464,747)</u>	<u>13,033,407</u>
	<u>17,438,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,133</u>	<u>(199,604,867)</u>	<u>195,140,120</u>	<u>13,033,407</u>
	<u>\$37,916,701</u>	<u>\$ 192,884,021</u>	<u>\$321,309</u>	<u>\$122,988</u>	<u>\$106,340</u>	<u>\$(202,532,965)</u>	<u>\$ 1,955,003</u>	<u>\$30,773,397</u>

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

SCHEDULES OF REVENUES AND EXPENSES PER BOND RESOLUTION FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
REVENUES:		
Sales of electricity to participating members	\$ 213,627,226	\$ 199,524,596
Sales of electricity — other	1,532,167	323,279
Investment revenues available for operations	150,934	241,685
Withdrawal from rate stabilization		2,700,000
Other income	<u>98,682</u>	<u>42,518</u>
 Total revenues	 <u>215,409,009</u>	 <u>202,832,078</u>
EXPENSES:		
Partial requirements services:		
Purchased power	189,589,778	178,316,713
Transmission and distribution	14,773,178	14,210,254
Cost of other electricity sales	1,362,124	273,882
Deposit to rate stabilization account	200,000	
Other operating and maintenance expenses	1,082,387	1,088,238
Administrative and general expenses	5,127,808	5,492,917
Debt service	<u>2,925,499</u>	<u>2,927,856</u>
 Total expenses	 <u>215,060,774</u>	 <u>202,309,860</u>
 EXCESS OF REVENUES OVER EXPENSES	 <u>\$ 348,235</u>	 <u>\$ 522,218</u>