Audited Financial Statements, Supplemental Schedules, Reports Required by the Uniform Guidance, Supplementary Information Required by the Uniform Guidance, Schedule Required by the Uniform Guidance, and Other Report

Utah Associated Municipal Power Systems
Years Ended March 31, 2023 and 2022
With Report of Independent Auditor

Utah Associated Municipal Power Systems

Audited Financial Statements, Supplemental Schedules, Reports Required by the Uniform Guidance, Supplementary Information Required by the Uniform Guidance, Schedule Required by the Uniform Guidance, and Other Report

Years Ended March 31, 2023 and 2022

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Independent Auditor's Report

Management and the Board of Directors
Utah Associated Municipal Power Systems

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Utah Associated Municipal Power Systems (UAMPS), which comprise the statements of net position as of March 31, 2023 and 2022, and the related statements of revenues and expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise UAMPS' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of UAMPS as of March 31, 2023 and 2022, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UAMPS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective April 1, 2022, UAMPS adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UAMPS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UAMPS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UAMPS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise UAMPS' basic financial statements. The accompanying schedules of project financial statements as of and for the year ended March 31, 2023 and schedule of expenditures of federal awards for the year ended March 31, 2023, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules of project financial statements as of and for the year ended March 31, 2023 and schedule of expenditures of federal awards for the year ended March 31, 2023 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2023 on our consideration of UAMPS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UAMPS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UAMPS' internal control over financial reporting and compliance.

Deloitte & Touche LLP

July 25, 2023

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, 2023, 2022, and 2021.

Description of Business

UAMPS is a political subdivision of the state of Utah (the State). Its 50 members (the Members) include public power utilities in Utah, Idaho, Arizona, Nevada, New Mexico, California, and Wyoming. UAMPS' purposes include the planning, financing, developing, acquiring, constructing, improving, bettering, operating, and maintaining projects or ownership interests or capacity rights therein for the generation, transmission, and distribution of electric energy for the benefit of its Members. UAMPS is governed by its Board of Directors (the Board). The Board consists of directors representing Members that have entitlement shares in the various projects undertaken by UAMPS. UAMPS is a project-based organization and presently operates 16 separate projects that provide a variety of power supply, transmission and other services to the Members that participate in them. The Members make their own elections to participate in UAMPS' projects and are not obligated to participate in any particular project. In general, UAMPS and its Members that elect to participate in a project enter into a contract that specifies the services or product to be provided to UAMPS from the project, the payments to be made by participating Members in respect of the costs of the project, and other matters relating to the project.

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

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

Highlights

UAMPS recorded a (decrease) increase in net position for the years ended March 31, 2023, 2022 and 2021 of ($7.4) million, ($4.7) million, and $3.6 million, respectively. After reported distributions to members, net position at March 31, 2023, 2022, and 2021 was ($12.9) million, ($1.3) million, and $8.4 million, respectively. The negative net position at March 31, 2023 and 2022 is largely due to the activities of CFPP LLC, which is a component unit of UAMPS. CFPP

LLC receives subsidies from a federal grant (i.e., nonoperating revenue) for a majority of its operating expenses, with the remaining expenses incurred being financed through a line of credit. To date, CFPP LLC has had no operating revenues.

Overview of the Financial Statements

This report includes UAMPS' audited financial statements presented in accordance with accounting principles generally accepted in the United States. The audited financial statements include four components: statements of net position, statements of revenues and expenses and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position report assets, deferred outflows and inflows of resources, liabilities, and net position at the end of the fiscal year; the statements of revenues and expenses and changes in net position report the results of the organization and additions to net position 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 year.

UAMPS' financial statements were audited in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

UAMPS' financial statements were prepared on a blended basis to include CFPP LLC, which is a component unit of UAMPS. Intercompany transactions are eliminated in the statements of net position, the statements of revenues and expenses and changes in net position, and the statements of cash flows.

CFPP LLC was created on October 21, 2020, to develop, design, acquire, construct, own, operate, maintain, improve, terminate, retire, and decommission a nuclear generating facility to be located at the Idaho National Laboratory of the U.S. Department of Energy, including all ancillary and related facilities, transmission facilities, water rights, fuel supplies, and other properties and interest necessary or desirable (the "Project"). The Project will sell electricity generated by the Project to its sole member, UAMPS.

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 investments at March 31, 2023, 2022, and 2021, were $76.0 million, $73.0 million, and $66.7 million, respectively. All of UAMPS' investments are held in the Utah Public Treasurer's Investment Fund (PTIF).

The increase of $3.0 million from March 31, 2022 to March 31, 2023 is attributed to three main items. Cash increased by $12.3 million, due to the receipt of $5 million of pass-through funds at year end that was not disbursed until subsequent to year end, as well as receipt of payment from the Department of Energy for three invoices totaling $7.2 million. Restricted investments decreased by $4.5 million due to final debt service payment obligations being paid for Horse Butte Wind 2012A and San Juan 2008 and San Juan 2011 bond issues. In addition, the Payson project overhaul investment account decreased due to planned major outage expenditures. Unrestricted investments decreased by $4.9 million largely due to consumption of funds set aside for and used to pay energy imbalance charges. The increase of $6.3 million from March 31, 2021 to March 31, 2022 is a combination of several accounts. UAMPS operating funds increased by $1.7 million due to cash remaining in checking at March 31, 2022. Member funds increased by $3.3 million due to members retaining prior year margins and increase in imbalance cash fund. Project specific accounts increased overall by $1.3 million. The project accounts had decreases in some, for example Payson overhaul account decreased by $1.3 million for planned outage expenses. This decrease was offset by increases in other overhaul accounts.

At March 31, 2023, 2022, and 2021, accounts receivable totaled $76.6 million, $45.9 million, and $30.3 million, respectively. The increase of $30.7 million from March 31, 2022 to March 31, 2023 is due to two issues. While the composition of the invoices outstanding to membership at year end were similar, the balances were higher by $7.2 million due to higher market prices. Additionally, the outstanding amounts receivable for CFPP LLC to the Department of Energy increased by $22.9 million, due to the increased amount of activity during fiscal year 2023. The increase of $15.6 million from March 31, 2021 to March 31, 2022 is due to two factors: First, the outstanding receivable for CFPP LLC to the Department of Energy increased by $14.1 million. There were roughly the same amount of invoices outstanding at March 31, 2022 as at March 31, 2021. The increase is attributed to the larger amounts of the invoices as project activity has increased during this fiscal year. The remaining increase of $1.5 million was due to slightly larger balances at year end with a few of the members.

At March 31, 2023, 2022, and 2021, capital assets, net, totaled $135.1 million, $144.7 million, and $162.1 million, respectively. The decrease from March 31, 2022 to March 31, 2023 of $9.6 million is a result of depreciation offset by additions to the Hunter Project during a planned maintenance outage. Similarly, the decrease of $17.4 million from March 31, 2021 to March 31, 2022 is due to depreciation, offset by additions to Payson Project during a planned maintenance outage.

Effective April 1, 2022, UAMPS implemented and began to account for leases in its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. At March 31, 2023, UAMPS had a right-to-use lease asset, net of amortization, of $5.2 million and a total lease liability (current and long-term) of $5.4 million.

At March 31, 2023, 2022, and 2021, accounts payable and accrued liabilities totaled $89.3 million, $51.6 million, and $44.1 million, respectively. The increase of $37.7 million from March 31, 2022 to March 31, 2023 is due to a large payable outstanding to a vendor at year end for UAMPS of $5.0M, as well as increased commodity prices. Additionally, CFPP LLC had increased amounts outstanding to vendors of $31.8 million due to increases in activity in the project. The increase of $7.5 million from March 31, 2021 to March 31, 2022 is due to an increase in CFPP LLC accounts payable and accrued liabilities.

At March 31, 2023, 2022, 2021, debt (current and long-term) totaled $138.4 million, $157.7 million, and $175.2 million, respectively. The decrease of $19.3 million from March 31, 2022 to March 31, 2023 was due to scheduled principal payments. Similarly, the decrease of $17.5 million from March 31, 2021 to March 31, 2022 was due to scheduled principal payments. There were no new issues or refinancing during fiscal year 2023 and 2022.

The table summarizes UAMPS' financial position at March 31, 2023, 2022, and 2021:

	2023	2022	2021
		(In Thousands)	
Capital assets, net	$ 135,119	$ 144,659	$ 162,118
Other assets	164,894	128,745	104,546
Total assets	300,013	273,404	266,664
Deferred outflows of resources	2,325	2,935	3,402
Total assets and deferred outflows of resources	$ 302,338	$ 276,339	$ 270,066
Current liabilities	$ 105,457	$ 87,417	$ 52,832
Liabilities paid from restricted assets	16,378	19,005	18,642
Long-term debt, less current portion	122,854	139,608	157,808
Long-term line of credit	32,000		
Other liabilities	22,205	18,991	20,612
Total liabilities	298,894	265,021	249,894
Deferred inflows of resources	16,309	12,584	11,786
Net position	(12,865)	(1,266)	8,386
Total liabilities, deferred inflows of resources, and net position	$ 302,338	$ 276,339	$ 270,066

Financial Analysis of Operations

Total revenue (operating and nonoperating subsidies from federal grants) for the years ended March 31, 2023, 2022, and 2021, was $401.1 million, $270.2 million, and $209.7 million, respectively.

The increase from the year ended March 31, 2022 to the year ended March 31, 2023 of $130.9 million is due to two factors. First, revenue to membership increased by $101.7 million due to higher prices for energy and gas, as well as an increase in megawatt hours. Second, the billings to the Department of Energy increased by $29.2 million due to increased work and activity within the CFPP LLC project.

The increase of $60.5 million for the year ended March 31, 2021 to the year ended March 31, 2022, is both CFPP LLC revenue and UAMPS. CFPP LLC increased by $31.6 million, as the billings to the Department of Energy increased due to a full year of operations and increased project activity. UAMPS revenue increased in three main projects: Pool, Payson, and Firm. All saw increases in megawatts used. Pool and Payson saw increased energy and gas prices.

Investment and other income (expense), net for the years ended March 31, 2023, 2022, and 2021, was $1.1 million, $0.2 million, and $0.3 million, respectively. The increase from the year ended March 31, 2022 to the year ended March 31, 2023 is due to increased interest rates at the State PTIF funds. The decrease from the year ended March 31, 2021 to the year ended March 31, 2022 was due to continued decline in rates on funds at the State PTIF funds.

Cost of power for the years ended March 31, 2023, 2022, and 2021 was $290.5 million, $193.4 million, and $161.1 million, respectively. The increase of $97.1 million from the year ended March 31, 2022 to the year ended March 31, 2023 was due to higher megawatt hours in Firm and Pool projects and higher prices for both energy and gas. The increase of $32.3 million for the year ended March 31, 2021 to the year ended March 31, 2022 is due to higher megawatts used in Pool, Payson, and Firm projects, as well as higher energy and gas prices.

Other expenses for the years ended March 31, 2023, 2022, and 2021 were $119.1 million, $81.7 million, and $45.3 million. The increase of $37.4 million from the year ended March 31, 2022 to the year ended March 31, 2023 is principally due to an increase in general and administrative expenses associated with increased activity in the CFPP LLC project as development work continues. The increase of $36.4 million for the year ended March 31, 2021 to the year ended March 31, 2022 is principally due to an increase in general and administrative expenses associated with increased activity in the CFPP project as development work proceeds.

The table below summarizes UAMPS' total revenues and expenses and changes in net position for fiscal years 2023, 2022, and 2021:

	2023	2022	2021
		(In Thousands)	
Revenues:			
Power sales	$ 337,522	$ 236,063	$ 207,133
Other operating revenues	690	449	2,585
Investment and other income, net	1,118	165	281
Other nonoperating revenues	62,881	33,699	-
Total revenues	402,211	270,376	209,999
Expenses:			
Cost of power	290,495	193,352	161,086
Other expenses	119,097	81,676	45,288
Total expenses	409,592	275,028	206,374
Change in net position	(7,381)	(4,652)	3,625
Net position at beginning of year	(1,265)	8,386	10,025
Distributions	(4,219)	(4,999)	(5,264)
Net position at end of year	$ (12,865)	$ (1,265)	$ 8,386

Cash Flow and Liquidity

UAMPS' sources of cash principally include power sales, services, issuance of debt and investment income. The cash balance at March 31, 2023, 2022, and 2021, was $14.8 million, $2.5 million, and $0.7 million, respectively. The amount will fluctuate primarily due to timing of the transfer from the revolving line of credit and cash transfers.

To manage cash flow requirements, UAMPS has revolving lines of credit with two financial institutions with total available cash lines of $32.0 million at March 31, 2023. The rates from both financial institutions are variable with one being in relation to Secured Overnight Financing Rate (SOFR) and one in relation to United States Treasury Rate (USTR). The outstanding balance on the revolving lines of credit was $13.9 million, $16.1 million, and $3.8 million at March 31, 2023, 2022, and 2021, respectively. The decrease of $2.2 million from March 31, 2022 to March 31, 2023 was due to timing of items presented for payment. The increase of $12.3 million from March 31, 2021 to March 31, 2022 was due to increased energy and gas costs and timing of items presented for payment, and when cash is collected from billings to members.

On September 15, 2021, UAMPS obtained a $35.0 million line of credit with another financial institution to finance net development costs of the CFPP project incurred by CFPP LLC. Amounts drawn bear interest at variable rates, one in relation to a taxable short-term bank yield index and the other in relation to a tax-exempt short-term bond index. On February 28, 2023, the line was increased to $85.0 million. The outstanding balance was $32.0 million and $17.4 million at March 31, 2023 and 2022, respectively. The increase of $14.6 million from March 31, 2022 to March 31, 2023 is due to an increase in the non-federal share of costs for the CFPP project that are being financed with the line of credit. The project has seen increased development activity during the fiscal year.

Budgets and Billing

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

Western Electric Energy Markets

Western markets are experiencing a new reality of drought as well as wildfires. These are both playing a large role in market dynamics and pricing. Southwest Power Pool (SPP) is looking to expand even further in the west and has kicked off a Regional Transmission Operator (RTO) study with utilities in Colorado.

Legislation has been passed in multiple states that is either requiring utilities in that state to either join or study joining an RTO by a certain date.

Prices in the west continue to be driven by renewables in the shoulder seasons and natural gas in the summer and winter.

Loads in the UAMPS footprint grew 3% over the year, and continued growth is expected. Some members experienced growth of 7%.

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

Statements of Net Position

	March 31, 2023	March 31, 2022
Assets		
Current assets:		
Cash	$ 14,783,720	$ 2,487,369
Receivables	76,563,425	45,944,895
Prepaid expenses and deposits	7,137,177	9,779,401
Investments	19,575,536	24,429,788
Total current assets	118,059,858	82,641,453
Restricted assets:		
Interest receivable	698	698
Investments	41,619,577	46,103,408
Total restricted assets	41,620,275	46,104,106
Capital assets:		
Generation	420,639,773	414,825,741
Transmission	86,357,062	86,300,584
Furniture and equipment	1,783,900	1,568,532
Total	508,780,735	502,694,857
Less accumulated depreciation	(374,184,379)	(358,778,216)
Net	134,596,356	143,916,641
Construction work in progress	522,671	742,236
Capital assets, net	135,119,027	144,658,877
Other noncurrent assets:		
Right to use lease asset, net	5,213,869	-
Deferred outflows of resources		
Defeasance costs	2,324,570	2,935,455
Total assets and deferred outflows of resources	$ 302,337,599	$ 276,339,891

(Continued)

Utah Associated Municipal Power Systems

Statements of Net Position

	March 31, 2023	March 31, 2022
Liabilities		
Current liabilities:		
Accounts payable	$ 65,664,377	$ 34,799,547
Accrued liabilities	23,680,087	16,769,233
Lines of credit	13,900,000	33,531,857
Current portion of lease liability	391,644	-
Current portion of unearned revenue	1,820,459	2,316,501
Total current liabilities	105,456,567	87,417,138
Liabilities payable from restricted assets:		
Accrued interest payable	828,168	959,952
Current portion of long-term debt	15,549,222	18,045,041
Total liabilities payable from restricted assets	16,377,390	19,004,993
Long-term debt, less current portion	122,854,095	139,608,316
Long-term line of credit	32,000,000	-
Other liabilities:		
Lease liability, less current portion	4,989,120	-
Unearned revenue, less current portion	17,216,082	18,990,530
Total other liabilities	22,205,202	18,990,530
Deferred inflows of resources		
Net costs advanced from billings to members	16,309,382	12,584,063
Net position		
Net investment in capital assets	10,346,501	8,539,494
Restricted for project costs	12,653,833	13,219,336
Unrestricted	(35,865,371)	(23,023,979)
Total net position	(12,865,037)	(1,265,149)
Total liabilities, deferred inflows of resources, and net position	$ 302,337,599	$ 276,339,891

See accompanying notes to the financial statements. (Concluded)

Utah Associated Municipal Power Systems

Statements of Revenues and Expenses and Changes in Net Position

	Year Ended March 31,	
	2023	**2022**
Operating revenues:		
Power sales	$ 337,522,095	$ 236,062,617
Other	690,577	449,201
Total operating revenues	338,212,672	236,511,818
Operating expenses:		
Cost of power	290,494,423	193,351,833
In lieu of ad valorem taxes	776,366	746,855
Depreciation	16,292,276	19,977,956
General and administrative	92,348,953	55,103,798
Total operating expenses	399,912,018	269,180,442
Operating loss	(61,699,346)	(32,668,624)
Nonoperating revenues (expenses):		
Subsidies from federal grants	62,880,700	33,698,966
Interest expense	(5,954,160)	(5,049,462)
Investment and other income, net	1,117,562	164,811
Recognition of deferred costs and revenues	(3,725,319)	(797,674)
Total nonoperating revenues (expenses), net	54,318,783	28,016,641
Change in net position	(7,380,563)	(4,651,983)
Net position at beginning of year	(1,265,149)	8,386,011
Distributions to members	(4,219,325)	(4,999,177)
Net position at end of year	$ (12,865,037)	$ (1,265,149)

See accompanying notes to the financial statements.

Utah Associated Municipal Power Systems

Statements of Cash Flows

	Year Ended March 31,	
	2023	**2022**
Operating activities		
Cash received from customers	$ 328,156,130	$ 230,750,748
Cash payments to suppliers for goods and services	(333,476,715)	(235,176,766)
Cash payments to employees for services	(8,991,063)	(8,097,519)
Cash payments for ad valorem taxes	(734,055)	(681,855)
Net cash used in operating activities	(15,045,703)	(13,205,392)
Capital and related financing activities		
Disbursements for capital assets	(6,345,766)	(2,972,963)
Proceeds from disposal of capital assets	128,092	454,480
Principal disbursement on long-term debt	(17,790,409)	(15,892,644)
Interest disbursements	(6,748,187)	(6,528,195)
Payments on lease liabilities	(554,364)	
Distribution to members	(4,219,325)	(4,999,177)
Net cash used in capital and related financing activities	(35,529,959)	(29,938,499)
Noncapital financing activities		
Subsidies received from federal grants	40,048,223	19,554,680
Draws on lines of credit	301,007,884	256,769,141
Disbursements on lines of credit	(288,639,741)	(227,000,015)
Net cash provided by noncapital financing activities	52,416,366	49,323,806
Investing activities		
Cash received from investments	5,847,304	11,770
Cash paid for investments	(993,051)	(3,275,063)
Restricted assets:		
Cash received from investments	9,644,918	7,450,545
Cash paid for investments	(5,161,086)	(8,760,490)
Interest income received	1,117,562	164,113
Net cash provided by (used in) investing activities	10,455,647	(4,409,125)
Increase in cash	12,296,351	1,770,790
Cash at beginning of year	2,487,369	716,579
Cash at end of year	$ 14,783,720	$ 2,487,369

(Continued)

Utah Associated Municipal Power Systems

Statements of Cash Flows

	Year Ended March 31, 2023	2022
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (61,699,346)	$ (32,668,624)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	16,292,276	19,977,956
Amortization of unearned revenue	(2,270,490)	(4,255,220)
Increase in receivables	(7,786,052)	(1,505,852)
Decrease (increase) in prepaid expenses and deposits	2,642,223	(2,203,774)
Increase in accounts payable	30,864,830	2,625,245
Increase in accrued liabilities	6,910,856	4,824,877
Net cash used in operating activities	$ (15,045,703)	$ (13,205,392)

See accompanying notes to the financial statements.

(Concluded)

1. Summary of Significant Accounting Policies

Organization and Purpose

Utah Associated Municipal Power Systems (UAMPS), a separate political subdivision of the state of Utah, was established pursuant to the provisions of the Utah Interlocal Co-operation Act of November 1980, and was organized under the Amended and Restated Utah Associated Municipal Power Systems Agreement for Joint Cooperative Action. UAMPS' membership consists of 35 municipalities, 1 joint action agency, 2 electric service district, 1 public utility district, 2 water conservancy districts, 5 co-operatives, 1 municipal utility district, 1 utility improvement district and 2 nonprofit corporations (collectively, the Members). The Members are located in Utah, Idaho, Arizona, 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*.

CFPP LLC is a component unit of UAMPS. CFPP LLC was created as an instrumentality of UAMPS on October 21, 2020, to develop, design, acquire, construct, own, operate, maintain, improve, terminate, retire, and decommission a nuclear generating facility to be located at the Idaho National Laboratory of the U.S. Department of Energy, including all ancillary and related facilities, transmission facilities, water rights, fuel supplies, and other properties and interest necessary or desirable (the "Project"). The Project will sell electricity generated by the Project to its sole member, UAMPS.

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

Basis of Accounting

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

Elimination of Intercompany Transactions

UAMPS results are blended with its component unit CFPP LLC. Intercompany transactions are eliminated in the statements of net position, the statements of revenues and expenses and changes in net position, and the statements of cash flows.

Recent Accounting Pronouncements

GASB Statement No. 87

In June 2017, GASB issued GASB Statement No. 87, *Leases*, which requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the reporting entities' leasing activities. Effective April 1, 2022, UAMPS implemented and began to account for leases in its financial statements and footnote disclosures in accordance to GASB Statement No. 87, which resulted in a right to use asset and lease liability of $5.7 million on the date of adoption.

Revenue

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

Investments

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

Receivables

Receivables consist primarily of current power billings to Members and receivables from the U.S. Department of Energy related to the federal grant activity of CFPP LLC.

Capital Assets

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

Net Costs Advanced or to be Recovered Through Billings to Members

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

Income Taxes

UAMPS and its component unit, CFPP, LLC, are 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 project, the Central-St. George project, and the Horse Butte Wind project have elected to prepay certain costs of acquisition and debt service during the refinancing and/or construction of their projects. These prepayments, which represent the portion of debt service costs that would be applicable to the participant's entitlement share in each of the respective project's future power generation capability, have been treated as unearned revenue and are amortized to revenue over the life of the respective bond issues.

Risk Management

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

Net Position

Net position is classified into three components:

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

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

- Unrestricted: This component of net position consists of amounts that do not meet the definition of restricted for project costs or net investment in capital assets. As of March 31, 2023 and 2022, UAMPS reported a negative balance in unrestricted net position. The deficit is a result of a long-term prepayment of future power sales, as well as unreimbursed costs incurred by the LLC.

2. Power Sales and Transmission Service Contracts Relating to Bonds

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

- UAMPS has contracted with five municipalities to provide transmission capabilities from the Central-St. George project to deliver electric power to the Purchasers. Each contract term extends, at a minimum, to the date all principal and interest on the Series 2016 and 2018 Bonds have been paid.

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

- UAMPS has contracted with 14 municipalities, one public utility district, and one electric service district in the Payson project to supply power from the generating unit. Each contract term extends, at a minimum, to the date all principal and interest on the 2013 and 2019 Bonds have been paid.

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

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

3. Net Costs Advanced from Billings to Members

	For the Years Ended March 31,		Accumulated Total as of March 31,	
	2023	2022	2023	2022
Items not currently billable to Members/ (Costs advanced from billings to Members)				
Depreciation, accretion and amortization of bond issuance costs	$ 16,292,276	$ 19,977,956	$ 433,134,509	$ 416,842,233
Refunding charge on refunding/defeasance of revenue bonds	-	-	40,273,931	40,273,931
Principal collected from certain receivables	-	-	8,151,148	8,151,148
Excess bond proceeds (used to pay Interest/CWIP)	-	-	13,604,822	13,604,822
Principal amounts of notes	-	-	1,750,000	1,750,000
Cost recovery on off-system sales losses	-	-	40,640,144	40,640,144
Estimated future loss on contracts	-	-	10,384,038	10,384,038
Amortization of deferred revenue	(2,270,490)	(2,110,548)	(48,004,590)	(45,734,100)
Utility plant renewals and replacements	(6,217,672)	(2,518,484)	(122,576,054)	(116,358,382)
Plant inventory	114,632	98,343	(686,486)	(801,118)
Principal amounts of debt service	(14,679,360)	(16,414,816)	(404,546,198)	(389,866,838)
Amortization of bond premium	(1,459,632)	(1,714,611)	(23,273,432)	(21,813,800)
Major overhaul reserve payments	4,228,555	1,334,173	(4,608,439)	(8,836,994)
Principal payments of lease payable	(367,861)		(367,861)	-
Amortization of defeased debt costs	610,885	466,497	3,854,245	3,243,360
Amortization of prepaid energy	-	-	35,106,577	35,106,577
Accrued personal leave	23,348	83,815	854,264	830,916
Net costs advanced from billings to members	$ (3,725,319)	$ (797,675)	$ (16,309,382)	$ (12,584,063)

4. Capital Assets

UAMPS' interest in two generating units represents a 14.6% and a 7.0% undivided interest in the PacifiCorp Hunter II and the Public Service Company of New Mexico San Juan Unit IV electric generating units (the "Generating Units"), respectively. The interest is recorded based on UAMPS' acquisition cost. The operating life has been estimated to end in 2042, based upon a third-party review.

UAMPS has a 15.0% entitlement share in the transmission capability of a 105-mile 345 kilovolts 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 megawatts 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 kilovolts transmission facilities, including a 345/138 kilovolts electric substation, approximately 25 miles of 138 kilovolts transmission line, a 138-kilovolt switching yard, a 138/69 kilovolts electric substation, and approximately 16 miles of 69 kilovolts 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-kilovolt transmission line. The line has been constructed at 345-kilovolt standards and initially operating at 138 kilovolts. The project was placed into service in April 2010.

In May 2018, the Central-St. George project completed a construction project to energize the Fourth Circuit. There are three existing energized 138-kilovolt lines at Red Butte/Central, and these were shifted to terminate the Fourth Circuit at Central and energize it at 138 kilovolts. The existing Red Butte/Central substation was configured to accommodate the two UAMPS 138-kilovolt lines out of Red Butte to St. George and the remaining two joint-owned 345 kilovolts (energized at 138 kilovolts) lines out of Central to St. George. At the Red Butte Substation, a new 138-kilovolt circuit breaker was added to allow the shifting of the three existing circuits and the addition of the Fourth Circuit. At the St. George substation, a limited duration 138-kilovolt line was constructed, and one 138 kilovolt circuit breaker was added.

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

The Washington-Hurricane Generator Set consists of three generators. The generator set is rated 1,900 kilowatts continuous, 3,000-foot altitude, 120 degrees, 12,740 volts, 3 phases, and 1,800 revolutions per minute. The capacity of these units is sold to the respective purchasers. The generator set was purchased and placed into service in May 2007.

The Washington-Santa Clara Generator Set consists of two generators. The generator set is rated 1,900 kilowatts continuous, 3,000-foot altitude, 120 degrees, 12,740 volts, 3 phases, and 1,800 revolutions per minute. The capacity of these units is sold to the respective purchasers. The generator set was purchased and placed into service in June 2008.

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

UAMPS purchased the Horse Butte Wind Farm in March 2018. The project is a 57.6-megawatt wind project comprised of 32 Vestas V100 wind turbine generators rated at 1.8 megawatts each, located in Bonneville County, Idaho.

	Generation	Transmission	Furniture & Equipment	Construction Work-In Progress	Total
Balance, April 1, 2022	$ 414,825,741	$ 86,300,584	$ 1,568,532	$ 742,236	$ 503,437,093
Capital additions	6,168,511	56,478	340,338	386,013	6,951,340
Sales, retirements	(354,479)	-	(124,970)	(605,578)	(1,085,027)
Balance, March 31, 2023	$ 420,639,773	$ 86,357,062	$ 1,783,900	$ 522,671	$ 509,303,406
Accumulated depreciation, April 1, 2022	$ (288,226,118)	$(69,843,083)	$ (709,016)	$ -	$ (358,778,217)
Depreciation expense	(14,012,169)	(1,361,651)	(383,700)	-	(15,757,520)
Retirements	226,388	-	124,970	-	351,358
Accumulated depreciation, March 31, 2023	$ (302,011,899)	$(71,204,734)	$ (967,746)	$ -	$ (374,184,379)
Average depreciation rate	3.4 %	1.6 %	22.9 %	- %	3.1 %

	Generation	Transmission	Furniture & Equipment	Construction Work-In Progress	Total
Balance, April 1, 2021	$ 413,291,095	$ 86,300,584	$ 2,382,664	$ 478,612	$ 502,452,955
Capital additions	2,426,389	-	282,950	329,000	3,038,339
Sales, retirements	(891,743)	-	(1,097,082)	(65,376)	(2,054,202)
Balance, March 31, 2022	$ 414,825,741	$ 86,300,584	$ 1,568,532	$ 742,236	$ 503,437,094
Accumulated depreciation, April 1, 2021	$ (270,620,018)	$(68,243,224)	$(1,471,365)	$ -	$ (340,334,607)
Depreciation expense	(18,043,365)	(1,599,859)	(334,733)	-	(19,977,956)
Retirements	437,265	-	1,097,082	-	1,534,347
Accumulated depreciation, March 31, 2022	$ (288,226,118)	$(69,843,083)	$ (709,016)	$ -	$ (358,778,216)
Average depreciation rate	4.4 %	1.9 %	16.9 %	- %	4.0 %

5. Investments

At March 31, 2023 and 2022, UAMPS had the following total investments:

	2023	2022
Current:		
Utah Public Treasurer's Investment Fund	$ 19,575,536	$ 24,429,788
Restricted:		
Utah Public Treasurer's Investment Fund	$ 41,619,577	$ 46,103,408

Credit Risk

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

The PTIF operates and reports to the participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the carrying value of the pool shares. The PTIF was unrated at March 31, 2023.

At March 31, 2023 and 2022, UAMPS had the following investments and quality ratings:

		Quality Rating	
	2023	AAA/Aaa/AA+	Unrated
Utah Public Treasurer's Investment Fund	$61,195,113	$ -	$61,195,113
Total	$61,195,113	$ -	$61,195,113

		Quality Rating	
	2022	AAA/Aaa/AA+	Unrated
Utah Public Treasurer's Investment Fund	$70,533,196	$ -	$70,533,196
Total	$70,533,196	$ -	$70,533,196

Fair Value

UAMPS categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As of March 31, 2023 and 2022, UAMPS had fair value measurements as shown below:

	2023 Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Utah Public Treasurer's Investment Fund	$ 61,195,113	$ -	$ -	$ 61,195,113
	$ 61,195,113	$ -	$ -	$ 61,195,113

	2022 Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Utah Public Treasurer's Investment Fund	$ 70,533,196	$ -	$ -	$ 70,533,196
	$ 70,533,196	$ -	$ -	$ 70,533,196

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance, and are not collateralized, are collateralized by the pledging financial institution, or is collateralized by the pledging financial institution's trust department or agent, but not in the depositor governments name. UAMPS deposits are insured up to $250,000 by the Federal Deposit Insurance Corporation. At March 31, 2023, UAMPS had $14.5 million exposed to custodial credit risk. At March 31, 2022, UAMPS had $2.2 million exposed to custodial credit risk.

Interest Rate Risk

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

6. Cash

The cash balance at March 31, 2023 of $14.8 million and at March 31, 2022 of $2.5 million consisted of deposits with banks.

As of March 31, 2023 and 2022, there was no balance in restricted cash.

7. Debt

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

				Principal Outstanding March 31,	
Series	**Original Issue**	**Interest Rate**	**Original Maturity Date**	**2023**	**2022**
Horse Butte Wind 2012A					
Serial	67,860,000	0.05%-5.00%	2013–2032	$ -	$ 3,180,000
Horse Butte Wind 2017A					
Serial	38,480,000	5.00 %	2023–2032	38,480,000	38,480,000
Horse Butte Wind 2017B					
Serial	32,455,000	5.00 %	2026–2037	32,455,000	32,455,000
Horse Butte Wind 2017C					
Taxable component	180,000	2.60 %	2022	-	180,000
Taxable component	460,000	2.85 %	2023	460,000	460,000
Term	480,000	3.05 %	2024	480,000	480,000
Term	495,000	3.05 %	2025	495,000	495,000
San Juan 2008A					
Serial	2,345,000	3.50%–4.50%	2009–2022	-	215,000
San Juan 2011					
Serial	22,165,000	2.00%–5.50%	2011–2023	-	3,605,000
Central-St. George 2016					
Term	25,880,000	2.53 %	2016–2027	15,625,000	18,520,000
Central-St. George 2018					
Term	2,236,374	3.85 %	2018–2027	412,219	648,628
Payson 2013					
Serial	2,025,000	1.76 %	2014–2023	220,000	435,000
Payson 2019					
Serial	26,770,000	2.05%–2.50%	2020–2025	19,605,000	25,855,000

(Continued)

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding March 31, 2023	2022
Veyo 2014					
Serial	12,990,000	3.00%–5.00%	2017–2034	$ 9,125,000	$ 9,755,000
Term	1,060,000	4.00 %	2035	1,060,000	1,060,000
Term	1,100,000	4.00 %	2036	1,100,000	1,100,000
Term	1,145,000	4.00 %	2037	1,145,000	1,145,000
Term	1,190,000	4.00 %	2038	1,190,000	1,190,000
Term	1,240,000	5.00 %	2039	1,240,000	1,240,000
Term	1,300,000	5.00 %	2040	1,300,000	1,300,000
Term	1,365,000	5.00 %	2041	1,365,000	1,365,000
	21,390,000				
Hurricane City—2013					
Term	2,009,000	2.30 %	2014–2027	794,000	942,000
Washington City—2013					
Term	996,000	2.30 %	2014–2027	393,000	466,000
Washington City—2016					
Term	1,968,000	2.59 %	2017–2029	1,073,000	1,236,000
				128,017,219	145,807,628
Plus unamortized bond premium				10,386,098	11,845,729
Less current portion				15,549,222	18,045,041
				$ 122,854,095	$ 139,608,316

(Concluded)

The Horse Butte Wind Revenue Bonds Series 2012A ("Series 2012A Bonds") maturing on and after September 1, 2023, totaling $42.0 million, were previously redeemed at 100% principal and accrued interest. Accordingly, all amounts related to the defeased bonds were removed from the statement of net position. The outstanding principal of the remaining Series 2012A Bonds at March 31, 2023 was $0. The outstanding principal of the defeased in-substance bonds was $42.0 million.

The Horse Butte Wind Project Revenue and Refunding Series 2017A Bonds and the Series 2017B Bonds (collectively, "Series 2017 Bonds") maturing on or after September 1, 2028, are subject to redemption prior to maturity on or after March 1, 2028, in whole or in part on any date, at a redemption price equal to 100% of the principal amount of Series 2017 Bonds or portion thereof to be so redeemed plus accrued interest to the redemption date.

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

The San Juan Project Revenue Bonds, Series 2008A ("Series 2008A Bonds"), totaling $2.3 million, mature on or after June 1, 2019 and 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 outstanding principal of the Series 2008A Bonds at March 31, 2023 was $0.

The Central-St. George Transmission Project Revenue and Refunding Bond, Series 2016, totaling $25.9 million at 2.53% interest, may be prepaid in whole or in part without penalty.

The Central-St. George Transmission Revenue Bonds Series 2018 ("Series 2018 Bonds"), totaling $2.2 million at 3.85% interest, were previously partially prepaid at UAMPS' election. The Series 2018 Bonds allowed for a single prepayment in a maximum principal amount of $0.5 million, or any lesser principal amount, including accrued interest, without premium or penalty. Principal prepaid shall be applied to reduce remaining principal payments on the Series 2018 Bonds in reverse chronological order. UAMPS applied the prepayment of $0.8 million to the Bonds maturing December 1, 2024 and after.

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

The Payson Power Project Refunding Revenue Bonds, Series 2019 ("Series 2019 Bonds"), totaling $26.8 million, are subject to redemption prior to maturity at the option of UAMPS, in whole or in part, and if in part among maturities to be designated by UAMPS, on any date, at a Redemption Price, calculated by a quotation agent selected by UAMPS in a commercially reasonable manner, equal to the greater of (i) 100% of the principal amount of the Series 2019 Bonds to be redeemed; and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2019 Bonds to be redeemed (but excluding accrued and unpaid interest on such Series 2019 Bonds are to be redeemed on a semi-annual basis at the Treasury Rate plus twenty-five basis points (0.25%); plus accrued interest on the Series 2019 Bonds to be redeemed to the redemption date.

The Veyo Heat Recovery Project Revenue Bonds Series 2014 (“Series 2014 Bonds), totaling $21.4 million, mature on or after March 1, 2026 and are subject to redemption prior to maturity on or after March 1, 2025, in whole or in part on any date, at a redemption price equal to 100% of the principal amount or portion plus accrued interest to redemption date. The Series 2014 Bonds maturing on March 1, 2038 are subject to mandatory sinking fund redemption on March 1, 2035 and on each March 1 thereafter to and including March 1, 2037, at a redemption price equal at a redemption price equal to principal amount plus accrued interest to the redemption date. The Series 2014 Bonds maturing on March 1, 2041 are subject to mandatory sinking funds redemption on March 1, 2039 and March 1, 2040, at a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date.

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

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

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

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

UAMPS incurred interest costs of $5.3 million and $5.0 million for the years ended March 31, 2023 and 2022, respectively.

The scheduled maturities and related interest, based on scheduled rates for fixed rate bonds and the existing rates at March 31, 2023, 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
2024	$ 14,395,511	$ 5,018,711	$ 19,414,222
2025	14,522,708	4,563,592	19,086,300
2026	14,820,000	4,089,638	18,909,638
2027	8,239,000	3,774,507	12,013,507
2028	8,564,000	3,446,945	12,010,945
2029–2033	28,126,000	13,109,794	41,235,794
2034–2038	35,445,000	5,408,808	40,853,808
2039–2041	3,905,000	380,479	4,285,479
	$ 128,017,219	$ 39,792,474	$ 167,809,693

The table below shows the changes in the net long-term debt balances that occurred during the year ended March 31, 2023.

	March 31, 2022	Additions	Reductions	March 31, 2023	Amount Due Within One Year
Horse Butte Wind 2012A – Serial	$ 3,180,000	$ -	$ 3,180,000	$ -	$ -
Horse Butte Wind 2017A – Serial	38,480,000	-	-	38,480,000	3,060,000
Horse Butte Wind 2017B – Serial	32,455,000	-	-	32,455,000	-
Horse Butte Wind 2017C – Taxable Component	180,000	-	180,000	-	-
Horse Butte Wind 2017C – Taxable Component	460,000	-	-	460,000	460,000
Horse Butte Wind 2017C – Term	480,000	-	-	480,000	-
Horse Butte Wind 2017C – Term	495,000	-	-	495,000	-
San Juan 2008A- Serial	215,000	-	215,000	-	-
San Juan 2011 – Serial	3,605,000	-	3,605,000	-	-
Central-St. George 2016 – Term	18,520,000	-	2,895,000	15,625,000	2,970,000
Central-St. George 2018 – Term	648,628	-	236,409	412,219	245,511
Payson 2013 – Serial	435,000	-	215,000	220,000	220,000
Payson 2019 – Serial	25,855,000	-	6,250,000	19,605,000	6,385,000
Veyo 2014 – Serial	9,755,000	-	630,000	9,125,000	660,000
Veyo 2014 – Term	1,060,000	-	-	1,060,000	-
Veyo 2014 – Term	1,100,000	-	-	1,100,000	-
Veyo 2014 – Term	1,145,000	-	-	1,145,000	-
Veyo 2014 – Term	1,190,000	-	-	1,190,000	-
Veyo 2014 – Term	1,240,000	-	-	1,240,000	-
Veyo 2014 – Term	1,300,000	-	-	1,300,000	-
Veyo 2014 – Term	1,365,000	-	-	1,365,000	-
Hurricane City 2013 – Term	942,000	-	148,000	794,000	152,000
Washington City 2013 – Term	466,000	-	73,000	393,000	75,000
Washington 2016 – Term	1,236,000	-	163,000	1,073,000	168,000
	145,807,628	-	17,790,409	128,017,219	14,395,511
Plus unamortized premium	11,845,729	-	1,459,631	10,386,098	1,153,711
	$ 157,653,357	$ -	$ 19,250,040	$ 138,403,317	$ 15,549,222

The table below shows the changes in the net long-term debt balances that occurred during the year ended March 31, 2022.

	March 31, 2021	Additions	Reductions	March 31, 2022	Amount Due Within One Year
Horse Butte Wind 2012A – Serial	$ 6,210,000	$ -	$ 3,030,000	$ 3,180,000	$ 3,180,000
Horse Butte Wind 2017A – Serial	38,480,000	-	-	38,480,000	-
Horse Butte Wind 2017B – Serial	32,455,000	-	-	32,455,000	-
Horse Butte Wind 2017C – Taxable Component	170,000	-	170,000	-	-
Horse Butte Wind 2017C – Taxable Component	180,000	-	-	180,000	180,000
Horse Butte Wind 2017C – Taxable Component	460,000	-	-	460,000	-
Horse Butte Wind 2017C – Term	480,000	-	-	480,000	-
Horse Butte Wind 2017C – Term	495,000	-	-	495,000	-
San Juan 2008A- Serial	425,000	-	210,000	215,000	215,000
San Juan 2011 – Serial	5,875,000	-	2,270,000	3,605,000	2,400,000
Central-St. George 2016 – Term	21,345,000	-	2,825,000	18,520,000	2,895,000
Central-St. George 2018 – Term	876,272	-	227,644	648,628	236,409
Payson 2012 – Serial	5,430,000	-	5,430,000	-	-
Payson 2013 – Serial	650,000	-	215,000	435,000	215,000
Payson 2019 – Serial	26,395,000	-	540,000	25,855,000	6,250,000
Veyo 2014 – Serial	10,355,000	-	600,000	9,755,000	630,000
Veyo 2014 – Term	1,060,000	-	-	1,060,000	-
Veyo 2014 – Term	1,100,000	-	-	1,100,000	-
Veyo 2014 – Term	1,145,000	-	-	1,145,000	-
Veyo 2014 – Term	1,190,000	-	-	1,190,000	-
Veyo 2014 – Term	1,240,000	-	-	1,240,000	-
Veyo 2014 – Term	1,300,000	-	-	1,300,000	-
Veyo 2014 – Term	1,365,000	-	-	1,365,000	-
Hurricane City 2013 – Term	1,086,000	-	144,000	942,000	148,000
Washington City 2013 – Term	538,000	-	72,000	466,000	73,000
Washington 2016 – Term	1,395,000	-	159,000	1,236,000	163,000
	161,700,272	-	15,892,644	145,807,628	16,585,409
Plus unamortized premium	13,560,340	-	1,714,611	11,845,729	1,459,632
	$ 175,260,612	$ -	$ 17,607,255	$ 157,653,357	$ 18,045,041

8. Lines of Credit

The outstanding balance on the combined $25.0 million available lines of credit with Wells Fargo Bank and Zion's Bank was $16.1 million at March 31, 2022.

On July 1, 2022, the Wells Fargo Bank line of credit was increased from $19.0 million to $26.0 million to accommodate higher energy, gas and working capital expenses. The interest rate on the Wells Fargo Bank line is variable based upon the Secured Overnight Financing Rate (SOFR), and the interest rate was 4.49% at March 31, 2023. The maturity date of the Wells Fargo Bank line of credit is April 30, 2024. On November 1, 2022, the $6.0 million line of credit with Zion's Bank was renewed with a maturity date of November 30, 2025. The interest rate on the Zion's Bank line of credit rate is variable based upon the United States Treasury Rate (USTR), and the interest rate was 4.42% at March 31, 2023. At March 31, 2023, the outstanding balance on the combined $32.0 million available lines of credit with Wells Fargo Bank and Zion's Bank was $13.9 million and $0, respectively.

On September 15, 2021, UAMPS obtained a $35.0 million line of credit with Bank of America to finance expenses associated with CFPP LLC. On February 28, 2023, the line was increased to $85.0 million. The rate is variable based upon both the Securities Industry and Financial Markets Association (SIFMA), which was 5.15% at March 31, 2023, and Bloomberg Short Term Bank Yield Index (BSBY), which was 5.69% at March 31, 2023. The availability to borrow on the line of credit expires on March 31, 2024, and the maturity date of the Bank of America line of credit is March 31, 2025. The outstanding balance was $32.0 million and $17.4 million at March 31, 2023 and 2022, respectively.

9. Leases

UAMPS leases office space with an initial or remaining term of one year or more. UAMPS recognizes a lease liability at the present value of payments expected to be made during the lease term. The future lease payments are discounted using UAMPS' estimated incremental borrowing rate. The lease term includes all periods, if any, for which the exercise of a renewal option appears, at the inception of the lease, to be reasonably assured. UAMPS recognizes a right-to-use lease asset based on the initial measurement of the lease liability, and that asset is amortized over the lease term.

As of March 31, 2023, the components of the right to use lease asset were as follows:

	2023
Right to Use Assets:	
Building	$ 5,748,625
Accumulated Amortization:	
Building	(534,756)
Right to Use Assets, net	$ 5,213,869

Future principal and interest requirements to maturity for leases as of March 31, 2023, are as follows:

Year Ending March 31	Principal	Interest	Total
2024	$ 391,644	$ 173,807	$ 565,451
2025	416,461	160,299	576,760
2026	443,420	145,941	589,361
2027	476,474	130,568	607,042
2028	511,192	114,062	625,254
2029–2033	3,141,573	271,728	3,413,301
Total future lease payments	$ 5,380,764	$ 996,405	6,377,169
Less present value discount			(996,405)
Present value of lease liabilities			$ 5,380,764

10. 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 load and resource requirements.

UAMPS had the following purchase commitments at March 31, 2023:

Year Ending March 31	Gas	Power
2024	$ 10,095,880	$ 52,793,646
2025	-	24,782,747
2026	-	25,617,711
2027	830,235	26,091,212
2028	3,804,921	2,178,000
Thereafter	14,389,449	-
Total	$ 29,120,485	$ 131,463,316

Under similar agreements, UAMPS purchased energy in the amount of $60.7 million and $54.2 million during the years ended March 31, 2023 and 2022, respectively. UAMPS purchased natural gas in the amount of $14.2 million and $14.5 million during the years ended March 31, 2023 and 2022, respectively.

During the years ended March 31, 2023 and 2022, UAMPS incurred minimum coal costs of \$3.0 million and \$3.7 million, respectively, and incremental coal costs of \$0.6 million and \$0.3 million, respectively, as its portion of the existing San Juan Operating Agreement. Incremental coal costs are comprised of variable costs for the purchase of coal in excess of the minimum purchase requirement and can be negative due to consumption being less than the base purchase requirement.

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.

11. 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 25.0% of each covered employee's compensation. UAMPS' covered payroll amounted to approximately \$6.1 million and \$5.5 million during the years ended March 31, 2023 and 2022, respectively. Contributions, which are approximately 23.52% and 23.51% of total payroll during the years ended March 31, 2023 and 2022, respectively, totaled approximately \$1.4 million and \$1.3 million during the years ended March 31, 2023 and 2022, respectively. All contributions are invested using an outside pension administrator, ICMA Retirement Corp. (ICMA). ICMA provides the participants with multiple options for their pension investments.

12. Blended Component Unit

The following statements present the condensed information for the blended component unit, CFPP LLC. Individual financial information can be provided upon request.

Statements of Revenues and Expenses and Changes in Net Position

(In Thousands)	Year Ended March 31, 2023	Year Ended March 31, 2022
Operating revenues	$ -	$ -
Operating expenses	(78,732)	(45,205)
Operating loss	(78,732)	(45,205)
Nonoperating revenues (expenses):		
Subsidies from federal grants	62,881	33,699
Nonoperating expenses	(636)	(73)
Total nonoperating revenues (expenses), net	62,245	33,626
Change in net position	(16,487)	(11,579)
Net position at beginning of year	(12,615)	(1,036)
Net position at end of year	$ (29,102)	$ (12,615)

Statements of Net Position

(In Thousands)	**Year Ended March 31, 2023**	**Year Ended March 31, 2022**
Current assets:		
Cash	$ 7,184	$ 36
Receivables	39,076	16,244
Prepaid expenses and deposits	998	6
Total current assets	47,258	16,286
Capital assets:		
Construction work-in-progress	-	-
Total capital assets	-	-
Total assets and deferred outflows of resources	$ 47,258	$ 16,286
Current liabilities:		
Accounts payable	$ 33,162	$ 7,597
Accrued liabilities	43,198	21,304
Total current liabilities	76,360	28,901
Net position:		
Unrestricted	(29,102)	(12,615)
Total liabilities, deferred inflow of resources, and net position	$ 47,258	$ 16,286

Statements of Cash Flows

(In Thousands)	**Year Ended March 31, 2023**	**Year Ended March 31, 2022**
Net cash used in operating activities	(32,264)	(20,313)
Net cash (used in) provided by capital and related financing activities	(636)	793
Net cash provided by noncapital financing activities	40,048	19,555
Net cash used in investing activities	-	-
Increase in cash	7,148	35
Cash at beginning of year	36	1
Cash at end of year	$ 7,184	$ 36

13. Subsequent Events

On April 19, 2023, UAMPS purchased energy from a counterparty for the winter months for $15.0 million. Additionally, on May 5, 2023, UAMPS entered into a 5-year purchase commitment for natural gas for $164.0 million.

Supplemental Schedules

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements

Statement of Net Position

March 31, 2023

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Horse Butte Wind	Veyo	Craig Mona	Central St. George	Pool	Payson	CFPP	IPP #3	Resource	Natural Gas Project	Government & Public Affairs	Member Services	Totals
Assets																		
Current assets:																		
Cash	$ 1,146,408	$ 2,819,497	$ 26,268	$3,952,105	$ 3,808,468	$ (500,079)	$ 34,380	$ 860,632	$ (1,180,037)	$ (5,427,521)	$ (431,186)	$ 7,747,279	$ 188,436	$ 1,379,358	$ (136,542)	$ 289,664	$ 206,590	$ 14,783,720
Receivables	1,192,944	868,365	615,419	1,572,364	184,514	1,877,703	400,615	66,295	410,093	21,199,483	8,429,651	39,075,379	-	252,158	288,133	63,918	66,391	76,563,425
Prepaid expenses and deposits	-	1,762,000	546,807	-	-	774,633	51,018	660	-	1,145,014	1,859,096	997,949	-	-	-	-	-	7,137,177
Investments	1,009,267	1,628,582	591,404	850,941	4,597,663	1,116,572	306,538	(4,672)	391,276	4,636,084	4,255,016	-	-	55,488	9,550	43,385	88,442	19,575,536
Total current assets	3,348,619	7,078,444	1,779,898	6,375,410	8,590,645	3,268,829	792,551	922,915	(378,668)	21,553,060	14,112,577	47,820,607	188,436	1,687,004	161,141	396,967	361,423	118,059,858
Restricted assets:																		
Interest receivable	36	58	21	30	164	40	11	-	14	165	152	-	-	2	-	2	3	698
Investments	-	3,451,327	6,878,804	-	-	14,412,703	2,082,125	-	4,926,860	-	7,845,825	-	-	-	-	-	2,021,933	41,619,577
Total restricted assets	36	3,451,385	6,878,825	30	164	14,412,743	2,082,136	-	4,926,874	165	7,845,977	-	-	2	-	2	2,021,936	41,620,275
Capital assets:																		
Generation	-	103,962,746	69,723,436	-	-	93,985,324	30,712,002	-	-	-	115,426,282	1,000	-	-	-	-	6,828,983	420,639,773
Transmission	-	-	-	-	-	-	-	17,492,388	58,342,937	-	10,521,737	-	-	-	-	-	-	86,357,062
Furniture and equipment	73,119	196,197	180,104	50,400	37,737	189,362	18,354	17,258	79,211	-	383,067	181,273	-	229,969	36,460	97,057	14,332	1,783,900
Total	73,119	104,158,943	69,903,540	50,400	37,737	94,174,686	30,730,356	17,509,646	58,422,148	-	126,331,086	182,273	-	229,969	36,460	97,057	6,843,315	508,780,735
Less accumulated depreciation	(41,245)	(92,245,419)	(69,827,728)	(20,694)	(27,384)	(26,075,096)	(8,075,993)	(17,502,385)	(52,743,470)	-	(101,980,426)	(144,687)	-	(142,909)	(22,546)	(57,163)	(5,277,234)	(374,184,379)
Net	31,874	11,913,524	75,812	29,706	10,353	68,099,590	22,654,363	7,261	5,678,678	-	24,350,660	37,586	-	87,060	13,914	39,894	1,566,081	134,596,356
Construction work in progress	18,219	45,838	56,256	15,371	16,818	50,192	26,557	5,948	27,164	-	93,902	84,848	-	50,193	3,113	28,243	9	522,671
Capital assets, net	50,093	11,959,362	132,068	45,077	27,171	68,149,782	22,680,920	13,209	5,705,842	-	24,444,562	122,434	-	137,253	17,027	68,137	1,566,090	135,119,027
Right to use lease asset, net	189,725	477,344	585,838	160,067	175,137	522,690	120,350	61,945	282,882	-	904,978	883,587	-	522,694	32,416	294,118	98	5,213,869
Defeasance costs	-	-	-	-	-	661,353	-	-	1,428,842	-	234,375	-	-	-	-	-	-	2,324,570
Total assets and deferred outflows of resources	$ 3,588,473	$ 22,966,535	$ 9,376,629	$6,580,584	$ 8,793,117	$ 87,015,397	$ 25,675,957	$ 998,069	$ 11,965,772	$ 21,553,225	$ 47,542,469	$ 48,826,628	$ 188,436	$ 2,346,953	$ 210,584	$ 759,224	$ 3,949,547	$ 302,337,599

(Continued)

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements

Statement of Net Position

March 31, 2023

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Horse Butte Wind	Veyo	Craig Mona	Central St. George	Pool	Payson	CFPP	IPP #3	Resource	Natural Gas Project	Government & Public Affairs	Member Services	Totals
Liabilities																		
Current liabilities:																		
Accounts payable	$ 2,148,798	$ (1,771,965)	$ 678,534	$ 3,896,087	$ 3,167,131	$ 2,893,676	$ 186,515	$ 18,080	$ 80,474	$ 13,369,955	$ 6,299,489	$ 34,635,245	$ -	$ 37,108	$ 4,497	$ 8,412	$ 12,341	$ 65,664,377
Accrued liabilities	97,776	400,849	9,258	1,457,959	243,636	40,754	40,701	16,339	74,615	10,314,759	346,990	10,394,150	-	156,147	8,550	77,579	25	23,680,087
Lines of credit	716,650	1,156,407	419,939	604,227	3,264,663	792,845	217,663	(3,316)	277,833	3,291,944	3,021,358	-	-	39,402	6,781	30,805	62,799	13,900,000
Current portion of lease liability	14,251	35,856	44,006	12,024	13,156	39,262	9,040	4,653	21,249	-	67,978	66,371	-	39,263	2,435	22,093	7	391,644
Current portion of unearned revenue	-	-	-	-	-	1,281,856	382,569	-	60,017	44,196	51,821	-	-	-	-	-	-	1,820,459
Total current liabilities	2,977,475	(178,853)	1,151,737	5,970,297	6,688,586	5,048,393	836,488	35,756	514,188	27,020,854	9,787,636	45,095,766	-	271,920	22,263	138,889	75,172	105,456,567
Liabilities payable from restricted assets:																		
Accrued interest payable	3,458	5,581	2,025	2,916	15,755	302,959	68,250	(16)	138,855	15,887	253,526	-	-	190	33	149	18,600	828,168
Current portion of long-term debt	-	-	-	-	-	4,591,281	742,430	-	3,215,511	-	6,605,000	-	-	-	-	-	395,000	15,549,222
Total liabilities payable from restricted assets	3,458	5,581	2,025	2,916	15,755	4,894,240	810,680	(16)	3,354,366	15,887	6,858,526	-	-	190	33	149	413,600	16,377,390
Long-term debt, less current portion	-	-	-	-	-	77,280,650	17,666,738	-	12,821,708	-	13,220,000	-	-	-	-	-	1,864,999	122,854,095
Long-term line of credit	-	-	-	-	-	-	-	-	-	-	-	32,000,000	-	-	-	-	-	32,000,000
Other liabilities:																		
Lease liability, less current portion	181,547	456,768	560,585	153,167	167,587	500,158	115,162	59,274	270,688	-	865,968	845,499	-	500,162	31,019	281,440	96	4,989,120
Unearned revenue, less current portion	-	-	-	-	-	10,531,798	6,471,793	-	186,451	-	26,040	-	-	-	-	-	-	17,216,082
Total other liabilities	181,547	456,768	560,585	153,167	167,587	11,031,956	6,586,955	59,274	457,139	-	892,008	845,499	-	500,162	31,019	281,440	96	22,205,202
Deferred inflows of resources																		
Net costs advanced from billings to members	22	17,890,850	7,542,934	5,209	(31,738)	(13,063,166)	(531,873)	523,058	(5,495,051)	(6,337,366)	14,497,721	(10,405)	-	36,324	31,073	2,271	1,249,519	16,309,382
Net position	425,971	4,792,189	119,348	448,995	1,952,927	1,823,324	306,969	379,997	313,422	853,850	2,286,578	(29,104,232)	188,436	1,538,357	126,196	336,475	346,161	(12,865,037)
Total liabilities, deferred inflows of resources, and net position	$ 3,588,473	$ 22,966,535	$ 9,376,629	$ 6,580,584	$ 8,793,117	$ 87,015,397	$ 25,675,957	$ 998,069	$ 11,965,772	$ 21,553,225	$ 47,542,469	$ 48,826,628	$ 188,436	$ 2,346,953	$ 210,584	$ 759,224	$ 3,949,547	$ 302,337,599

(Concluded)

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements

Statement of Revenues and Expenses

Year Ended March 31, 2023

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Wind	Veyo	Craig Mona	Central St. George	Pool	Payson	CFPP	IPP #3	Resource	Gas Project	Government & Public Affairs	Member Services	Totals
Operating revenues:																		
Power sales to members	$ 11,235,974	$ 16,950,273	$ 9,662,469	$ 8,379,954	$ 82,457,204	$ 15,004,042	$ 3,829,377	$ 1,513,922	$ 4,446,269	$ 118,967,618	$ 63,304,856	$ 7,206	$ -	$ 199,573	$ 140,472	$ 500,934	$ 921,952	$ 337,522,095
Other	(5,677)	(24,760)	(5,306)	(7,878)	(69,815)	(10,052)	(3,167)	-	-	(169,682)	(38,290)	-	-	1,025,204	-	-	-	690,577
Total operating revenues	11,230,297	16,925,513	9,657,163	8,372,076	82,387,389	14,993,990	3,826,210	1,513,922	4,446,269	118,797,936	63,266,566	7,206	-	1,224,777	140,472	500,934	921,952	338,212,672
Operating expenses:																		
Cost of power	10,587,278	14,013,484	6,976,921	7,948,047	79,439,777	3,980,066	903,269	860,513	867	114,568,078	50,643,681	-	-	173,202	-	143,203	256,037	290,494,423
In lieu of ad valorem taxes	-	480,361	54,364	55,182	-	186,459	-	-	-	-	-	-	-	-	-	-	-	776,366
Depreciation	34,474	644,806	101,058	25,959	26,379	4,834,148	1,254,271	10,852	1,408,363	-	7,328,652	143,174	-	99,185	10,291	53,551	317,113	16,292,276
General and administrative	304,380	741,292	494,539	250,726	1,531,794	1,118,595	806,145	86,979	384,314	2,764,301	4,413,109	78,578,201	-	472,610	71,522	270,580	59,866	92,348,953
Total operating expenses	10,926,132	15,879,943	7,626,882	8,279,914	80,997,950	10,119,268	2,963,685	958,344	1,793,544	117,332,379	62,385,442	78,721,375	-	744,997	81,813	467,334	633,016	399,912,018
Operating income (loss)	304,165	1,045,570	2,030,281	92,162	1,389,439	4,874,722	862,525	555,578	2,652,725	1,465,557	881,124	(78,714,169)	-	479,780	58,659	33,600	288,936	(61,699,346)
Nonoperating revenues (expenses):																		
Subsidies from federal grants	-	-	-	-	-	-	-	-	-	-	-	62,880,700	-	-	-	-	-	62,880,700
Interest expense	(31,521)	(56,790)	(290,461)	(26,580)	(119,735)	(2,412,591)	(730,515)	(2,029)	(791,727)	(114,621)	(620,419)	(666,389)	-	(19,467)	(1,358)	(11,255)	(58,702)	(5,954,160)
Investment and other income, net	-	109,895	168,811	-	-	379,984	66,517	-	138,064	-	204,552	-	-	-	-	-	49,739	1,117,562
Recognition of deferred costs and revenues	(501)	815,782	(2,021,748)	2,174	2,677	(1,788,085)	3,055	(567)	(1,538,664)	-	942,674	12,660	-	5,690	3,405	(669)	(163,202)	(3,725,319)
Total nonoperating revenues (expenses), net	(32,022)	868,887	(2,143,398)	(24,406)	(117,058)	(3,820,692)	(660,943)	(2,596)	(2,192,327)	(114,621)	526,807	62,226,971	-	(13,777)	2,047	(11,924)	(172,165)	54,318,783
Change in net position	$ 272,143	$ 1,914,457	$ (113,117)	$ 67,756	$ 1,272,381	$ 1,054,030	$ 201,582	$ 552,982	$ 460,398	$ 1,350,936	$ 1,407,931	$ (16,487,198)	$ -	$ 466,003	$ 60,706	$ 21,676	$ 116,771	$ (7,380,563)

Reports Required by the Uniform Guidance

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

Management and the Board of Directors
Utah Associated Municipal Power Systems

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Utah Associated Municipal Power Systems (UAMPS), which comprise the statements of net position as of March 31, 2023 and 2022, and the related statements of revenues and expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated July 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered UAMPS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UAMPS' internal control. Accordingly, we do not express an opinion on the effectiveness of UAMPS' internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether UAMPS' financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Deloitte & Touche LLP

July 25, 2023

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Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Management and the Board of Directors
Utah Associated Municipal Power Systems

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Utah Associated Municipal Power Systems' (UAMPS) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on UAMPS' major federal program for the year ended March 31, 2023. UAMPS' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, UAMPS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under GAAS, *Government Auditing Standards*, and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of UAMPS and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of UAMPS' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to UAMPS' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on UAMPS' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about UAMPS' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding UAMPS' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of UAMPS' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of UAMPS' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-2. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on UAMPS' response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. UAMPS' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-01 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on UAMPS' response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. UAMPS' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Deloitte & Touche LLP

July 25, 2023

Supplementary Information
Required by the Uniform Guidance

Utah Associated Municipal Power Systems

Schedules of Expenditures of Federal Awards

Year Ended March 31, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	**Federal Assistance Listing #**	**Pass-Through Entity Identifying Number**	**Total Current Year Expenditures**
U.S. Department of Energy: Nuclear Energy Research, Development, and Demonstration			
Commercialization and deployment of the First NuScale Small Modular Reactor in the U.S. – Carbon Free Power Project (CFPP)	81.121	DE-NE0008935	$ 61,559,514
U.S. Department of Energy			61,559,514
Total expenditures of federal awards			$ 61,559,514

See Notes to Schedule of Expenditures of Federal Awards.

Utah Associated Municipal Power Systems

Notes to Schedule of Expenditures of Federal Awards

Year Ended March 31, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of CFPP LLC, which is a component unit of Utah Associated Municipal Power Systems (UAMPS), under programs of the federal government for the year ended March 31, 2023. The information is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the schedule presents only a selected portion of the operations of CFPP LLC, it is not intended to and does not present the financial condition, changes in net position or cash flows of UAMPS.

2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

3. Indirect Cost Rate

CFPP LLC has elected not to use the 10% de minimis cost rate.

Schedule Required by the Uniform Guidance

Utah Associated Municipal Power Systems

Schedule of Findings and Questioned Costs

Year Ended March 31, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major federal program:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	X Yes	____ None reported
Type of auditor's report issued on compliance for major federal program:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X Yes	____ No

Identification of major federal program:

Federal Assistance Listing #	Name of federal program or cluster
81.121	Nuclear Energy Research, Development and Demonstration

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,846,785	
Auditee qualified as low-risk auditee?	X Yes	____ No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Finding and Questioned Costs

<u>Finding 2023-001</u>

Grantor:	Department of Energy
Project Name:	Commercialization and Deployment of the First NuScale Small Modular Reactor in the U.S. – Carbon Free Power Project (CFPP)
CFDA#:	81.121
Program Title:	Nuclear Energy Research, Development, and Demonstration

Criteria

45 CFR §75.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

UAMPS did not have a review control over the federal financial reports that was sufficiently precise to identify a misstatement in the reported amount of cumulative federal expenditures incurred under this program.

Cause

UAMPS did not have a review control over the federal financial reports that was sufficiently precise to identify a misstatement in the reported amount of cumulative federal expenditures incurred under this program.

Effect

A misstatement in the reported amount of cumulative federal expenditures incurred under this program existed in UAMPS' fourth quarter SF-425 Federal Financial Report and was not identified.

Questioned Costs

None

Context

On a quarterly basis, UAMPS files the SF-425 Federal Financial Report. Included in this report are the cumulative federal expenditures. Because the year-end accrual of expenditures was not included in the fourth quarter SF-425 Federal Financial Report, cumulative federal expenditures under this program were reported as approximately $88.9 million, which were understated by approximately $7.9 million.

Repeat Finding

No

Recommendation

Management should ensure that a review control is implemented that is sufficiently precise to detect a misstatement in the reported amount of cumulative federal expenditures incurred under this program in the federal financial reports.

Management's View and Corrective Action Plan

Management's response is reported in management's views and corrective action plan included at the end of this report.

Finding 2023-002

Grantor:	Department of Energy
Program:	Commercialization and Deployment of the First NuScale Small Modular Reactor in the U.S. – Carbon Free Power Project (CFPP)
CFDA#:	81.121
Title:	Nuclear Energy Research, Development, and Demonstration

Criteria

2 CFR §200.328: Unless otherwise approved by OMB, the Federal awarding agency must solicit only the OMB-approved governmentwide data elements for collection of financial information (at time of publication the Federal Financial Report or such future, OMB-approved, governmentwide data elements available from the OMB-designated standards lead). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting. The Federal awarding agency must use OMB-approved common information collections, as applicable, when providing financial and performance reporting information.

Condition

UAMPS did not include the year-end accrual of expenditures in the amount of cumulative federal expenditures reported in its fourth quarter SF-425 Federal Financial Report, resulting in and understatement of approximately $7.9 million in cumulative federal expenditures under this program.

Cause

UAMPS did not have a review control over the federal financial reports that was sufficiently imprecise to identify a misstatement in the reported amount of cumulative federal expenditures incurred under this program.

Effect

A misstatement in the reported amount of cumulative federal expenditures incurred under this program existed in UAMPS' fourth quarter SF-425 Federal Financial Report and was not identified.

Questioned Costs

None

Context

On a quarterly basis, UAMPS files the SF-425 Federal Financial Report. Included in this report are the cumulative federal expenditures incurred under this program. Because the year-end accrual of expenditures was not included in the fourth quarter SF-425 Federal Financial Report, cumulative federal expenditures were reported as approximately $88.9 million, which were understated by approximately $7.9 million.

Repeat Finding

No

Recommendation

Management should ensure that a review control is implemented that is sufficiently precise to detect a misstatement in the reported amount of cumulative federal expenditures incurred under this program in the federal financial reports.

Management's View and Corrective Action Plan

Management's response is reported in management's views and corrective action plan included at the end of this report.

Corrective Action Plan

UAMPS
Utah Associated Municipal Power Systems

SMARTENERGY

Finding 2023-001

CFPP LLC did not have a review control over the CFPP federal financial reports that was sufficiently precise to identify a misstatement in the reported amount of cumulative federal expenditures incurred under this program. Management agrees with the finding and proposes the following Corrective Action Plan:

Corrective Action Plan

CFPP will implement the following processes to improve the accuracy in the reporting process. Management will:

- develop a written policy and procedure to address the preparation, reconciliation, review and approval process of the SF-425 Federal Financial Report.

- provide training to all personnel responsible for the preparation of federal financial reports to ensure that the expenditures reported in the Federal Financial Report include all accruals for expenditures and that the amount of the expenditures reported are reconciled to the expenditures included in the general ledger.

- implement a new control in which the reconciliation of the expenditures reported in the Federal Financial Report to the general ledger is reviewed by the chief financial officer.

Timing

CFPP is in the process of drafting a written policy and procedure and a formal training presentation and plan to have both the policy and formal training completed by August 31, 2023. The next SF-425 is due July 30, 2023. CFPP is in the process of requesting an extension from DOE. Scott Fox, Chief Financial Officer, will perform a review and approve subsequent SF-425s to ensure the costs reconcile to the general ledger and the amounts on the SF-425 are complete and accurate.

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Finding 2023-002

CFPP LLC did not include the year-end accrual of expenditures in the amount of cumulative federal expenditures reported in its fourth quarter SF-425 Federal Financial Report, resulting in and understatement of approximately $7.9 million in cumulative federal expenditures under this program. Management agrees with the finding and submitted a revised SF-425 on July 13, 2023, with the correction. The error did not have any impact on the amount billed to DOE. Management proposes the following Corrective Action Plan:

Corrective Action Plan

CFPP will implement the following processes to improve the accuracy in the reporting process. Management:

- submitted a revised SF-425 Federal Financial Report through Fed Connect on July 13, 2023, updating Line 10f Federal share of unliquidated obligations to include the approximately $7.9 million adjustment. Scott Fox, CFO, reviewed the revised SF-425 which reconciled to the general ledger and included the year-end accrual. A copy of the revised SF-425 is available upon request.

- will develop a written policy and procedure to address the preparation, reconciliation, review and approval process of the SF-425 Federal Financial Report.

- will provide training to all personnel responsible for the preparation of federal financial reports to ensure that the expenditures reported in the Federal Financial Report include all accruals for expenditures and that the amount of the expenditures reported are reconciled to the expenditures included in the general ledger.

- will implement a new control in which the reconciliation of the expenditures reported in the Federal Financial Report to the general ledger is reviewed by the chief financial officer.

Timing

CFPP is in the process of drafting a written policy and procedure and a formal training presentation and plan to have both the policy and formal training completed by August 31, 2023. The next SF-425 is due July 30, 2023. CFPP is in the process of requesting an extension from DOE. Scott Fox, Chief Financial Officer, will perform a review and approve subsequent SF-425s to ensure the costs reconcile to the general ledger and the amounts on the SF-425 are complete and accurate.

Other Report

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

Management and the Board of Directors
Utah Associated Municipal Power Systems

Report on Compliance

We have audited Utah Associated Municipal Power Systems' (UAMPS) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended March 31, 2023.

State compliance requirements were tested for the year ended March 31, 2023 in the following areas:

- Budgetary Compliance
- Fraud Risk Assessment
- Public Treasurer's Bond

Opinion on Compliance

In our opinion, UAMPS complied, in all material respects, with the state compliance requirements referred to above for the year ended March 31, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of UAMPS and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of UAMPS' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to UAMPS' government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on UAMPS' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about UAMPS' compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding UAMPS' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of UAMPS' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of UAMPS' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guide and which is described below. Our opinion on compliance is not modified with respect to this matter.

Condition

UAMPS did not obtain the minimum bond/insurance coverage based on prior-year budgeted revenue. UAMPS was required to obtain insurance coverage of approximately $4.6 million, compared to actual insurance coverage of $3,000,000.

Criteria

Utah Administrative Code R628-4 requires that entities obtain bond/insurance coverage of a percentage of budgeted revenue. Based on UAMPS' budgeted revenue, bond/insurance coverage requirement would be $4,626,698.

Cause

UAMPS did not identify the need to obtain additional insurance based on the increased level of budgeted revenue.

Effect

UAMPS did not have an appropriate level of bond/insurance coverage during the year ended March 31, 2023.

Management Response

Subsequent to the identification of this finding, management obtained a sufficient level of insurance to comply with the requirement.

Government Auditing Standards require the auditor to perform limited procedures on UAMPS' response to the noncompliance findings identified in our audit described above. UAMPS' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Deloitte & Touche LLP

July 25, 2023