

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, 2022 and 2021
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, 2022 and 2021

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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 statement of net position as of March 31, 2022, and the related statements of revenues and expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, 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, 2022, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Predecessor Auditor's Opinion on 2021 Financial Statements

The financial statements of UAMPS as of and for the year ended March 31, 2021 were audited by other auditors whose report, dated July 27, 2021, except for the report on the schedule of expenditures of federal awards, for which the date was August 18, 2021, expressed an unmodified opinion on those statements.

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 audit was 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, 2022 and schedule of expenditures of federal awards for the year ended March 31, 2022, 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules of project financial statements as of and for the year ended March 31, 2022 and schedule of expenditures of federal awards for the year ended March 31, 2022 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 29, 2022 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 29, 2022, except for our report on the
Schedule of Expenditures of Federal Awards,
for which the date is August 25, 2022

Utah Associated Municipal Power Systems

Management's Discussion and Analysis

Introduction

The following is a discussion and analysis of Utah Associated Municipal Power Systems' (UAMPS) financial performance and position, providing an overview of UAMPS' activities for the years ended March 31, 2022, 2021, and 2020.

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

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

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

Highlights

UAMPS posted a change in net position for the years ended March 31, 2022, 2021 and 2020 of (\$4.7 million), \$3.6 million, and \$5.2 million, respectively. The Members may elect to receive refunds of any excess of revenues over expenses during the following fiscal year.

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 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, 2022, 2021, and 2020, were \$73.0 million, \$66.7 million, and \$68.0 million, respectively. All of UAMPS' investments are held in the Utah Public Treasurer's Investment Fund (PTIF).

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.

The decrease of \$1.3 million from March 31, 2020 to March 31, 2021 is due to changes within several accounts. Hunter overhaul decreased by \$1.2 million due to consumption of funds for a planned outage. Similarly, Payson and San Juan Reclamation funds decreased by \$0.5 million and \$0.2 million, respectively. These decreases were offset by slight increases in other project overhaul accounts. Finally, Member funds increased overall by \$0.6 million.

At March 31, 2022, 2021, and 2020, accounts receivable totaled \$45.9 million, \$30.3 million, and \$24.2 million, respectively. The increase of \$15.6 million from March 31, 2021 to March 31, 2022 is due to two factors. The outstanding receivable for CFPP LLC to the Department of Energy increased by \$14.1 million. The remaining increase of \$1.5 million was due to slightly larger balances at year end with a few of the larger members. The increase of \$6.1 million from March 31, 2020 to March 31, 2021 is due to two factors. First, receivables due from members increased by \$4.0 million due to timing of payment. Second, the component unit, CFPP LLC had accounts receivable of \$2.1 million for invoices submitted to the Department of Energy.

At March 31, 2022, 2021, and 2020, capital assets, net, totaled \$144.7 million, \$162.1 million, and \$180.9 million, respectively. The decrease of \$17.4 million from March 31, 2021 to March 31, 2022 is due to depreciation expense, offset by additions to the Payson Project during a planned maintenance outage. The decrease of \$18.8 million from March 31, 2020 to March 31, 2021 is due to depreciation expense, offset by additions to Hunter, Payson, and general fixed assets.

At March 31, 2022, 2021, and 2020, accounts payable and accrued liabilities totaled \$51.6 million, \$44.1 million, and \$33.2 million, respectively. 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. CFPP LLC has seen increased project activity and billings from vendors. The increase of \$10.9 million from March 31, 2020 to March 31, 2021 is due to several large invoices for counterparties outstanding at March 31, 2021. There were similar counterparties as the prior year with larger dollar volume in 2021.

At March 31, 2022, 2021, 2020, long term debt, net of current portion, totaled \$139.6 million, \$157.8 million, and \$175.3 million, respectively. The decrease of \$18.2 million from March 31, 2021 to March 31, 2022 is due to scheduled principal payments. There were no new issues, nor refinancing. Similarly, the decrease of \$17.5 million from March 31, 2020 to March 31, 2021 is due to scheduled principal payments. There were no new issues, nor refinancing.

The table summarizes UAMPS' financial position at March 31, 2022, 2021, and 2020:

	2022	2021	2020
	<i>(In Thousands)</i>		
Capital assets, net	\$ 144,659	\$ 162,118	\$ 180,924
Other assets	<u>128,745</u>	<u>104,546</u>	<u>98,998</u>
Total assets	273,404	266,664	279,922
Deferred outflows of resources	<u>2,935</u>	<u>3,402</u>	<u>3,869</u>
Total assets and deferred outflows of resources	<u>\$ 276,339</u>	<u>\$ 270,066</u>	<u>\$ 283,791</u>
Current liabilities	\$ 87,417	\$ 52,832	\$ 44,976
Liabilities paid from restricted assets	19,005	18,642	18,115
Long-term debt, less current portion	139,608	157,808	175,261
Other liabilities	<u>18,991</u>	<u>20,612</u>	<u>25,468</u>
Total liabilities	<u>265,021</u>	<u>249,894</u>	<u>263,820</u>
Deferred inflows of resources	<u>12,584</u>	<u>11,786</u>	<u>9,945</u>
Net position	<u>(1,266)</u>	<u>8,386</u>	<u>10,026</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 276,339</u>	<u>\$ 270,066</u>	<u>\$ 283,791</u>

Financial Analysis of Operations

Total revenue for the fiscal years ended March 31, 2022, 2021, and 2020, was \$270.2 million, \$209.7 million, and \$187.7 million, respectively.

The increase of \$60.2 million for the fiscal year ended March 31, 2021 to the fiscal 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.

The increase of \$22.0 million from the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2021, is due to two main contributors. First, CFPP LLC had its first income from billings to the Department of Energy for its first quarters of operation of \$2.1 million. Second, the Pool project had a large increase in MWh and revenue for sales of \$19.0 million.

Investment and other income, net for March 31, 2022, 2021, and 2020, was \$0.2 million, \$0.3 million, and \$0.8 million, respectively. The decreases are due to continued declines in rates on funds at the State PTIF.

Cost of power for the fiscal years ended March 31, 2022, 2021, and 2020 was \$193.4 million, \$161.1 million, and \$142.4 million, respectively.

The increase of \$32.3 million for the fiscal year ended March 31, 2021 to the fiscal year ended March 31, 2022 is due to higher megawatts used in Pool, Payson, and Firm, as well as higher energy and gas prices.

The increase of \$18.7 million for the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2021 is due to increased megawatts in the Pool project, due to increased demand, as well as higher average energy prices year over year.

Other expenses for the fiscal years ended March 31, 2022, 2021, and 2020 was \$81.7 million, \$45.3 million, and \$40.1 million, respectively.

The increase of \$36.4 million for the fiscal year ended March 31, 2021 to the fiscal 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 increase of \$5.4 million for the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2021 is due to a slight increase in depreciation expense, as well as an increase in general and administrative expenses associated with the CFPP project for development costs.

The table below summarizes UAMPS' total revenues and expenses and changes in net position for fiscal years 2022, 2021, and 2020:

	2022	2021	2020
	(In Thousands)		
Revenues:			
Power sales	\$ 236,063	\$ 207,133	\$ 187,236
Investment and other income, net	165	281	776
Other operating revenues	449	2,585	504
Other nonoperating revenues	<u>33,699</u>	<u>-</u>	<u>-</u>
Total revenues	<u>270,376</u>	<u>209,999</u>	<u>188,516</u>
Expenses:			
Cost of power	193,352	161,086	142,414
Other expenses	<u>81,676</u>	<u>45,288</u>	<u>40,853</u>
Total expenses	<u>275,028</u>	<u>206,374</u>	<u>183,267</u>
Change in net position	(4,652)	3,625	5,249
Net position at beginning of year	8,386	10,025	12,337
Distributions	<u>(4,999)</u>	<u>(5,264)</u>	<u>(7,561)</u>
Net position at end of year	<u>\$ (1,265)</u>	<u>\$ 8,386</u>	<u>\$ 10,025</u>

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, 2022, 2021, and 2020, was \$2.5 million, \$0.7 million, and \$1.1 million, respectively. The amount will fluctuate primarily due to timing of the transfer from the revolving line of credit and cash.

To manage cash flow requirements, UAMPS has revolving lines of credit with two financial institutions with total available cash lines of \$25.0 million. The interest rates from both financial institutions are variable with one being in relation to the Secured Overnight Financing Rate and the other in relation to a short-term U.S. Treasury rate. Of the combined \$25.0 million available on the revolving lines of credit, the outstanding balance was \$16.1 million, \$3.8 million, and \$7.7 million as of March 31, 2022, 2021, and 2020, respectively.

The increase of \$12.3 million from March 31, 2021 to March 31, 2022 is due to increased energy and gas costs and timing of items presented for payment, and when cash is collected from billings to members. Similarly, the decrease of \$3.9 million from March 31, 2020 to March 31, 2021 is due the timing between items presented for payment, and collection of 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. The outstanding balance was \$17.4 million at March 31, 2022.

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 4% year over 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,	
	2022	2021
Assets		
Current assets:		
Cash	\$ 2,487,369	\$ 716,579
Receivables	45,944,895	30,294,757
Prepaid expenses and deposits	9,779,401	7,575,627
Investments	24,429,788	21,166,496
Total current assets	82,641,453	59,753,459
Restricted assets:		
Interest receivable	698	-
Investments	46,103,408	44,793,463
Total restricted assets	46,104,106	44,793,463
Capital assets:		
Generation	414,825,741	413,291,095
Transmission	86,300,584	86,300,584
Furniture and equipment	1,568,532	2,382,664
Total	502,694,857	501,974,343
Less accumulated depreciation	(358,778,216)	(340,334,607)
Net	143,916,641	161,639,736
Construction work in progress	742,236	478,612
Capital assets, net	144,658,877	162,118,348
Deferred outflows of resources		
Defeasance costs	2,935,455	3,401,952
Total assets and deferred outflows of resources	\$ 276,339,891	\$ 270,067,222

(Continued)

Utah Associated Municipal Power Systems

Statements of Net Position

	March 31,	
	2022	2021
Liabilities		
Current liabilities:		
Accounts payable	\$ 34,799,547	\$ 32,174,302
Accrued liabilities	16,769,233	11,944,356
Lines of credit	33,531,857	3,762,731
Current portion of unearned revenue	2,316,501	4,950,304
Total current liabilities	87,417,138	52,831,693
Liabilities payable from restricted assets:		
Accrued interest payable	959,952	1,190,571
Current portion of long-term debt	18,045,041	17,452,255
Total liabilities payable from restricted assets	19,004,993	18,642,826
Long-term debt, less current portion	139,608,316	157,808,357
Other liabilities:		
Unearned revenue, less current portion	18,990,530	20,611,947
Deferred inflows of resources		
Net costs advanced from billings to members	12,584,063	11,786,388
Net position		
Net investment in capital assets	8,539,494	13,580,507
Restricted for project costs	13,219,336	8,017,073
Unrestricted	(23,023,979)	(13,211,569)
Total net position	(1,265,149)	8,386,011
Total liabilities, deferred inflows of resources, and net position	\$ 276,339,891	\$ 270,067,222

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,	
	2022	2021
Operating revenues:		
Power sales	\$ 236,062,617	\$ 207,133,108
Other	<u>449,201</u>	<u>2,584,460</u>
Total operating revenues	236,511,818	209,717,567
Operating expenses:		
Cost of power	193,351,833	161,085,701
In lieu of ad valorem taxes	746,855	675,329
Depreciation	19,977,956	20,976,402
General and administrative	<u>55,103,798</u>	<u>16,130,537</u>
Total operating expenses	<u>269,180,442</u>	<u>198,867,969</u>
Operating income (loss)	(32,668,624)	10,849,599
Nonoperating revenues (expenses):		
Subsidies from federal grants	33,698,966	-
Interest expense	(5,049,462)	(5,664,223)
Investment and other income, net	164,811	280,812
Recognition of deferred costs and revenues	<u>(797,674)</u>	<u>(1,841,525)</u>
Total nonoperating revenues (expenses), net	28,016,641	(7,224,936)
Change in net position	(4,651,983)	3,624,663
Net position at beginning of year	8,386,011	10,025,096
Distributions to members	<u>(4,999,177)</u>	<u>(5,263,750)</u>
Net position at end of year	<u>\$ (1,265,149)</u>	<u>\$ 8,386,009</u>

See accompanying notes to the financial statements.

Utah Associated Municipal Power Systems

Statements of Cash Flows

	Year Ended March 31,	
	2022	2021
Operating activities		
Cash received from customers	\$ 230,750,748	\$ 199,665,317
Cash payments to suppliers for goods and services	(235,176,766)	(159,166,418)
Cash payments to employees for services	(8,097,519)	(7,891,653)
Cash payments for ad valorem taxes	(681,855)	(677,329)
Net cash provided by (used in) operating activities	(13,205,392)	31,929,917
Capital and related financing activities		
Disbursements for capital assets	(2,972,963)	(2,170,780)
Proceeds from disposal of capital assets	454,480	-
Principal disbursement on long-term debt	(15,892,644)	(15,070,205)
Interest disbursement on long-term debt	(6,528,195)	(7,052,347)
Distribution to members	(4,999,177)	(5,263,748)
Net cash used in capital and related financing activities	(29,938,499)	(29,557,080)
Noncapital financing activities		
Subsidies received from federal grants	19,554,680	-
Draws on lines of credit	256,769,141	139,904,516
Disbursements on lines of credit	(227,000,015)	(143,841,785)
Net cash provided by (used in) noncapital financing activities	49,323,806	(3,937,269)
Investing activities		
Cash received from investments	11,770	278,377
Cash paid for investments	(3,275,063)	(598,309)
Restricted assets:		
Cash received from investments	7,450,545	2,247,287
Cash paid for investments	(8,760,490)	(982,132)
Interest income received	164,113	281,681
Net cash provided by (used in) investing activities	(4,409,125)	1,226,905
Increase (decrease) in cash	1,770,790	(337,527)
Cash at beginning of year	716,579	1,054,106
Cash at end of year	\$ 2,487,369	\$ 716,579

(Continued)

Utah Associated Municipal Power Systems

Statements of Cash Flows

	Year Ended March 31,	
	2022	2021
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (32,668,624)	\$ 10,849,599
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	19,977,956	20,976,402
Amortization of unearned revenue	(4,255,220)	(3,993,091)
Increase in current receivables	(1,505,852)	(6,059,159)
Increase in prepaid expenses and deposits	(2,203,774)	(772,824)
Increase in accounts payable	2,625,245	11,309,489
Increase in accrued liabilities	4,824,877	(380,499)
Net cash provided by (used in) operating activities	\$ (13,205,392)	\$ 31,929,917
<i>See accompanying notes to the financial statements.</i>		(Concluded)

Utah Associated Municipal Power Systems

Notes to Financial Statements

For the Years Ended March 31, 2022 and 2021

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, 2 joint action agencies, 1 electric service district, 1 public utility district, 2 water conservancy districts, 5 co-ops, 1 municipal utility district, 1 utility improvement district, and 2 nonprofit corporations (collectively, the "Members"). The Members are located in Utah, Idaho, Nevada, New Mexico, California, and Wyoming. UAMPS is a separate legal entity that possesses the ability to establish its own budget, incur debt, sue and be sued, and own and lease property. No other governmental units in Utah exercise significant control over UAMPS. As such, UAMPS is not a component unit as defined by the Governmental Accounting Standards Board (GASB) in its Section 2100, *Defining the Financial Reporting Entity*.

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.

Utah Associated Municipal Power Systems

Notes to Financial Statements

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. This has been delayed and effective fiscal year 2023. UAMPS is currently evaluating the effects the adoption of this statement will have on the financial statements.

GASB Statement No. 89

In June 2018, GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement became effective during fiscal year 2022, and UAMPS has determined that it did not have a material impact on the financial statements.

Revenue

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

Utah Associated Municipal Power Systems

Notes to Financial Statements

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 a receivable 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 a company to report under GASB Re10, a company's rates must be designed to recover its costs of providing services, and the company must be able to collect those rates from customers. If it were determined, whether due to competition or regulatory action, that these standards no longer applied, UAMPS could be required to write off its regulatory deferred inflows 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.

Utah Associated Municipal Power Systems

Notes to Financial Statements

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 projects 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.

Utah Associated Municipal Power Systems

Notes to Financial Statements

- 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, 2022 and 2021, UAMPS reported a negative balance in unrestricted net position. The deficit is a result of a long-term prepayment of future power sales.

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 2012, 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.

Utah Associated Municipal Power Systems

Notes to Financial Statements

3. Net Costs Advanced from Billings to Members

	For the Years Ended March 31,		Accumulated Total as of March 31,	
	2022	2021	2022	2021
Items in accordance with GAAP not currently billable to Members				
Depreciation, accretion and amortization of bond issuance costs	\$ 19,977,956	\$ 20,976,402	\$ 416,842,233	\$ 396,864,277
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	(2,110,548)	(2,751,889)	(45,734,100)	(43,623,552)
Utility plant renewals and replacements	(2,518,484)	(2,164,063)	(116,358,382)	(113,839,898)
Plant inventory	98,343	(93,888)	(801,118)	(899,461)
Principal amounts of debt service	(16,414,816)	(15,728,373)	(389,866,838)	(373,452,022)
Amortization of bond premium	(1,714,611)	(1,707,669)	(21,813,800)	(20,099,189)
Major overhaul reserve payments	1,334,173	(887,509)	(8,836,994)	(10,171,167)
Amortization of defeased debt costs	466,497	466,497	3,243,360	2,776,863
Amortization of prepaid energy	-	-	35,106,577	35,106,577
Accrued personal leave	83,815	48,967	830,916	747,101
	<u>83,815</u>	<u>48,967</u>	<u>830,916</u>	<u>747,101</u>
Net costs to be recovered from future billings to members	<u>\$ (797,675)</u>	<u>\$ (1,841,525)</u>	<u>\$ (12,584,063)</u>	<u>\$ (11,786,388)</u>

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.

Utah Associated Municipal Power Systems

Notes to Financial Statements

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.

Utah Associated Municipal Power Systems

Notes to Financial Statements

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, 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	<u>(891,743)</u>	<u>-</u>	<u>(1,097,082)</u>	<u>(65,376)</u>	<u>(2,054,202)</u>
Balance, March 31, 2022	<u>\$ 414,825,741</u>	<u>\$ 86,300,584</u>	<u>\$ 1,568,532</u>	<u>\$ 742,236</u>	<u>\$ 503,437,094</u>
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	<u>437,265</u>	<u>-</u>	<u>1,097,082</u>	<u>-</u>	<u>1,534,347</u>
Accumulated depreciation, March 31, 2022	<u>\$ (288,226,118)</u>	<u>\$(69,843,083)</u>	<u>\$ (709,016)</u>	<u>\$ -</u>	<u>\$ (358,778,216)</u>
Average depreciation rate	<u>4.4 %</u>	<u>1.9 %</u>	<u>16.9 %</u>	<u>- %</u>	<u>4.0 %</u>

Utah Associated Municipal Power Systems

Notes to Financial Statements

	Generation	Transmission	Furniture & Equipment	Construction Work-In Progress	Total
Balance, April 1, 2020	\$ 411,876,905	\$ 86,300,615	\$ 1,777,122	\$ 621,500	\$ 500,576,142
Capital additions	1,500,683	-	813,015	458,612	2,772,310
Sales, retirements	<u>(86,493)</u>	<u>(31)</u>	<u>(207,473)</u>	<u>(601,500)</u>	<u>(895,497)</u>
 Balance, March 31, 2021	 <u>\$ 413,291,095</u>	 <u>\$ 86,300,584</u>	 <u>\$ 2,382,664</u>	 <u>\$ 478,612</u>	 <u>\$ 502,452,955</u>
 Accumulated depreciation, April 1, 2020	 \$ (253,003,940)	 \$(65,357,862)	 \$(1,290,369)	 \$ -	 \$ (319,652,171)
Depreciation expense	(17,702,571)	(2,885,362)	(388,469)	-	(20,976,402)
Retirements	<u>86,493</u>	<u>-</u>	<u>207,473</u>	<u>-</u>	<u>293,966</u>
 Accumulated depreciation, March 31, 2021	 <u>\$ (270,620,018)</u>	 <u>\$(68,243,224)</u>	 <u>\$(1,471,365)</u>	 <u>\$ -</u>	 <u>\$ (340,334,607)</u>
 Average depreciation rate	 <u>4.3 %</u>	 <u>3.3 %</u>	 <u>18.7 %</u>	 <u>- %</u>	 <u>4.2 %</u>

5. Investments

At March 31, 2022 and 2021, UAMPS had the following total investments:

	2022	2021
Restricted:		
Utah Public Treasurer's Investment Fund	<u>\$ 46,103,408</u>	<u>\$ 44,793,463</u>
Current:		
Utah Public Treasurer's Investment Fund	<u>\$ 24,429,788</u>	<u>\$ 21,166,496</u>

Utah Associated Municipal Power Systems

Notes to Financial Statements

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, 2022.

At March 31, 2022 and 2021, UAMPS had the following investments and quality ratings:

	2022	Quality Rating	
		AAA/Aaa/AA+	Unrated
Utah Public Treasurer’s Investment Fund	<u>\$ 70,533,196</u>	<u>\$ -</u>	<u>\$ 70,533,196</u>
Total	<u><u>\$ 70,533,196</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 70,533,196</u></u>
	2021	Quality Rating	
		AAA/Aaa/AA+	Unrated
Utah Public Treasurer’s Investment Fund	<u>\$ 65,959,959</u>	<u>\$ -</u>	<u>\$ 65,959,959</u>
Total	<u><u>\$ 65,959,959</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 65,959,959</u></u>

Utah Associated Municipal Power Systems

Notes to Financial Statements

Fair Value

UAMPS categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As of March 31, 2022 and 2021, UAMPS had fair value measurements as shown below:

	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
	<u>\$ 70,533,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,533,196</u>
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	2021 Fair Value			
Utah Public Treasurer's Investment Fund	\$ 65,959,959	\$ -	\$ -	\$ 65,959,959
	<u>\$ 65,959,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,959,959</u>

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, 2022, UAMPS had \$2.2 million exposed to custodial credit risk. At March 31, 2021, UAMPS had \$0.5 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.

Utah Associated Municipal Power Systems

Notes to Financial Statements

6. Cash

The cash balance at March 31, 2022 of \$2.5 million and at March 31, 2021 of \$0.7 million consisted of deposits with banks.

As of March 31, 2022 and 2021, there was no balance in restricted cash.

7. Debt

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

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding March 31,	
				2022	2021
Horse Butte Wind 2012A Serial	67,860,000	0.05%-5.00%	2013–2032	\$ 3,180,000	\$ 6,210,000
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	165,000	2.05 %	2019	-	-
Taxable component	170,000	2.20 %	2020	-	-
Taxable component	170,000	2.45 %	2021	-	170,000
Taxable component	180,000	2.60 %	2022	180,000	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
	<u>2,120,000</u>				

(Continued)

Utah Associated Municipal Power Systems

Notes to Financial Statements

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding March 31,	
				2022	2021
San Juan 2008A					
Serial	2,345,000	3.50%–4.50%	2009–2022	\$ 215,000	\$ 425,000
San Juan 2011					
Serial	22,165,000	2.00%–5.50%	2011–2023	3,605,000	5,875,000
Central-St. George 2016					
Term	25,880,000	2.53 %	2016–2027	18,520,000	21,345,000
Central-St. George 2018					
Term	2,236,374	3.85 %	2018–2027	648,628	876,272
Payson 2012					
Serial	74,885,000	2.00%–5.00%	2013–2026	-	5,430,000
Payson 2013					
Serial	2,025,000	1.76 %	2014–2023	435,000	650,000
Payson 2019					
Serial	26,770,000	2.05%–2.50%	2020–2025	25,855,000	26,395,000
Veyo 2014					
Serial	12,990,000	3.00%–5.00%	2017–2034	9,755,000	10,355,000
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
	<u>21,390,000</u>				
Hurricane City—2013					
Term	2,009,000	2.30 %	2014–2027	942,000	1,086,000
Washington City—2013					
Term	996,000	2.30 %	2014–2027	466,000	538,000
Washington City—2016					
Term	1,968,000	2.59 %	2017–2029	<u>1,236,000</u>	<u>1,395,000</u>
				145,807,628	161,700,272
Plus unamortized bond premium				11,845,729	13,560,340
Less current portion				<u>18,045,041</u>	<u>17,452,255</u>
				<u>\$ 139,608,316</u>	<u>\$ 157,808,357</u>

(Concluded)

Utah Associated Municipal Power Systems

Notes to Financial Statements

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, 2022 was \$3.2 million. 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, 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 San Juan Project Refunding Revenue Bonds, Series 2011, totaling \$22.2 million, mature on June 1, 2023, at 2.00% –5.50% interest.

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

The 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

Utah Associated Municipal Power Systems

Notes to Financial Statements

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 Refunding Revenue Bonds Series 2012 (“Series 2012 Bonds”), totaling \$31.5 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 2012 bonds matured and were paid on April 1, 2021.

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.

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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 \$5.0 million and \$5.7 million for the years ended March 31, 2022 and 2021, respectively.

The scheduled maturities and related interest, based on scheduled rates for fixed rate bonds and the existing rates at March 31, 2022, 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
2023	\$ 16,585,409	\$ 5,551,852	\$ 22,137,261
2024	15,600,511	5,029,757	20,630,268
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
2028–2032	30,555,000	14,495,407	45,050,407
2033–2037	33,805,000	7,094,069	40,899,069
2038–2042	<u>11,680,000</u>	<u>756,550</u>	<u>12,436,550</u>
	<u>\$ 145,807,628</u>	<u>\$45,355,372</u>	<u>\$ 191,163,000</u>

Utah Associated Municipal Power Systems

Notes to Financial Statements

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	-	-	-	-	-
Horse Butte Wind 2017C – Taxable Component	-	-	-	-	-
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
	<u>\$ 175,260,612</u>	<u>\$ -</u>	<u>\$ 17,607,255</u>	<u>\$ 157,653,357</u>	<u>\$ 18,045,041</u>

Utah Associated Municipal Power Systems

Notes to Financial Statements

The table below shows the changes in the net long-term debt balances that occurred during the year ended March 31, 2021.

	March 31, 2020	Additions	Reductions	March 31, 2021	Amount Due Within One Year
Horse Butte Wind 2012A – Serial	\$ 9,095,000	\$ -	\$ 2,885,000	\$ 6,210,000	\$ 3,030,000
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	-	-	-	-	-
Horse Butte Wind 2017C – Taxable Component	170,000	-	170,000	-	-
Horse Butte Wind 2017C – Taxable Component	170,000	-	-	170,000	170,000
Horse Butte Wind 2017C – Taxable Component	180,000	-	-	180,000	-
Horse Butte Wind 2017C – Taxable Component	460,000	-	-	460,000	-
Horse Butte Wind 2017C – Term	480,000	-	-	480,000	-
Horse Butte Wind 2017C – Term	495,000	-	-	495,000	-
San Juan 2008A- Serial	625,000	-	200,000	425,000	210,000
San Juan 2011 – Serial	8,025,000	-	2,150,000	5,875,000	2,270,000
Central-St. George 2009 – Serial	-	-	-	-	-
Central-St. George 2011 – Serial	-	-	-	-	-
Central-St. George 2012 – Serial	-	-	-	-	-
Central-St. George 2016 – Term	24,100,000	-	2,755,000	21,345,000	2,825,000
Central-St. George 2018 – Term	1,095,477	-	219,205	876,272	227,645
Payson 2012 – Serial	10,600,000	-	5,170,000	5,430,000	5,430,000
Payson 2013 – Serial	860,000	-	210,000	650,000	215,000
Payson 2019 – Serial	26,770,000	-	375,000	26,395,000	375,000
Veyo 2014 – Serial	10,925,000	-	570,000	10,355,000	600,000
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	1,227,000	-	141,000	1,086,000	144,000
Washington City 2013 – Term	608,000	-	70,000	538,000	72,000
Washington 2016 – Term	1,550,000	-	155,000	1,395,000	159,000
	176,770,477	-	15,070,205	161,700,272	15,727,645
Plus unamortized premium	15,268,011	-	1,707,668	13,560,343	1,714,610
	<u>\$ 192,038,488</u>	<u>\$ -</u>	<u>\$ 16,777,873</u>	<u>\$ 175,260,615</u>	<u>\$ 17,442,255</u>

Utah Associated Municipal Power Systems

Notes to Financial Statements

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 and \$3.8 million March 31, 2022 and 2021, respectively. The maturity date of the line of credit with Wells Fargo is April 30, 2024. The maturity date of the line of credit with Zions is November 15, 2022.

On September 15, 2021, UAMPS obtained a \$35.0 million line of credit with Bank of America to finance expenses associated with CFPP LLC. The outstanding balance was \$17.4 million at March 31, 2022. The maturity date of the line of credit with Bank of America is September 30, 2022.

9. Commitments and Contingencies

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

UAMPS had the following purchase commitments at March 31, 2022:

	Gas	Power
Fiscal year:		
2023	\$ 12,363,290	\$ 24,307,466
2024	209,670	25,385,081
2025	-	24,782,747
2026	-	25,617,711
2027	<u>830,235</u>	<u>26,091,212</u>
Total	<u>\$ 13,403,195</u>	<u>\$ 126,184,217</u>

Under similar agreements, UAMPS purchased energy in the amount of \$54.2 million in fiscal year 2022 and \$50.0 million in fiscal year 2021. UAMPS purchased natural gas in the amount of \$14.5 million in fiscal year 2022 and 2021, respectively.

UAMPS shares an ownership interest in the San Juan Generating Station, which has an agreement with the Public Service Company of New Mexico, to purchase a minimum annual quantity of coal. Under the agreement currently in place, the San Juan Generating Station and UAMPS, as a part owner of generating unit number 4, had purchase commitments that expired as of March 31, 2022.

Utah Associated Municipal Power Systems

Notes to Financial Statements

During fiscal years 2022 and 2021, UAMPS incurred minimum coal costs of \$3.7 million and \$5.0 million, respectively, and incremental coal costs of \$0.3 million and \$0.3 million, respectively, as its portion of the existing San Juan Operating Agreement. Incremental coal costs are comprised of variable costs for the purchase of coal in excess of the minimum purchase requirement and can be negative due to consumption being less than the base purchase requirement.

UAMPS leases office space under a 12-year operating lease expiring in fiscal year 2033. Future minimum lease payments under the operating lease obligation are:

Fiscal year:	
2023	\$ 605,582
2024	617,694
2025	630,048
2026	644,248
2027	663,575
Thereafter	<u>4,218,534</u>
	<u>\$7,379,681</u>

Rent expense for the years ended March 31, 2022 and 2021, was \$0.5 million and \$0.5 million, respectively.

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

10. Retirement Plan

UAMPS has a noncontributory money purchase defined contribution pension plan, which covers all of its employees. Employees are eligible to participate from the date of employment. Contributions and earnings thereon are always fully vested upon participation in the plan. Contribution levels are established by the Board and are initially equal to 15.3%, increasing to 25.0% of each covered employee's compensation. UAMPS' covered payroll amounted to approximately \$5.5 million in fiscal year 2022 and \$5.4 million in fiscal year 2021. Contributions, which are approximately 23.51% in fiscal year 2022 and 25.83% in fiscal year 2021 of total payroll, totaled approximately \$1.3 million in fiscal year 2022 and \$1.4 million in fiscal year 2021. All contributions are invested using an outside pension administrator, ICMA Retirement Corp. (ICMA). ICMA provides the participants with multiple options for their pension investments.

Utah Associated Municipal Power Systems

Notes to Financial Statements

11. 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

	Year Ended March 31, 2022	Year Ended March 31, 2021
<i>(In Thousands)</i>		
Operating revenues	\$ -	\$ 2,100
Operating expenses	<u>(45,205)</u>	<u>(3,129)</u>
Operating loss	(45,205)	(1,029)
Nonoperating revenues (expenses):		
Subsidies from federal grants	33,699	-
Nonoperating expenses	<u>(73)</u>	<u>(7)</u>
Total nonoperating revenues (expenses), net	33,626	(7)
Change in net position	(11,579)	(1,036)
Net position at beginning of year	<u>(1,036)</u>	<u>-</u>
Net position at end of year	<u><u>\$ (12,615)</u></u>	<u><u>\$ (1,036)</u></u>

Utah Associated Municipal Power Systems

Notes to Financial Statements

Statements of Net Position

<i>(In Thousands)</i>	Year Ended March 31, 2022	Year Ended March 31, 2021
Current assets:		
Cash	\$ 36	\$ 1
Receivables	16,244	2,100
Prepaid expenses and deposits	<u>6</u>	<u>16</u>
Total current assets	<u>16,286</u>	<u>2,117</u>
Capital assets:		
Construction work-in-progress	<u>-</u>	<u>866</u>
Total capital assets	<u>-</u>	<u>866</u>
Total assets and deferred outflows of resources	<u>\$ 16,286</u>	<u>\$ 2,983</u>
Current liabilities:		
Accounts payable	\$ 7,597	\$ 1,689
Accrued liabilities	<u>21,304</u>	<u>2,330</u>
Total current liabilities	<u>28,901</u>	<u>4,019</u>
Net position:		
Unrestricted	<u>(12,615)</u>	<u>(1,036)</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 16,286</u>	<u>\$ 2,983</u>

Utah Associated Municipal Power Systems

Notes to Financial Statements

Statements of Cash Flows

	Year Ended March 31, 2022	Year Ended March 31, 2021
<i>(In Thousands)</i>		
Net cash provided by (used in) operating activities	(20,313)	\$ 2,590
Net cash provided by (used in) capital and related financing activities	793	(2,588)
Net cash provided by noncapital financing activities	19,555	-
Net cash used in investing activities	<u>-</u>	<u>(1)</u>
Increase in cash	35	1
Cash at beginning of year	<u>1</u>	<u>-</u>
Cash at end of year	<u>\$ 36</u>	<u>\$ 1</u>

12. Subsequent Events

On June 1, 2022, the optional redemption feature of the San Juan Project Refunding Revenue Bonds, Series 2011 was exercised in order to pay off the final maturity. The debt service reserve funds were used to make this final payment totaling \$1.2 million.

On July 1, 2022, an amendment to the line of credit agreement between UAMPS and Wells Fargo Bank increased from \$19.0 million to \$26.0 million. This action was taken in light of the ongoing increases to market price of wholesale electricity and other inflationary pressures.

Supplemental Schedules

Utah Associated Municipal Power Systems Schedules of Project Financial Statements

Statement of Net Position

March 31, 2022

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Horse Butte Wind	Veyo	Craig Mona	Central St. George	Pool	Payson	CFPP	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Totals
Assets																		
Current assets:																		
Cash	\$ 1,728,070	\$ 4,280,250	\$ 1,663,642	\$ (627,682)	\$ 728,247	\$ 365,003	\$ (242,040)	\$ 98,732	\$ (1,227,035)	\$ 7,999,444	\$ 2,260,877	\$(16,382,000)	\$ 188,436	\$ 1,139,418	\$ (56,899)	\$ 379,289	\$ 191,617	\$ 2,487,369
Receivables	1,453,258	3,035,769	1,415,783	1,049,323	1,546,029	1,519,979	800,207	40,231	414,863	12,710,148	5,115,548	16,245,693	-	231,300	233,706	65,053	68,005	45,944,895
Prepaid expenses and deposits	-	2,806,000	864,916	-	-	774,633	51,018	344,968	-	2,955,131	1,976,732	6,003	-	-	-	-	-	9,779,401
Investment	1,750,724	2,720,785	1,987,625	9,418	1,426,982	1,736,659	470,964	16,320	631,865	7,675,450	5,718,082	-	-	82,787	15,745	63,262	123,120	24,429,788
Total assets	4,932,052	12,842,804	5,931,966	431,059	3,701,258	4,396,274	1,080,149	500,251	(180,307)	31,340,173	15,071,239	(130,304)	188,436	1,453,505	192,552	507,604	382,742	82,641,453
Restricted assets:																		
Investments	-	4,322,405	8,324,332	-	-	13,775,488	2,073,316	-	4,909,480	-	10,801,273	-	-	-	-	-	1,897,114	46,103,408
Interest receivable	50	78	57	-	41	50	14	-	18	219	163	-	-	2	-	2	4	698
		57																
Total restricted assets	50	4,322,483	8,324,389	-	41	13,775,538	2,073,330	-	4,909,498	219	10,801,436	-	-	2	-	2	1,897,118	46,104,106
Capital assets:																		
Generation	-	100,387,217	69,723,436	-	-	93,980,844	30,700,018	-	-	-	113,204,243	1,000	-	-	-	-	6,828,983	414,825,741
Transmission	-	-	-	-	-	-	-	17,492,388	58,286,458	-	10,521,738	-	-	-	-	-	-	86,300,584
Furniture and equipment	64,620	176,029	153,775	45,039	32,015	167,456	13,264	14,479	63,115	-	342,587	151,518	-	208,658	37,144	84,504	14,329	1,568,532
Total	64,620	100,563,246	69,877,211	45,039	32,015	94,148,300	30,713,282	17,506,867	58,349,573	-	124,068,568	152,518	-	208,658	37,144	84,504	6,843,312	502,694,857
Less accumulated depreciation	(30,765)	(91,663,684)	(69,799,550)	(14,681)	(21,829)	(21,308,221)	(6,847,199)	(17,499,292)	(51,368,571)	-	(94,982,713)	(107,200)	-	(111,714)	(21,005)	(41,655)	(4,960,137)	(358,778,216)
Net	33,855	8,899,562	77,661	30,358	10,186	72,840,079	23,866,083	7,575	6,981,002	-	29,085,855	45,318	-	96,944	16,139	42,849	1,883,175	143,916,641
Construction work in progress	7,501	30,245	11,795	100	8,823	9,215	17,195	-	77,236	173,621	406,505	-	-	-	-	-	-	742,236
Capital assets, net	41,356	8,929,807	89,456	30,458	19,009	72,849,294	23,883,278	7,575	7,058,238	173,621	29,492,360	45,318	-	96,944	16,139	42,849	1,883,175	144,658,877
Deferred outflows of resources																		
Defeasance costs	-	-	7,637	-	-	731,585	-	-	1,735,022	-	461,211	-	-	-	-	-	-	2,935,455
Total assets and deferred outflows of resources	\$ 4,973,458	\$ 26,095,094	\$ 14,353,448	\$ 461,517	\$ 3,720,308	\$ 91,752,691	\$ 27,036,757	\$ 507,826	\$ 13,522,451	\$ 31,514,013	\$ 55,826,246	\$ (84,986)	\$ 188,436	\$ 1,550,451	\$ 208,691	\$ 550,455	\$ 4,163,035	\$ 276,339,891

(Continued)

Utah Associated Municipal Power Systems Schedules of Project Financial Statements

Statement of Net Position

March 31, 2022

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Horse Butte Wind	Veyo	Craig Mona	Central St. George	Pool	Payson	CFPP	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Totals
Liabilities																		
Current liabilities:																		
Accounts payable	\$ 2,299,924	\$ (384,228)	\$ 1,366,370	\$ (837,035)	\$ 766,625	\$ 3,184,846	\$ 220,121	\$ 36,255	\$ 61,114	\$ 16,945,295	\$ 2,658,889	\$ 8,416,946	\$ -	\$ 40,676	\$ 4,294	\$ 28,442	\$ (8,987)	\$ 34,799,547
Accrued liabilities	79,937	393,588	229,860	890,937	59,315	(78,111)	36,087	16,456	80,997	10,384,008	322,459	4,112,850	-	152,644	10,042	78,138	26	16,769,233
Lines of credit	2,403,010	3,734,498	2,728,176	12,927	1,958,648	2,383,704	646,436	22,401	867,286	10,535,175	7,848,529	-	-	113,631	21,611	86,833	168,992	33,531,857
Current portion of unearned revenue	-	-	68,795	-	-	1,281,856	382,569	-	60,470	44,196	478,615	-	-	-	-	-	-	2,316,501
Total current liabilities	4,782,871	3,743,858	4,393,201	66,829	2,784,588	6,772,295	1,285,213	75,112	1,069,867	37,908,674	11,308,492	12,529,796	-	306,951	35,947	193,413	160,031	87,417,138
Liabilities payable from restricted assets:																		
Accrued interest payable	862	1,339	70,295	5	702	313,627	70,056	8	165,273	3,777	312,401	-	-	41	8	31	21,527	959,952
Current portion of long-term debt	-	-	2,628,574	-	-	4,721,140	714,918	-	3,131,409	-	6,465,000	-	-	-	-	-	384,000	18,045,041
Total liabilities payable from restricted assets	862	1,339	2,698,869	5	702	5,034,767	784,974	8	3,296,682	3,777	6,777,401	-	-	41	8	31	405,527	19,004,993
Long-term debt:																		
Bonds payable, less current portion	-	-	1,205,000	-	-	72,370,000	17,525,000	-	16,037,218	-	19,825,000	-	-	-	-	-	2,260,000	129,222,218
Unamortized bond premium	-	-	-	-	-	9,501,930	884,168	-	-	-	-	-	-	-	-	-	-	10,386,098
Total long-term debt	-	-	1,205,000	-	-	81,871,930	18,409,168	-	16,037,218	-	19,825,000	-	-	-	-	-	2,260,000	139,608,316
Other liabilities:																		
Unearned revenue, less current portion	-	-	10,618,727	-	-	23,928,311	9,907,223	-	479,682	-	4,477,541	-	-	-	-	-	-	49,411,484
Accumulated amortization of unearned revenue	-	-	(10,618,727)	-	-	(12,113,266)	(3,052,860)	-	(236,421)	-	(4,399,680)	-	-	-	-	-	-	(30,420,954)
Total other liabilities	-	-	-	-	-	11,815,045	6,854,363	-	243,261	-	77,861	-	-	-	-	-	-	18,990,530
Deferred inflows of resources																		
Net costs advanced from billings to members	(477)	18,706,631	5,521,187	7,383	(29,062)	(14,851,251)	(528,818)	522,491	(7,033,715)	(6,337,366)	15,440,395	2,256	-	42,014	34,478	1,603	1,086,314	12,584,063
Net position	190,202	3,643,266	535,191	387,300	964,080	1,109,905	231,857	(89,785)	(90,862)	(61,072)	2,397,097	(12,617,038)	188,436	1,201,445	138,258	355,408	251,163	(1,265,149)
Total liabilities, deferred inflows of resources, and net position	\$ 4,973,458	\$ 26,095,094	\$ 14,353,448	\$ 461,517	\$ 3,720,308	\$ 91,752,691	\$ 27,036,757	\$ 507,826	\$ 13,522,451	\$ 31,514,013	\$ 55,826,246	\$ (84,986)	\$ 188,436	\$ 1,550,451	\$ 208,691	\$ 550,455	\$ 4,163,035	\$ 276,339,891

(Concluded)

Utah Associated Municipal Power Systems Schedules of Project Financial Statements

Statement of Revenues and Expenses

Year Ended March 31, 2022

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Horse Butte Wind	Veyo	Craig Mona	Central St. George	Pool	Payson	CFPP	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Totals
Operating revenues:																		
Power sales	\$ 11,323,547	\$ 19,562,366	\$ 13,545,366	\$ 566,855	\$ 11,447,293	\$ 13,936,657	\$ 3,262,177	\$ 736,850	\$ 4,287,611	\$ 105,885,996	\$ 49,975,953	\$ 56,558	\$ -	\$ 34,269	\$ 159,471	\$ 444,943	\$ 836,705	\$ 236,062,617
Other	(12,335)	(55,845)	(21,366)	(340)	(19,980)	(16,497)	(3,128)	-	-	(318,700)	(62,381)	-	-	959,773	-	-	-	449,201
Total operating revenues	11,311,212	19,506,521	13,524,000	566,515	11,427,313	13,920,160	3,259,049	736,850	4,287,611	105,567,296	49,913,572	56,558	-	994,042	159,471	444,943	836,705	236,511,818
Operating expenses:																		
Cost of power	10,928,476	16,849,771	9,002,247	420,085	10,709,510	3,898,665	754,122	563,207	258,548	102,167,002	37,136,553	-	-	299,778	-	113,341	250,528	193,351,833
In lieu of ad valorem taxes	-	507,251	49,361	3,783	-	186,460	-	-	-	-	-	-	-	-	-	-	-	746,855
Depreciation	12,273	483,828	4,678,608	8,179	7,724	4,785,012	1,241,492	3,839	1,615,539	-	6,709,032	51,862	-	39,122	5,144	19,200	317,102	19,977,956
General and administrative	333,976	880,169	658,438	127,856	431,919	1,154,188	656,359	87,303	401,176	2,987,900	3,905,125	42,618,451	-	486,779	79,337	275,593	19,229	55,103,798
Total operating expenses	11,274,725	18,721,019	14,388,654	559,903	11,149,153	10,024,325	2,651,973	654,349	2,275,263	105,154,902	47,750,710	42,670,313	-	825,679	84,481	408,134	586,859	269,180,442
Operating income (loss)	36,487	785,502	(864,654)	6,612	278,160	3,895,835	607,076	82,501	2,012,348	412,394	2,162,862	(42,613,755)	-	168,363	74,990	36,809	249,846	(32,668,624)
Nonoperating revenues (expenses):																		
Subsidies from federal grants												33,698,966						33,698,966
Interest expense	(7,909)	(12,292)	(239,858)	(43)	(6,447)	(2,564,698)	(748,470)	(74)	(856,054)	(34,675)	(438,877)	(73,009)	-	(374)	(71)	(286)	(66,325)	(5,049,462)
Investment and other income (expense), net	-	16,991	29,479	-	-	50,278	9,345	-	19,896	-	32,209	-	-	-	-	-	6,613	164,811
Recognition of deferred costs and revenues	3,416	168,674	1,399,019	2,286	1,918	(955,772)	264,240	947	(1,107,936)	-	(419,054)	(10,914)	-	521	2,005	5,468	(152,492)	(797,674)
Total nonoperating expenses, net	(4,493)	173,373	1,188,640	2,243	(4,529)	(3,470,192)	(474,885)	873	(1,944,094)	(34,675)	(825,722)	33,615,043	-	147	1,934	5,182	(212,204)	28,016,641
Change in net position	\$ 31,994	\$ 958,875	\$ 323,986	\$ 8,855	\$ 273,631	\$ 425,643	\$ 132,191	\$ 83,374	\$ 68,254	\$ 377,719	\$ 1,337,140	\$ (8,998,712)	\$ -	\$ 168,510	\$ 76,924	\$ 41,991	\$ 37,642	\$ (4,651,983)

Reports Required by the Uniform Guidance

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 statement of net position as of March 31, 2022, and the related statements of revenues and expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit 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.

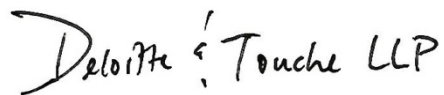
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

The image shows a handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, professional style.

July 29, 2022

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 Each Major Federal Program

Opinion on Each 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 each of UAMPS' major federal programs for the year ended March 31, 2022. UAMPS' major federal programs are 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 each of its major federal programs for the year ended March 31, 2022.

Basis for Opinion on Each 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 those 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 each 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 each 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.

Report on Internal Control Over Compliance

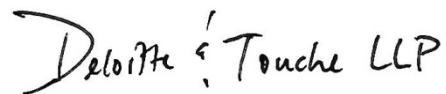
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 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

The image shows a handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, professional style.

August 25, 2022

Supplementary Information
Required by the Uniform Guidance

Utah Associated Municipal Power Systems
Schedules of Expenditures of Federal Awards

Year Ended March 31, 2022

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	<u>\$ 32,906,902</u>
U.S. Department of Energy			<u>32,906,902</u>
Total expenditures of federal awards			<u><u>\$ 32,906,902</u></u>

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, 2022

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 wholly-owned subsidiary of Utah Associated Municipal Power Systems (UAMPS) under programs of the federal government for the year ended March 31, 2022. 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, 2022

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?	_____	Yes	_____	X	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)?	_____	Yes	_____	X	No
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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: \$ 750,000

Auditee qualified as low-risk auditee?	_____	Yes	_____	_____	No
	X				

Utah Associated Municipal Power Systems
Schedule of Findings and Questioned Costs

Year Ended March 31, 2022

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Finding and Questioned Costs

No matters were reported.

Other Report

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, 2022.

State compliance requirements were tested for the year ended March 31, 2022, in the following areas:

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on UAMPS' compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about UAMPS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of UAMPS' compliance with those requirements.

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, 2022.

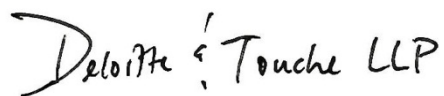
Report On Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or 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 the attention of those charged with governance.

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

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

The image shows a handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, professional style.

August 25, 2022