UTAH MUNICIPAL POWER AGENCY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended June 30, 2024 and 2023

Larson
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Board of Directors
Utah Municipal Power Agency
Spanish Fork, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Utah Municipal Power Agency as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Utah Municipal Power Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Utah Municipal Power Agency, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Utah Municipal Power Agency for the year ended June 30, 2023. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for 2023, is based solely on the report of other auditors.

Basis for Opinions

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,* 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 Utah Municipal Power Agency 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 opinions.

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 Utah Municipal Power Agency's 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 opinions. 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, 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, 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 Utah Municipal Power Agency's 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 Utah Municipal Power Agency's 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 the management's discussion and analysis, and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Utah Municipal Power Agency's basic financial statements. The Schedule of Changes in Funds Established by the Bond Resolution are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Changes in Funds Established by the Bonds Resolution 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 Schedule of Changes in Funds Established by the Bond Resolution is 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 December 4, 2024 on our consideration of Utah Municipal Power Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Utah Municipal Power Agency's internal control over financial reporting and compliance.

Larson & Company, PC

Larson & Company, PC
Spanish Fork, Utah

December 4, 2024

This discussion and analysis provides an overview of the financial performance and activities of Utah Municipal Power Agency (UMPA or the Agency) for the fiscal years ended June 30, 2024, 2023, and 2022. The information presented should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Financial Statements Overview

The Agency operates as a utility enterprise and substantially follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission. The accompanying basic financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Agency's basic financial statements include the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows.

The statements of net position provide information about the nature and amount of assets and obligations (liabilities) of the Agency as of the end of the year. The statements of revenues, expenses, and changes in net position reports revenues and expenses for the current year. The year 2022 was restated with the implementation of GASB 96. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, capital and related financing activities, and investing activities.

Condensed Financial Statements and Analysis

The following comparative condensed statements of net position summarize the financial position of the Agency for the years ended June 30, 2024, 2023, and 2022:

	2024	2023	Restated 2022
Assets and Deferred Outflow of Resources:			
Current assets	$ 121,240,007	$ 102,443,063	$ 85,855,888
Other noncurrent assets	7,218,043	10,256,279	10,126,966
Utility plant & equipment, net	139,456,021	126,705,295	124,314,197
Deferred outflow of resources	6,019,541	5,960,596	6,039,965
Total assets and deferred outflow of resources	$ 273,933,612	$ 245,365,233	$ 226,337,016
Liabilities and Deferred Inflow of Resources:			
Current liabilities	$ 20,382,117	$ 15,511,595	$ 14,502,480
Long-term liabilities	100,153,339	106,021,216	100,373,134
Deferred inflow of resources	153,394,806	123,829,072	111,458,052
Total liabilities and deferred inflow of resources	273,930,262	245,361,883	226,333,666
Net Position:			
Net investment in capital assets	37,898,208	25,284,186	19,452,649
Restricted for debt service	19,928,456	25,734,388	15,909,598
Unrestricted	(57,823,314)	(51,015,224)	(35,358,897)
Total net position	3,350	3,350	3,350
Total liabilities, deferred inflow, and net position	$ 273,933,612	$ 245,365,233	$ 226,337,016

Condensed statements of net position highlights are as follows:

- An increase in current assets and other noncurrent assets at year-end of $15.8 million is the primary effect of $7.4 million increase in cash and investments, a $4.5 million increase in receivables for member and other power sales, and $3.5 million increase of inventory at the Hunter 1, Bonanza, and West Valley plants. In 2024 Hunter 1 plant experienced coal delivery issues and allowed joint owners to supplement the deliveries from PacifiCorp suppliers with third party deliveries; therefore UMPA began carrying coal inventory at the Hunter plant. Related party receivable increased $332,000 due to budget advances normally offsetting PacifiCorp coal supply. The security deposit with a counterparty increased $15,000 for additional interconnection studies. The 2024 increase in cash and investments was due to $4.6 million collected or used for Board designated programs and increased interest earnings. In order to accumulate an appropriate balance in the Repair and Replacement Fund for planned major maintenance at the generating resources, member net contributions of $2.3 million were collected. Budgeted and collected member contributions of $2.3 million were allocated to the Rate Stabilization Fund in 2024. In 2024, $2.9 million of cash was invested to earn a better yield with several investments approaching maturity.

  In 2023, current assets and other noncurrent assets increased $16.7 million due to a $15.6 million increase in cash and investments, a $1.5 million increase in receivables for member and other power sales, and $633,000 increase of inventory at the Hunter I, Bonanza, and West Valley plants. Net pension asset decreased $1.3 million. The security deposit with a counterparty increased $260,000 for additional interconnection studies. The 2023 increase in cash and investments was due to $2.1 million collected or used for Board designated programs and $9.1 million from unspent net bond proceeds. In order to accumulate an appropriate balance in the Repair and Replacement Fund for planned major maintenance at the generating resources, member net contributions of $1.7 million were collected. Budgeted and collected member contributions of $2.3 million were allocated to the Rate Stabilization Fund in 2023. In 2023, $1 million of cash was invested to earn a better yield.

- Utility plant & equipment, net increased by approximately $12.8 million during 2024. This is attributable to total additions of $16.9 million for major overhauls, a spare transformer, and upgrades at the West Valley Plant, additions of $423,000 in land for future resource location, additions of $291,000 for Hunter 1, $6.1 million for the construction of the Nephi plant, and $105,000 for metering upgrades. Utility plant & equipment, net is offset by an increase in accumulated depreciation and amortization of approximately $11.4 million.

  In 2023, utility plant & equipment net increased by $2.4 million. This is attributable to total additions of $9.8 million for major overhauls, CO Catalysts, and SCR heat system upgrades at the West Valley Plant, additions of $416,000 in software subscription assets, additions of $1.3 million for the Hunter 1 Unit, $919,000 costs for the construction of the Nephi plant, and $337,000 for control upgrades for the hydro's, offset by an increase in accumulated depreciation and amortization of approximately $10.3 million. More detailed information about the capital assets is presented in Note 3 to the financial statements.

- Deferred outflows of resources decreased $59,000 in 2024 net of decrease of $269,000 of deferred outflows of resources related to future billings to members for current year accruals and $347,000 increase in deferred outflows of resources related to pensions.

- In 2023, deferred outflows of resources decreased $79,000 net of a decrease of $269,000 of deferred outflows of resources related to future billings to members for current year accruals and $215,000 increase in deferred outflows of resources related to pensions

- Current portion of revenue bonds payable increased $345,000 due to the payment of $5.4 million of outstanding principal and an increase of $5.7 million due to the classification of the current portion of long-term liabilities.

- Long-term revenue bonds payable decreased $5.8 million in 2024. Long-term 2016 revenue bonds outstanding decreased $5.8 million due to the classification of the current portion of long-term liabilities and the net effect of bond premium amortization. Long-term 2023 revenue bonds outstanding remained the same as prior year. More detailed information about the long-term revenue bonds payable is presented in Note 6 to the financial statements. Long-term revenue bonds payable increased $5.2 million in 2023 with the $5.4 million classifications of the current portion of long-term liabilities and the net effect of bond premium amortization. More detailed information about the long-term revenue bonds payable is presented in Note 6 to the financial statements.

- Deferred inflow of resources related to future billings to members increased $29.6 million in 2024. This is attributable to an increase of $2.3 million of member contributions to the Rate Stabilization Fund, a net increase of $2.3 million in the Repair and Replacement Fund, and a net increase of $25.0 million of the net revenues to be returned in future billings to members. The Agency's rate stabilization account may be used to meet unanticipated increases in revenue requirements in subsequent periods or achieve rate stability to members.

  Deferred inflow of resources related to future billings to members increased $14.1 million from 2022 to 2023, which represented a $2.3 million increase in the Rate Stabilization Fund, a $1.7 million net increase in the Repair and Replacement Fund, and a $10.1 million increase in net revenues to be returned in future billings to members.

- Restricted net position consists of the Debt Service Fund. The unrestricted net position consists of the Revenue Fund, Repair and Replacement Fund, and Rate Stabilization Fund.

The comparative condensed statements of revenues, expenses, and changes in net position summarize the changes in financial position of the Agency for the years ended June 30, 2024, 2023, and 2022:

	2024	2023	2022
Operating revenues	$ 171,503,303	$ 160,822,889	$ 114,367,321
Operating expenses	142,724,472	146,021,490	100,672,429
Income from operations	28,778,831	14,801,399	13,694,892
Interest and investment income (loss)	4,573,914	2,778,367	(247,659)
Interest and cost of issuance expense	(3,777,926)	(3,466,629)	(3,511,407)
Gain on sale of other utility assets	-	-	48,751
Net non-operating revenues (expenses)	795,988	(688,262)	(3,710,315)
Change in net position before transfer and adjustments	29,574,819	14,113,137	9,984,577
Deferred inflow of resources adjustment	(29,574,819)	(14,113,137)	(9,984,577)
Change in net position	-	-	-
Beginning net position	3,350	3,350	-
Ending net position	$ 3,350	$ 3,350	$ -

- Operating revenues increased by approximately $10.7 million between 2024 and 2023. Operating revenues from power sales consist principally of member power sales revenue and other power sales. Revenue from power sales to members increased by $1.9 million as member capacity increased 1.0% and energy increased 1.6%. Overall member rates were slightly higher than prior year. Energy not needed for member load is sold in the market. Other power sales revenues increased $8.6 million in 2024 from a net increase of market sales from the West Valley Plant resource and participation in new markets.

  In 2023, operating revenues from total power sales increase by approximately $46.0 million from 2022. Sales to members decreased $1.5 million from the prior year due to a member capacity and energy increase. Overall member rates were lower than the prior year. Other power sales increased $47.5 million in 2023 from a net increase of market sales from sales generated from having the additional West Valley Plant resource and participating in new markets.

- Operating expenses decreased by approximately $3.3 million between 2024 and 2023. This difference is attributable primarily to generation costs, transmission costs, and other power costs.

  Total Generation costs have a net increase of $4.1 million in 2024.

  The Hunter 1 Unit had an overall decrease of $185,000 in 2024 from a decrease of $253,000 in fuel costs, 41% less utilization due to coal supply issues and an increase of $68,000 of operations and maintenance costs. In 2023, the Hunter plant fuel costs decreased $1.8 million with 56% less utilization and net decrease of $693,000 of operations and lower maintenance costs for no planned outage.

The Bonanza Unit had an overall decrease of $3.0 million in 2024. Fuel costs had a net decrease of $2.7 million from a decrease in variable cost per ton of coal, 10% less plant utilization due to a short, planned outage, and coal inventory true-ups. Bonanza's operating and maintenance expenses were $360,000 lower than the previous year with shorter planned outage costs. Bonanza generation costs in 2023 were $2.5 million higher than the previous year due to $2.1 million increase in variable coal cost.

The West Valley Plant had a net increase of $7.7 million in 2024. Variable costs net increased $6.7 million. Net purchases of natural gas costs increased $6.5 million related to 51% higher utilization and lower gas prices. Other associated variable costs also increased $140,000 due to an increase utilization. Fixed costs net increased $1.0 million due to more preventative maintenance projects during planned outage and property insurance costs. West Valley generation costs net increased $42.3 million in 2023 primarily due to the Agency supplying $41.1 million of natural gas to the plant that was no longer tolled. Associated other variable costs also increased $485,000 due to an increase in costs related to 241% higher utilization. Fixed costs net increased $736,000 due to more preventative maintenance projects during planned outage and property insurance costs.

The Provo Plant costs decreased $250,000 in 2024. Fuel and chemical costs decreased $420,000 due to 18% lower utilization of the plant and lower actual variable cost per run-hour. Maintenance and other costs increased $170,000. In 2022 the Provo Plant costs net increased $632,000. Fuel and chemical costs increased $384,000 due to 13% higher utilization of the plant and higher actual variable cost per run-hour.

Dedicated resource costs, consisting of the hydro Capacity Purchase Agreements, had a net decrease of $5,000 in 2024, attributable to lower maintenance costs. In 2023, dedicated resource costs had a net decrease of $54,000. This is attributable to lower maintenance costs and many significant repairs were capitalized upgrades

Other power costs decreased $11.3 million in 2024. Other power costs consist of UMPA's long-term power purchase contracts, and power purchased on the market. Market and imbalance purchases decreased $11.8 million related to lower market prices for the higher quantity of energy that was purchased. There was an increase of $411,000 from power purchase contracts generating additional energy from the prior year and additional hydro allocations. Other power costs also include power purchased for resale to other entities. In 2023, other power costs decreased $1.1 million. The West Valley plant toll ended, providing additional generated power that would no longer be purchased on the market resulting in a net decrease of $4.1 million of other power costs. There was an increase of $3.0 million from having the solar contract for twelve months. Other power costs also include power purchased for resale to other entities.

Transmission costs increased $2.0 million in 2024 due to increased rates and more utilization.

Depreciation expenses increased $1.1 million in 2024 due to generating facility capital additions.

Budgetary Highlights

UMPA's budget and rates to Members are established on the annual revenue requirement of the Agency. UMPA's Board of Directors adopted a fiscal year 2024 budget with total expenditures of $104.7 million including budgeted operating expenses of $90.3 million, repair and replacement reserves of $4.6 million, rate stabilization reserves of $1.4 million, and debt service of $8.4 million. Actual total expenditures were $137.4 million, $47.0 million or 52.1% greater than budget. Total actual operating revenues were greater than budget by $64.8 million or 62.2%. Total interest and other income were greater than budget by $3.8 million. The total revenue requirement actual net costs to be recovered from Members of $78.4 million was $7.3 million under the budgeted net costs to be recovered of $85.8 million or 8.6%.

Contact Information

This financial report is designed to provide a general overview of the Agency's finances. Questions or requests for additional information should be addressed to the VP of Finance, 696 West 100 South, Spanish Fork, UT 84660.

	2024	2023
Current Assets		
Cash, cash equivalents, and operating investments - Note 1 & 2	$ 78,389,284	$ 73,975,345
Investments - Note 1 & 2	7,826,741	1,830,466
Accounts receivable		
Member power sales	14,371,086	10,266,509
Other power sales	3,893,270	3,484,567
Other receivable	20,917	25,403
Related party receivable - Note 7	745,329	413,702
Security deposit	6,815,000	6,800,000
Inventory - Note 1	9,178,380	5,647,071
Total Current Assets	121,240,007	102,443,063
Noncurrent Assets		
Investments - Note 1 & 2	7,218,043	10,256,279
Utility Plant and Equipment - Note 1 & 3		
Interest in generating plant and work in process	216,850,503	192,951,452
Interest in transmission system	8,868,470	8,824,313
Right of use software subscriptions - Note 5	1,999,501	1,969,751
Other utility assets	4,809,617	4,653,547
Less: accumulated depreciation and amortization	(93,072,070)	(81,693,768)
Utility Plant and Equipment - Net	139,456,021	126,705,295
Total Noncurrent Assets	146,674,064	136,961,574
Deferred Outflows of Resources		
Deferred outflow of resources related to pensions - Note 9	1,090,440	743,913
Deferred outflow of resources related to future billings to members - Note 5	4,620,508	4,889,664
Asset retirement costs (net of accumulated depreciation of $131,740 in 2024 and $113,315 in 2023) - Note 1 & 8	308,593	327,019
Total Deferred Outflows of Resources	6,019,541	5,960,596
Total Assets and Deferred Outflows of Resources	$ 273,933,612	$ 245,365,233

	2024	2023
Current Liabilities		
Accounts payable	$ 12,249,389	$ 7,977,825
Related party payable - Note 7	-	77,079
Current portion of compensated absences - Note 1	244,401	55,261
Current portion of software subscription liability - Note 1 & 4	309,057	296,681
Accrued bond interest payable	1,889,270	1,759,749
Current portion of revenue bonds payable - Note 6	5,690,000	5,345,000
Total Current Liabilities	20,382,117	15,511,595
Long-Term Liabilities		
Net pension liability - Note 9	603,370	416,417
Compensated absences - Note 1	761,858	826,605
Asset retirement obligations - Note 8	513,793	498,697
Right of use software subscription liability - Note 4	339,142	648,199
Arbitrage rebate liability - Note 2	99,823	-
Revenue bonds payable - Note 6	97,835,353	103,631,298
Total Long-Term Liabilities	100,153,339	106,021,216
Total Liabilities	120,535,456	121,532,811
Deferred Inflows of Resources		
Deferred inflow of resources related to pensions - Note 9	10,738	19,823
Deferred inflow of resources related to future billings to members - Note 5	153,384,068	123,809,249
Total Deferred Inflows of Resources	153,394,806	123,829,072
Total Liabilities and Deferred Inflows of Resources	273,930,262	245,361,883
Net Position		
Net investment in capital assets	37,898,208	25,284,186
Restricted for debt service	19,928,456	25,734,388
Unrestricted	(57,823,314)	(51,015,224)
Total Net Position	3,350	3,350
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 273,933,612	$ 245,365,233

	2024	2023
Operating Revenues		
Power sales:		
Members	$ 78,431,078	$ 76,511,343
Other	92,419,902	83,815,943
Other operating revenue	652,323	495,603
Total Operating Revenues	171,503,303	160,822,889
Operating Expenses		
Generation costs	67,559,862	63,484,788
Federal hydro power costs	8,039,078	7,539,887
Dedicated resource costs	85,179	89,820
Other power costs	41,425,024	52,766,659
Transmission costs	9,594,562	7,637,009
Operation costs	2,394,403	2,090,358
General and administrative	1,899,980	1,750,996
Regulatory costs recovered in rates	291,437	291,437
Depreciation and amortization	11,401,425	10,329,401
Depreciation related to asset retirement costs	18,426	18,772
Accretion related to asset retirement costs	15,096	22,363
Total Operating Expenses	142,724,472	146,021,490
Income from Operations	28,778,831	14,801,399
Non-Operating Revenues (Expenses)		
Interest and operating investment income (loss)	3,843,594	2,552,702
Investment income (loss)	708,039	203,384
Interest income from regulatory assets	22,281	22,281
Interest expense for software subscription liability	(37,795)	(42,340)
Interest expense for debt service	(3,699,911)	(3,394,289)
Cost of Issuance	(40,220)	(30,000)
Net Non-Operating Expenses	795,988	(688,262)
Change in net position before transfers and adjustments	29,574,819	14,113,137
Deferred inflow of resources adjustment - Note 1 & 6	(29,574,819)	(14,113,137)
Change in Net Position	-	-
Net Position, Beginning of Year	3,350	3,350
Net Position, End of Year	$ 3,350	$ 3,350

	2024	2023
Cash Flows from Operating Activities		
Receipts from members	$ 74,326,501	$ 76,250,170
Other operating receipts	92,668,008	83,522,394
Payments for UMPA resources	(67,276,176)	(64,865,377)
Payments for dedicated resources	(85,179)	(89,820)
Payments for purchased power	(50,384,819)	(58,480,332)
Payments for transmission	(8,553,516)	(8,400,075)
Payments for operation expenses	(2,809,734)	(2,412,827)
Payments for general and administrative expenses	(1,913,062)	(1,707,591)
Net Cash from Operating Activities	35,972,023	23,816,542
Cash Flows from Capital and Related Financing Activities		
Bonds and note principal payments	(5,345,000)	(5,210,000)
Interest paid on bonds	(3,676,335)	(3,586,978)
Interest paid on software subscription liability	(37,795)	(42,340)
Proceeds from sale of revenue bonds	-	10,639,000
Cost of issuance	(40,220)	(30,000)
Acquisition of utility and equipment	(24,152,151)	(12,720,499)
Net Cash used in Capital and Related Financing Activities	(33,251,501)	(10,950,817)
Cash Flows from Investing Activities		
Interest received on cash and investments	3,943,417	2,552,702
Purchases of investments	(2,250,000)	(1,000,000)
Net Cash from (used by) Investing Activities	1,693,417	1,552,702
Net Change in Cash, Cash Equivalents, and Operating Investments	4,413,939	14,418,427
Cash, Cash Equivalents, and Operating Investments at Beginning of Year	73,975,345	59,556,918
Cash, Cash Equivalents, and Operating Investments at End of Year	$ 78,389,284	$ 73,975,345
Reconciliation of Income from Operations to Net Cash from Operating Activities		
Income from operations	$ 28,778,831	$ 14,801,399
Noncash operating activities adjustment:		
Depreciation and amortization	11,401,425	10,329,401
Depreciation and accretion related to asset retirement costs	33,522	41,135
Amortization of regulatory assets	291,437	291,437
Net pension liability	(168,659)	(279,059)
Right of use software subscription liability	(296,681)	(113,619)
Accrued benefits	124,393	174,141
Changes in assets and liabilities:		
Accounts receivable	(4,840,421)	(1,464,027)
Security deposit	(15,000)	(260,000)
Inventory	(3,531,309)	(632,770)
Accounts payable	4,194,485	928,504
Net Cash Flows from Operating Activities	$ 35,972,023	$ 23,816,542

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Utah Municipal Power Agency (UMPA or Agency) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies.

Organization and Purpose—UMPA, a separate legal entity and political subdivision of the State of Utah, was formed by an agreement dated September 17, 1980, pursuant to the provisions of the Utah Interlocal Co-Operation Act. UMPA's membership consists of six municipalities (the Members). UMPA's purposes include planning, financing, development, acquisition, construction, improvement, betterment, operation, or maintenance of projects for the generation, transmission and distribution of electric energy for the benefit of its Members. The following governmental entities are UMPA Members:

Town of Levan
Manti City Corporation
Nephi City Corporation
Provo City Corporation
Salem City Corporation
Spanish Fork City Corporation

Basis of Accounting—The Agency follows the Federal Energy Regulatory Commission's Uniform System of Accounts and maintains accounting records on an accrual basis, in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental entities, including the application of the Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* as the guidance relates to regulated operations. The guidance allows for deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process.

Effect of New Accounting Standards on Current Period Financial Statements—During the year ended June 30, 2024, UMPA implemented GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, Statement No. 99, *Omnibus 2022*, Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, and Statement No. 101, *Compensated Absences.* UMPA is currently assessing the financial statement impact of adopting these statements.

For implementation in UMPA's fiscal year ending June 30, 2025, GASB has approved Statement No. 102 Certain Risk Disclosures, Statement No. 103, Financial Reporting Model Improvements, and Statement No. 104, Disclosure of Certain Capital Assets. UMPA is currently assessing if there will be a financial statement impact from adopting these statements.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents**—**For purposes of the statements of cash flows, cash equivalents are generally considered short-term, highly liquid investments (including restricted assets) with a maturity of three months or less from the purchase date (Note 2).

Investments**—**Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income (Note 2).

Inventory**—**Inventory consists of coal stockpiled at the Bonanza and Hunter 1 Units and working capital inventory at both the Hunter 1 Unit and the West Valley Plant. All inventory is valued at lower of cost or market on the moving average basis. Inventory as of June 30, 2024 and 2023 are detailed as follows:

	2024	2023
Bonanza coal	$ 3,977,992	$ 3,254,245
Hunter 1 coal	2,708,079	-
Hunter 1 materials and supplies	704,289	651,235
West Valley Plant materials and supplies	1,788,020	1,741,591
Total Inventory	$ 9,178,380	$ 5,647,071

Utility Plant and Equipment**—**The interest in generating plants consists of the following:

(1) 3.75% undivided ownership interest (representing approximately 17 MW of capacity) in the Bonanza Unit, a 458 MW coal-fired generating plant located in northeastern Utah.
(2) 1.875% undivided ownership interest in certain common facilities constructed to serve a potential additional Bonanza Unit.
(3) 6.25% undivided ownership interest in certain related transmission facilities and miscellaneous related rights and interests.
(4) 100% undivided ownership interest in the West Valley Plant, a 185 MW (summer) natural gas-fired generating plant located in West Valley Utah, recorded at acquisition cost.
(5) 100% undivided ownership interest in the Provo Plant, a 12 MW natural gas-fired generating plant located in Provo Utah, recorded at actual costs associated with the construction.
(6) 6.25% undivided ownership interest (representing approximately 27 MW of capacity) in the Hunter 1 Unit, a 430 MW coal-fired generating plant located in central Utah, recorded at the carrying value at the time of transfer from Provo City.
(7) System capital upgrades at the Member Hydro's generating plants.
(8) 100% undivided ownership interest in the SF Community Solar plant, a 4 MW solar generating plant located in Spanish Fork Utah, recorded at actual costs associated with the construction.
(9) 100% undivided ownership interest in the Nephi Plant, a 4 MW natural gas-fired generating plant located in Nephi, Utah, currently in work in process, recorded at actual costs associated with the construction.

Utility plant and equipment purchased by UMPA are stated at cost.

UMPA uses the following useful lives in depreciating fixed assets under the straight-line method:

Building	30 Years
Furniture and Equipment	3 – 7 Years
Interest in Utility Plant	20 – 40 Years

Subscription-Based Information Technology Arrangements (SBITA's)**—**The Agency recognizes an intangible right of use subscription assets and corresponding subscription liability for three separate contracts (Note 4).

Compensated Absences—The Agency records a liability for vacation and sick leave as the benefits accrue to employees. The Agency compensates all employees upon termination for unused vacation. Employees who have been employed by the Agency for at least twenty years who are leaving the Agency or who are eligible to retire as defined by Utah Retirement Systems, will receive compensation equal to fifty percent of the value of their remaining unused sick leave.

Asset Retirement Obligations**—**The Agency records asset retirement obligations where there is a legal obligation associated with the retirement of its tangible long-lived assets and where the amounts are estimable. The carrying amount of the liability for asset retirement obligations (ARO's) is adjusted upon revisions to the timing or the amount of the future cash flows estimated to settle such obligations. Associated increases or decreases in such obligations are correspondingly recorded as increases or decreases to the related assets (Note 8).

Deferred Outflows/Inflow of Resources**—**In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred Outflows/Inflow of Resources Related to Pensions**—**For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement System Pension Plan (URS) including additions to and deductions from URS's fiduciary net position, have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflow of Resources Related to Future Billings to Members**—**Costs in excess of the amounts currently billable to the Members are to be recovered from future revenues by setting rates sufficient to provide funds for the related debt service requirements. As allowed through the applications of the provisions of GASB Statement No. 62, current costs in excess of funding are deferred and shown as deferred costs to be recovered in future periods on the accompanying statements of net position and as expenses to be recovered in future periods on the statements of revenues, expenses, and changes in net position. These costs represent depreciation of utility and equipment, amortization of long-term debt premium, gain/loss on disposed assets, and change in net pension liability.

***Deferred Outflow of Resources Related to Future Recoverable Costs*—**Costs in excess of the amounts currently billable to the Members that are to be recovered from future revenues by setting rates sufficient to provide funds for the related expenses.

***Deferred Inflow of Resources Related to Future Billings to Members*—**The Agency designs its electric service rates to recover costs, as defined above, of providing power supply services including costs of establishing allowances for working capital, liquidity, repair and replacement reserves, rate stabilization reserves, and other reasonable reserves for contingencies deemed necessary by the Agency in order to carry out its obligations.

***Operating and Non-Operating Expenses*—**The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering energy in connection with the Agency's principal ongoing operations. Operating revenue results from exchange transactions associated with the principal activity of the Agency. Operating expenses are directly related to or incurred in support of the production and transmission of energy to the members. All other revenues and expenses not meeting this definition, such as interest income and interest expense are reported as non-operating revenues and expenses.

***Rates*—**Utah State law provides that UMPA's Board of Directors (Board) has sole authority to establish power supply rates to its Members. In accordance with its 2016 Bond Resolution (Resolution), the Agency shall establish and collect rates and charges which, together with all other revenues, are reasonably expected to pay its operating expenses (not including depreciation and amortization). Net revenues are expected to be at least (i) 1.00 times its aggregate debt service for such fiscal year, and (ii) together with any other available funds, shall be at least 1.10 times its aggregate debt service for such fiscal year. Power supply rates of the Agency are not subject to state or federal rate regulation.

***Revenue*—**The Resolution requires UMPA to fix and collect rates, fees, and charges sufficient to meet operating expenses and debt service. UMPA accomplishes this by estimating the operating expenses and debt service and then invoices the member cities monthly at a rate sufficient to match the estimates plus Board directed charges (Note 5). The estimates and billings are updated periodically to reflect the difference between the actual and the estimates.

***Taxes*—**UMPA, as a political subdivision of the State of Utah, is not subject to federal or state taxes but has agreed to make payments in lieu of ad valorem taxes to Uintah and Emery Counties in respect of its interests in the Bonanza and Hunter 1 Units. UMPA paid $3,456 to Uintah County during the 2024 fiscal year and $22,158 in fiscal year 2023. UMPA paid $240,137 to Emery County during the 2024 fiscal year and $275,468 in fiscal year 2023.

Note 2 - Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2024 and 2023 are detailed as follows:

	2024	2023
Cash, cash equivalents, and investments:		
Deposits	$ 4,547,184	$ 1,475,905
Current operating investments measured at fair value	76,113,084	73,086,082
Current investments measured at fair value	5,555,757	1,243,824
Noncurrent investments measured at fair value	7,218,043	10,256,279
Total cash, cash equivalents, and investments	$ 93,434,068	$ 86,062,090

Deposits—It is the policy of UMPA to invest funds in compliance with state and local laws, regulations, and other policies governing the investment of public funds, specifically according to the terms and conditions of the State Money Management Act of 1974 (the "Act") and Rules of the Utah Money Management Council as currently amended, and the Agency's own written investment policy. UMPA's bank deposits are covered by federal depository insurance up to $250,000.

The Act requires the depositing of UMPA funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. All of the Agency's deposits during the years ended June 30, 2024 and 2023 were made with qualified depositories.

Deposit Custodial Credit Risk—Custodial credit risk is the risk that, in the event of a bank failure, the Agency's deposits may not be returned to it. Investments in the Utah State Public Treasurer's Investment Fund (PTIF) are not insured or otherwise guaranteed by the State of Utah. The State of Utah does not require collateral on deposits. As of June 30, 2024 and 2023, $80,719,588 and $75,548,504, respectively, of the Agency's bank balance was uninsured and uncollateralized and therefore was exposed to some degree of custodial credit risk.

Investments—The Agency may place public money in investments authorized by the Act (U.C.A. 51-7-11). The VP of Finance shall ensure that all purchases and sales of securities are settled within 30 days of the trade date. In general, these investments can be any of the following subject to restrictions specified in the Act: (1) Obligations of the U.S. Treasury and most Government-Sponsored Enterprises; (2) Commercial paper; (3) Bankers Acceptances; (4) Publicly traded, fixed or variable rate corporate obligations; (5) Certain variable rate securities and deposits; (6) Deposits with the State Public Treasurer's Investment Pool; and (7) Certain fixed rate negotiable deposits with a certified depository. The Agency's investment policy does not allow an investment in a master repurchase agreement, a repurchase agreement, or a reverse-repurchase agreement. Further by policy, as measured by cost, no more than 50% of the Agency's portfolio may be invested in any one class of investment. This restriction does not apply to obligations of the U.S. Government and the PTIF.

Fair Value of Investments—The Agency measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

At June 30, 2024 and 2023, the Agency had the following recurring fair value measurements:

		Fair Value Measurements Using	
Investments by fair value level as of June 30, 2024	Total	Level 1	Level 2
U.S. Treasuries	$ 488,044	$ 488,044	$ -
U.S. Agencies	203,459	$ 203,459	
Corporate Bonds	2,393,309	2,393,309	-
Negotiable Certificates of Deposit	9,688,988	9,688,988	-
Utah Public Treasurers' Investment Fund	76,113,084	-	76,113,084
Total Investments by Fair Value Level	88,886,884	$ 12,773,800	$ 76,113,084
Total Investments Measured at Fair Value	$ 88,886,884		

		Fair Value Measurements Using	
Investments by fair value level as of June 30, 2023	Total	Level 1	Level 2
U.S. Treasuries	$ 1,222,347	$ 1,222,347	$ -
Corporate Bonds	2,151,910	2,151,910	-
Negotiable Certificates of Deposit	8,125,846	8,125,846	-
Utah Public Treasurers' Investment Fund	73,086,082	-	73,086,082
Total Investments by Fair Value Level	84,586,185	$ 11,500,103	$ 73,086,082
Total Investments Measured at Fair Value	$ 84,586,185		

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities:

- U.S Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets; and,
- Negotiable Certificates of Deposit: matrix pricing based on the securities' relationship to benchmark quoted prices.

Debt securities classified in Level 2 are valued using the following approaches:

- Utah Public Treasurers' Investment Fund: application of the June 30, 2024 fair value factor, as calculated by the Utah State Treasurer, to the Agency's June 30 balance in the Fund.

Investment Interest Rate Risk— Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. Government-sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2024 and 2023, the Agency's investments had the following maturities:

		Investment Maturities (in Years)	
Investments by maturities as of June 30, 2024	Fair Value	Less than 1	1-5
U.S. Treasuries	$ 488,044	246,260	$ 241,784
U.S. Agencies	203,459	203,459	-
Corporate Bonds	2,393,309	2,393,309	-
Negotiable Certificates of Deposit	9,688,988	4,338,873	5,350,115
Utah Public Treasurers' Investment Fund	76,113,084	76,113,084	-
Total Investments by maturities	$ 88,886,884	$ 83,294,985	$ 5,591,899

		Investment Maturities (in Years)	
Investments by maturities as of June 30, 2023	Fair Value	Less than 1	1-5
U.S. Treasuries	$ 1,222,347	746,046	$ 476,301
Corporate Bonds	2,151,910	497,778	1,654,132
Negotiable Certificates of Deposit	8,125,846	-	8,125,846
Utah Public Treasurers' Investment Fund	73,086,082	73,086,082	-
Total Investments by maturities	$ 84,586,185	$ 74,329,906	$ 10,256,279

Credit Risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Entity's policy for reducing its exposure to credit risk is to comply with the Act, as previously discussed.

At June 30, 2024 and 2023, the Agency's investments had the following quality ratings:

		Quality Ratings				
Investments by Ratings as of June 30, 2024	Fair Value	AAA	AA	A	BBB	Unrated
U.S. Treasuries	$ 488,044	$ 488,044	$ -	$ -	$ -	$ -
U.S. Agencies	203,459	203,459	-	-	-	-
Corporate Bonds	2,393,309	-	613,812	1,779,497	-	-
Negotiable Certificates of Deposit	9,688,988	-	1,148,489	1,421,655	225,459	6,893,385
Utah Public Treasurers' Investment Fund	76,113,084	-	-	-	-	76,113,084
Total Investments by Ratings	$ 88,886,884	$ 691,503	$ 1,762,301	$ 3,201,152	$ 225,459	$ 83,006,469

		Quality Ratings				
Investments by Ratings as of June 30, 2023	Fair Value	AAA	AA	A	BBB	Unrated
U.S. Treasuries	$ 1,222,347	$ 1,222,347	$ -	$ -	$ -	$ -
Corporate Bonds	2,151,910	-	1,112,551	1,039,359	-	-
Negotiable Certificates of Deposit	8,125,846	-	1,118,987	1,386,716	216,591	5,403,552
Utah Public Treasurers' Investment Fund	73,086,082	-	-	-	-	73,086,082
Total Investments by Ratings	$ 84,586,185	$ 1,222,347	$ 2,231,538	$ 2,426,075	$ 216,591	$ 78,489,634

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Agency's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio at the time of purchase. As of June 30, 2024 and 2023, the Agency's investments in a single issuer were within the limits.

***Custodial Credit Risk*—**For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency has a formal energy risk management policy for custodial credit risk.

***Arbitrage Rebate*—**Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. Interest income on bond proceeds which exceed the cost of borrowing is payable to the federal government on every fifth anniversary of each bond issue. The estimated arbitrage liability is included in accrued liabilities on the balance sheet and the estimated arbitrage expense is recorded as a reduction of interest income. At June 30, 2024 and 2023, the estimated liability is $99,823 and $0, respectively.

Note 3 - Utility Plant and Equipment

Capital asset activity for the years ended June 30, 2024 and 2023 was as follows:

Utility Plant and Equipment as of June 30, 2024	Beginning Balance	Additions	Retirements & Transfers	Ending Balance
Interest in generating plant	$ 190,349,866	$ 14,280,302	$ 5,157,868	$ 209,788,036
Work in process - interest in generating plant	2,601,586	9,622,017	(5,161,136)	7,062,467
Interest in transmission system	8,824,313	44,157	-	8,868,470
Right of use - software subscriptions	1,969,751	29,750	-	1,999,501
Other utility assets	4,653,547	175,926	(19,855)	4,809,618
Total Utility Plant and Equipment	208,399,063	24,152,152	(23,123)	232,528,092
Less accumulated depreciation and amortization:				
Interest in generating plant	(71,284,282)	(10,501,996)	4,235	(81,782,043)
Interest in transmission system	(8,123,503)	(229,160)	-	(8,352,663)
Right of use - software subscriptions	(722,588)	(415,806)	-	(1,138,394)
Other utility assets	(1,563,395)	(254,463)	18,888	(1,798,970)
Total Depreciation and amortization	(81,693,768)	(11,401,425)	23,123	(93,072,070)
Utility Plant and Equipment, net	$ 126,705,295	$ 12,750,727	$ -	$ 139,456,022

Utility Plant and Equipment as of June 30, 2023	Beginning Balance	Additions	Retirements & Transfers	Ending Balance
Interest in generating plant	$ 176,021,895	$ 9,646,083	$ 4,681,888	$ 190,349,866
Work in process - interest in generating plant	4,783,514	2,601,586	(4,783,514)	2,601,586
Interest in transmission system	8,792,215	32,098	-	8,824,313
Right of use - software subscriptions	1,554,216	415,535	-	1,969,751
Other utility assets	4,630,947	25,197	(2,597)	4,653,547
Total Utility Plant and Equipment	195,782,787	12,720,499	(104,223)	208,399,063
Less accumulated depreciation and amortization:				
Interest in generating plant	(61,946,233)	(9,439,675)	101,626	(71,284,282)
Interest in transmission system	(7,895,065)	(228,438)	-	(8,123,503)
Right of use - software subscriptions	(314,220)	(408,368)	-	(722,588)
Other utility assets	(1,313,072)	(252,920)	2,597	(1,563,395)
Total Depreciation and amortization	(71,468,590)	(10,329,401)	104,223	(81,693,768)
Utility Plant and Equipment, net	$ 124,314,197	$ 2,391,098	$ -	$ 126,705,295

Additional disclosures of the right of use software subscription intangible assets are included in the Software-Based Information Technology Arrangements disclosure (Note 4).

Note 4 - Subscription-Based Information Technology Arrangements

Right of use intangible assets—Right of use intangible asset activity for the years ended June 30, 2024 and 2023 was as follows:

Software subscriptions as of June 30, 2024	Beginning Balance	Additions	Reductions	Ending Balance
Right of use software subscriptions being amortized:				
Energy operations software	$ 1,663,544	$ -	$ -	$ 1,663,544
Metering software	103,016	-	-	103,016
Accounting software	203,191	29,750	-	232,941
Total right of use intangible assets	1,969,751	29,750	-	1,999,501
Less accumulated amortization for right of use assets	(722,588)	(415,806)	-	(1,138,394)
Total right of use intagible assets, net	$ 1,247,163	$ (386,056)	$ -	$ 861,107

Software subscriptions as of June 30, 2023	Beginning Balance	Additions	Reductions	Ending Balance
Right of use software subscriptions being amortized:				
Energy operations software	$ 1,458,544	$ 205,000	$ -	$ 1,663,544
Metering software	95,672	7,344	-	103,016
Accounting software	-	203,191	-	203,191
Total right of use intangible assets	1,554,216	415,535	-	1,969,751
Less accumulated amortization for right of use assets	(314,220)	(408,368)	-	(722,588)
Total right of use intagible assets, net	$ 1,239,996	$ 7,167	$ -	$ 1,247,163

Right of use liability—The following tables shows the right of use software subscription liability and requirements to maturity:

Right of use software subscription liabilities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance June 30, 2024
Energy operations software	Nov 2022	Nov 2026	4.000%	$ 1,022,106	$ 510,660
Metering software	Jul 2021	Sep 2025	4.000%	95,672	31,108
Accounting software	May 2023	May 2028	4.000%	177,566	106,431
Total right of use software subscription liabities					$ 648,199

Year Ending June 30,	Energy Operations Software Principal	Energy Operations Software Interest	Metering Software Principal	Metering Software Interest	Accounting Software Principal	Accounting Software Interest	Total Liability
2025	$ 250,324	$ 20,426	$ 24,638	$ 1,244	$ 34,095	$ 4,257	$ 334,984
2026	260,336	10,414	6,470	65	35,459	2,893	315,637
2027	-	-	-	-	36,877	1,475	38,352
	$ 510,660	$ 30,840	$ 31,108	$ 1,309	$ 106,431	$ 8,625	$ 688,973

Note 5 - Deferred Outflow/Inflow of Resources Related to Future Billings to Members

UMPA bills its Members at rates which will provide revenues sufficient to cover the costs of operating and maintaining UMPA and the costs of debt service plus any Board directed charges, but not items such as depreciation, amortization, gains/losses on sale and disposal of capital assets, and deferred inflow of resources. This amount represents the unbilled amount of such costs, other charges to Members, and unanticipated revenues which are to be recovered or returned in future billings and are classified as deferred outflow or deferred inflow of resources in the accompanying financial statements.

UMPA's Board of Directors approved the Agency to fund the Community Solar Regulatory Asset from previous reserves and future billings to members. The remaining cost to be recovered from future billings to members is recorded in deferred outflow of resources on the statement of net position. For the year ended June 30, 2024 the current Regulatory Asset debit amortization was $269,155, including interest and for the year ended June 30, 2023 amortization was $269,155, including interest.

The Board established a Rate Stabilization Fund (RSF) on September 22, 1999. The purpose of the fund is to set aside funds to assist in maintaining stable rates to Members in the event of unplanned or extraordinary operation, maintenance, or capital replacement costs. The fund can also be used for early retirement of debt. The RSF funding methodology is a defined rate per kWh, determined annually by the Board. For the year ended June 30, 2024 the Agency made contributions of $2,272,310, including interest, and for the year ended June 30, 2023 contributions of $2,318,026including interest, reflected in the Rate Stabilization Fund and reported in deferred inflow of resources on the statements of net position.

The Board established a Repair and Replacement Fund to pay for the cost and repairs to the system as described in Note 6. For the year ended June 30, 2024, the Agency made budgeted contributions of $18,913,127 including interest and used $16,634,622 for capital repair and replacements. For the year ended June 30, 2023, the Agency made budgeted contributions of $11,887,543, including interest, and used $10,140,014 for capital repair and replacements. The Repair and Replacement Fund is reported in deferred inflow of resources on the statements of net position.

Differences exist between the costs used in the determination of power rates and the revenues and expenses reportable under generally accepted accounting principles (GAAP). A change in net position is not reported in the accompanying financial statements because the differences described above have been deferred and will reverse when costs included in power rates exceed revenues and expenses reportable under GAAP. These timing differences consist mainly of debt service payments, depreciation, amortization, gains and losses for the sale of assets, unanticipated revenues, Repair and Replacement and RSF additions and uses.

The statements of net position amounts for deferred outflow of resources related to future billings to members at end of year June 30, 2024 and 2023 include the following classifications:

	2024	2023
Deferred outflow of resources related to future billings to members:		
Future recoverable costs	$ 4,620,508	$ 4,889,664
Total deferred outflow of resources related to future billings to members	$ 4,620,508	$ 4,889,664

The statements of net position amounts for deferred inflow of resources related to future billings to members at end of year June 30, 2024 and 2023 include the following classifications:

	2024	2023
Deferred inflow of resources related to future billings to members:		
Designated for rate stabilization	$ 21,900,890	$ 19,628,580
Designated for repair and replacement	38,684,411	36,405,906
Net revenues to be returned in future billings to members	92,798,767	67,774,763
Total deferred inflow of resources related to future billings to members	$ 153,384,068	$ 123,809,249

Note 6 - Long-Term Liabilities

Revenue Bonds Payable—Maturities and coupon interest rates associated with the bonds as of June 30, 2024 and 2023 are as follows:

Remaining Revenue Bonds Payable	2024	2023
Series 2016A Bonds, 1.630%, due Oct 26, 2016 - July 1, 2036	$ 75,780,000	$ 80,465,000
Series 2016B Bonds, 4.000%, due Oct 26, 2016 - July 1, 2038	15,205,000	15,865,000
Series 2023A Bonds, 4.103%, due Jun 7, 2023 - July 1, 2033	10,639,000	10,639,000
Principal Amount	101,624,000	106,969,000
Series 2016B Unamortized premium	1,901,353	2,007,298
Total Bonds Payable, Net	103,525,353	108,976,298
Less current portion	(5,690,000)	(5,345,000)
Total Long-Term Revenue Bonds Payable, Net	$ 97,835,353	$ 103,631,298

On October 27, 2016 UMPA issued $98,290,000 of Taxable Power Supply System Revenue Bonds, Series 2016A, with interest rates ranging from 1.630 - 3.806%. Net Proceeds of $82,628,814 (including a reduction of $1,097,019 for cost of issuance) were used to provide long-term financing for the cost of acquisition of the West Valley Plant through the payment and retirement of the 2016 Bond Anticipation Note. Proceeds of $10,540,613 were deposited with the Trustee to provide for debt service reserves and capital interest funds. Proceeds of $4,024,000 were deposited with the Trustee and funded the acquisition and construction of certain capital improvements to the West Valley Plant.

On October 27, 2016 UMPA issued $18,215,000 of Tax-Exempt Power Supply System Revenue Bonds, Series 2016B, with interest rates ranging from 4.000 – 5.000%. An additional premium of $3,074,716 resulted in total sources of funds for the issuance of $21,289,716. Net Proceeds of $19,700,000 (including a reduction of $203,500 for cost of issuance) were used to finance the cost of acquisition and construction of the Agency's Provo Plant and the Agency's Office Building. Proceeds of $1,386,216 were deposited with the Trustee to provide for debt service reserves.

On June 7, 2023 UMPA issued $10,639,000 of Tax-Exempt Power Supply System Revenue Bonds, Series 2023A, with interest rates ranging from 3.000 – 4.800%. Net Proceeds of $9,500,000 (including a reduction of $75,000 for cost of issuance) were used to finance the cost of acquisition and construction of the Agency's Nephi Plant. Proceeds of $1,064,000 were deposited with the Trustee to provide for debt service reserves and capital interest funds.

The following table shows the revenue bonds debt service requirements.

Year Ending	Series 2016A		Series 2016B		Series 2023A		Total Debt
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Service
2025	$ 4,805,000	$ 2,545,206	$ -	$ 760,250	$ 885,000	$ 396,456	$ 9,391,912
2026	4,930,000	2,413,152	-	760,250	939,000	368,391	9,410,793
2027	5,070,000	2,271,268	-	760,250	968,000	337,630	9,407,148
2028	5,215,000	2,117,588	-	760,250	1,000,000	304,408	9,397,246
2029	5,375,000	1,950,101	-	760,250	1,035,000	268,528	9,388,879
2030-2034	29,755,000	6,764,869	-	3,801,250	5,812,000	673,148	46,806,267
2035-2039	20,630,000	1,196,797	15,205,000	3,049,125	-	-	40,080,922
	$ 75,780,000	$ 19,258,981	$ 15,205,000	$ 10,651,625	$ 10,639,000	$ 2,348,561	$ 133,883,167

The Resolution provides that UMPA is not obligated to make payment of the Revenue Bonds from funds other than Pledged Funds, generally defined as: (1) the proceeds from the sale of the Revenue Bonds; (2) revenues from UMPA's electric system and certain investment income; and (3) all funds established by the Resolution.

The bonds are special obligations of the Agency secured solely by the revenues of the system and certain funds held under the Resolution. The bonds are not general obligations of the Agency, the State of Utah or any agency, instrumentality or political subdivision thereof. The issuance of the bonds shall not directly, indirectly, or contingently obligate the State of Utah or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the bonds. The Agency has no taxing power. The Resolution does not mortgage or grant a security interest in any physical properties of the system to secure the bonds.

Pursuant to the Resolution, UMPA shall at all times establish, revise, and collect rates and charges for system services to (i) provide revenues sufficient in each fiscal year to pay all operating expenses, and (ii) provide net revenues for each year which are (a) exclusive of any other available funds, equal to not less than 100% of the aggregate annual debt service requirement for such year, and (b) including any other available funds, equal to not less than 110% of the aggregate annual debt service requirement for such year; and as shall be required, together with all other available funds, to pay or discharge all other indebtedness, obligations, charges and liens whatsoever payable out of revenues for such fiscal year.

The Series 2016A bonds maturing prior to July 1, 2026 are subject to a make-whole redemption at the option of the Agency, in whole or in part, and if in part among maturities to be designated by the Agency. The Series 2016A bonds maturing on or after July 1, 2027 are subject to redemption prior to maturity at the option of the Agency. The Series 2016A bonds maturing on July 1, 2036 are subject to mandatory redemption by operation of sinking fund installments.

The Series 2016B bonds maturing prior to July 1, 2026 are not subject to redemption prior to maturity. The Series 2016B bonds maturing after July 1, 2027 are subject to redemption prior to maturity at the option of the Agency. The Series 2016B bonds maturing on July 1, 2038 are subject to mandatory redemption by operation of sinking fund installments.

The Series 2023A bonds are subject to redemption prior to maturity on any date, in whole or in part, at the election of UMPA, in chronological order of maturity, and within each maturity as selected by the Trustee, upon notice as provided in the Resolution, and at a Redemption Price equal to 100% of the Principal amount of each Series 2023A or portion thereof to be redeemed, plus accrued interest (including any default interest) to the redemption date.

In the event of default, the bond's trustee or bondholders have the option to declare all outstanding principal and accrued interest to be payable immediately. If an event of default has not been remedied, the books of records and accounts of UMPA and all other records of the system shall be subject to inspection. UMPA will account for all revenues and other moneys, securities and funds pledged or held under the Resolution upon demand of the Trustee. In the event of default, the Trustee shall apply all moneys, securities, funds and revenues received by the Trustee in the following order: (1) expenses of fiduciaries; (2) operating expenses; and (3) principal or redemption price and interest.

The Resolution requires that certain funds be established to account for UMPA's receipts and disbursements. The cash and investments held in these funds are restricted for the purposes as stipulated in the Resolution.

Revenue Fund**—**This fund receives revenue and pays all costs of operation and maintenance. Funds are transferred to other funds in the following order: Debt Service Fund, Repair and Replacement Fund, and Rate Stabilization Fund.

Repair and Replacement Fund**—**This fund may be drawn on and used by the Agency for the purpose of (1) paying the cost of unusual or extraordinary maintenance or repairs of the system; (2) paying the costs of any renewals, renovation, improvements, expansion or replacements to the system; and (3) paying the cost of any replacement of buildings, lines, equipment and other related facilities, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the system, and (4) paying the decommissioning costs of any system facilities. Funds shall be deposited monthly from available Revenues in such amounts as may be required from time to time by the Resolution until the Repair and Replacement Fund has an amount equivalent to the Repair and Replacement Requirement. Funds at any time on deposit in the Repair and Replacement Fund in excess of the amount required to be maintained therein may, at any time, be transferred to the General Reserve Fund and used by UMPA for any lawful purpose. The Repair and Replacement Fund Requirement is an amount as shall from time to time be established by the Board.

Rate Stabilization Fund**—**This fund may receive transfers from the net revenues of the Revenue Fund and may transfer amounts to the Revenue Fund to cover any insufficiency. The Board periodically reviews the amounts collected and may adjust the contribution as they deem prudent. Amounts on deposit in the fund may be used for any lawful purpose. To the extent that amounts on deposit in the Revenue Fund are insufficient in any year for any of the purposes thereof, UMPA covenants that, to the extent amounts are on deposit in the Rate Stabilization Fund, it shall transfer amounts from the Rate Stabilization Fund to the Revenue Fund to cover any such insufficiency.

Debt Service Fund—This consists of a Debt Service Account and a Debt Service Reserve Account. The Debt Service Account includes capitalized interest and pays all interest and principal related to the Revenue Bonds. Amounts required to be on deposit are the accrued interest payable and the accrued portion of the next principal installment due. The Debt Service Reserve Account maintains the reserve requirement as an amount equal to the lessor of (1) 10% of the aggregate original principal amount of all series of bonds outstanding, (2) the maximum aggregate debt service due in any bond year on all series outstanding, or (3) 125% of the aggregate average debt service due during any bond year on all series of bonds outstanding.

Long-term liability activity for the years ended June 30, 2024 and 2023 were as follows:

June 30, 2024	Beginning Balance	Additions	Reductions	Ending Balance
Long-term revenue bonds	$ 106,969,000	$ -	$ (5,345,000)	$ 101,624,000
Adjusted for:				
Unamortized premium, net	2,007,298	-	(105,945)	1,901,353
Current maturities	(5,345,000)	(5,690,000)	5,345,000	(5,690,000)
Total long-term revenue bonds payable, net	$ 103,631,298	$ (5,690,000)	$ (105,945)	$ 97,835,353
Net pension liability	$ 416,417	$ 186,953	$ -	$ 603,370
Compensated absences	826,605	124,393	(189,140)	761,858
Asset retirement obligations	498,697	15,096	-	513,793
Right of use software subscrition liability	648,199		(309,057)	339,142

June 30, 2023	Beginning Balance	Additions	Reductions	Ending Balance
Long-term revenue bonds	$ 101,540,000	$ 10,639,000	$ (5,210,000)	$ 106,969,000
Adjusted for:				
Unamortized premium, net	2,132,506	-	(125,208)	2,007,298
Current maturities	(5,210,000)	(5,345,000)	5,210,000	(5,345,000)
Total long-term revenue bonds payable, net	$ 98,462,506	$ 5,294,000	$ (125,208)	$ 103,631,298
Net pension liability	$ -	$ 416,417	$ -	$ 416,417
Compensated absences	660,058	166,547	-	826,605
Asset retirement obligations	483,256	22,363	(6,922)	498,697
Right of use software subscrition liability	767,314	177,566	(296,681)	648,199

Note 7 - Related Party Transactions

DG&T Payable—DG&T, which is a joint owner with UMPA and operator of the Bonanza Unit, bills UMPA in advance under DG&T's operating budget for costs expected to be incurred for each month's power usage. The actual costs are finalized two months after the initial billing. At June 30, 2024 and 2023 UMPA had prepaid DG&T for May and June's generation costs. Prepayment and actual expenses as of June 30, 2024 and 2023 were as follows:

	2024	2023
Actual expenses	$ 1,159,406	$ 1,665,326
Prepayment	(1,730,520)	(1,588,247)
(Receivable) Payable to DG&T	$ (571,114)	$ 77,079

PacifiCorp Payable (Receivable)—PacifiCorp, which is a joint owner with UMPA and operator of the Hunter Unit 1, bills UMPA in advance under Hunter's operating budget for costs expected to be incurred for each month's power usage. The actual costs are finalized two months after the initial billing. At June 30, 2024 and 2023 UMPA had prepaid PacifiCorp for May and June's generation costs. Prepayment and actual expenses as of June 30, 2024 and 2023 were as follows:

	2024	2023
Actual expenses	$ 205,595	$ 186,163
Prepayment	(379,811)	(599,865)
(Receivable) Payable to PacifiCorp	$ (174,216)	$ (413,702)

Note 8 - Commitments and Contingencies

Power Sales Contracts—Power Sales Agreements between UMPA and each of the Members provide that UMPA shall sell and deliver, and the Member shall purchase and receive all electric power and energy required by the Member to meet the loads on its electric system. The Power Sales Agreements were amended January 1, 2016 and shall remain in effect through December 31, 2065. The agreements do not specify any particular power supply resource as the source of UMPA's power.

Purchase Contracts—UMPA has entered into several purchase contracts with various terms and conditions. The estimated minimum payments required are summarized below.

Year Ending June 30,	Capacity and Energy contracts	Energy only contracts	Gas contracts
Actual expenses:			
2024	$ 11,939,143	$ 9,822,724	$ 47,652,032
2023	14,240,979	9,694,155	41,125,191
Estimated minimum payments:			
2025	$ 8,845,945	$ 9,783,518	$ 12,579,000
2026	6,780,347	7,807,245	
2027	6,801,532	5,784,927	
2028	6,831,048	5,784,927	
2029	6,854,038	5,781,351	
2030-2034	34,594,354	28,906,755	
2035-2039	35,175,591	28,906,755	
2040-2044	33,334,676	28,906,755	
2045-2049	33,215,651	13,489,819	
2050-2054	33,997,918		
2055-2058	17,144,933		

Asset Retirement Obligations—The Agency has a minority share of ownership interest in an undivided interest arrangement in two coal power plants. UMPA's share of the ARO is reported using the measurement produced by the nongovernmental majority owner who following the guidance of the majority owner's recognized accounting standards setter, Financial Accounting Standards Board (FASB). The fair value of an ARO liability is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made, and is added to the carrying amount of the associated asset, which is then depreciated over the remaining useful life of the asset. Subsequent to the initial recognition, the ARO liability is adjusted for any revisions to the original estimate of undiscounted cash flows (with corresponding adjustments to Utility Plant and Equipment, net) and for accretion of the ARO liability due to the passage of time.

On April 7, 2015, the EPA published the Disposal of Coal Combustion Residual (CCR) from Electric Utilities fine rule (CCR Rule) in the Federal Register, which became effective on October 19, 2015. The CCR Rule regulates the disposal of CCR, including coal ash and gypsum, as non-hazardous solid waste in CCR units at active generating power plants.

The Agency has an ownership interest of 6.25% in certain transmission facilities of DG&T. A significant portion of DG&T's transmission facilities are located upon land that is leased from the U.S. Federal and certain state governments. Upon termination of the leases, the structures, improvements, and equipment are to be removed and the land is to be restored. DG&T is not able to reasonably estimate the ARO associated with these assets because information sufficient to reasonably estimate the settlement date or range of settlement dates does not exist, and therefore the settlement date of the obligation is indeterminate. Land rights and transmission facilities will be maintained for the foreseeable future; as such, the majority owner has not recognized a liability related to these obligations. UMPA will recognize the liability when the majority owner recognizes a liability in the period in which sufficient information is available to reasonably estimate its fair value.

The Bonanza generation facilities are generally located on property owned by DG&T. Other than described below, it is DG&T's opinion that it does not have a reclamation liability related to the Bonanza generation facilities. As a minority owner, UMPA will recognize a liability related to the Bonanza Unit when the majority owner determines there is such a liability.

At the majority owner's measurement date of December 31, 2023 and 2022, the ARO related to the CCR Rule for the Bonanza Unit totaled approximately $4,013,741 and $3,823,088 respectively. As of June 30, 2024 and 2023, the Agency's 3.75% ownership share of the ARO for the Bonanza Unit totaled approximately $150,515 and $143,366, respectively. During the years ended June 30, 2024 and 2023, accretion expense for UMPA's 3.75% ownership share totaled approximately $7,149 and $6,810, respectively.

The Agency has a 6.25% ownership interest in the Hunter Unit 1 plant. The majority owner, PacifiCorp, has recognized an ARO for both the CCR and environmental remediation including asbestos, other landfills, and groundwater facilities. At the majority owner's measurement date of December 31, 2023 and 2022, the ARO related to these items for the Hunter Unit 1 totaled approximately $5,812,451 and $5,685,284, respectively. As of June 30, 2024 and 2023, the Agency's 6.25% ownership share of the ARO for the Hunter Unit 1 totaled approximately $363,278 and $355,331, respectively. During the years ended June 30, 2024 and 2023, accretion expense for UMPA's 6.25% ownership share totaled approximately $7,947 and $15,553, respectively.

***Dedicated Resource Costs*—**UMPA has entered into Capacity Purchase Agreements with Levan, Manti, Nephi as to their existing electric generating capacity. These agreements have estimated remaining facility lives of 10-25 years. Under the Capacity Purchase Agreements, generation capacity and energy from the Members' resources are dedicated to UMPA to meet the load requirements of its Members. The agreements provide that UMPA pays to the Members actual fixed and variable costs associated with the resources. The contracts terms coincide with the Members Power Sale Contracts. Minimum payments are estimated to be:

Year Ending June 30,	Dedicated Resource Costs
Actual expenses:	
2024	$ 85,179
2023	89,820
Estimated minimum payments:	
2025	$ 124,450
2026	126,317
2027	128,212
2028	130,135
2029	132,087
2030-2034	690,754
2035-2039	744,138
2040-2044	801,648
2045-2049	863,603
2050-2054	930,346
2055-2059	1,002,246
2060-2064	1,079,704
2065	225,755

Note 9 - Pension Plans

Plan Description—Eligible plan participants are provided with pensions through the Utah Retirement Systems. Participation in Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Tier 1 Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System); is a multiple-employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple-employer cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (URS) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The URS defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of URS under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. URS are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

Benefits Provided—URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Aervice	COLA**
Tier 1 Noncontributory System	Highest 3 years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year all years	Up to 2.5%

** Actuarial reductions are applied.*

***All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

Contribution Rate Summary—As a condition of participation in URS, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	2024		2023	
	Employer Contribution Rates	Employer Rate for 401(k) Plan	Employer Contribution Rates	Employer Rate for 401(k) Plan
Noncontributory System				
15 Local Government Div - Tier 1	17.97%	N/A	17.97%	N/A
Contributory System				
111 Local Government Div - Tier 2	16.01%	0.18%	16.01%	0.18%
DC Only				
211 Local Government - Tier 2	6.19%	10.00%	6.19%	10.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2024 and 2023, the employer and employee contributions to URS were as follows:

	2024		2023	
System	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions
Tier 1 Noncontributory System	$ 346,949	N/A	$ 308,506	N/A
Tier 2 Contributory System	145,359	-	132,058	-
Tier 2 DC Only System	122,303	N/A	95,711	N/A
Total Contributions	$ 614,611	$ -	$ 536,275	$ -

Contributions reported are the URS Board-approved required contributions by URS. Contributions in the Tier 2 System are used to finance the unfunded liabilities in the Tier 1 System.

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions

At June 30, 2024, the Agency reported a net pension asset of $0 and a net pension liability of $603,370. At June 30, 2023, the Agency reported a net pension asset of $0 and a net pension liability of $416,417.

	(Measurement Date): Dec 31, 2023		(Measurement Date): Dec 31, 2022		
	Net Pension Liability	Proportionate Share	Net Pension Liability	Proportionate Share	Change/ (Decrease)
Tier 1 Noncontributory System	$ 538,965	0.2323561%	$ 378,594	0.2210447%	0.0113114%
Tier 2 Public Employees System	64,405	0.0330897%	37,823	0.0347353%	-0.0016456%
Total Net Pension Asset / Liability	$ 603,370		$ 416,417		

The net pension asset and liability were measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to URS during the plan year over the total of all employer contributions to URS during the plan year.

For the year ended June 30, 2024 and 2023 the Agency recognized pension expense of $444,531 and 256,096, respectively.

At June 30, 2024 the Agency reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	2024		2023	
Tier 1 Noncontributory System	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 377,390	$ -	$ 128,413	$ -
Changes in assumptions	161,732	-	62,047	1,512
Net difference between projected and actual earnings on pension plan investments	175,267	-	249,724	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,442	3,823	3,114	10,208
Contributions subsequent to the measurement date	167,383	-	140,394	-
Total	$ 883,214	$ 3,823	$ 583,692	$ 11,720

Tier 2 Public Employees System	2024 Deferred Outflows of Resources	2024 Deferred Inflows of Resources	2023 Deferred Outflows of Resources	2023 Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,629	$ 1,055	$ 12,775	$ 1,501
Changes in assumptions	36,865	51	12,279	96
Net difference between projected and actual earnings on pension plan investments	7,273	-	15,249	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,734	5,809	9,007	6,506
Contributions subsequent to the measurement date	131,727	-	110,911	-
Total	$ 207,228	$ 6,915	$ 160,221	$ 8,103

Combined	2024 Deferred Outflows of Resources	2024 Deferred Inflows of Resources	2023 Deferred Outflows of Resources	2023 Deferred Inflows of Resources
Differences between expected and actual experience	$ 398,019	$ 1,055	$ 141,188	$ 1,501
Changes in assumptions	198,597	51	74,326	1,608
Net difference between projected and actual earnings on pension plan investments	182,540	-	264,973	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,176	9,632	12,121	16,714
Contributions subsequent to the measurement date	299,110	-	251,305	-
Total	$ 1,090,442	$ 10,738	$ 743,913	$ 19,823

Deferred outflows of resources relating to pensions for both systems in the amount of $299,110 was reported as a result of contributions made by UMPA prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Tier 1 Noncontibritory System	Tier 2 Public Employee System	Combined Net Deferred Outflows (Inflows) of Resources
2024	$ 234,779	$ 5,855	$ 240,634
2025	221,328	8,420	229,748
2026	329,513	14,627	344,140
2027	(73,613)	4,665	(68,948)
2028	-	6,455	6,455
Thereafter	-	28,564	28,564

Actuarial Assumptions—The total pension liability in the December 31, 2023 and 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2023	2022
Inflation	2.50%	2.50%
Salary increases - average, including inflation	3.50 - 9.50%	3.25 - 9.25%
Investment rate of return - net of pension plan investment expense, including inflation	6.85%	6.85%

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age, as appropriate, with projected improvement using the ultimate rate from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023, valuation were based on results of an actuarial experience study for the period ending December 31, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35.00%	6.87%	2.40%
Debt securities	20.00%	1.54%	0.31%
Real assets	18.00%	5.43%	0.98%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	3.86%	0.58%
Cash and cash equivalents	0.00%	0.24%	0.00%
Totals	100.00%		5.45%
Inflation			2.50%
Expected arithmetic nominal return			7.95%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount Rate**—**The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate— The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage point higher (7.85%) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Tier 1 Noncontributory System	$ 2,797,200	$ 538,965	$ (1,352,153)
Tier 2 Public Employees System	221,287	64,405	(57,257)
Total	$ 3,018,487	$ 603,370	$ (1,409,410)

Pension Plan Fiduciary Net Position**—** Detailed information about the fiduciary net position of the pension plans is available in the separately issued URS financial report.

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The Agency participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

*401(k) Plan
*457(b) Plan
*Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

401(k) Plan	2024	2023	2022
Employer Contributions	$ 425,090	$ 340,459	$ 277,930
Employee Contributions	219,427	181,569	147,513

457(b) Plan	2024	2023	2022
Employer Contributions	$ -	$ -	$ -
Employee Contributions	100,990	90,642	90,064

Roth IRA Plan	2024	2023	2022
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ 20,267	$ 1,900	$ 3,400

Note 10 - Risk Management

The Agency is subject to various risks of loss related to general liability and property insurance. The Agency has purchased commercially available indemnity insurance to cover these risks. The deductible amounts for this insurance would be immaterial to the Agency. The amount of insurance settlements has not exceeded insurance coverage in the past three years.

	As of calendar year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a % of its covered-employee payroll	Plan fiduciary net position as a % of the total pension liability (asset)
Tier 1 Noncontributory System	2014	0.1579117%	$ 685,690	$ 1,352,785	50.70%	90.20%
	2015	0.1581374%	894,818	1,370,842	65.28%	87.80%
	2016	0.1532885%	984,300	1,367,364	71.99%	87.30%
	2017	0.1502198%	658,158	1,346,110	48.89%	91.90%
	2018	0.1901471%	1,400,191	1,560,717	89.71%	87.00%
	2019	0.2337472%	880,962	1,797,909	49.00%	93.70%
	2020	0.2230393%	114,406	1,651,508	6.93%	99.20%
	2021	0.2182404%	(1,249,886)	1,579,347	(79.14%)	108.70%
	2022	0.2210447%	378,594	1,646,143	23.00%	97.50%
	2023	0.2323561%	538,965	1,780,524	30.27%	96.90%
Tier 2 Public Employees System	2014	0.0202041%	$ (612)	$ 99,116	(0.06%)	103.50%
	2015	0.0163275%	(36)	105,488	(0.03%)	100.20%
	2016	0.0168434%	1,879	138,129	1.36%	95.10%
	2017	0.0137515%	1,212	134,564	0.90%	97.40%
	2018	0.0588189%	25,191	674,062	3.74%	90.80%
	2019	0.0504764%	11,353	704,680	1.61%	96.50%
	2020	0.0238997%	3,437	381,698	0.90%	98.30%
	2021	0.0289085%	(12,235)	535,851	(2.28%)	103.80%
	2022	0.0347353%	37,823	756,316	5.00%	92.30%
	2023	0.0330897%	64,405	855,484	7.53%	89.58%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

Utah Municipal Power Agency
Schedule of Contributions
June 30, 2024

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
Tier 1 Noncontributory System	2015	$ 248,567	$ 248,567	$ -	$ 1,345,786	18.47%
	2016	255,687	255,687	-	1,384,337	18.47%
	2017	234,462	234,462	-	1,269,420	18.47%
	2018	282,478	282,478	-	1,529,385	18.47%
	2019	309,753	309,753	-	1,677,059	18.47%
	2020	315,016	315,016	-	1,705,556	18.47%
	2021	300,329	300,329	-	1,626,038	18.47%
	2022	285,822	285,822	-	1,547,493	18.47%
	2023	308,506	308,506	-	1,716,783	17.97%
	2024	346,949	346,949	-	1,930,714	17.97%
Tier 2 Contributory System*	2015	$ 15,144	$ 15,144	$ -	$ 101,366	14.94%
	2016	17,306	17,306	-	116,069	14.91%
	2017	20,959	20,959	-	140,568	14.91%
	2018	20,359	20,359	-	134,737	15.11%
	2019	189,628	189,628	-	1,220,254	15.54%
	2020	45,243	45,243	-	288,908	15.66%
	2021	71,374	71,374	-	451,735	15.80%
	2022	101,878	101,878	-	633,961	16.07%
	2023	132,058	132,058	-	824,849	16.01%
	2024	145,359	145,359	-	907,825	16.01%
Tier 2 DC Only System*	2020	$ 76,030	$ 76,030	-	$ 1,136,468	6.69%
	2021	83,808	83,808	-	1,252,731	6.69%
	2022	87,194	87,194	-	1,303,358	6.69%
	2023	95,711	95,711	-	1,546,213	6.19%
	2024	122,303	122,303	-	1,975,814	6.19%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.
Tier 2 systems were created July 1, 2011.

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available. Contributions as a percentage of covered payroll may be different than the board-certified rate due to rounding and other administrative practices.

Changes in Assumptions:

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

Utah Municipal Power Agency
Schedule of Changes in Funds Established by the Bond Resolution
June 30, 2024

	Revenue Fund	Repair and Replacement Fund	Rate Stabilization Fund	Debt Service Fund	Total
Balance July 1, 2023	$ 4,260,253	$ 36,405,906	$ 19,628,580	$ 25,767,351	$ 86,062,090
Additions and Transfers					
Interest income from operating investments	3,379,746	-	-	563,671	3,943,417
Interest income from investments	708,039	-	-	-	708,039
Power sales and other receipts	166,662,882	-	-	-	166,662,882
Bond Proceeds	-	-	-	-	-
Transfers from (to) other funds	(30,022,466)	18,913,127	2,272,310	8,837,029	-
Total Additions and Transfers	140,728,201	18,913,127	2,272,310	9,400,700	171,314,338
Deductions					
Operation and maintenance expenses	130,690,859	-	-	-	130,690,859
Purchase of capital additions	1,339,489	16,634,622	-	6,178,040	24,152,151
Interest expense	37,795	-	-	3,676,335	3,714,130
Cost of issuance	-	-	-	40,220	40,220
Bond principal payments	-	-	-	5,345,000	5,345,000
Total Deductions	132,068,143	16,634,622	-	15,239,595	163,942,360
Balance June 30, 2024	$ 12,920,311	$ 38,684,411	$ 21,900,890	$ 19,928,456	$ 93,434,068

Larson
CERTIFIED PUBLIC ACCOUNTANTS

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*

Board of Directors
Utah Municipal Power Agency
Spanish Fork, Utah

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 the business-type activities of Utah Municipal Power Agency as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Utah Municipal Power Agency's basic financial statements, and have issued our report thereon dated December 4, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Utah Municipal Power Agency's 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Utah Municipal Power Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Utah Municipal Power Agency's 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 Utah Municipal Power Agency'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
December 4, 2024

Larson
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

Board of Directors
Utah Municipal Power Agency
Spanish Fork, Utah

Report on Compliance with General State Compliance Requirements

We have audited Utah Municipal Power Agency's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2024

State compliance requirements were tested for the year ended June 30, 2024 in the following areas:

Budgetary Compliance
Fraud Risk Assessment
Cash Management
Public Treasurer's Bond
Fund Balance
Utah Retirement Systems
Open and Public Meetings Act

Opinion on Compliance

In our opinion, Utah Municipal Power Agency complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2024.

Basis for Opinion

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

We are required to be independent of Utah Municipal Power Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Utah Municipal Power Agency's 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 Utah Municipal Power Agency's government programs.

Auditor’s Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Utah Municipal Power Agency’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Utah Municipal Power Agency’s 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 State Compliance Audit Guide but not for the purpose of expressing an opinion on the effectiveness of Utah Municipal Power Agency’s 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

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

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

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

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

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
December 4, 2024