Financial Statements
June 30, 2023 and 2022

Utah Municipal Power Agency

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Utah Municipal Power Agency, which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise Utah Municipal Power Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Utah Municipal Power Agency, as of June 30, 2023 and 2022, and the changes in its financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinion.

Adoption of New Accounting Standard

As discussed in Notes 1 and 2 to the financial statements, Utah Municipal Power Agency has adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which has resulted in a restatement of the net position as of July 1, 2021. In accordance with GASB Statement No. 96, the financial statements as of and for the year then ended June 30, 2022, have been restated to reflect this change. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 management's discussion and analysis on pages 4 through 8, the schedule of the proportionate share of the net pension liability on page 38, the schedule of contributions on page 39, and the notes to required supplementary information on page 40, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 29, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Utah Municipal Power Agency's 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.

Eide Bailly LLP

Salt Lake City, Utah
December 29, 2023

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, 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, 2023, 2022 and 2021:

	2023	Restated 2022	2021
Assets and Deferred Outflow of Resources:			
Current assets	$ 102,443,063	$ 85,855,888	$ 95,540,784
Other noncurrent assets	10,256,279	10,126,966	-
Utility plant & equipment, net	126,705,295	124,314,197	120,511,799
Deferred outflow of resources	5,960,596	6,039,965	854,856
Total assets and deferred outflow of resources	$ 245,365,233	$ 226,337,016	$ 216,907,439
Liabilities and Deferred Inflow of Resources:			
Current liabilities	$ 15,511,595	$ 14,502,480	$ 16,813,707
Long-term liabilities	106,021,216	100,373,134	105,035,965
Deferred inflow of resources	123,829,072	111,458,052	95,054,417
Total liabilities and deferred inflow of resources	245,361,883	226,333,666	216,904,089
Net Position:			
Net investment in capital assets	25,284,186	19,452,649	11,431,940
Restricted for debt service	25,734,388	15,909,598	15,840,830
Unrestricted	(51,015,224)	(35,358,897)	(27,269,420)
Total net position	3,350	3,350	3,350
Total liabilities, deferred inflow, and net position	$ 245,365,233	$ 226,337,016	$ 216,907,439

Condensed statements of net position highlights are as follows:

- An increase in current assets and other noncurrent assets at year-end of $16.7 million is the primary effect of $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.

  In 2022, current assets and other noncurrent assets increased $442,000 due to a $2.3 million decrease in cash and investments, a $7.5 million decrease in receivables for member and other power sales, and $2.4 million increase of inventory at the Bonanza and West Valley plants. Net pension asset increased $1.3 million. The 2022 decrease in cash and investments was due to $2.5 million collected or used for Board designated programs and $1.7 million from net revenues to be returned in future billings to members and $6.5 million used as a security deposit with a counterparty. In order to accumulate an appropriate balance in the Repair and Replacement Fund for planned major maintenance at the generating resources, member and tolling agreement net contributions of $724,000 were collected. Budgeted and collected member contributions of $1.8 million were allocated to the Rate Stabilization Fund in 2022. The decrease in receivables was due to a $7.9 million market sale in June in 2021 that did not occur in 2022. In 2022, $10.1 million of short-term current investments were reinvested in longer term instruments to earn a better yield.

- Utility plant & equipment, net increased by approximately $2.4 million during 2023. 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.

  In 2022 utility plant & equipment net increased by $2.6 million due additions of $8.6 million for major overhauls, compressor blades, and SCR heat system upgrades at the West Valley Plant, additions of $1.6 million for the Hunter 1 Unit, $675,000 additional costs for solar plant placed into service and $642,000 for control upgrades for the hydro's, offset by an increase in accumulated depreciation of approximately $9.0 million. More detailed information about the capital assets is presented in Note 4 to the financial statements.

- Deferred outflows of resources decreased $79,000 in 2023 net of 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.

  In 2022, deferred outflows of resources increased $5.2 million attributable to an increase of $5.2 million of deferred outflows of resources related to future billings to members for the addition of regulatory asset costs that will be recovered through future billings to members.

- Current portion of revenue bonds payable increased $135,000 due to the payment of $5.2 million of outstanding principal and an increase of $5.3 million due to the classification of the current portion of long-term liabilities.

- Long-term revenue bonds payable increased $5.2 million in 2023. Long-term 2016 revenue bonds outstanding decreased $5.4 million due to the classification of the current portion of long-term liabilities and the net effect of bond premium amortization. In June 2023, long-term revenue bonds were issued in the amount of $10.6 million for the construction of the Nephi plant. Long-term revenue bonds payable decreased $5.4 million in 2022 with the $5.2 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 7 to the financial statements.

- Deferred inflow of resources related to future billings to members increased $14.1 million in 2023. This is attributable to an increase of $2.3 million of member contributions to the Rate Stabilization Fund, a net increase of $1.7 million of contributions and spending from the Repair and Replacement Fund, and a net increase of $10.1 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 $15.4 million from 2021 to 2022, which represented a $1.8 million increase in the Rate Stabilization Fund, a $724,000 net increase in the Repair and Replacement Fund, and a $10.0 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, 2023, 2022 and 2021:

	2023	2022	2021
Operating revenues	$ 160,822,889	$ 114,367,321	$ 104,603,065
Operating expenses	146,021,490	100,672,429	82,134,118
Income from operations	14,801,399	13,694,892	22,468,947
Interest and investment income (loss)	2,778,367	(247,659)	430,207
Interest and cost of issuance expense	(3,466,629)	(3,511,407)	(3,615,369)
Gain on sale of other utility assets	-	48,751	-
Net non-operating revenues (expenses)	(688,262)	(3,710,315)	(3,185,162)
Change in net position before transfer and adjustments	14,113,137	9,984,577	19,283,785
Deferred inflow of resources adjustment	(14,113,137)	(9,984,577)	(19,283,785)
Change in net position	-	-	-
Beginning net position	3,350	3,350	3,350
Ending net position	$ 3,350	$ 3,350	$ 3,350

- Operating revenues from power sales increased by approximately $46.0 million between 2023 and 2022. Power sales consist principally of member power sales revenue and other power sales. Revenue from power sales to members decreased by $1.5 million as member capacity increased 1.6% and energy increased 1.6%. Overall member rates were lower than prior year. Energy not needed for member load is sold in the market. Other power sales revenues 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.

  In 2022, operating revenues from total power sales increased by approximately $9.8 million from 2021. Sales to members increased $6.7 million from the prior year due to a member capacity increase and energy increase. Other power sales increased $4.0 million from markets sales and decreased $915,000 from tolling the West Valley Plant.

- Operating expenses increased by approximately $45.3 million between 2023 and 2022 and an increase of $18.5 million between 2022 and 2021. This difference is attributable primarily to generation costs, transmission costs, and other power costs.

  Total Generation costs have a net increase of $42.6 million in 2023.

  The Hunter 1 Unit had an overall decrease of $2.5 million in 2023 from a decrease of $1.8 million in fuel costs, 56% less utilization due to coal supply issues and a decrease of $693,000 of operations and lower maintenance costs for no planned outage. In 2022 the Hunter plant fuel costs decreased $491,000 with 15% less utilization and net increase of $743,000 of property taxes, operations, and higher maintenance costs for a planned outage.

  The Bonanza Unit had an overall increase of $2.1 million in 2023. Fuel costs had a net increase of $2.1 million from an increase in variable cost per ton of coal, 2% less utilization with no outage, and coal inventory true-ups. Bonanza's operating and maintenance expenses were very similar to the previous year with no planned outage costs. Bonanza generation costs in 2022 were $711,000 lower than the previous year due to $478,000 net increase of fuel costs and a net decrease of $1.3 million from no planned outage maintenance costs.

  The West Valley Plant had an increase of $42.3 million in 2023. Variable costs net increased $41.6 million. The plant is no longer being tolled; therefore, in 2023 the Agency supplied $41.1 million of natural gas to run the plant. 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. West Valley generation costs net decreased $314,000 in 2022 primarily from decreased variable costs of $52,000 for lower utilization and cost per run-hour. Fixed costs net decreased $262,000 due to fewer preventative maintenance projects and property insurance costs.

  The Provo Plant costs increased $632,000 in 2023. Fuel and chemical costs increased $384,000 due to 13% higher utilization of the plant and higher actual variable cost per run-hour. Maintenance costs increased $193,000. In 2022 the Provo Plant costs net decreased $281,000. Fuel decreased $286,000 for lower utilization of the plant and lower actual variable costs per run-hour.

Dedicated resource costs, consisting of the hydro Capacity Purchase Agreements, had a net decrease of $54,000 in 2023, attributable to lower maintenance costs and many significant repairs were capitalized upgrades. In 2022, dedicated resource costs net increased $63,000 because of higher maintenance costs and capitalized upgrades.

Other power costs decreased $1.1 million in 2023. Other power costs consist of UMPA's long-term power purchase contracts, and power purchased on the market. 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. In 2022, other power costs increased $17.1 million due to favorable market prices and other resources were displaced with additional market energy. In addition, a new power contract for a large-scale solar resource began in 2022.

Depreciation expense increased $1.3 million in 2023 with generating facility capital additions and capitalizing the intangible software subscription assets.

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 2023 budget with total expenditures of $105.5 million including budgeted operating expenses of $87.0 million, repair and replacement reserves of $8.2 million, rate stabilization reserves of $1.7 million, and debt service of $8.6 million. Actual total expenditures were $162.9 million, $57.4 million or 54.4% greater than budget. Total actual operating revenues were greater than budget by $55.1 million or 52.4%. Total interest and other income were greater than budget by $2.3 million. The total revenue requirement actual net costs to be recovered from Members of $76.5 million was $2.2 million under the budgeted net costs to be recovered of $78.7 million or 2.8%.

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.

	2023	Restated 2022
Current Assets		
Cash, cash equivalents, and operating investments - Note 1 & 3	$ 73,975,345	$ 59,556,918
Investments - Note 1 & 3	1,830,466	756,394
Accounts receivable		
Member power sales	10,266,509	10,005,336
Other power sales	3,484,567	2,644,668
Other receivable	25,403	76,150
Related party receivable - Note 8	413,702	-
Security deposit	6,800,000	6,540,000
Inventory - Note 1	5,647,071	5,014,301
Net pension asset - Note 10	-	1,262,121
Total Current Assets	102,443,063	85,855,888
Noncurrent Assets		
Investments - Note 1 & 3	10,256,279	10,126,966
Utility Plant and Equipment - Note 1 & 4		
Interest in generating plant and work in process	192,951,452	180,805,409
Interest in transmission system	8,824,313	8,792,215
Right of use software subscriptions - Note 2 & 5	1,969,751	1,554,216
Other utility assets	4,653,547	4,630,947
Less: accumulated depreciation and amortization	(81,693,768)	(71,468,590)
Utility Plant and Equipment - Net	126,705,295	124,314,197
Total Noncurrent Assets	136,961,574	134,441,163
Deferred Outflows of Resources		
Deferred outflow of resources related to pensions - Note 10	743,913	528,433
Deferred outflow of resources related to future billings to members - Note 6	4,889,664	5,158,819
Asset retirement costs (net of accumulated depreciation of $113,315 in 2023 and $94,543 in 2022) - Note 1 & 9	327,019	352,713
Total Deferred Outflows of Resources	5,960,596	6,039,965
Total Assets and Deferred Outflows of Resources	$ 245,365,233	$ 226,337,016

	2023	Restated 2022
Current Liabilities		
Accounts payable	$ 7,977,825	$ 6,696,521
Related party payable - Note 8	77,079	429,877
Current portion of compensated absences - Note 1	55,261	47,667
Current portion of software subscription liability - Note 1 & 5	296,681	291,185
Accrued bond interest payable	1,759,749	1,827,230
Current portion of revenue bonds payable - Note 7	5,345,000	5,210,000
Total Current Liabilities	15,511,595	14,502,480
Long-Term Liabilities		
Net pension liability - Note 10	416,417	-
Compensated absences - Note 1	826,605	660,058
Asset retirement obligations - Note 9	498,697	483,256
Right of use software subscription liability - Note 2 & 5	648,199	767,314
Revenue bonds payable - Note 7	103,631,298	98,462,506
Total Long-Term Liabilities	106,021,216	100,373,134
Total Liabilities	121,532,811	114,875,614
Deferred Inflows of Resources		
Deferred inflow of resources related to pensions - Note 10	19,823	1,761,940
Deferred inflow of resources related to future billings to members - Note 6	123,809,249	109,696,112
Total Deferred Inflows of Resources	123,829,072	111,458,052
Total Liabilities and Deferred Inflows of Resources	245,361,883	226,333,666
Net Position		
Net investment in capital assets	25,284,186	19,452,649
Restricted for debt service	25,734,388	15,909,598
Unrestricted	(51,015,224)	(35,358,897)
Total Net Position	3,350	3,350
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 245,365,233	$ 226,337,016

	2023	2022
Operating Revenues		
Power sales:		
Members	$ 76,511,343	$ 77,984,133
Other	83,815,943	36,357,986
Other operating revenue	495,603	25,202
Total Operating Revenues	160,822,889	114,367,321
Operating Expenses		
Generation costs	63,484,788	20,849,126
Federal hydro power costs	7,539,887	7,649,526
Dedicated resource costs	89,820	143,778
Other power costs	52,766,659	53,860,452
Transmission costs	7,637,009	5,135,879
Operation costs	2,090,358	2,363,629
General and administrative	1,750,996	1,410,126
Regulatory costs recovered in rates	291,437	242,864
Depreciation and amortization	10,329,401	9,065,806
Depreciation related to asset retirement costs	18,772	17,812
Accretion related to asset retirement costs	22,363	(66,569)
Total Operating Expenses	146,021,490	100,672,429
Income from Operations	14,801,399	13,694,892
Non-Operating Revenues (Expenses)		
Interest and operating investment income (loss)	2,552,702	(149,587)
Investment income (loss)	203,384	(116,640)
Interest income from regulatory assets	22,281	18,568
Interest expense for software subscription liability	(42,340)	-
Interest expense for debt service	(3,394,289)	(3,511,407)
Cost of Issuance	(30,000)	-
Gain on sale of other utility assets	-	48,751
Net Non-Operating Expenses	(688,262)	(3,710,315)
Change in net position before transfers and adjustments	14,113,137	9,984,577
Deferred inflow of resources adjustment - Note 1 & 6	(14,113,137)	(9,984,577)
Change in Net Position	-	-
Net Position, Beginning of Year	3,350	3,350
Net Position, End of Year	$ 3,350	$ 3,350

	2023	Restated 2022
Cash Flows from Operating Activities		
Receipts from members	$ 76,250,170	$ 78,081,181
Other operating receipts	83,522,394	43,770,669
Payments for UMPA resources	(64,865,377)	(23,035,319)
Payments for dedicated resources	(89,820)	(143,778)
Payments for purchased power	(58,480,332)	(71,458,714)
Payments for transmission	(8,400,075)	(4,553,595)
Payments for operation expenses	(2,412,827)	(2,733,272)
Payments for general and administrative expenses	(1,707,591)	(1,565,243)
Net Cash from Operating Activities	23,816,542	18,361,929
Cash Flows from Capital and Related Financing Activities		
Bonds and note principal payments	(5,210,000)	(5,085,000)
Interest paid on bonds	(3,586,978)	(3,714,751)
Interest paid on software subscription liability	(42,340)	-
Proceeds from sale of revenue bonds	10,639,000	-
Cost of issuance	(30,000)	-
Acquisition of utility and equipment	(12,720,499)	(11,628,210)
Net Cash used in Capital and Related Financing Activities	(10,950,817)	(20,427,961)
Cash Flows from Investing Activities		
Proceeds from sale of other utility assets	-	48,751
Interest received on cash and investments	2,552,702	(149,587)
Purchases of investments	(1,000,000)	(11,000,000)
Net Cash from (used by) Investing Activities	1,552,702	(11,100,836)
Net Change in Cash, Cash Equivalents, and Operating Investments	14,418,427	(13,166,868)
Cash, Cash Equivalents, and Operating Investments at Beginning of Year	59,556,918	72,723,786
Cash, Cash Equivalents, and Operating Investments at End of Year	$ 73,975,345	$ 59,556,918
Reconciliation of Income from Operations to Net Cash from Operating Activities		
Income from operations	$ 14,801,399	$ 13,694,892
Noncash operating activities adjustment:		
Depreciation and amortization	10,329,401	9,065,806
Depreciation and accretion related to asset retirement costs	41,135	(48,757)
Amortization of regulatory assets	291,437	242,864
Net pension liability	(279,059)	(549,461)
Right of use software subscription liability	(113,619)	-
Accrued benefits	174,141	97,038
Changes in assets and liabilities:		
Accounts receivable	(1,464,027)	7,484,529
Security deposit	(260,000)	(6,540,000)
Inventory	(632,770)	(2,407,986)
Accounts payable	928,504	(2,676,996)
Net Cash Flows from Operating Activities	$ 23,816,542	$ 18,361,929

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, 2023, UMPA implemented GASB Statement No. 91, *Conduit Debt Obligations,* Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* and Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The implementation of this standard establishes that a SBITA results in a right of use subscription asset, an intangible asset, and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The effect of the implementation of this standard on beginning net position is disclosed in Note 2 and the additional disclosures required by this standard are included in Note 5.

For implementation in UMPA's fiscal year ending June 30, 2024, GASB has approved 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*, Statement No. 101, *Compensated Absences*. 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 3).

***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 3).

***Inventory*—**Inventory consists of coal stockpiled at the Bonanza Unit 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, 2023 and 2022 are detailed as follows:

	2023	2022
Bonanza Coal	$ 3,254,245	$ 3,131,450
Hunter 1 materials and supplies	651,235	273,000
West Valley Plant materials and supplies	1,741,591	1,609,851
Total Inventory	$ 5,647,071	$ 5,014,301

***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 5).

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 9).

***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 6). 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 $22,158 to Uintah County during the 2023 fiscal year and $32,017 in fiscal year 2022. UMPA paid $275,468 to Emery County during the 2023 fiscal year and $266,736 in fiscal year 2022.

Note 2 - Adoption of New Standard

As of July 1, 2021, the Agency adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The implementation of this standard establishes that a SBITA results in a right of use subscription asset, an intangible asset, and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. Beginning deferred inflow of resources was restated to retroactively report the beginning SBITA costs and associated liabilities as follows:

Deferred inflow of resources at June 30, 2022, as previously reported	$ 109,514,615
Right of use software subscription liabililty at June 30, 2022	(1,058,499)
Right of use software subscription assets at June 30, 2022	1,544,216
Accumulated amoritzation related to software subscription costs at June 30, 2022	(314,220)
Deferred inflow of resources at July 1, 2022, as restated	$ 109,686,112

There was no impact in total net position. See Note 6 for discussion of the Agency's change in net position and deferred inflows related to future billings to members.

Note 3 - Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2023 and 2022 are detailed as follows:

	2023	2022
Cash, cash equivalents, and investments:		
Deposits	$ 1,475,905	$ 4,996,975
Current operating investments measured at fair value	73,086,082	54,569,616
Current investments measured at fair value	1,243,824	746,721
Noncurrent investments measured at fair value	10,256,279	10,126,966
Total cash, cash equivalents, and investments	$ 86,062,090	$ 70,440,278

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, 2023 and 2022 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, 2023 and 2022, $75,548,504 and $61,859,003, 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, 2023 and 2022, the Agency had the following recurring fair value measurements:

		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		

		Fair Value Measurements Using	
Investments by fair value level as of June 30, 2022	Total	Level 1	Level 2
U.S. Treasuries	$ 1,739,477	$ 1,739,477	$ -
Corporate Bonds	5,622,567	5,622,567	-
Negotiable Certificates of Deposit	3,511,643	3,511,643	-
Utah Public Treasurers' Investment Fund	54,569,616	-	54,569,616
Total Investments by Fair Value Level	65,443,303	$ 10,873,687	$ 54,569,616
Total Investments Measured at Fair Value	$ 65,443,303		

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, 2023 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, 2023 and 2022, the Agency's investments had the following maturities:

		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

		Investment Maturities (in Years)	
Investments by maturities as of June 30, 2022	Fair Value	Less than 1	1-5
U.S. Treasuries	$ 1,739,477	$ 501,685	$ 1,237,792
Corporate Bonds	5,622,567	245,036	5,377,531
Negotiable Certificates of Deposit	3,511,643	-	3,511,643
Utah Public Treasurers' Investment Fund	54,569,616	54,569,616	-
Total Investments by maturities	$ 65,443,303	$ 55,316,337	$ 10,126,966

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, 2023 and 2022, the Agency's investments had the following quality ratings:

		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

		Quality Ratings				
Investments by Ratings as of June 30, 2022	Fair Value	AAA	AA	A	BBB	Unrated
U.S. Treasuries	$ 1,739,477	$ 1,739,477	$ -	$ -	$ -	$ -
Corporate Bonds	5,622,567	-	599,046	4,537,552	-	485,969
Negotiable Certificates of Deposit	3,511,643	-	911,839	1,189,856	229,035	1,180,913
Utah Public Treasurers' Investment Fund	54,569,616	-	-	-	-	54,569,616
Total Investments by Ratings	$ 65,443,303	$ 1,739,477	$ 1,510,885	$ 5,727,408	$ 229,035	$ 56,236,498

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, 2023 and 2022, 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, 2023 and 2022, the estimated liability is $0 and $0, respectively.

Note 4 - Utility Plant and Equipment

Capital asset activity for the years ended June 30, 2023 and 2022 was as follows:

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

Utility Plant and Equipment as of June 30, 2022	Beginning Balance	Additions	Restated Retirements & Transfers	Ending Balance
Interest in generating plant	$ 159,939,912	$ 5,932,678	$ 10,149,305	$ 176,021,895
Work in process - interest in generating plant	9,386,901	5,608,327	(10,211,714)	4,783,514
Interest in transmission system	8,779,344	12,871	-	8,792,215
Right of use - software subscriptions	-	1,554,216	-	1,554,216
Other utility assets	4,561,200	74,333	(4,586)	4,630,947
Total Utility Plant and Equipment	182,667,357	13,182,425	(66,995)	195,782,787
Less accumulated depreciation and amortization:				
Interest in generating plant	(53,444,518)	(8,564,124)	62,409	(61,946,233)
Interest in transmission system	(7,666,593)	(228,472)	-	(7,895,065)
Right of use - software subscriptions	-	(314,220)	-	(314,220)
Other utility assets	(1,044,447)	(273,211)	4,586	(1,313,072)
Total Depreciation and amortization	(62,155,558)	(9,380,027)	66,995	(71,468,590)
Utility Plant and Equipment, net	$ 120,511,799	$ 3,802,398	$ -	$ 124,314,197

Additional disclosures of the right of use software subscription intangible assets are included in the Software-Based Information Technology Arrangements disclosure (Note 5).

Note 5 - Subscription-Based Information Technology Arrangements

Right of use intangible assets—Right of use intangible asset activity for the years ended June 30, 2023 and 2022 was as follows:

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

Software subscriptions as of June 30, 2022	Beginning Balance	Additions	Reductions	Ending Balance
Right of use software subscriptions being amortized:				
Energy operations software	$ -	$ 1,458,544	$ -	$ 1,458,544
Metering software	-	95,672	-	95,672
Total right of use intangible assets	-	1,554,216	-	1,554,216
Less accumulated amortization for right of use assets	-	(314,220)	-	(314,220)
Total right of use intagible assets, net	$ -	$ 1,239,996	$ -	$ 1,239,996

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, 2023
Energy operations software	Nov 2022	Nov 2026	4.000%	$ 1,022,106	$ 751,356
Metering software	Jul 2021	Sep 2025	4.000%	95,672	54,310
Accounting software	May 2023	May 2028	4.000%	177,566	139,214
Total right of use software subscription liabities					$ 944,880

Year Ending June 30,	Energy Operations Software		Metering Software		Accounting Software		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Liability
2024	$ 240,696	$ 30,054	$ 23,202	$ 2,172	$ 32,783	$ 5,569	$ 334,476
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
	$ 751,356	$ 60,894	$ 54,310	$ 3,481	$ 139,214	$ 14,194	$ 1,023,449

Note 6 - 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, 2023 the current Regulatory Asset debit amortization was $269,155, including interest and for the year ended June 30, 2022 amortization was $242,864, 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, 2023 the Agency made contributions of $2,318,026, including interest, and for the year ended June 30, 2022 contributions of $1,776,461 including 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 7. 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. For the year ended June 30, 2022, the Agency made budgeted contributions of $6,945,832, including interest, and used $6,221,653 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, 2023 and 2022 include the following classifications:

	2023	2022
Deferred outflow of resources related to future billings to members:		
Future recoverable costs	$ 4,889,664	$ 5,158,819
Total deferred outflow of resources related to future billings to members	$ 4,889,664	$ 5,158,819

The statements of net position amounts for deferred inflow of resources related to future billings to members at end of year June 30, 2023 and 2022 include the following classifications:

	2023	Restated 2022
Deferred inflow of resources related to future billings to members:		
Designated for rate stabilization	$ 19,628,580	$ 17,310,554
Designated for repair and replacement	36,405,906	34,658,377
Net revenues to be returned in future billings to members	67,774,763	57,727,181
Total deferred inflow of resources related to future billings to members	$ 123,809,249	$ 109,696,112

Note 7 - Long-Term Liabilities

Revenue Bonds Payable—Maturities and coupon interest rates associated with the bonds as of June 30, 2023 and 2022 are as follows:

Remaining Revenue Bonds Payable	2023	2022
Series 2016A Bonds, 1.630%, due Oct 26, 2016 - July 1, 2036	$ 80,465,000	$ 85,050,000
Series 2016B Bonds, 4.000%, due Oct 26, 2016 - July 1, 2038	15,865,000	16,490,000
Series 2023A Bonds, 4.103%, due Jun 7, 2023 - July 1, 2033	10,639,000	-
Principal Amount	106,969,000	101,540,000
Series 2016B Unamortized premium	2,007,298	2,132,506
Total Bonds Payable, Net	108,976,298	103,672,506
Less current portion	(5,345,000)	(5,210,000)
Total Long-Term Revenue Bonds Payable, Net	$ 103,631,298	$ 98,462,506

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
2024	$ 4,685,000	$ 2,667,403	$ 660,000	$ 776,750	$ -	$ 232,181	$ 9,021,334
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
2029-2033	28,745,000	7,808,285	-	3,801,250	5,585,000	911,388	46,850,923
2034-2038	27,015,000	2,103,483	7,425,000	3,614,875	1,262,000	30,288	41,450,646
2039	-	-	7,780,000	194,500	-	-	7,974,500
	$ 80,465,000	$ 21,926,385	$ 15,865,000	$ 11,428,375	$ 10,639,000	$ 2,580,741	$ 142,904,501

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, 2023 and 2022 were as follows:

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

June 30, 2022	Beginning Balance	Additions	Restated Reductions	Ending Balance
Long-term revenue bonds	$ 106,625,000	$ -	$ (5,085,000)	$ 101,540,000
Adjusted for:				
Unamortized premium, net	2,275,559	-	(143,053)	2,132,506
Current maturities	(5,085,000)	(5,210,000)	5,085,000	(5,210,000)
Total long-term revenue bonds payable, net	$ 103,815,559	$ (5,210,000)	$ (143,053)	$ 98,462,506
Net pension liability	$ 117,843	$ 907,492	$ (1,025,335)	$ -
Compensated absences	572,895	87,163	-	660,058
Asset retirement obligations	529,668	24,412	(70,824)	483,256
Right of use software subscrition liability	-	1,349,216	(581,902)	767,314

Note 8 - 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, 2023 and 2022 UMPA had prepaid DG&T for May and June's generation costs. Prepayment and actual expenses as of June 30, 2023 and 2022 were as follows:

	2023	2022
Actual expenses	$ 1,665,326	$ 1,654,790
Prepayment	(1,588,247)	(1,476,926)
Payable to DG&T	$ 77,079	$ 177,864

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, 2023 and 2022 UMPA had prepaid PacifiCorp for May and June's generation costs. Prepayment and actual expenses as of June 30, 2023 and 2022 were as follows:

	2023	2022
Actual expenses	$ 186,163	$ 1,078,713
Prepayment	(599,865)	(826,700)
(Receivable) Payable to PacifiCorp	$ (413,702)	$ 252,013

Note 9 - 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:			
2023	$ 14,240,979	$ 9,694,155	$ 41,125,191
2022	14,482,085	7,516,125	-
Estimated minimum payments:			
2024	$ 8,957,388	$ 9,807,034	$ 47,449,429
2025	7,774,132	9,893,559	
2026	5,802,047	7,936,326	
2027	5,801,977	5,924,388	
2028	5,801,977	5,924,388	
2029-2033	29,009,885	28,906,755	
2034-2038	29,009,885	28,906,755	
2039-2043	27,189,278	28,906,755	
2044-2048	25,699,690	19,271,170	
2049-2053	25,669,690		
2054-2058	21,844,737		

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, 2022 and 2021, the ARO related to the CCR Rule for the Bonanza Unit totaled approximately $3,823,088 and $3,641,492 respectively. As of June 30, 2023 and 2022, the Agency's 3.75% ownership share of the ARO for the Bonanza Unit totaled approximately $143,366 and $136,556, respectively. During the years ended June 30, 2023 and 2022, accretion expense for UMPA's 3.75% ownership share totaled approximately $6,810 and $6,486, 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, 2022 and 2021, the ARO related to these items for the Hunter Unit 1 totaled approximately $5,685,284 and $5,547,197, respectively. As of June 30, 2023 and 2022, the Agency's 6.25% ownership share of the ARO for the Hunter Unit 1 totaled approximately $355,331 and $346,700, respectively. During the years ended June 30, 2023 and 2022, accretion expense for UMPA's 6.25% ownership share totaled approximately $15,553 and $17,926, 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:	
2023	$ 89,820
2022	143,778
Estimated minimum payments:	
2024	$ 117,299
2025	119,058
2026	120,844
2027	122,657
2028	124,497
2029-2033	651,063
2034-2038	701,380
2039-2043	755,585
2044-2048	813,890
2049-2053	876,887
2054-2058	944,657
2059-2063	1,017,663
2064-2065	428,757

Note 10 - Pension Plans

Plan Description—Eligible plan participants are provided with pensions through the Utah Retirement Systems. 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:

	2023		2022	
	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	18.47%	N/A
Contributory System				
111 Local Government Div - Tier 2	16.01%	0.18%	16.07%	0.62%
DC Only				
211 Local Government - Tier 2	6.19%	10.00%	6.69%	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, 2023 and 2022, the employer and employee contributions to URS were as follows:

	2023		2022	
System	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions
Tier 1 Noncontributory System	$ 308,506	N/A	$ 285,822	N/A
Tier 2 Contributory System	132,058	-	101,878	-
Tier 2 DC Only System	95,711	N/A	87,194	N/A
Total Contributions	$ 536,275	$ -	$ 474,894	$ -

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, 2023, the Agency reported a net pension asset of $0 and a net pension liability of $416,417. At June 30, 2022, the Agency reported a net pension asset of $1,262,121 and a net pension liability of $0.

	(Measurement Date): Dec 31, 2022		(Measurement Date): Dec 31, 2021		
	Net Pension Liability	Proportionate Share	Net Pension Asset	Proportionate Share	Change/ (Decrease)
Tier 1 Noncontributory System	$ 378,594	0.2210447%	$ 1,249,886	0.2182404%	0.0028043%
Tier 2 Public Employees System	37,823	0.0347353%	12,235	0.0289085%	0.0058268%
Total Net Pension Asset / Liability	$ 416,417		$ 1,262,121		

The net pension asset and liability were measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022, 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, 2023 and 2022 the Agency recognized pension expense of $256,096 and ($75,579), respectively.

At June 30, 2023 the Agency reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	2023		2022	
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	$ 128,413	$ -	$ 130,912	$ -
Changes in assumptions	62,047	1,512	117,306	8,068
Net difference between projected and actual earnings on pension plan investments	249,724	-	-	1,682,804
Changes in proportion and differences between contributions and proportionate share of contributions	3,114	10,208	27,334	33,471
Contributions subsequent to the measurement date	140,394	-	131,253	-
Total	$ 583,692	$ 11,720	$ 406,805	$ 1,724,343

Tier 2 Public Employees System	2023 Deferred Outflows of Resources	2023 Deferred Inflows of Resources	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,775	$ 1,501	$ 5,944	$ 1,576
Changes in assumptions	12,279	96	11,408	116
Net difference between projected and actual earnings on pension plan investments	15,249	-	-	30,231
Changes in proportion and differences between contributions and proportionate share of contributions	9,007	6,506	10,199	5,674
Contributions subsequent to the measurement date	110,911	-	94,077	-
Total	$ 160,221	$ 8,103	$ 121,628	$ 37,597

Combined	2023 Deferred Outflows of Resources	2023 Deferred Inflows of Resources	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources
Differences between expected and actual experience	$ 141,188	$ 1,501	$ 136,856	$ 1,576
Changes in assumptions	74,326	1,608	128,714	8,184
Net difference between projected and actual earnings on pension plan investments	264,973	-	-	1,713,035
Changes in proportion and differences between contributions and proportionate share of contributions	12,121	16,714	37,533	39,145
Contributions subsequent to the measurement date	251,305	-	225,330	-
Total	$ 743,913	$ 19,823	$ 528,433	$ 1,761,940

Deferred outflows of resources relating to pensions for both systems in the amount of $251,305 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, 2022.

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
2023	$ (63,967)	$ 1,902	$ (62,065)
2024	11,739	4,305	16,044
2025	100,305	6,998	107,303
2026	383,500	13,514	397,014
2027	-	3,058	3,058
Thereafter	-	11,431	11,431

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Actuarial Assumptions**—**The total pension liability in the December 31, 2022 and 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2022	2021
Inflation	2.50%	2.50%
Salary increases - average, including inflation	3.25 - 9.25%	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, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age, as appropriate, with projected improvement using 80% of the ultimate rate from the MP-2019 improvement assumption 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, 2022, valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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%	6.58%	2.30%
Debt securities	20.00%	1.08%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	0.00%	(0.11%)	0.00%
Totals	100.00%		5.17%
Inflation			2.50%
Expected arithmetic nominal return			7.67%

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	$ 2,386,027	$ 378,594	$ (1,298,721)
Tier 2 Public Employees System	165,266	37,823	(60,356)
Total	$ 2,551,293	$ 416,417	$ (1,359,077)

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
*Traditional 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	2023	2022	2021
Employer Contributions	$ 340,459	$ 277,930	$ 251,512
Employee Contributions	181,569	147,513	168,461

457(b) Plan	2023	2022	2021
Employer Contributions	$ -	$ -	$ -
Employee Contributions	90,642	90,064	80,489

Roth IRA Plan	2023	2022	2021
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ 1,900	$ 3,400	$ 610

Traditional IRA Plan	2023	2022	2021
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ -	$ -	$ 160

Note 11 - 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%
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%

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.

	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	2014	$ 231,122	$ 231,122	$ -	$ 1,336,739	17.29%
	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%
Tier 2 Contributory System*	2014	$ 12,066	$ 12,066	$ -	$ 86,244	13.99%
	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%
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%

* 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:

No changes were made in actuarial assumptions from the prior year's valuation.

	Revenue Fund	Repair and Replacement Fund	Rate Stabilization Fund	Debt Service Fund	Total
Balance July 1, 2022	$ 2,561,749	$ 34,658,377	$ 17,310,554	$ 15,909,598	$ 70,440,278
Additions and Transfers					
Interest income from operating investments	2,340,489	-	-	212,213	2,552,702
Interest income from investments	203,384	-	-	-	203,384
Power sales and other receipts	159,358,863	-	-	-	159,358,863
Bond Proceeds	-	-	-	10,639,000	10,639,000
Transfers from (to) other funds	(22,958,258)	11,887,543	2,318,026	8,752,689	-
Total Additions and Transfers	138,944,478	11,887,543	2,318,026	19,603,902	172,753,949
Deductions					
Operation and maintenance expenses	135,542,320	-	-	-	135,542,320
Purchase of capital additions	1,661,314	10,140,014	-	919,171	12,720,499
Interest expense	42,340	-	-	3,586,978	3,629,318
Cost of issuance	-	-	-	30,000	30,000
Bond principal payments	-	-	-	5,210,000	5,210,000
Total Deductions	137,245,974	10,140,014	-	9,746,149	157,132,137
Balance June 30, 2023	$ 4,260,253	$ 36,405,906	$ 19,628,580	$ 25,767,351	$ 86,062,090