

**CENTRAL IRON COUNTY  
WATER CONSERVANCY DISTRICT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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# Kimball & Roberts

A Professional Corporation  
Certified Public Accountants  
176 North Main • P.O. Box 663  
Richfield, Utah 84701

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board Members  
Central Iron County Water Conservancy District  
Cedar City, Utah 84721

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Central Iron County Water Conservancy District, a business-type fund, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Central Iron County Water Conservancy District, as of December 31, 2023, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibility of Management**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 raised substantial doubt about Central Iron County Water Conservancy District's ability to continue as a going concern for one year after the date of the financial statements are available to be issued.

### ***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 Audit Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than 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 judgement 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 judgement 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 Central Iron County Water Conservancy District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles 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 judgement, there are conditions or events, considered in the aggregate that raise substantial doubt about Central Iron County Water Conservancy District'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 findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Utah Retirement Systems pension liability and contribution information be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Business-type 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 Central Iron County Water Conservancy District's basic financial statements. The section, combining and individual nonmajor fund financial statements, and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Central Iron County Water Conservancy District.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024, on our consideration of Central Iron County Water Conservancy District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Iron County Water Conservancy District's internal control over financial reporting and compliance.

*Kimball & Roberts, PC*

Certified Public Accountants

April 29, 2024  
Richfield, Utah

## **CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

As Management of Central Iron County Water Conservancy District (the District), we offer readers of the financial statements this narrative discussion, overview, and analysis of the District's financial activities for the year ending December 31, 2023. We encourage readers to consider the information presented here as an overview of the operations of the District. This discussion and analysis is not intended to cover every aspect of the daily activities of the District.

The purpose of Central Iron County Water Conservancy District is to provide conservation and development of water resources to the residents of the district.

### **Financial Highlights**

- \* The assets of the District exceeded its liabilities as of the close of the most recent year by \$38,150,519 (net position). Of this amount, \$7,439,195 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens, creditors, and capital expansion.
- \* The District's total debt increased by a net amount of \$11,687,473.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of four components: 1) Statement of Net Position; 2) Statement of Revenue, Expenses, and Changes in Net Position; 3) Statement of Cash Flows; and 4) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements to give the reader an overall view of the District as a whole. The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

### **Statement of Net Position**

This condensed Statement of Net Position presents information on all of the assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position invested in capital assets are the fixed assets of the District reduced by accompanying debt and accumulated depreciation. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Statement of Net Position (continued)**

	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 20,900,787	\$ 8,161,232
Net Pension Asset	-	96,164
Capital Assets	<u>36,612,783</u>	<u>34,869,162</u>
Total Assets	<u>57,513,570</u>	<u>43,126,558</u>
Deferred Outflows of Resources	<u>115,633</u>	<u>92,096</u>
Long-Term Liabilities Outstanding	18,743,089	6,665,791
Other Liabilities	<u>733,307</u>	<u>803,315</u>
Total Liabilities	<u>19,476,396</u>	<u>7,469,106</u>
Deferred Inflows of Resources	<u>2,288</u>	<u>140,977</u>
Net Position:		
Net Investment in Capital Assets	17,793,992	27,737,844
Restricted	12,917,332	685,299
Unrestricted	<u>7,439,195</u>	<u>7,185,428</u>
Total Net Position	<u>\$ 38,150,519</u>	<u>\$ 35,608,571</u>

As noted earlier, net position may serve over time as a useful indicator of an institution's financial position. In the case of the District, assets exceeded liabilities by \$38,150,519 at the close of the most recent fiscal year. This represents an increase over the preceding year of \$2,541,948. The unrestricted net position of \$7,439,195 may be used to meet the District's ongoing obligations to customers of the District.

**Statement of Revenues, Expenses, and Changes in Net Position**

This condensed Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the net position of Central Iron County Water Conservancy District changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement occurs, for some items that will only result in cash flows in future fiscal periods. The breakdown of "operating" and "non-operating" categories are defined by accounting standards.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 1,387,446	\$ 1,271,146
Operating Expenses	<u>(2,122,037)</u>	<u>(1,995,255)</u>
Net Operating Gain (Loss)	(734,591)	(724,109)
Non-Operating Revenues (Net)	<u>3,276,539</u>	<u>3,619,842</u>
Increase in Net Position	2,541,948	2,895,733
Net Position - Beginning of Year	<u>35,608,571</u>	<u>32,712,838</u>
Net Position - End of Year	<u>\$ 38,150,519</u>	<u>\$ 35,608,571</u>

**Statement of Cash Flows**

This condensed Statement of Cash Flows provides an additional perspective of the District's financial results for the fiscal year. It provides a source and use of cash for broad categories of activities.

	<u>2023</u>	<u>2022</u>
Cash provided (used) by:		
Operating activities	\$ (45,715)	\$ (140,998)
Non-capital financing activities	2,342,302	2,487,358
Capital financing activities	9,653,854	(1,228,779)
Capital investing activities	<u>719,947</u>	<u>92,841</u>
Net Increase (Decrease) in Cash	12,670,388	1,210,422
Cash - Beginning of Year	<u>7,826,460</u>	<u>6,616,038</u>
Cash - End of Year	<u>\$ 20,496,848</u>	<u>\$ 7,826,460</u>

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Capital Asset and Debt Administration**

**Capital Assets**

The District's investment in capital assets as of December 31, 2023 was \$36,612,783 (net of accumulated depreciation). The investment in capital assets includes land, buildings, water rights, utility system, and equipment.

The total additions to the District's investment in capital assets for the current year was \$2,022,236. Major capital events during the current year are shown below by category in comparison to the prior year.

	<u>2023</u>	<u>2022</u>
Investment in Fixed Assets:		
Construction in Progress	\$ 8,145,151	\$ 6,303,253
Land and Water Rights	11,053,223	10,637,920
Buildings	181,841	188,091
Water Utility System	16,748,363	17,394,686
Equipment	<u>484,205</u>	<u>345,212</u>
Total Assets	<u>\$ 36,612,783</u>	<u>\$ 34,869,162</u>

Additional information on the District's capital asset's can be found in the notes to the financial statements.

**Debt Administration**

At the end of the current year, the District had a total bonded debt and other long-term obligations outstanding of \$18,818,791. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

	<u>2023</u>	<u>2022</u>
Long Term Obligations:		
Revenue Bonds Payable	\$ 4,232,688	\$ 6,585,204
Other Long-Term Obligations	<u>14,586,103</u>	<u>546,114</u>
Total Long-Term Obligations	<u>\$ 18,818,791</u>	<u>\$ 7,131,318</u>

Additional information on the District's long-term debt can be found in the notes to the financial statements.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Notes to the Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found at the end of this report.

The financial report is designed to provide a general overview of the District's finances for all those with an interest in government finances. Questions concerning any of the information provided in this report or requests for financial information should be addressed to Central Iron County Water Conservancy District, 88 East Fiddlers Canyon Road, Ste. A, Cedar City, Utah 84721.



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# **BASIC FINANCIAL STATEMENTS**

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**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**For the Year Ended December 31, 2023**

	December 31, 2023	(Memorandum) (Only) December 31, 2022
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 7,579,516	\$ 7,141,161
Accounts Receivable	100,065	73,454
Installment Receivable	68,104	86,005
Property Tax Receivable	235,770	175,313
Total Current Assets	<u>7,983,455</u>	<u>7,475,933</u>
Noncurrent Assets:		
Restricted Cash	12,917,332	685,299
Net Pension Asset	-	96,164
Capital Assets:		
Land, Water Rights and Easements	11,053,223	10,637,923
Construction In Progress	8,145,151	6,303,253
Other Capital Assets (Net of Accumulated Depreciation)	17,414,409	17,927,986
Total Noncurrent Assets	<u>49,530,115</u>	<u>35,650,625</u>
TOTAL ASSETS	<u>57,513,570</u>	<u>43,126,558</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related To Pensions	115,633	92,096
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 57,629,203</u>	<u>\$ 43,218,654</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 43,008	\$ 90,759
Accrued Liabilities	5,911	1,779
Compensated Absences	71,727	68,964
Customer Deposits	64,000	118,000
Accrued Interest Payable	432,115	58,286
Bonds Payable - Due Within One Year	116,546	465,527
Total Current Liabilities	<u>733,307</u>	<u>803,315</u>
Noncurrent Liabilities:		
Bonds Payable After One Year	18,702,245	6,665,791
Net Pension Liability	40,844	-
Total Noncurrent Liabilities	<u>18,743,089</u>	<u>6,665,791</u>
TOTAL LIABILITIES	<u>19,476,396</u>	<u>7,469,106</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions	2,288	140,977
<b>NET POSITION</b>		
Net Investment in Capital Assets	17,793,992	27,737,844
Restricted For:		
Construction	12,545,902	-
Debt Service	371,430	685,299
Unrestricted	7,439,195	7,185,428
TOTAL NET POSITION	<u>38,150,519</u>	<u>35,608,571</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 57,629,203</u>	<u>\$ 43,218,654</u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**For The Year Ended December 31, 2023**

	December 31, 2023	(Memorandum) (Only) December 31, 2022
<b>OPERATING REVENUES</b>		
Water Sales Revenue	\$ 1,387,446	\$ 1,271,146
<b>TOTAL REVENUES</b>	<u>1,387,446</u>	<u>1,271,146</u>
<b>OPERATING EXPENSES</b>		
Depreciation Expense	792,442	763,401
Dues & Memberships	10,176	10,188
Insurance Expense	17,894	17,934
Lease Expense	25,848	28,932
Maintenance	52,201	59,973
Water System Expense	92,498	103,665
Office, Telephone, and Postage Expense	29,954	33,373
Payroll Taxes	39,537	32,682
Professional Expenses	51,858	70,584
Salaries and Wages	516,826	443,043
Employee Benefits	287,386	236,400
Public Relations	16,039	17,061
Travel	8,017	15,783
Utilities Expense - Pumping	181,361	162,236
<b>TOTAL OPERATING EXPENSES</b>	<u>2,122,037</u>	<u>1,995,255</u>
<b>NET OPERATING GAIN (LOSS)</b>	<u>(734,591)</u>	<u>(724,109)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>		
Property Tax Revenue	2,234,947	2,079,077
Fee-In-Lieu of Taxes	167,812	170,706
Federal Grants	-	150,000
State Grants	-	64,412
Impact Fees	377,850	701,427
Connection Fees	122,785	174,685
Other Revenue	100,546	288,663
Gain (Loss) on Sale of Assets	150,741	74,209
Interest Earnings	719,947	92,841
Interest and Fiscal Charges	(623,307)	(223,770)
Pension Expense	(40,340)	(11,044)
Benefit Expense	65,558	58,636
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>3,276,539</u>	<u>3,619,842</u>
<b>CHANGES IN NET POSITION</b>	2,541,948	2,895,733
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<u>35,608,571</u>	<u>32,712,838</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u><u>\$ 38,150,519</u></u>	<u><u>\$ 35,608,571</u></u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For The Year Ended December 31, 2023**

	December 31, 2023	(Memorandum) (Only) December 31, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received From Customers	\$ 1,378,736	\$ 1,243,725
Cash Paid To Employees	(509,931)	(426,926)
Cash Paid To Suppliers	(914,520)	(957,797)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	(45,715)	(140,998)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Property Tax Revenue	2,342,302	2,272,946
Grant Revenue	-	214,412
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	2,342,302	2,487,358
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Other Receipts	100,546	288,663
Impact and Connection Fees	500,635	876,112
Acquisition of Capital Assets	(543,423)	(2,022,236)
Construction In Progress	(1,841,899)	-
Proceeds From Grant Receivable	-	327,341
Interest and Fiscal Charges Paid on Capital Debt	(249,478)	(246,171)
Bond Anticipation Loan Proceeds	14,050,000	-
Principal Paid On Long-Term Debt	(2,362,527)	(452,488)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	9,653,854	(1,228,779)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Revenue	719,947	92,841
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	12,670,388	1,210,422
CASH AND INVESTMENTS - BEGINNING OF YEAR	7,826,460	6,616,038
CASH AND INVESTMENTS - END OF YEAR	\$20,496,848	\$ 7,826,460
<b>RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Operating Gain (Loss)	\$ (734,591)	\$ (724,109)
Adjustments to Reconcile Net Operating Gain (Loss) to Net Cash Provided (Used) By Operating Activities:		
Depreciation	792,442	763,401
Increase (Decrease) In Operating Assets and Liabilities:		
Accounts & Installment Receivables	(8,710)	(73,421)
Accounts Payable & Accrued Liabilities	(43,619)	(168,698)
Compensated Absences Payable	2,763	15,829
Customer Deposits	(54,000)	46,000
Total Adjustments	688,876	583,111
Net Cash Provided (Used) by Operating Activities	\$ (45,715)	\$ (140,998)

The notes to the financial statements are an integral part of this statement.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Central Iron County Water Conservancy District, a Utah political subdivision, (the District) is organized under the Utah Water Conservancy Act of the State of Utah. The District operates under a board of directors appointed by Iron County and provides conservation and development of water resources to the residents of the District. The District is not a component unit of any other governmental entity, and it has no component units.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to government units. The District develops, purchases, treats, and sells water to retail and wholesale customers and operates in no other industry. The following is a summary of the more significant of such policies.

**A. Reporting Entity:**

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the exercise of special financial relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, no potential component units have been included in defining the District's reporting entity.

**B. Financial Statement Presentation:**

The District has adopted the provisions of GASB Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments, GASB Statement No. 37, Basic Financial Statements and Management Discussion and Analysis - for State and Local Governments: Omnibus, and GASB Statement No. 38, Certain Financial Statement Disclosures. These statements require governmental entities with more than one governmental activity to present additional accrual-based statements to better communicate the financial status of the entity. The significant changes to the District's financial statements relating to these standards are the Management's Discussion and Analysis and the titles and presentation of the financial statements to conform to the net position presentation.

The District reports its water development, production, storage, and distribution operations as a proprietary fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The financial statements of the District are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

**C. Deposits and Investments:**

The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The District's investments are reported at amortized cost, which approximates fair value at year-end. The Utah Public Treasurers' Investment Fund (PTIF) operates in accordance with appropriate Utah state laws. Investments are recorded at amortized cost, which approximates fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value of the District's position in the PTIF investment pool is the same as the value of the pool shares. Changes in the fair value in investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to funds based on the average earnings of each participating fund.

**Cash and Investments:**

The District considers cash and cash equivalents to be cash on hand and demand deposits, and considers investments to be short-term investments with original maturities of three months or less from the date of acquisition, including the PTIF.

**D. Capital Assets:**

Capital assets include property and plant equipment. Capital assets are defined by the District as assets with an initial unit cost of \$2,000 or more and an estimated useful life in excess of one year. Such assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following useful lives.

Buildings	40 Years
Water System	40 Years
Equipment	5 Years

The District has adopted and complied with GASB 87, regarding the classification and disclosure of leases and the related leased assets and liabilities. The District has also adopted and complied with GASB 96, regarding intangible assets.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Operating Revenues and Expenses**

The statement of revenues, expenses, and changes in net position distinguishes between operating and non-operating revenues. For this purpose, operating revenues, such as user fees, result from exchange transactions associated with the principal activities of the District. Exchange transactions are those in which each party to the transactions receives or gives up essentially equal values. Nonoperating revenues arise from exchange transactions not associated with the District's principal activities (such as investment income) and from all nonexchange transactions (such as grants).

The District's net position is classified as follows:

**Net Investment in Capital Assets:** This represents the District's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

**Restricted - Expendable:** Restricted expendable net position includes resources which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

**Unrestricted:** Unrestricted net position represent resources derived from user fees and intergovernmental appropriations. These resources are used for transactions relating to the development of water resource activities of the District, and may be used at the discretion of the governing board to meet current expenses for any legal purpose.

**G. Property Tax**

The District assesses all taxable property other than centrally-assessed property, which is assessed through the state, by May 22 of each year. The District should adopt a final tax rate prior to June 22, which is then submitted to the state for approval. Property taxes are due on November 30 of each year. Delinquent taxes are subject to a penalty of 2% or \$10.00, whichever is greater. After January 15 of the following year, delinquent taxes and penalty bear interest of 6% above the federal discount rate from January 1 until paid.

Property taxes attach as an enforceable lien on property as they become delinquent. All unpaid taxes levied during the year become delinquent December 1 of the current year.

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within sixty days after year end.

**H. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one type of item that qualifies for reporting in this category, deferred outflows as relating to pensions as described in Note 7.

In addition to liabilities, the Statement of Net Position 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 so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. The District deferred inflows as relating to pensions as described in Note 7. This amount is deferred and recognized as an inflow of resources in the period in which the amount becomes available.

**J. 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 Systems Pension Plan (URS) and additions to/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.

**K. Date of Subsequent Event Evaluation**

The District's subsequent events have been evaluated through the day of the financial statement issuance of April 29, 2024.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Deposits:**

Deposits and Investments are carried at amortized cost, which approximates fair value. A reconciliation of cash and investments at December 31, 2023, as shown on the financial statements is as follows:

<u>Deposit and Investment Type</u>	<u>Carrying at Fair Value</u>
Cash on Deposit	\$ 14,759,716
State Treasurer's Investment Pool	<u>5,737,132</u>
Total Cash and Investments	<u><u>\$ 20,496,848</u></u>
 <u>Reported on the Financial Statements as Follows</u>	
Cash and Investments	\$ 7,579,516
Restricted Cash	<u>12,917,332</u>
Total Cash and Investments	<u><u>\$ 20,496,848</u></u>



**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

The following paragraphs discuss the District's exposure to various risks related to its cash management activities.

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of December 31, 2023, \$14,317,403 of the District's bank balances of \$14,817,403 was uninsured and uncollateralized.

**Investments:**

The State of Utah Money Management council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District 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.

The Money Management Act defines the types of securities authorized as appropriate investments for the District's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse purchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

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

*Fair Value of Investments*

The District measures and records its investments at amortized cost, which approximates 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 December 31, 2023, the District had the following recurring fair value measurements:

<u>Investments By Fair Value Level</u>	<u>December 31,</u> <u>2023</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities:				
Utah Public Treasurers' Invest. Fund	<u>\$5,737,132</u>	<u>\$ -</u>	<u>\$5,737,132</u>	<u>\$ -</u>
Total Investments by Fair Value Level	<u>\$5,737,132</u>	<u>\$ -</u>	<u>\$5,737,132</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- \* Utah Public Treasurers' Investment Fund: application of the December 31, 2023 fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the Fund.

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management 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.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

As of December 31, 2023, the District's investments had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Utah Public Treasurers' Investment Fund	\$5,737,132	\$5,737,132	\$ -	\$ -	\$ -
Total	\$5,737,132	\$5,737,132	\$ -	\$ -	\$ -

*Credit Risk*

Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At December 31, 2023, the District's investments had the following quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Utah Public Treasurers' Investment Fund	\$5,737,132	\$ -	\$ -	\$ -	\$5,737,132
Total	\$5,737,132	\$ -	\$ -	\$ -	\$5,737,132

*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 District'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 with a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. The District places no other limits on the amount it may invest in any one issuer.

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk. As of December 31, 2023, the District had \$5,737,132 in debt security investments, level 2, which were held by the investment's counterparty. The District places no other limits on the amount of investments to be held by counterparties.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 3 - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land, Water Rights & Easements	\$ 10,637,923	\$ 415,300	\$ -	\$ 11,053,223
Construction In Progress	6,303,253	1,841,898	-	8,145,151
 Total Capital Assets Not Being Depreciated	 16,941,176	 2,257,198	 -	 19,198,374
 Capital Assets Being Depreciated:				
Buildings	255,581	-	-	255,581
Water Tanks	140,000	-	-	140,000
Water Utility System	26,574,387	113,638	46,016	26,642,009
Machinery and Equipment	187,098	16,250	-	203,348
Autos and Trucks	272,880	338,312	179,610	431,582
Equipment	54,619	1,141	-	55,760
 Total Capital Assets Being Depreciated	 27,484,565	 469,341	 225,626	 27,728,280
 Less Accumulated Depreciation For:				
Buildings	67,490	6,777	-	74,267
Water Utility System	9,319,704	715,476	2,061	10,033,119
Machinery and Equipment	169,385	70,189	33,089	206,485
 Total Accumulated Depreciation	 9,556,579	 792,442	 35,150	 10,313,871
 Total Capital Assets Being Depreciated (Net)	 17,927,986	 (323,101)	 190,476	 17,414,409
 Business-Type Activities Capital Assets, Net	 \$ 34,869,162	 \$ 1,934,097	 \$ 190,476	 \$ 36,612,783

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 4 - CHANGES IN LONG-TERM DEBT**

The following is a summary of bonds payable of the District for the year ended December 31, 2023:

	Balance December 31, 2022	Issued	Matured	Balance December 31, 2023	Due Within One Year
<b>Bonds:</b>					
2005A DW Parity	\$ 799,000	\$ -	\$ 799,000	\$ -	\$ -
2005C USDA Parity	1,772,794	-	43,762	1,729,032	45,659
2008 USDA Parity	2,248,410	-	50,754	2,197,656	52,887
2008A DW Parity II	1,443,000	-	1,443,000	-	-
2009 DW Parity	26,000	-	3,000	23,000	4,000
2009A DW Parity	118,000	-	5,000	113,000	6,000
2011 DW CH	178,000	-	8,000	170,000	8,000
<b>Total Bonds</b>	<b>6,585,204</b>	<b>-</b>	<b>2,352,516</b>	<b>4,232,688</b>	<b>116,546</b>
<b>Loans:</b>					
2021 USDA Loan	546,114	-	10,011	536,103	10,188
2023 Bond Anticipation	-	14,050,000	-	14,050,000	-
<b>Total Loans</b>	<b>546,114</b>	<b>14,050,000</b>	<b>10,011</b>	<b>14,586,103</b>	<b>10,188</b>
<b>Net Pension Liability</b>	<b>-</b>	<b>40,844</b>	<b>-</b>	<b>40,844</b>	<b>-</b>
<b>Total Business-Type Fund Debt</b>	<b>\$7,131,318</b>	<b>\$14,090,844</b>	<b>\$ 2,362,527</b>	<b>\$18,859,635</b>	<b>\$ 126,734</b>

The District's total bonded debt service at December 31, 2023 was as follows:

	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2024	\$ 116,546	\$ 169,220	\$ 10,188	\$ 669,610	\$ 965,564
2025	120,747	164,619	10,367	669,431	295,733
2026	125,129	159,836	14,060,550	669,248	14,345,515
2027	129,698	154,867	10,737	8,711	295,302
2028	133,460	149,704	10,925	8,523	294,089
2029-2033	742,168	663,962	57,589	39,851	1,463,719
2034-2038	901,691	501,099	62,851	34,589	1,465,641
2039-2043	1,052,871	302,310	68,594	28,846	1,423,775
2044-2048	910,378	78,359	74,862	22,578	1,063,599
2049-2053	-	-	81,702	15,738	81,702
2054-2058	-	-	89,167	8,273	89,167
2059-2061	-	-	48,571	1,128	48,571
<b>Total</b>	<b>\$ 4,232,688</b>	<b>\$ 2,343,976</b>	<b>\$14,586,103</b>	<b>\$ 2,176,526</b>	<b>\$21,832,377</b>

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 4 - CHANGES IN LONG-TERM DEBT (Continued)**

Revenue Bonds at December 31, 2023 consist of the following:

\$3,345,000 Parity Water Revenue Bonds Series 2005 A, issued 11/28/05. Issued by Utah Drinking Water Board. Due in annual installments of \$171,056 to \$172,133 through year 2027. Interest rate of 2.46% APR. Reserve requirement is \$172,133. Bond was retired in 2023	\$ -
\$2,250,000 Parity Water Revenue Bond Series 2005 C issued by USDA Rural Development. Due in annual installments of \$118,260 through year 2047. Interest rate of 4.5% APR. Reserve requirement is \$118,260.	1,729,032
\$2,756,000 Parity Water Revenue Bond Series 2008 A issued by USDA Rural Development. Due in annual installments of \$142,548 through year 2049. Interest rate of 4% APR. Reserve requirement is \$224,936.	2,197,656
\$3,610,000 Parity Water Revenue Bond Series 2008 B issued by Utah Drinking Water Board. Due in annual installments of \$223,952 to \$224,936 through year 2029. Interest rate of 2.25% APR. Reserve requirement is \$142,548. This bond was retired in 2023.	-
\$65,000 Parity Water Revenue Bond Series 2009 issued Series 2009 issued by Utah Drinking Water Board. Due in annual installments of from \$3,140 to \$4,460 through year 2029. Interest rate of 2% APR. Reserve requirement is \$4,460.	23,000
\$694,705 (principal forgiveness of \$520,705) \$174,000 (net loan amount) Parity Water Revenue Bond Series 2009 A issued by Utah Drinking Water Board Due in annual installments of \$7,776 to \$8,500 through year 2040. Interest rate of 2.17% APR. Technical assistance fee. Reserve requirement is \$8,452.	113,000
\$250,000 Water Revenue Bonds (assumed on 8/17/2012) Assumed from Cedar Highland Home Owners Association These bonds required yearly payments of \$6,000 to \$12,000, and mature January 1, 2041. Interest rate is 2.38% APR. Reserve requirement is \$11,750.	<u>170,000</u>

Revenue Bonds Payable at December 31, 2023:

\$ 4,232,688

All water revenue bonds are secured by revenues generated from water resources.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 4 - CHANGES IN LONG-TERM DEBT (Continued)**

**Other Long-Term Obligations:**

United States Department of Agriculture Loan of \$560,000, issued August 27, 2021 with an interest rate of 1.75%. Payments of \$1,624 for 40 years, matures July 27, 2061. Balance of loan issued to December 31, 2023. \$ 536,103

Bank of Utah, Parity Water Revenue Bond Anticipation Note, Series 2023 issued May 10, 2023 with an interest rate of 4.7% per annum, payable annually on May 10 of each year, commencing with interest only payments beginning May 10, 2024 until said principal is paid in full on May 10, 2026. 14,050,000

Loans Payable at December 31, 2023: \$14,586,103

Total Long-Term Obligations Payable at December 31, 2023 \$18,818,791

**Bond Reserves:**

<u>Bond</u>	<u>Date</u>	<u>Requirement</u>	<u>Annual Installment</u>	<u>Balance 12/31/23</u>
2005C	12/1/2005	118,260	-	118,260
2008B	3/1/2008	142,548	-	142,548
2009	2010	4,460	-	4,460
2009A	2010	8,452	-	8,452
2011	2012	11,750	-	11,750
2021	2023	19,488	1,949	4,710
Total Bond Reserves		<u>\$ 304,958</u>	<u>\$ 1,949</u>	<u>\$ 290,180</u>

**NOTE 5 - RISK MANAGEMENT**

The District is subject to various types of risk such as tort actions, theft, damage, or destruction of assets by intent or acts of Nature, and job related illness or injury. The District has procured insurance which, in the District's estimation, is adequate to reduce the risk of loss to a manageable level.

**NOTE 6 - ROUNDING CONVENTION**

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - PENSION PLAN**

**General Information about the Pension Plan**

**Plan Description:**

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

**Defined Benefit Plans**

Public Employees Noncontributory Retirement System (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 (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems 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 E. 200 S., Salt Lake City, Utah, 84102 or visiting the website:

[www.urs.org/general/publication](http://www.urs.org/general/publication)

**Benefits Provided:**

URS provides retirement, disability, and death benefits. Retirement benefits are as shown on the following page.



**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - PENSION PLAN (Continued)**  
**Summary of Benefits By System:**

<u>System</u>	<u>Final Average Salary</u>	<u>Years of Service Required and/or Age Eligible for Benefit</u>	<u>Benefit Percent Per Year of Service</u>	<u>COLA**</u>
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 increase for the year, although unused CPI increases forward to subsequent years.

**Contribution Rate Summary:**

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2023, are as follows:

**Utah Retirement Systems**

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
<b>Contributory System</b>			
111 - Local Governmental Division - Tier 2	N/A	16.01%	0.18%
<b>Noncontributory System:</b>			
15 - Local Governmental Division - Tier 1	N/A	17.97%	N/A
<b>Tier 2 DC Only:</b>			
211 - Local Governmental	N/A	6.19%	10.00%

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - PENSION PLAN (Continued)**

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

For fiscal year ended December 31, 2023, the employer and employee contributions to the Systems were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 11,419	\$ -
Tier 2 Public Employees System	54,191	-
Total Contributions	<u>\$ 65,610</u>	<u>\$ -</u>

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

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

At December 31, 2023, we reported a net pension asset of \$0 and a net pension liability of \$40,340.

	<u>Measurement Date: December 31, 2022</u>				
	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share - 2022</u>	<u>Proportionate Share - 2021</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$ 25,749	0.0150339%	0.0155986%	-0.0005647%
Tier 2 Public Employees System	-	15,095	0.0138623%	0.0161352%	-0.0022729%
Total Net Pension Asset/Liability	<u>\$ -</u>	<u>\$ 40,844</u>			

The net pension asset and liability was 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 the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2023, we recognized pension expense of \$40,340.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - PENSION PLAN (Continued)**

At December 31, 2023, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,832	\$ 599
Changes in assumptions	9,120	141
Net difference between projected and actual earnings on pension plan investments	23,070	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,000	1,548
Contributions subsequent to the measurement date	<u>65,611</u>	<u>-</u>
Total	<u><u>\$ 115,633</u></u>	<u><u>\$ 2,288</u></u>

\$65,611 reported as deferred outflows of resources related to pensions results from contributions made by us 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,	<u>Deferred Outflows (Inflows) of Resources (Net)</u>
2023	\$ (3,120)
2024	\$ 2,565
2025	\$ 9,803
2026	\$ 31,658
2027	\$ 1,383
Thereafter	\$ 5,446

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - PENSION PLAN (Continued)**

**Actuarial Assumptions:**

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

Inflation	2.50 Percent
Salary Increases	3.25 - 9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

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 rates 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:

Asset Class	Expected Return Arithmetic Basis		
	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%

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - PENSION PLAN (Continued)**

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:

<u>System</u>	<u>1% Decrease or 5.85%</u>	<u>Discount Rate or 6.85%</u>	<u>1% Increase or 7.85%</u>
Noncontributory System	\$ 162,281	\$ 25,749	\$ (88,330)
Tier 2 Public Employees System	65,955	15,095	(24,087)
	<u>\$ 228,236</u>	<u>\$ 40,844</u>	<u>\$ (112,417)</u>

**Pension Plan Fiduciary Net Position:**

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - PENSION PLAN (Continued)**

**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 section 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provision is available in the separately issued URS financial report.

Central Iron County Water Conservancy District participates in the following Defined Contribution Savings Plan with Utah Retirement Systems:

- \* 401(k) Plan
- \* Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plan for the years ended December 31, were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
401(k) Plan:			
Employer Contributions	\$ 609	\$ 1,387	\$ 2,044
Employee Contributions	\$ 4,074	\$ 3,250	\$ 1,950
Roth IRA Plan:			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 500	\$ -	\$ -

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
(UNAUDITED)**

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**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**Measurement Date of December 31, 2022**  
**December 31, 2023**  
**Last 10 Fiscal Years\***

	Noncontributory Retirement System	Tier 2 Public Employees Retirement System
Proportion of the Net Pension Liability (Asset)		
2014	0.0119465%	0.0184212%
2015	0.0126339%	0.0147373%
2016	0.0139713%	0.0134021%
2017	0.0144995%	0.0125312%
2018	0.0150448%	0.0123242%
2019	0.0165234%	0.0136124%
2020	0.0153542%	0.0143412%
2021	0.0155986%	0.0161352%
2022	0.0150339%	0.0138623%
Proportionate Share of the Net Pension Liability (Asset)		
2014	\$ 51,875	\$ (558)
2015	\$ 71,489	\$ (32)
2016	\$ 89,713	\$ 1,495
2017	\$ 63,527	\$ 1,105
2018	\$ 110,786	\$ 5,278
2019	\$ 62,275	\$ 3,062
2020	\$ 7,876	\$ 2,063
2021	\$ (89,335)	\$ (6,829)
2022	\$ 25,749	\$ 15,095
Covered Employee Payroll		
2014	\$ 74,450	\$ 90,318
2015	\$ 78,458	\$ 95,202
2016	\$ 89,795	\$ 109,911
2017	\$ 90,691	\$ 122,629
2018	\$ 91,000	\$ 144,112
2019	\$ 93,479	\$ 189,178
2020	\$ 70,582	\$ 229,301
2021	\$ 51,646	\$ 299,691
2022	\$ 56,678	\$ 303,080
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll		
2014	69.70%	-0.60%
2015	91.12%	-0.03%
2016	99.91%	1.36%
2017	70.05%	0.90%
2018	121.74%	3.66%
2019	66.62%	1.62%
2020	11.16%	0.90%
2021	-172.97%	-2.28%
2022	45.43%	4.98%
Plan Fiduciary Net Position as a Percentage of its Covered-Employee Payroll		
2014	90.20%	103.50%
2015	87.80%	100.20%
2016	87.30%	95.10%
2017	91.90%	97.40%
2018	87.00%	90.80%
2019	93.70%	96.50%
2020	99.20%	98.30%
2021	108.70%	103.80%
2022	97.50%	92.30%

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. This schedule will need to be built prospectively. The schedule above is for 2014 through 2022.



**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
**UTAH RETIREMENT SYSTEMS**  
**December 31, 2023**

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to The Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions As a Percentage of Covered Employee Payroll
Noncontributory System	2014	\$ 13,312	\$ 13,312	\$ -	\$ 74,450	17.88%
	2015	\$ 14,491	\$ 14,491	\$ -	\$ 78,458	18.47%
	2016	\$ 16,585	\$ 16,585	\$ -	\$ 89,795	18.47%
	2017	\$ 16,751	\$ 16,751	\$ -	\$ 90,691	18.47%
	2018	\$ 16,808	\$ 16,808	\$ -	\$ 91,000	18.47%
	2019	\$ 17,265	\$ 17,265	\$ -	\$ 93,479	18.47%
	2020	\$ 13,036	\$ 13,036	\$ -	\$ 70,582	18.47%
	2021	\$ 9,539	\$ 9,539	\$ -	\$ 51,646	18.47%
	2022	\$ 10,358	\$ 10,358	\$ -	\$ 56,678	18.28%
	2023	\$ 11,419	\$ 11,419	\$ -	\$ 63,547	17.97%
Tier 2 Public Employees System*	2014	\$ 13,065	\$ 13,065	\$ -	\$ 90,318	14.47%
	2015	\$ 14,210	\$ 14,210	\$ -	\$ 95,202	14.93%
	2016	\$ 16,388	\$ 16,388	\$ -	\$ 109,911	14.91%
	2017	\$ 18,416	\$ 18,416	\$ -	\$ 122,629	15.02%
	2018	\$ 22,082	\$ 22,082	\$ -	\$ 144,112	15.32%
	2019	\$ 29,674	\$ 29,674	\$ -	\$ 189,178	15.69%
	2020	\$ 34,701	\$ 34,701	\$ -	\$ 229,301	15.13%
	2021	\$ 48,118	\$ 48,118	\$ -	\$ 299,691	16.06%
	2022	\$ 48,638	\$ 48,638	\$ -	\$ 303,080	16.05%
	2023	\$ 54,191	\$ 54,191	\$ -	\$ 338,485	16.01%

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

Paragraph 81b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

**CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
UTAH RETIREMENT SYSTEMS  
For the Year Ended December 31, 2023**

**Changes in Assumptions:**

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

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## **COMPLIANCE SECTION**

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# Kimball & Roberts

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board Members  
Central Iron County Water Conservancy District  
Cedar City, Utah 84721

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Central Iron County Water Conservancy District, an enterprise fund, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Central Iron County Water Conservancy District's basic financial statements, and have issued our report thereon dated April 29, 2024.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Central Iron County Water Conservancy District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Kimball & Roberts, PC*

Certified Public Accountants

April 29, 2024  
Richfield, Utah

# Kimball & Roberts

A Professional Corporation  
Certified Public Accountants  
176 North Main • P.O. Box 663  
Richfield, Utah 84701

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

The Honorable Board Members  
Central Iron County Water Conservancy District  
Cedar City, Utah 84721

### **Report on Compliance with General State Compliance Requirements**

We have audited Central Iron County Water Conservancy District's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the District for the year ended December 31, 2023.

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

Budgetary Compliance	Governmental Fees
Fraud Risk Assessment	Cash Management
Restricted Taxes and Related Revenues	Public Treasurer's Bond
Utah Retirement Systems	Special and Local Service District Board Members

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on General State Compliance Requirements***

In our opinion, Central Iron County Water Conservancy District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District for the year ended December 31, 2023.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the *State Compliance Audit Guide*.

### **Report on Internal Control Over Compliance**

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

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

*A significant deficiency in internal control over compliance*, is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Kimball & Roberts, PC*

Certified Public Accountants

April 29, 2024  
Richfield, Utah