

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

December 31, 2023, and 2022

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CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of Trustees
Taylorsville-Bennion Improvement District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Taylorsville-Bennion Improvement District (the District), as of and for the years ended December 31, 2023, and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Taylorsville-Bennion Improvement District as of December 31, 2023, and 2022, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with 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. 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 Responsibility 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 generally accepted auditing standards 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 generally accepted auditing standards 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 the District'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 the 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 audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, schedule of the proportionate share of the net pension liability, and schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information 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 March 27, 2024, on our consideration of the 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 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 the District'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 the District's internal control over financial reporting and compliance.

K&C, CPAs

K&C, Certified Public Accountants
Woods Cross, Utah
March 27, 2024

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended December 31, 2023, and 2022**

Management's Discussion and Analysis is presented in three sections. The introductory section will show some of the highlights of the past year along with other important data, figures, and facts. The second section analyzes the results of operations, and the final section will address our consolidated revenues, expenses, and other liabilities.

Cautionary Statements

From time to time, in written reports and oral statements, we discuss our expectations regarding Taylorsville-Bennion Improvement District's future performance. These "forward-looking statements" are based on currently available financial and economic data and our operating plans. They are also inherently uncertain, and readers must recognize that events could turn out to be significantly different from what we expect.

Introduction

Taylorsville-Bennion Improvement District offers readers of its financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023. The District encourages readers to consider the information presented in conjunction with the schedules, notes, and other reports found herein.

Taylorsville-Bennion Improvement District provides competitively-priced, customer-focused, drinking water and wastewater services. Our strategy recognizes that our products and services are essential to life and that our customers' expectations are high.

Taylorsville-Bennion Improvement District owns 11 active wells, 16 reservoirs, 3 active booster stations, 3 fluoride and chlorine injection plants, 1 lift stations and over 246 miles of water pipeline and over 188 miles of sewer pipeline. The District provides operations and maintenance for culinary water distribution and wastewater collection to:

- 16,705 individual residential households
- 522 commercial customers
- 202 institutional customers
- 5 industrial customers
- 70,300 population

The following is a discussion and analysis of Taylorsville-Bennion Improvement District's financial activities for the years ended December 31, 2023, and 2022. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District increased rates by 17% in 2023 and 3% in 2022, as recommended by our 3rd party rate consultant. This funding allows us to be proactive in reviewing, maintaining and repairing our aging infrastructure.
- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at December 31, 2023 by \$104,623,286 (net position). Of this amount, \$51,096,225 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors. The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at December 31, 2022 by \$94,974,461 (net position). Of this amount, \$32,308,583 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended December 31, 2023, and 2022**

- The District's total net position increased by \$9,648,825 as of December 31, 2023. The increase was primarily a result of a \$4,966,051 increase in operating revenues, a \$1,596,821 increase in interest income due to higher interest rates during the year, and a \$417,292 increase in the Investment in Central Valley. The District's total net position increased by \$5,532,347 as of December 31, 2022. The increase was primarily a result of a \$1,532,279 increase in the Investment in Central Valley, \$1,157,500 in contributed assets from developers which is part of the \$10,197,879 increase in net Capital Assets.
- In 2023, operating revenues increased by \$4,966,051 (28.6%), as a result of rate increases and increased usage. Operating expenses, however, increased \$1,674,718. In 2022, operating revenues remained relatively flat, only decreasing by \$1,664 from the prior year. Operating expenses, however, increased \$1,274,370.

The District's total long-term debt decreased by \$301,511 during 2023. The decrease was primarily attributable to principal payments on the Water and Sewer Revenue bonds (\$1,139,000), increase of the net pension liability (\$393,058), offset with some increases related to compensated absences, and other termination benefits. The District's total long-term debt decreased by \$676,088 during 2022. The decrease was primarily attributable to principal payments on the Water and Sewer Revenue bonds, reduction of the net pension liability, offset with some increases related to compensated absences, and other termination benefits.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Overview of the financial statements

The District's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States as promulgated by the Governmental Accounting Standards Board ("GASB"). The District reports as a single enterprise fund. Revenues are recognized when earned and expenses are recognized in the period in which they are incurred. See the notes to the financial statements for a summary of the District's significant accounting policies.

The statements of net position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as total net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating.

The statements of revenues, expenses and changes in net position present information showing how the net position changed during the fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The statements of cash flows show a summary of the District's cash receipts and disbursements from operating, financing and investing activities.

The notes provide additional information that is essential to the full understanding of the data provided in the fund financial statements. The notes are part of the basic financial statements.

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended December 31, 2023, and 2022**

Net Position

The District's net position is comprised of net investments in capital assets (\$53,491,970) and unrestricted (\$51,096,225). Net investment in capital assets reflects the District's investment in capital assets (e.g. land, buildings, water system, sewer system, equipment, and water rights) less any related debt used to acquire those assets that is still outstanding. Resources needed to repay capital-related debt must be provided from other sources. The District's net position restricted for debt service is subject to external restrictions.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S STATEMENTS OF NET POSITION

	2023	2022	2021
Current and other assets	\$ 58,933,653	\$ 58,997,020	\$ 60,857,453
Capital assets, net	75,032,970	68,716,037	58,518,158
Total assets	133,966,623	127,713,057	119,375,611
Deferred outflows of resources	1,010,007	774,872	645,424
Long-term liabilities	26,108,395	26,576,456	27,252,544
Other liabilities	3,025,048	4,056,784	2,497,344
Total liabilities	29,133,443	30,633,240	29,749,888
Deferred inflows of resources	1,219,901	2,880,228	829,033
Net position			
Net investment in capital assets	53,491,970	62,665,878	58,518,158
Restricted	35,091	-	1,200,416
Unrestricted	51,096,225	32,308,583	29,723,540
Total net position	<u>\$ 104,623,286</u>	<u>\$ 94,974,461</u>	<u>\$ 89,442,114</u>

Changes in Net Position

The District's net position increased by \$9,648,825 during the year ended December 31, 2023. Key elements of this overall increase are as follows:

- An increase in net investment in capital assets of \$6,316,933.
- Operating revenue exceeded operating expenses by \$5,515,405 (operating income).
- A net gain in equity in Central Valley Water Reclamation Facility of \$1,245,539.
- An increase in interest income of \$1,596,821.

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended December 31, 2023, and 2022**

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S CHANGES IN NET POSITION

	2023	2022	2021
Operating revenues:			
Water sales	\$ 10,739,225	\$ 8,931,206	\$ 9,193,372
Sewer service	11,435,835	8,242,086	7,994,620
Other	157,662	193,379	180,343
Nonoperating revenues:			
Property taxes and assessments	492,744	478,351	492,717
Interest income	1,872,433	275,612	90,691
Gain on disposal of capital assets	273,040	272,715	100,567
Impact fees	489,599	602,341	394,881
Lease revenue	27,348	37,361	65,440
Gain in equity of Central Valley Water Reclamation Facility	1,245,539	828,247	-
Total revenues	<u>26,733,425</u>	<u>19,861,298</u>	<u>18,512,631</u>
Operating expenses:			
Direct operation and maintenance - water	4,752,685	4,464,920	4,278,402
Direct operation and maintenance - sewer	5,232,650	4,742,712	3,752,602
General and administrative	3,569,154	2,954,834	3,055,566
Depreciation and amortization	3,262,828	2,980,133	2,781,659
Nonoperating expenses:			
Interest expense	334,783	343,852	298,667
Loss in equity of Central Valley Water Reclamation Facility	-	-	1,627,588
Total expenses	<u>17,152,100</u>	<u>15,486,451</u>	<u>15,794,484</u>
Excess (deficiency) before capital contributions	<u>9,581,325</u>	<u>4,374,847</u>	<u>2,718,147</u>
Capital contributions	<u>67,500</u>	<u>1,157,500</u>	<u>212,000</u>
Change in net position	9,648,825	5,532,347	2,930,147
Net position, beginning	<u>94,974,461</u>	<u>89,442,114</u>	<u>86,511,967</u>
Net position, ending	<u>\$ 104,623,286</u>	<u>\$ 94,974,461</u>	<u>\$ 89,442,114</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets, as of December 31, 2023 totaled \$75,032,970 (net of accumulated depreciation) which is an increase of \$6,316,933 from December 31, 2022. This investment in capital assets includes the water system, sewer system, administrative buildings and land, water rights, well houses, reservoirs, and equipment.

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended December 31, 2023, and 2022**

Major capital asset events during 2023 included the following:

- Increase in water systems of \$957,519.
- Increase in water meters, fittings, and accessories of \$3,555,602.
- Increase in water wells of \$357,589.
- Increase in equipment of \$581,177, and disposals of equipment of \$583,529.
- Increase in sewer systems of \$4,299,130.
- Depreciation expense of \$3,262,828 recognized.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT CAPITAL ASSETS

	2023	2022	2021
Land	\$ 2,605,709	\$ 2,605,709	\$ 2,585,609
Water rights	1,512,644	1,512,644	1,512,644
Construction in process	-	-	-
Buildings	5,163,194	5,123,959	5,069,279
Sewer systems	35,670,577	31,371,447	26,196,889
Water systems	65,226,089	64,268,570	58,178,361
Water wells	18,016,235	17,628,646	17,239,189
Meters and accessories	11,791,681	8,236,079	8,149,164
Equipment	5,258,688	5,261,040	5,306,872
Less accumulated depreciation	(70,211,847)	(67,292,057)	(65,719,849)
Capital assets, net of accumulated depreciation	<u>\$ 75,032,970</u>	<u>\$ 68,716,037</u>	<u>\$ 58,518,158</u>

Additional information on the District's capital assets can be found in Note 5.

Long-Term Debt

At December 31, 2023, the District had water and sewer revenue bonds of \$21,541,000 outstanding. The Series 2021 Water and Sewer revenue bonds were issued during 2021. The District has no other bonds outstanding. See Note 9 for additional information.

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S OUTSTANDING
LONG-TERM LIABILITIES**

	2023	2022	2021
Accrued termination benefits	\$ 4,895,785	\$ 4,536,882	\$ 4,017,678
Accrued compensated absences	703,469	617,941	558,660
Water and sewer revenue bond, series 2021	21,541,000	22,680,000	23,810,000
Net pension liability	393,058	-	109,688
Total long-term liabilities	<u>\$ 27,533,312</u>	<u>\$ 27,834,823</u>	<u>\$ 28,496,026</u>

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended December 31, 2023, and 2022**

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S BUDGET VS. ACTUAL AMOUNTS

	Budget Amount	Actual Results	Variance
Operating revenues:			
Water and sewer service fees	\$ 22,546,000	\$ 22,175,060	\$ (370,940)
Miscellaneous	236,000	185,010	(50,990)
Total operating revenues	<u>22,782,000</u>	<u>22,360,070</u>	<u>(421,930)</u>
Non-operating revenues:			
Property tax	501,221	492,744	(8,477)
Contributions from builders and subdividers	-	67,500	67,500
Impact fees	128,000	489,599	361,599
Interest income	261,000	1,872,433	1,611,433
Gain on disposal of capital assets	-	273,040	273,040
Total non-operating revenues	<u>890,221</u>	<u>3,195,316</u>	<u>2,305,095</u>
Total revenues	<u>23,672,221</u>	<u>25,555,386</u>	<u>1,883,165</u>
Operating expenses:			
Salaries and benefits	5,567,800	5,121,129	446,671
Office expenses	885,900	666,746	219,154
Water and sewer system	5,419,100	4,842,065	577,035
Utilities	739,000	536,826	202,174
Gas and oil	139,000	57,993	81,007
Water purchases	2,070,000	1,974,827	95,173
Professional fees	152,400	118,287	34,113
Depreciation and amortization	2,970,000	3,262,828	(292,828)
Miscellaneous expense	648,500	236,616	411,884
Total operating expense	<u>18,591,700</u>	<u>16,817,317</u>	<u>1,774,383</u>
Non-operating expenses			
Interest expense	342,000	334,783	7,217
Loss in equity of Central Valley Water Reclamation Facility	<u>2,300,000</u>	<u>(1,245,539)</u>	<u>3,545,539</u>
Total non-operating expenses	<u>2,642,000</u>	<u>(910,756)</u>	<u>3,552,756</u>
Total expenses	<u>21,233,700</u>	<u>15,906,561</u>	<u>5,327,139</u>
Excess of revenues over expenses	<u>2,438,521</u>	<u>9,648,825</u>	<u>(3,443,974)</u>
Capital projects	<u>24,215,700</u>	<u>10,250,618</u>	<u>13,965,082</u>
Debt service	<u>1,139,000</u>	<u>1,139,000</u>	<u>-</u>

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended December 31, 2023, and 2022**

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S TOTAL TAXABLE VALUATION,
CERTIFIED TAX RATE/MILL LEVY, AND TAXES LEVIED AND COLLECTED**

The following is a summary of Taylorsville-Bennion Improvement District's certified tax rate, and taxes levied and collected by year for a ten-year period including 2014-2023, as provided by Salt Lake County.

Year	Tax Rate	Taxes Levied	Taxes Collected	Collection Percentage
2014	0.0164%	\$ 418,411	\$ 421,664	100.78%
2015	0.0157%	438,436	420,374	95.88%
2016	0.0146%	445,687	432,341	97.01%
2017	0.0136%	448,094	437,619	97.66%
2018	0.0125%	453,381	439,788	97.00%
2019	0.0116%	458,439	447,800	97.68%
2020	0.0112%	439,399	441,559	100.49%
2021	0.0102%	445,651	461,571	103.57%
2022	0.0083%	448,120	448,646	100.12%
2023	0.0082%	451,221	462,863	102.58%

Economic Factors and Next Year's Budgets and Rates

The 2024 budget year reflects an increase in water sales revenues and sewer service charge revenues. The District has budgeted for increases in costs overall, but specifically for costs for sewer treatment, personnel costs, and depreciation. The District also has several significant projects to begin in 2024. The District's capital budget for 2024 is approved at \$26,219,700, which includes water line projects for \$12,935,000, office site storage building costs of \$3,847,000, \$5,056,000 for water meters, and several other smaller projects.

Requests for Information

This financial report is designed to provide a general overview of Taylorsville-Bennion Improvement District's finances for all those with an interest. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the accounting office at P.O. Box 18579, Taylorsville, Utah 84118-0579.

FINANCIAL STATEMENTS

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
STATEMENTS OF NET POSITION
December 31, 2023, and 2022

	2023	2022
Current assets:		
Cash and cash equivalents	\$ 23,986,136	\$ 9,449,198
Marketable securities	12,152,001	11,530,817
Receivables:		
Water and sewer charges	1,882,851	1,360,429
Certified liens	252,210	189,029
Impact fees	155,839	194,916
Lease	1,214,848	1,233,702
Unremitted property taxes	4,217	33,971
Inventory	475,431	441,573
Total current assets	40,123,533	24,433,635
Noncurrent assets:		
Restricted cash and cash equivalents	35,091	16,629,841
Capital assets:		
Land	2,605,709	2,605,709
Water rights	1,512,644	1,512,644
Buildings	5,163,194	5,123,959
Sewer systems	35,670,577	31,371,447
Water systems	65,226,089	64,268,570
Water wells	18,016,235	17,628,646
Meters and accessories	11,791,681	8,236,079
Equipment	5,258,688	5,261,040
Less accumulated depreciation	(70,211,847)	(67,292,057)
Net Pension Asset	-	1,196,792
Investment in Central Valley		
Water Reclamation Facility	18,775,029	16,736,752
Total noncurrent assets	93,843,090	103,279,422
Total assets	133,966,623	127,713,057
Deferred outflows of resources:		
Deferred outflows of resources relating to pensions	1,010,007	774,872
Total deferred outflows of resources	1,010,007	774,872
Total assets and deferred outflows of resources	\$ 134,976,630	\$ 128,487,929

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
STATEMENTS OF NET POSITION (Continued)
December 31, 2023, and 2022

	2023	2022
Current liabilities:		
Accounts payable	\$ 767,222	\$ 1,961,848
Accrued interest on bonds	13,411	13,813
Payable to Central Valley Water		
Reclamation Facility	650,817	603,014
Engineering deposits	64,872	64,320
Unearned revenue	103,809	155,422
Accrued compensated absences - current portion	136,668	119,367
Accrued termination benefits - current portion	139,249	-
Bonds payable - current portion	1,149,000	1,139,000
Total current liabilities	3,025,048	4,056,784
Noncurrent liabilities:		
Accrued compensated absences	566,801	498,574
Accrued termination benefits	4,756,536	4,536,882
Bonds payable	20,392,000	21,541,000
Net pension liability	393,058	-
Total noncurrent liabilities	26,108,395	26,576,456
Total liabilities	29,133,443	30,633,240
Deferred inflows of resources:		
Deferred inflows of resources relating to pensions	5,053	1,646,526
Deferred inflows of resources relating to leases	1,214,848	1,233,702
Total deferred inflows of resources	1,219,901	2,880,228
Net position:		
Net investment in capital assets	53,491,970	62,665,878
Restricted - debt service	35,091	-
Unrestricted	51,096,225	32,308,583
Total net position	104,623,286	94,974,461
Total liabilities, deferred inflows of resources, and net position	\$ 134,976,630	\$ 128,487,929

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended December 31, 2023, and 2022

	2023	2022
Operating revenues:		
Water sales	\$ 10,739,225	\$ 8,931,206
Sewer service	11,435,835	8,242,086
Other	157,662	193,379
	22,332,722	17,366,671
Operating expenses:		
Direct operation and maintenance - water	4,752,685	4,464,920
Direct operation and maintenance - sewer	5,232,650	4,742,712
General and administrative	3,569,154	2,954,834
Depreciation and amortization	3,262,828	2,980,133
	16,817,317	15,142,599
Operating income	5,515,405	2,224,072
Nonoperating revenues (expenses)		
Property taxes	492,744	478,351
Interest income	1,872,433	275,612
Impact fees	489,599	602,341
Lease revenue	27,348	37,361
Interest expense	(334,783)	(343,852)
Gain (loss) on disposal of capital assets	273,040	272,715
Net gain (loss) in equity of Central Valley Water Reclamation Facility	1,245,539	828,247
	4,065,920	2,150,775
Income before capital contributions	9,581,325	4,374,847
Capital contributions from builders and subdividers	67,500	1,157,500
Change in net position	9,648,825	5,532,347
Net position, beginning	94,974,461	89,442,114
Net position, ending	\$ 104,623,286	\$ 94,974,461

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023, and 2022

	2023	2022
Cash flows from operating activities:		
Receipts from customers and users	\$ 21,537,844	\$ 17,080,955
Receipts from other sources	157,662	193,379
Payments to employees for services	(4,963,456)	(4,340,518)
Payment to suppliers of goods and services	(9,613,489)	(6,387,111)
Net cash provided by operating activities	7,118,561	6,546,705
Cash flows from noncapital financing activities:		
Cash received from property taxes	522,498	451,117
Net cash provided by noncapital financing activities	522,498	451,117
Cash flows from capital and related financing activities:		
Proceeds from sale of fixed assets	531,532	281,501
Acquisition and construction of capital assets	(9,770,753)	(12,029,298)
Impact fees	528,676	625,526
Lease revenues	27,348	37,361
Proceeds from bond issuance	-	-
Principal paid on capital debt	(1,139,000)	(1,130,000)
Interest paid on capital debt	(335,185)	(344,224)
Net investment in Central Valley Water Reclamation Facility	(792,738)	(704,032)
Net cash provided by capital and related financing activities	(10,950,120)	(13,263,166)
Cash flows from investing activities:		
Interest income on investments	1,683,492	653,724
Net cash received (paid) for purchase of marketable securities	(432,243)	(199,030)
Net cash provided by investment activities	1,251,249	454,694
Net increase (decrease) in cash and cash equivalents	(2,057,812)	(5,810,650)
Cash and cash equivalents, beginning of year	26,079,039	31,889,689
Cash and cash equivalents, end of year	\$ 24,021,227	\$ 26,079,039
As reported on the statement of net position:		
Cash and cash equivalents	\$ 23,986,136	\$ 9,449,198
Restricted cash and cash equivalents	35,091	16,629,841
Total cash and cash equivalents, end of year	\$ 24,021,227	\$ 26,079,039

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended December 31, 2023, and 2022

	2023	2022
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,515,405	\$ 2,224,072
Noncash operating activities adjustment:		
Depreciation and amortization	3,262,828	2,980,133
Pension adjustment	(286,758)	(618,435)
Changes in assets and liabilities:		
(Increase) decrease in operating assets:		
Accounts receivable	(585,603)	(70,236)
Inventory of materials	(33,858)	(92,241)
Increase (decrease) in operating liabilities:		
Accounts payable	(1,194,626)	1,382,119
Unearned revenue	(51,613)	(22,101)
Other payables	48,355	184,909
Accrued compensated absences	85,528	59,281
Accrued termination benefits	358,903	519,204
Net cash provided by operating activities	\$ 7,118,561	\$ 6,546,705
Schedule of non-cash capital and related financing activities:		
Capital contributions - builders and subdividers	\$ 67,500	\$ 1,157,500
Gain (loss) on investment in Central Valley Water Reclamation Facility	\$ 1,245,539	\$ 828,247

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, and 2022

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of Taylorsville-Bennion Improvement District (the District) consistently applied in the preparation of the accompanying financial statements follows:

The Reporting Entity

The Taylorsville-Bennion Improvement District is a political subdivision of the State of Utah organized during June 1957 for the purpose of providing sewer and water services. The District is not a component unit of another government as defined by Governmental Accounting Standards Board (GASB) Statement 61, *The Financial Reporting Entity: Omnibus*, since the District is a special service district governed by a board of trustees which are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units defined in GASB Statement 39, *Determining Whether Certain Organizations Are Component Units*, which are included in the District's reporting entity.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. Financial reporting is based upon accounting guidance codified by GASB.

Financial Statement Presentation and Basis of Accounting

The District prepares its financial statements on an enterprise fund basis, which is reporting using the *economic resources measurement focus* and the *accrual basis of accounting*. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business, where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Revenues from operations, investments, and other sources are recorded when earned and expenses are recorded when liabilities are incurred. Non-exchange transactions, in which the District receives value without directly giving equal value in return, includes property tax revenue and contributed water and sewer lines.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers of the system. Operating expenses for the District include the costs of treatment, personnel, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Materials and supplies inventories are stated at the lower of cost (first-in, first-out) or market.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Contributions

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, capital contributions are recorded as revenues.

Accounts Receivable

Accounts receivable are comprised of receivables on water sales and sewer service charges, certified liens, and impact fees. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management does not expect any material uncollectible amounts as uncollected fees are certified to the county and attached as liens on the related real estate.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement generally requires investments to be measured at fair value. Investments not measured at fair value continue to include, for example, money market investments and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Joint Venture

The District accounts for its interest in a joint venture with Central Valley Water Reclamation Facility with the equity method of accounting.

Budgetary Accounting

For management and control purposes, the District adopts and maintains a budget each year. Budgets are prepared on the accrual basis of accounting, with the exception of sale of assets and contributions from builders and subdividers not being budgeted.

Pension Plans

The District participates in the Utah State Retirement Systems. 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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Accumulated unpaid sick leave is accrued each year. Employees are paid for sick leave days accrued at retirement or termination at their rate of pay at that time. These accrued days can be used for sick leave at any time. Employees can carry over unused sick leave up to 75 days. Unused days above 75 days are converted at half their normal pay rate to either vacation days or are paid out as cash. The sick leave year end is December 31. Accrued leave payable at December 31, 2023 and 2022 was \$703,469 and \$617,941, respectively. The District allows employees to carry over up to 7 days of unused vacation hours.

Impact Fees

The District charges impact fees to new customers based on meter size, the number of laterals and/or the number of fixture units.

Net Position

The District's net position is classified as follows:

- *Net Investment in Capital Assets*
This component of net position consists of the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- *Restricted for Debt Service*
This component of net position consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- *Unrestricted*
This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

Property Taxes

Property tax rates are set in June of each year. The property taxes levied by the District are assessed and collected by Salt Lake County. Taxes are attached as an enforceable lien as of January 1, are levied as of October 1, and are due November 30. The District's certified tax rate for 2023 was 0.000082.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at cost. Capital assets donated to the District are recorded at the estimated fair value at the date of donation. Contributed easements are not valued and therefore not included as capital assets. Normal maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Depreciation of property, plant, and equipment is calculated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Sewer and water systems	50
Buildings	30
Furniture and fixtures	8
Automotive equipment	5
Other equipment	3-8
Fence enclosures and landscaping	20
Water wells	25
Telemetry system	8
Wells mechanical	10

Investments in surface water resources represent investments in water stock and are stated at cost.

Bond Discounts and Bond Premiums

Bond discounts and premiums are deferred and amortized over the term of the related bonds. Bond discounts and premiums are presented as a reduction or addition to the face amount of bonds payable.

Water and Sewer Sales Revenue

Revenue from water and sewer service charges is recorded based on monthly usage at the stated retail rates. Water and sewer usage are measured by flow meters located throughout the system.

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 and will not be recognized as an outflow of resources (expense) until then.

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 and will not be recognized as an inflow of resources (revenue) until that time.

Subsequent Events

The District evaluated all events or transactions that occurred after December 31, 2023, through March 27, 2024, the date these financial statements were available to be issued.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 2 CASH & CASH EQUIVALENTS AND INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measure 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 (the Act) (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the District's funds in a qualified depository. The Act defines qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and that has been certified by the State Commission of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The 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, certified investment advisors, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories; negotiable certificates of deposits must be equal to, or less than, 97% of the FDIC limit. The purchase price of the negotiable deposit must be equal to or less than par; repurchase and reverse repurchase 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 Act. 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.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees of the PTIF, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. As of December 31, 2023, and 2022, the District had funds of \$1,041,504 and \$17,643,770, respectively, with the PTIF. The entire balance had a weighted average maturity of 112 days. The PTIF pool has not been rated. There are no limitations or restrictions on withdrawal from the PTIF pool.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 2 CASH & CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash and cash equivalents consisted of the following amounts:

	2023	2022
Unrestricted:		
Cash on hand	\$ 1,000	\$ 1,000
Cash on deposit - demand	22,978,723	8,434,269
Utah Public Treasurer's Investment Fund	1,006,413	1,013,929
Total unrestricted cash and cash equivalents	23,986,136	9,449,198
Restricted:		
Unspent bond proceeds - 2021 Series Bond		
Zions - Utah Public Treasurer's Investment Fund	-	16,629,841
Debt Service Reserves - 2021 Series Bond		
Zions - Utah Public Treasurer's Investment Fund	35,091	-
Total restricted cash and cash equivalents	35,091	16,629,841
Total cash and cash equivalents	\$ 24,021,227	\$ 26,079,039

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the District to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commission of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council (the Council). As of December 31, 2023, and 2022, the District's cash deposits exceeded National Credit Union Administration (NCUA) federally insured amounts by \$22,452,213 and \$8,055,506, respectively.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The District is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regular by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. 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.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 2 CASH & CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

Average Rating	Agency	CD	Corporate	Money Market Fund	Currency	PTIF	Totals
AAA	\$ 209,048	\$ -	\$ 504,261	\$ -	\$ -	\$ -	\$ 713,308
AA+	-	24,419	-	-	-	-	24,419
AA	-	-	246,462	-	-	-	246,462
AA-	-	731,340	-	-	-	-	731,340
A+	-	1,660,090	855,346	-	5,566	-	2,521,003
A	-	233,450	249,201	-	-	-	482,652
A-	-	603,415	-	-	-	-	603,415
BBB+	-	-	-	-	-	-	-
BBB-	-	137,776	-	-	-	-	137,776
Unrated	-	5,444,981	702,519	544,127	-	1,043,089	7,734,716
Totals	\$ 209,048	\$ 8,835,470	\$ 2,557,790	\$ 544,127	\$ 5,566	\$ 1,043,089	\$ 13,195,090

Fair Value of Investments

The District 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:* Valuations based on quoted prices in active markets for identical assets or liabilities that the District can access. Since valuations are based on quoted prices that are readily and regularly available in an active market, the valuation of these securities does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.;
- *Level 2:* Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include corporate and municipal bonds, and “brokered” or securitized certificates of deposit; and,
- *Level 3:* Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

On December 31, 2023, the District had the following recurring fair value measurements.

Security Type Category	Level 1	Level 2	Level 3	Total
Marketable securities				
Agency	\$ 209,048	\$ -	\$ -	\$ 209,048
CD	-	8,835,470	-	8,835,470
Corporate	-	2,557,790	-	2,557,790
Currency	5,566	-	-	5,566
Money market fund	544,127	-	-	544,127
Total marketable securities	758,741	11,393,260	-	12,152,001
Public treasurer's investment fund	-	1,043,089	-	1,043,089
Totals	\$ 758,741	\$ 12,436,349	\$ -	\$ 13,195,090

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 2 CASH & CASH EQUIVALENTS AND INVESTMENTS (Continued)

For securities that generally have market prices from multiple sources, it can be difficult to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security. The District receives market prices for these securities from a variety of industry-standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, the District uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active;

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

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities’ relationship to benchmark quoted prices;
- Bond Mutual Funds: published fair value per share (unit) for each fund;
- 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; and,
- Donated Real Estate: recent appraisals of the real estate’s value.

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. Also, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 2 CASH & CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>More than 5</u>
Marketable securities				
Agency	\$ 209,048	\$ 64,401	\$ 144,647	\$ -
CD	8,835,470	3,424,129	5,411,341	-
Corporate	2,557,790	855,762	1,702,028	-
Currency	5,566	5,566	-	-
Money market fund	544,127	544,127	-	-
Total marketable securities	<u>12,152,001</u>	<u>4,893,985</u>	<u>7,258,016</u>	<u>-</u>
Public treasurer's investment fund	<u>1,043,089</u>	<u>1,043,089</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 13,195,090</u>	<u>\$ 5,937,074</u>	<u>\$ 7,258,016</u>	<u>\$ -</u>

NOTE 3 NET POSITION

Net position is restricted by provisions of the bond resolutions adopted by the District (Note 6) as follows:

Amounts restricted for Revenue Bond Debt Service

On February 25, 2021, the District issued Water and Sewer Revenue Bonds, Series 2021. At December 31, 2023, all bond proceeds had been spent, and the District had \$35,091 of debt service reserves. At December 31, 2022, the District's unspent bond proceeds of \$16,629,841 are offset by the non-capital portion of debt to result in \$0 restricted net position.

Use of Restricted Assets

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Restricted net position are as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Debt service reserves	\$ 35,091	\$ -
Total restricted net position	<u>\$ 35,091</u>	<u>\$ -</u>

NOTE 4 LEASING ARRANGEMENTS

The District has land that is being leased to a telecommunications company for cell tower. The lease was entered into in 2001 and is currently estimated to terminate in 2046. The District reports a lease receivable and a deferred inflow of resources relating to leases of \$1,214,848.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 5 CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2023, and 2022 are as follows:

	December 31, 2022	Additions	Deletions	December 31, 2023
Capital assets not being depreciated:				
Land	\$ 2,605,709	\$ -	\$ -	\$ 2,605,709
Water rights	1,512,644	-	-	1,512,644
Total capital assets not being depreciated	<u>4,118,353</u>	<u>-</u>	<u>-</u>	<u>4,118,353</u>
Capital assets being depreciated:				
Buildings	5,123,959	39,235	-	5,163,194
Sewer systems	31,371,447	4,299,130	-	35,670,577
Water systems	64,268,570	957,519	-	65,226,089
Water wells	17,628,646	387,589	-	18,016,235
Meters and accessories	8,236,079	3,555,602	-	11,791,681
Equipment	5,261,040	581,177	(583,529)	5,258,688
Total capital assets being depreciated	<u>131,889,741</u>	<u>9,820,252</u>	<u>(583,529)</u>	<u>141,126,464</u>
Accumulated depreciation for:				
Buildings	(3,338,583)	(128,446)	-	(3,467,029)
Sewer systems	(12,903,374)	(607,465)	-	(13,510,839)
Water systems	(30,467,034)	(1,266,206)	-	(31,733,240)
Water wells	(9,643,591)	(566,976)	-	(10,210,567)
Meters and accessories	(7,849,493)	(206,376)	-	(8,055,869)
Equipment	(3,089,982)	(487,359)	343,038	(3,234,303)
Total accumulated depreciation	<u>(67,292,057)</u>	<u>(3,262,828)</u>	<u>343,038</u>	<u>(70,211,847)</u>
Total capital assets being depreciated, net	<u>64,597,684</u>	<u>6,557,424</u>	<u>(240,491)</u>	<u>70,914,617</u>
Capital assets, net	<u>\$ 68,716,037</u>	<u>\$ 6,557,424</u>	<u>\$ (240,491)</u>	<u>\$ 75,032,970</u>
	December 31, 2021	Additions	Deletions	December 31, 2022
Capital assets not being depreciated:				
Land	\$ 2,585,609	\$ 20,100	\$ -	\$ 2,605,709
Water rights	1,512,644	-	-	1,512,644
Total capital assets not being depreciated	<u>4,098,253</u>	<u>20,100</u>	<u>-</u>	<u>4,118,353</u>
Capital assets being depreciated:				
Buildings	5,069,279	107,374	(52,694)	5,123,959
Sewer systems	26,196,889	5,174,558	-	31,371,447
Water systems	58,178,361	6,090,209	-	64,268,570
Water wells	17,239,189	389,457	-	17,628,646
Meters and accessories	8,149,164	86,915	-	8,236,079
Equipment	5,306,872	1,318,184	(1,364,016)	5,261,040
Total capital assets being depreciated	<u>120,139,754</u>	<u>13,166,697</u>	<u>(1,416,710)</u>	<u>131,889,741</u>
Accumulated depreciation for:				
Buildings	(3,265,437)	(125,840)	52,694	(3,338,583)
Sewer systems	(12,373,035)	(530,339)	-	(12,903,374)
Water systems	(29,272,091)	(1,194,943)	-	(30,467,034)
Water wells	(9,053,455)	(590,136)	-	(9,643,591)
Meters and accessories	(7,768,702)	(80,791)	-	(7,849,493)
Equipment	(3,987,129)	(458,084)	1,355,231	(3,089,982)
Total accumulated depreciation	<u>(65,719,849)</u>	<u>(2,980,133)</u>	<u>1,407,925</u>	<u>(67,292,057)</u>
Total capital assets being depreciated, net	<u>54,419,905</u>	<u>10,186,564</u>	<u>(8,785)</u>	<u>64,597,684</u>
Capital assets, net	<u>\$ 58,518,158</u>	<u>\$ 10,206,664</u>	<u>\$ (8,785)</u>	<u>\$ 68,716,037</u>

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 6 CENTRAL VALLEY WATER RECLAMATION FACILITY

During 1978, the District entered into a joint venture with four other special districts and two cities. The joint venture was organized to construct and operate a regional sewage treatment facility, known as Central Valley Water Reclamation Facility (CVWRF), for the benefit of the seven members. Effective January 1, 2017, CVWRF implemented amendments to the interlocal agreement regarding ownership. The amendments define Post-2016 beneficial ownership and each member's undivided beneficial ownership interest in CVWRF as a percentage of the net value of all ownership categories of CVWRF as of the most recent annual audit report. The Post-2016 beneficial ownership and valuation of each member's undivided beneficial ownership interest will then be recomputed on an annual basis at the end of each calendar year as outlined in the interlocal agreement. The seven members and their related ownership interest, as amended, are listed below:

Member	December 31, 2023		December 31, 2022	
	Ownership		Ownership	
Cottonwood Improvement District	\$ 27,598,267	16.14%	\$ 25,320,490	16.46%
Mt. Olympus Improvement District	41,534,194	24.29%	36,888,538	23.98%
Granger-Hunter Improvement District	42,030,074	24.58%	37,811,524	24.58%
Kearns Improvement District	18,843,426	11.02%	16,582,921	10.78%
Murray City	13,525,545	7.91%	12,460,266	8.10%
South Salt Lake City	8,686,443	5.08%	8,029,949	5.22%
Talyorsville-Bennion Improvement District	18,775,029	10.98%	16,736,752	10.88%
Totals	\$ 170,992,978	100.00%	\$ 153,830,440	100.00%

CVWRF is administered by a joint administration board. Each member appoints one member to the board, and voting power is not related to ownership. Therefore, each member is equal to another for voting privileges. The joint venture is responsible for adopting a budget and financing its operations, subject to the approval by each of the seven members.

The District accounts for its investment in CVWRF using the equity method of accounting. Summarized financial information of CVWRF as of December 31, 2023, and 2022 and for the years then ended is as follows:

	2023	2022
Total assets	<u>\$ 514,448,046</u>	<u>\$ 511,717,943</u>
Net position:		
Net investment in capital assets	\$ 137,955,069	\$ 121,767,953
Restricted for debt service	24,752,197	24,171,894
Unrestricted	<u>8,285,712</u>	<u>7,890,593</u>
Total net position	<u>\$ 170,992,978</u>	<u>\$ 153,830,440</u>
Operating revenues	<u>\$ 24,718,077</u>	<u>\$ 23,432,183</u>
Change in net position	<u>\$ 17,162,538</u>	<u>\$ 14,083,446</u>

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 6 CENTRAL VALLEY WATER RECLAMATION FACILITY (Continued)

	2023	2022
The District's interest in:		
Net position	\$ 18,775,029	\$ 16,736,752
Income (loss) from operations	\$ (980,857)	\$ (831,930)

Audited statements are available at Central Valley Water Reclamation Facility, 800 West Central Valley Road, Salt Lake City, Utah 84119.

The District incurred the following costs from the joint venture for the years ended December 31, 2023, and 2022:

	2023	2022
Operating costs	\$ 4,090,169	\$ 3,789,451
Project costs	792,738	704,032
Total	\$ 4,882,907	\$ 5,921,155

At December 31, 2023, and 2022, the District had balances due to CVWRF of \$650,817 and \$603,014, respectively.

NOTE 7 RETIREMENT PLANS

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/publications.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 7 RETIREMENT PLANS (Continued)

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 Service	COLA**
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 the Systems, 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 as of December 31, 2023, are as follows:

As of December 31, 2023	Employee	Employer	Employer 401(k)
Contributory System			
111 Local Government Div - Tier 2	N/A	16.01%	0.18%
Noncontributory System			
15 Local Government Div - Tier 1	N/A	17.97%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.19%	10.00%

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 7 RETIREMENT PLANS (Continued)

Contribution rates as of December 31, 2022, are as follows:

As of December 31, 2022	Employee	Employer	Employer 401(k)
Contributory System			
111 Local Government Div - Tier 2	N/A	16.01%	0.18%
Noncontributory System			
15 Local Government Div - Tier 1	N/A	17.97%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.19%	10.00%

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

For fiscal year ended December 31, 2023, and 2022, the employer and employee contributions to the Systems were as follows.

System	2023		2022	
	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions
Noncontributory System	\$ 391,202	N/A	\$ 351,889	N/A
Tier 2 Public Employees System	138,311	-	125,081	-
Tier 2 DC Only System	10,077	N/A	6,337	N/A
Total Contributions	<u>\$ 539,590</u>	<u>\$ -</u>	<u>\$ 483,307</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 \$393,058. At December 31, 2022, we reported a net pension asset of \$1,196,792 and a net pension liability of \$0.

	(Measurement Date): December 31, 2022			December 31, 2021	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	Change (Decrease)
Noncontributory System	\$ -	\$ 354,316	0.2068697%	0.2062135%	0.0006562%
Tier 2 Public Employees System	\$ -	\$ 38,742	0.0355791%	0.0372976%	(0.0017185%)
Total	<u>\$ -</u>	<u>\$ 393,058</u>			

	(Measurement Date): December 31, 2021			December 31, 2020	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	Change (Decrease)
Noncontributory System	\$ 1,181,007	\$ -	0.2062135%	0.2030078%	0.0032057%
Tier 2 Public Employees System	\$ 15,785	\$ -	0.0372976%	0.0386360%	(0.0013384%)
Total	<u>\$ 1,196,792</u>	<u>\$ -</u>			

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 7 RETIREMENT PLANS (Continued)

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, 2021, 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, and 2022 we recognized pension expense of \$252,546 and (\$135,189), respectively.

At December 31, 2023, and 2022 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

December 31, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 133,265	\$ 1,537
Changes in assumptions	70,645	1,514
Net difference between projected and actual earnings on pension plan investments	249,329	-
Changes in proportion and differences between contributions and proportionate share of contributions	17,178	2,002
Contributions subsequent to the measurement date	539,590	-
	<u>\$ 1,010,007</u>	<u>\$ 5,053</u>
December 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 131,367	\$ 2,034
Changes in assumptions	125,561	7,772
Net difference between projected and actual earnings on pension plan investments	-	1,629,072
Changes in proportion and differences between contributions and proportionate share of contributions	34,638	7,648
Contributions subsequent to the measurement date	483,306	-
	<u>\$ 774,872</u>	<u>\$ 1,646,526</u>

\$539,590 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.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 7 RETIREMENT PLANS (Continued)

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:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (42,081)
2024	16,093
2025	101,420
2026	373,127
2027	3,494
Thereafter	13,311

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, we recognized pension expense of \$178,170.

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

<u>December 31, 2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 120,179	\$ -
Changes in assumptions	58,068	1,415
Net difference between projected and actual earnings on pension plan investments	233,710	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,135	-
Contributions subsequent to the measurement date	391,202	-
	<u>\$ 812,294</u>	<u>\$ 1,415</u>

\$391,202 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:

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 7 RETIREMENT PLANS (Continued)

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (44,409)
2024	11,305
2025	93,872
2026	358,909
2027	-
Thereafter	-

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, we recognized pension expense of \$74,377.

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

<u>December 31, 2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 13,086	\$ 1,537
Changes in assumptions	12,577	99
Net difference between projected and actual earnings on pension plan investments	15,619	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,043	2,002
Contributions subsequent to the measurement date	148,388	-
	<u>\$ 197,713</u>	<u>\$ 3,638</u>

\$148,388 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:

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 7 RETIREMENT PLANS (Continued)

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 2,328
2024	4,788
2025	7,548
2026	14,218
2027	3,494
Thereafter	13,311

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%
Salary Increase	3.25 – 9.25%, average, including inflation.
Investment Rate of Return	6.85%, 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:

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 7 RETIREMENT PLANS (Continued)

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%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, and 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 percent. 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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 2,233,017	\$ 354,316	\$ (1,215,438)
Tier 2 Public Employees System	169,281	38,742	(61,822)
Total	\$ 2,402,298	\$ 393,058	\$ (1,277,260)

Pension plan fiduciary net position: Detailed information about the fiduciary net position of the pension plans is available in separately issued URS financial report.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 7 RETIREMENT PLANS (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 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 District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31st were as follows:

	2023	2022	2021
401(k) Plan			
Employer Contributions	\$ 57,953	\$ 45,600	\$ 44,620
Employee Contributions	68,437	32,746	39,468
457 Plan			
Employer Contributions	\$ 5,382	\$ 8,469	\$ 7,794
Employee Contributions	4,788	1,760	21,540
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 28,630	\$ 19,380	\$ 18,940

NOTE 8 TERMINATION BENEFITS

Retirement Benefit – Purchase of Future Service Years

The District participates in a retirement benefit program where they share in the purchase of future service years upon retirement for employees who meet the retirement eligibility requirements of the Utah Retirement System with no actuarial reduction. The District will purchase between 65% and 95% of future service years based on an employee’s years of service at retirement, determined from a table found in the District’s Personnel Policy Handbook (Handbook). Based on the calculations obtained using the Utah Retirement System’s Service Purchase Estimate Calculator, the specified employer share from the table in the Handbook and the likelihood that an employee will meet the retirement eligibility requirements of the Utah Retirement System with no actuarial reduction, as estimated by management, the District has estimated the retirement buyout liability as of December 31, 2023, and 2022 to be \$3,229,988 and \$3,021,685, respectively.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 8 TERMINATION BENEFITS (Continued)

Early Retirement Incentive Pay Policy

For employees hired on or before December 31, 2019, the District will pay employees with over 20 years of service to the District an early retirement incentive given that the employee 1) gives the District at least 6 months-notice of retirement; or, 2) have suffered a catastrophic illness or injury preventing them from returning to work; or, 3) the General Manager, in his sole discretion for either health or other significant reasons, decides less than 6 months-notice could be given. Employees electing to retire early under this policy will receive up to a full year's salary paid on the next pay day following retirement according to the following scale:

- Completed 20 years of full time service but less than 21, 50% of salary
- Completed 21 years of full time service but less than 22, 60% of salary
- Completed 22 years of full time service but less than 23, 70% of salary
- Completed 23 years of full time service but less than 24, 80% of salary
- Completed 24 years of full time service but less than 25, 90% of salary
- Completed 25 years or more of full time service, 100% of salary

The District has estimated the early retirement incentive liability for December 31, 2023, and 2022 to be \$1,665,797 and \$1,515,197, respectively.

NOTE 9 LONG-TERM LIABILITIES

Long-term liability activity as of and for the years ended December 31, 2023, and 2022 are as follows:

	December 31, 2022	Additions	Deletions	December 31, 2023	Due Within One Year
Accrued termination benefits	\$ 4,536,882	\$ 475,748	\$ (116,845)	\$ 4,895,785	\$ 139,249
Accrued compensated absences	617,941	204,895	(119,367)	703,469	136,668
Water and sewer revenue bond, series 2021	22,680,000	-	(1,139,000)	21,541,000	1,149,000
Net pension liability	-	393,058	-	393,058	-
Total	<u>\$ 27,834,823</u>	<u>\$ 1,073,701</u>	<u>\$ (1,375,212)</u>	<u>\$ 27,533,312</u>	<u>\$ 1,424,917</u>
	December 31, 2021	Additions	Deletions	December 31, 2022	Due Within One Year
Accrued termination benefits	\$ 4,017,678	\$ 542,076	\$ (22,872)	\$ 4,536,882	\$ -
Accrued compensated absences	558,660	172,763	(113,482)	617,941	119,367
Water and sewer revenue bond, series 2021	23,810,000	-	(1,130,000)	22,680,000	1,139,000
Net pension liability	109,688	-	(109,688)	-	-
Total	<u>\$ 28,496,026</u>	<u>\$ 714,839</u>	<u>\$ (1,376,042)</u>	<u>\$ 27,834,823</u>	<u>\$ 1,258,367</u>

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 9 LONG-TERM LIABILITIES (Continued)

Water and Sewer Revenue Bonds, Series 2021 – Direct Borrowing

During 2021, the District issued Water and Sewer Revenue Bonds, Series 2021 to finance the costs related to the Series 2021 Project, which includes: 1) replace existing lift station with a siphon and upsizing mainline sewer pipe, 2) install, replace and upsize water lines and hydrants, 2) expand shops; 4) install fuel storage tanks, and 5) install lining in existing sewer lines. These bonds carry interest that vary from 0.75% to 2.45%. Principal payments due each year on December 15, beginning in 2021. Interest payments are due each June 15 and December 15. The bonds mature December 15, 2040, as follows:

Year	Principal	Interest	Total
2024	\$ 1,149,000	\$ 325,503	\$ 1,474,503
2025	1,159,000	315,162	1,474,162
2026	1,170,000	304,152	1,474,152
2027	1,182,000	292,452	1,474,452
2028	1,194,000	280,040	1,474,040
2029 - 2033	6,189,000	1,181,695	7,370,695
2034 - 2038	6,652,000	719,015	7,371,015
2039 - 2040	2,846,000	102,872	2,948,872
	<u>\$ 21,541,000</u>	<u>\$ 3,520,891</u>	<u>\$ 25,061,891</u>

The District has pledged the net revenues of the District to pay the debt service for these bonds.

Significant events of default in the bond agreement include failure to pay principal and interest amounts when due, failure to observe covenants, agreements, or other conditions. If an event of default occurs, the interest rate on the bonds could bear interest at an annual rate of 18% until resolved.

NOTE 10 BOARD DESIGNATED RESERVES

The Board has designated \$4,680,000 for emergencies and unforeseeable expenses, \$3,900,000 for construction of future projects, and \$3,120,000 for retirement benefits. Water sources continue to undergo more restrictions and lower maximum contaminant levels (MCL's) every year, which may result in additional levels of water treatment. Also, much of the District's infrastructure reservoirs, water wells, water lines, and sewer lines is reaching their projected life expectancy. This infrastructure will need to be replaced as required.

NOTE 11 RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District purchases commercial insurance, a schedule of which is included at page 42.

During the years ended December 31, 2023, and 2022, the District did not reduce insurance coverages. No settlements have exceeded coverage levels in place during the previous three years.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2023, and 2022

NOTE 12 CHANGE IN ACCOUNTING PRINCIPLES

During the year, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 enhances the relevance and consistency of information of the government's subscription-based information technology arrangements (SBITA). It establishes requirements for SBITA accounting based on the principle that SBITAs are financings of the right to use an underlying information technology asset. An entity is required to recognize a subscription liability and a subscription asset. The District evaluated all potential SBITAs and none met the requirements to be reported under Statement No. 96, therefore, no change to the District's financial statements was required as a result of implementing this standard.

REQUIRED SUPPLEMENTARY INFORMATION

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS***

Measurement Date 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 percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability/(asset)
Noncontributory Retirement System					
2022	0.2068697%	\$ 534,316	\$ 1,931,578	27.66%	97.50%
2021	0.2062135%	(1,181,007)	1,825,516	(64.69%)	108.70%
2020	0.2030078%	104,131	1,795,315	5.80%	99.20%
2019	0.1930583%	727,611	1,700,908	42.78%	93.70%
2018	0.2049192%	1,508,968	1,776,660	84.93%	87.00%
2017	0.2171544%	951,419	1,905,210	49.94%	91.90%
2016	0.2091700%	1,343,127	1,865,456	72.00%	87.30%
2015	0.2083086%	1,178,711	1,810,177	65.12%	87.80%
2014	0.2054688%	892,194	1,773,905	50.30%	90.20%
Tier 2 Public Employees Retirement System					
2022	0.0355791%	\$ 38,742	\$ 777,685	4.98%	92.30%
2021	0.0372976%	(15,785)	692,659	(2.28%)	103.80%
2020	0.0386360%	5,557	917,612	0.61%	98.30%
2019	0.0366463%	8,242	509,458	1.62%	96.50%
2018	0.0395628%	16,944	461,822	3.67%	90.80%
2017	0.0315080%	2,778	308,247	0.90%	97.40%
2016	0.0231123%	2,578	189,536	1.36%	95.10%
2015	0.0195960%	(43)	126,661	(0.03%)	100.20%
2014	0.0189049%	(573)	92,818	(0.62%)	103.50%

* In accordance with paragraph 81.a of GASB 68, employers are required to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will be built prospectively from the implementation date of GASB 68.

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory Retirement System					
2023	\$ 391,202	\$ 391,202	\$ -	\$ 2,176,974	17.97%
2022	351,889	351,889	-	1,931,578	18.22%
2021	337,173	337,173	-	1,825,516	18.47%
2020	331,595	331,595	-	1,795,315	18.47%
2019	314,157	314,157	-	1,906,154	16.48%
2018	328,900	328,900	-	2,146,824	15.32%
2017	361,174	361,174	-	1,955,463	18.47%
2016	344,550	344,550	-	1,913,203	18.01%
2015	334,340	334,340	-	1,810,177	18.47%
2014	317,403	317,403	-	1,778,732	17.84%
Tier 2 Public Employees Retirement System**					
2023	\$ 138,311	\$ 138,311	\$ -	\$ 865,026	15.99%
2022	125,081	125,081	-	779,761	16.04%
2021	110,390	110,390	-	692,659	15.94%
2020	97,171	97,171	-	617,612	15.73%
2019	78,862	78,862	-	505,541	15.60%
2018	70,834	70,834	-	467,388	15.16%
2017	46,272	46,272	-	308,247	15.01%
2016	28,261	28,261	-	189,536	14.91%
2015	18,895	18,895	-	126,611	14.92%
2014	13,488	13,488	-	92,818	14.53%
Tier 2 Public Employees DC Only System**					
2023	\$ 10,077	\$ 10,077	\$ -	\$ 162,790	6.19%
2022	6,337	6,337	-	99,134	6.39%
2021	5,093	5,093	-	76,128	6.69%
2020	344	344	-	5,142	6.69%
2019	131	131	-	1,958	6.69%
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2014	-	-	-	-	0.00%

** Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

**TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2023**

NOTE 1 CHANGES IN ASSUMPTION

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

SUPPLEMENTAL INFORMATION

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
SCHEDULE OF BUDGET TO ACTUAL COMPARISON
For the Year Ended December 31, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Water sales	\$ 10,823,000	\$ 10,739,225	\$ (83,775)
Sewer service	11,723,000	11,435,835	(287,165)
Property taxes	501,221	492,744	(8,477)
Impact fees	128,000	489,599	361,599
Interest income	261,000	1,872,433	1,611,433
Capital contributions from builders and subdividers*	-	67,500	67,500
Gain on disposal of capital assets*	-	273,040	273,040
Other	236,000	185,010	(50,990)
	<u>23,672,221</u>	<u>25,555,386</u>	<u>1,883,165</u>
Expenses:			
Depreciation and amortization	2,970,000	3,262,828	(292,828)
Water purchases	2,070,000	1,974,827	95,173
Salaries and wages	3,173,600	3,163,420	10,180
Employee benefits	2,394,200	1,957,709	436,491
Central Valley Water Reclamation Facility expenses	4,491,700	4,090,169	401,531
Utilities	739,000	536,826	202,174
Net loss (gain) in equity of Central Valley Water Reclamation Facility	2,300,000	(1,245,539)	3,545,539
Interest expense	342,000	334,783	7,217
System maintenance and landscaping	927,400	751,896	175,504
Office expenses	885,900	666,746	219,154
Insurance	223,000	225,142	(2,142)
Professional fees	152,400	118,287	34,113
Gas and oil	139,000	57,993	81,007
Miscellaneous	425,500	11,474	414,026
	<u>21,233,700</u>	<u>15,906,561</u>	<u>5,327,139</u>
Excess revenues over expenses	<u>\$ 2,438,521</u>	<u>\$ 9,648,825</u>	<u>\$ (3,443,974)</u>
Capital Projects	<u>\$ 24,215,700</u>	<u>\$ 10,250,618</u>	<u>\$ 13,965,082</u>
Debt Service - Principal	<u>\$ 1,139,000</u>	<u>\$ 1,139,000</u>	<u>\$ -</u>

***Note:** These items do not have a corresponding budget figure. They are included above in order to balance the "Excess revenues over expenses" in the "Actual" column to the Change in Net Position as shown on the Statements of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2023.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
SCHEDULE OF INSURANCE COVERAGE
For the Year Ended December 31, 2023

Carrier	Policy Number	Insurance Coverage	Amount	Term
Philadelphia Indemnity Insurance Co.	PHPK2504792	Public Official Bond	\$ 1,000,000	1/1/2023
		Commercial Package:		
		Building	10,840,000	
		Equipment	8,022,000	
		Contents	504,000	
		Data Processing Equipment	371,000	
		Inland Marine	384,840	
		General Liability:		
		Each Occurrence	1,000,000	
		Damage to Premises Rented to You	1,000,000	
		Medical expense	10,000	
		Employee Benefits Liability	1,000,000	
		Employment Practices Liability Per Claim	1,000,000	
		Commercial Auto:		
		Liability	1,000,000	
		Uninsured Motorists	1,000,000	
		Underinsured Motorists	1,000,000	
Travelers	107187262	Crime:		1/1/2023
		Employee Dishonesty	1,000,000	
		Forgery or Alteration	1,000,000	
		On premises	1,000,000	
		In Transit	1,000,000	
		Money Orders & Counterfeit Money	1,000,000	
		Computer Fraud	1,000,000	
		Electronic Data Restoration Expense	1,000,000	
		Funds Transfer Fraud	1,000,000	
		Claim expense	5,000	
Axis	ELF643097-23	Special Property (including Earthquake and Flood)	10,000,000	1/1/2023
Philadelphia Indemnity Insurance Co.	PHUB846899	Commercial Excess Liability 1	10,000,000	1/1/2023
Markel	MKLM5EUE101544	Commercial Excess Liability 2	10,000,000	1/1/2023
Workers Compensation Fund	1554371	Workers Compensation	1,000,000	1/1/2023

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*



CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

To the Chairman and Board of Trustees
Taylorsville-Bennion Improvement District

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 Taylorsville-Bennion Improvement District (the District), as of and for the years ended December 31, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

K&C, CPAs

K&C, Certified Public Accountants
Woods Cross, Utah
March 27, 2024

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



CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

To the Chairman and Board of Trustees
Taylorsville-Bennion Improvement District

Report on Compliance

We have audited Taylorsville-Bennion Improvement District's (the District) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor for the year ended December 31, 2023.

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

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Governmental Fees
- Impact Fees
- Open and Public Meetings Act

Opinion on Compliance

In our opinion, Taylorsville Bennion Improvement District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2023.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report On Internal Control Over Compliance

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

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

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

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

K&C, CPAs

K&C, Certified Public Accountants
Woods Cross, Utah
March 27, 2024