Tab 2

Metropolitan Water District of Salt Lake & Sandy
Board Meeting Information
Last Update: October 9, 2023

Agenda Item: Consider approval of FY 2023 financial audit

Objective: Seek board approval on the FY 2023 financial audit report

Background: An independent annual audit is required in conformity with Utah Code Ann. Title 51, Chapter 2a. Attached is the full financial audit report for FY 2023. Squire & Company, PC, the District's auditors, will present their opinion on our financials and be available for any questions.

The District has an agreement for accounting services with WSRP, LLC. Brandon Keyes, WSRP Partner, prepared the financial statements and worked closely with the auditors to ensure the financial statements were issued in a timely manner. He will also be available for any questions.

Committee Activity: The Finance Committee discussed this item during the October 3, 2023 meeting and recommended approval by the full board.

Recommendation: Staff seeks approval for FY 2023 financial audit.

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY

FINANCIAL STATEMENTS

June 30, 2023 and 2022

CONTENTS

Independent Auditor's Report

Board of Trustees
Metropolitan Water District of Salt Lake & Sandy

Opinion

We have audited the accompanying financial statements of Metropolitan Water District of Salt Lake & Sandy (the District) as of and for the years ended June 30, 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 Metropolitan Water District of Salt Lake & Sandy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

squire.com
Salt Lake City Office
801.533.0409
215 S State Street #850
Salt Lake City, UT 84111
Orem Office
801.225.6900
1329 South 800 East
Orem, UT 84097

therefore is not a guarantee that an audit conducted in accordance with GAAS and G*overnment Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metropolitan Water District of Salt Lake & Sandy'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 Metropolitan Water District of Salt Lake & Sandy'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.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, 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.

Squire & Company, PC

Orem, Utah
September 28, 2023

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2023 and 2022

The management of the Metropolitan Water District of Salt Lake & Sandy (the "District") presents to the reader of the District's financial statements this discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2023 and 2022.

Overview of the Financial Statements

The District's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States, 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 (Note 1 and others).

Metropolitan Water District of Salt Lake & Sandy's Net Position

June 30,	**2023**	**2022**	**2021**
Assets			
Current and other assets	$ 98,324,619	$ 96,639,468	$ 73,492,020
Capital assets	414,584,147	417,544,206	425,466,759
Total assets	512,908,766	514,183,674	498,958,779
Deferred outflows of resources	17,407,815	19,494,231	21,698,617
Total assets and deferred outflows of resources	$ 530,316,581	$ 533,677,905	$ 520,657,396
Liabilities			
Current and other liabilities	$ 25,676,903	$ 22,379,754	$ 17,507,867
Long-term liabilities	257,205,624	272,234,354	293,163,025
Total liabilities	282,882,527	294,614,108	310,670,892
Deferred inflows of resources	14,125,298	18,291,528	1,615,894
Total liabilities and deferred inflows of resources	297,007,825	312,905,636	312,286,786
Net position			
Net investment in capital assets	157,671,143	147,007,922	140,343,530
Restricted	21,293,817	19,700,871	17,360,992
Unrestricted	54,343,796	54,063,476	50,666,088
Total net position	$ 233,308,756	$ 220,772,269	$ 208,370,610

Financial Analysis

- The District's total assets and deferred outflows exceeded its total liabilities and deferred inflows as of the close of the most recent year by $233,308,756 (net position). Of this amount, $54,343,796 (unrestricted) may be used to meet the District's ongoing obligations.

- The District's net capital assets decreased by $2,960,059 (See Note 4).

- The District's long-term liabilities decreased by $15,028,730, which was primarily the result of paying off bond principal and the amortization of bond reoffering premiums and deferred bond refunding amounts.

Financial Analysis (Continued)

- The District's operating revenues increased by $587,699. The primary reason for this increase was a 3% overall increase to water rates.

The District's primary sources of revenue are made up from water sales, property taxes, and special assessment revenues. Each source of revenue is predictably stable with slight variations in property taxes due to changes in property values and/or certified tax rates. Special assessment revenues are based on each member city's investment in new system capacity and/or new water supplies. Once the special assessments are established, they remain stable until the investment in system capacity or water supply has been paid.

Metropolitan Water District of Salt Lake & Sandy's Changes in Net Position

Year ended June 30,	**2023**	**2022**	**2021**
Operating revenues	$ 24,293,433	$ 23,705,734	$ 23,158,340
Operating expenses	(34,694,955)	(30,824,293)	(29,366,694)
Operating loss	(10,401,522)	(7,118,559)	(6,208,354)
Non-operating revenues	28,784,202	24,691,978	25,740,631
Non-operating expenses	(5,846,193)	(5,171,760)	(5,234,022)
Total non-operating revenues (expenses), net	22,938,009	19,520,218	20,506,609
Change in net position	12,536,487	12,401,659	14,298,255
Net position - beginning of year	220,772,269	208,370,610	194,072,355
Net position - end of year	$ 233,308,756	$ 220,772,269	$ 208,370,610

Metropolitan Water District of Salt Lake & Sandy's Summary of Revenues

Year ended June 30,	**2023**	**2022**	**2021**
Operating revenues			
Water sales - member entities	$ 23,087,338	$ 22,414,891	$ 21,762,030
Water sales - nonmember entities	1,206,095	1,290,843	1,396,310
Total operating revenues	24,293,433	23,705,734	23,158,340
Non-operating revenues			
Property tax revenues	13,063,352	13,229,145	13,042,683
Special assessment revenue	11,857,145	11,386,542	12,054,088
Interest income	2,446,305	362,257	369,308
Unrealized (loss) gain on investments	(145,995)	(486,923)	108,190
Grant funding	1,322,901	60,568	-
Gain (loss) on disposal of capital assets	80,501	(14,907)	35,723
Other income	159,993	155,296	130,639
Total non-operating revenues	28,784,202	24,691,978	25,740,631
Total revenues	$ 53,077,635	$ 48,397,712	$ 48,898,971

Metropolitan Water District of Salt Lake & Sandy's Summary of Expenses

Year ended June 30,	**2023**	**2022**	**2021**
Operating expenses			
Cost of sales and services	$ 16,163,505	$ 13,735,321	$ 13,165,963
General and administrative	7,423,246	6,041,485	5,285,063
Depreciation	11,108,204	11,047,487	10,915,668
Total operating expenses	34,694,955	30,824,293	29,366,694
Non-operating expenses			
Interest expense	5,032,660	4,225,822	4,169,997
Contributions to other governments	813,533	945,938	1,064,025
Total non-operating expenses	5,846,193	5,171,760	5,234,022
Total expenses	$ 40,541,148	$ 35,996,053	$ 34,600,716

Capital Asset Activity

The District's capital assets for its governmental activities, as of June 30, 2023 and 2022, amounted to $414,584,147 and $417,544,206, respectively, (net of accumulated depreciation). This investment in capital assets includes the water system, land, administrative buildings and equipment, aqueduct rights and privileges, and investments in surface water resources (see Note 4).

Long-Term Debt

The District's long-term debt for its governmental activities, as of June 30, 2023 and 2022, amounted to $184,400,000 and $194,835,000, respectively, a decrease of $10,435,000 (see Note 5).

Economic Factors and Budgetary Analysis

Due to escalating costs and aging infrastructure, the District plans to increase revenue either through an increase to the certified tax rate or increase to water rates. A 3% increase for non-member city water rates is budgeted. Future water rate increases are anticipated to be 3% annually through FY 2027 pending approval by the city councils of an increase to the certified tax rate. Projected rate increases have been communicated to the member cities and they anticipate the change. Operations and maintenance expenses are budgeted at an inflationary index of 3% per year. Capital expenditures are planned using asset management techniques that evaluate the condition, criticality, and consequence of the asset. Long-term debt is reviewed on an ongoing basis in an effort to capitalize on any opportunities. As of June 30, 2023, the District's bond ratings are AA+ and AA+ by S&P and Fitch, respectively. The anticipated revenue increases are necessary to meet future O&M, capital, and debt service costs.

Request for Information

This financial report is designed to give its readers a general overview of the District's finances. Questions regarding any information contained in this report or requests for additional information should be addressed to the General Manager, 3430 East Danish Road, Cottonwood Heights, Utah 84093 or by calling 801-942-9623.

FINANCIAL STATEMENTS

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	$ 32,129,866	$ 36,245,859
Accounts receivable, water sales	3,011,884	4,444,111
Property taxes receivable	11,515,422	11,220,304
Leases receivable, current (Note 9)	42,772	40,233
Prepaid expenses and other receivables	265,642	166,843
Supplies	484,772	362,422
TOTAL CURRENT ASSETS	47,450,358	52,479,772
NONCURRENT ASSETS		
Restricted cash and cash equivalents (Note 2)	21,293,817	19,700,871
Leases receivable, net of current portion (Note 9)	384,295	427,067
Investments	29,196,149	21,531,591
Net pension asset (Note 6)	-	2,500,167
Capital assets, net (Note 4)	414,584,147	417,544,206
TOTAL NONCURRENT ASSETS	465,458,408	461,703,902
TOTAL ASSETS	512,908,766	514,183,674
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows relating to pensions (Note 6)	1,498,300	1,081,526
Deferred charge on bond refundings	15,909,515	18,412,705
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 530,316,581	$ 533,677,905
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 6,404,041	$ 2,517,518
Accrued expenses	942,588	825,797
Accrued interest payable	2,624,870	2,815,525
Unearned grant revenue	1,579,204	2,814,714
Current portion of water rights payable	2,971,200	2,971,200
Bonds payable, current (Note 5)	11,155,000	10,435,000
TOTAL CURRENT LIABILITIES	25,676,903	22,379,754
LONG-TERM LIABILITIES		
Bonds payable, net of current portion (Note 5)	173,245,000	184,400,000
Unamortized bond premium, net of discounts	17,752,277	19,496,754
Water rights payable, net of current portion	65,366,400	68,337,600
Net pension liability (Note 6)	841,947	-
TOTAL LONG-TERM LIABILITIES	257,205,624	272,234,354
TOTAL LIABILITIES	282,882,527	294,614,108
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future year	11,355,336	11,096,818
Deferred inflows relating to leases	427,067	467,300
Deferred inflows relating to deferred charges on bond refundings	2,332,642	3,308,435
Deferred inflows relating to pensions (Note 6)	10,253	3,418,975
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	297,007,825	312,905,636
NET POSITION		
Net investment in capital assets	157,671,143	147,007,922
Restricted (Note 3)	21,293,817	19,700,871
Unrestricted (Note 3)	54,343,796	54,063,476
TOTAL NET POSITION	$ 233,308,756	$ 220,772,269

The accompanying notes are an integral part of the financial statements.

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Water sales - member entities	$ 23,087,338	$ 22,414,891
Water sales - nonmember entities	1,206,095	1,290,843
TOTAL OPERATING REVENUES	24,293,433	23,705,734
OPERATING EXPENSES		
Cost of sales and services	16,163,505	13,735,321
General and administrative	7,423,246	6,041,485
Depreciation	11,108,204	11,047,487
TOTAL OPERATING EXPENSES	34,694,955	30,824,293
OPERATING LOSS	(10,401,522)	(7,118,559)
NON-OPERATING REVENUES (EXPENSES)		
Property tax revenues	13,063,352	13,229,145
Special assessment revenue	11,857,145	11,386,542
Interest income	2,446,305	362,257
Interest expense	(5,032,660)	(4,225,822)
Unrealized loss on investments	(145,995)	(486,923)
Grant funding	1,322,901	60,568
Gain (loss) on disposal of capital assets	80,501	(14,907)
Contributions to other governments	(813,533)	(945,938)
Other revenue	159,993	155,296
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	22,938,009	19,520,218
CHANGE IN NET POSITION	12,536,487	12,401,659
NET POSITION, BEGINNING OF YEAR	220,772,269	208,370,610
NET POSITION, END OF YEAR	$ 233,308,756	$ 220,772,269

The accompanying notes are an integral part of the financial statements.

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from water sales - member entities	$ 24,519,565	$ 19,984,367
Receipts from water sales - nonmember entities	1,206,095	1,290,843
Payments to vendors	(2,179,326)	(3,978,818)
Payments for general and administrative expenses	(2,546,933)	(2,169,959)
Payments to employees	(6,009,029)	(5,425,180)
Employee benefits paid	(4,094,186)	(3,639,290)
Administrative expenses	(5,458,494)	(5,081,011)
NET CASH FLOWS FROM OPERATING ACTIVITIES	5,437,692	980,952
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property tax revenue	12,213,219	12,159,721
Other revenue	159,993	155,296
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	12,373,212	12,315,017
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Special assessment revenue	11,857,145	11,386,542
Payments made on water rights payable	(2,971,200)	(2,971,200)
Principal paid on revenue bonds	(10,435,000)	(10,125,000)
Receipts from grant funding	87,391	2,875,282
Proceeds from sales of capital assets	80,501	22,458
Acquisition and construction of capital assets	(8,148,145)	(3,162,299)
Interest paid	(5,440,395)	(4,797,513)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(14,969,703)	(6,771,730)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(7,810,553)	(1,855,330)
Interest received from investments	2,446,305	362,257
NET CASH FLOWS FROM INVESTING ACTIVITIES	(5,364,248)	(1,493,073)
CHANGE IN CASH AND CASH EQUIVALENTS	(2,523,047)	5,031,166
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	55,946,730	50,915,564
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 53,423,683	$ 55,946,730

The accompanying notes are an integral part of the financial statements.

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended June 30, 2023 and 2022

	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	$ (10,401,522)	$ (7,118,559)
Depreciation	11,108,204	11,047,487
Net pension (asset) liability and related deferred outflows and inflows	(483,382)	(1,215,991)
Decrease (increase) in accounts receivable	1,432,227	(2,430,524)
(Increase) decrease in prepaid expenses	(98,799)	6,506
(Increase) in supplies	(122,350)	(136,086)
Increase in accounts payable	3,886,523	771,579
Increase in accrued expenses	116,791	56,540
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 5,437,692	$ 980,952
REPRESENTED ON THE BALANCE SHEET AS		
Unrestricted cash and cash equivalents	$ 32,129,866	$ 36,245,859
Restricted cash and cash equivalents	21,293,817	19,700,871
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 53,423,683	$ 55,946,730
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized loss on investments	$ (145,995)	$ (486,923)

The accompanying notes are an integral part of the financial statements.

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Metropolitan Water District of Salt Lake & Sandy (the "District") is organized under the Metropolitan Water District Act. The District is a separate legal entity, with a seven member board, five of which are appointed by Salt Lake City and two of which are appointed by Sandy City. Board members serve for a specified term and cannot be removed without cause. However, as the member cities are unable to impose their will and are not financially accountable for the District, the District is not reported as a component unit of the member cities. Substantially all of the water resources developed by the District are sold to Salt Lake City and Sandy City.

Basis of Presentation

The District is a governmental unit that is accounted for as a business-type activity. It is classified as a proprietary fund type and operates as an enterprise fund. The District's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The District applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

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

Deposits and Investments

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Public Treasurer’s Investment Fund ("PTIF").

PTIF, managed by the Utah State Treasurer's Office, operates in accordance with appropriate state laws and regulations. The reported value of the PTIF is the same as the fair value of the pooled shares and are included as cash and cash equivalents.

Investments for the District are reported at fair value.

Accounts Receivable

Accounts receivable are generally comprised of receivables on water sales and special assessment revenues, which are expected to be paid by member cities and other wholesale customers. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management does not expect any uncollectable amounts as most payments are from governmental entities.

Supplies

Inventories, consisting of chemicals for the purification of water and fuels are stated at the lower of cost (on the first-in, first-out basis) or market.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets include property, plant, equipment, and intangible assets (i.e. investment in water sources and water rights), and are defined by the District as assets with an initial, individual cost of more than $10,000 and an estimated useful life of more than three years. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Water sources and water rights are recorded at their acquisition cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received. Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	5-50
Machinery and equipment	3-20
Transportation equipment	3-7
Furniture and fixtures	3-20
Aqueduct and appurtenances	5-75

Costs of preliminary surveys, design and other investigations which are related to proposed construction are deferred and included in construction in progress until the projects are placed in service, at which time they are depreciated over their useful lives. The cost of discontinued projects is charged to expense in the year the decision is made to discontinue the project.

Leases

The District is the lessor for noncancellable leases for various land leases for cell towers. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses their incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Bond Issuance Costs, Bond Discounts, and Bond Premiums

Costs incurred for bond issuance are expensed as incurred. Costs incurred for bond discounts and bond premiums are amortized over the term of the related bonds using a method approximating the effective interest method.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

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.

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred charges on bond refundings and pensions as deferred outflows of resources on the accompanying statement of net position.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred charges on bond refundings, property taxes levied for future year, leases as required by GASB 87, and pensions as deferred inflows of resources on the accompanying statement of net position.

Classification of Revenue

- *Operating revenues* - Operating revenues include activities that have the characteristics of exchange transactions such as water sales revenue. Revenue from water sales is recorded at the stated wholesale water rate. Water usage is measured by flow meters located throughout the system.

- *Non-operating revenues* - Non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.* Examples of non-operating revenues include property tax revenues, special assessments, grant funding, interest income, and gain or loss on sale of assets.

  Property tax revenue is collected and remitted by the Salt Lake County Treasurer as an agent for the District. Utah statutes establish the process by which taxes are levied and collected. Property values are assessed as of January 1 of the year in which they are due. September 1 is the levy date with a due date of November 30. Delinquent taxes are subject to a two percent penalty, with a $10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at a rate equal to the federal discount rate, and the interest period is from January 1 until the date paid. If on March 15 following the lapse of five years from the date when the property taxes became delinquent, the taxes remain delinquent, the County Treasurer advertises and sells the property at a tax sale.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Position:

- *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 invested in capital assets, net of related debt.

- *Restricted* - This component of net position consists of assets 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 assets that do not meet the definition of "restricted" or "net investment in capital assets".

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All general liability, real property, and vehicles are insured through commercial policies. The District has established an insurance/contingency reserve ($2,000,000) to fund deductibles on the commercial policies. In addition the District carries workers' compensation and requires employer's liability coverage. The amount of settlements did not exceed insurance coverage for the past three years for all policies.

Pensions

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

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and in accordance with GASB Statement No. 72, *Fair Value Measurement and Application.* The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has the following recurring fair value measurements as of June 30, 2023 and 2022:

- Corporate bonds of $8,650,884 and $12,752,804 are valued using matrix pricing models and discounted cash flows (Level 2) as of June 30, 2023 and 2022, respectively.

- International bonds of $744,480 and $737,048 are valued using matrix pricing models and discounted cash flows (Level 2) as of June 30, 2023 and 2022, respectively.

- U.S. obligations of $17,644,228 and $5,845,416 are valued using matrix pricing models and discounted cash flows (Level 2) as of June 30, 2023 and 2022, respectively.

- Government agencies of $2,156,557 and $2,196,323 are valued using matrix pricing models and discounted cash flows (Level 2) as of June 30, 2023 and 2022, respectively.

There were no changes in the valuation techniques used to determine the fair value of these financial instruments during the fiscal years ended June 30, 2023 and 2022.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Unrestricted:		
Insurance/contingency reserve	$ 2,000,000	$ 2,000,000
Interest rate stabilization reserve	3,284,866	3,284,866
Capital projects reserve	16,444,144	6,047,413
Aquifer storage and recovery	4,460,487	3,917,145
Operations and maintenance*	4,567,291	17,613,071
PTIF	1,373,078	3,383,364
Total unrestricted cash and cash equivalents	$ 32,129,866	$ 36,245,859
Restricted:		
Bond accounts	$ 13,779,871	$ 13,250,526
Operations and maintenance reserve	6,760,248	5,699,658
Renewal and replacement	650,000	650,000
150th South pipeline agreement	37,719	36,362
Jordan Valley WTP O&M agreement	20,000	20,000
Jordan aqueduct repayment contract	45,979	44,325
Total restricted cash and cash equivalents	21,293,817	19,700,871
Total cash and cash equivalents	$ 53,423,683	$ 55,946,730

** Reserves can be funded by amounts in investments.*

Deposits

Deposits and investments for local governments are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the District's exposure to various risks related to its cash management activities.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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 returned to it. The District does not have a formal deposit policy for custodial credit risk. The Act requires all deposits of local government 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 Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council.

As of June 30, 2023 and 2022, the District's deposits had bank balances of $4,964,790 and $3,778,883, respectively, which are held in qualified depositories. Because these funds are held in a daily sweep account, they are not covered by federal depository insurance, and all balances are uncollateralized.

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 PTIF, an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Money Management Council requirements. The PTIF 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. For the years ended June 30, 2023 and 2022, the District had funds of $49,724,836 and $52,479,402, respectively, with the PTIF. The entire balance had a maturity of less than one year. The PTIF pool has not been rated.

Interest Rate Risk

Interest rate risk is the potential for investment losses that result from a change in interest rates which will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The District's investment policy specifies that all investments will be sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Services or Standard & Poor’s; 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), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie 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; and shares or certificates in a money market mutual fund as defined in the Act.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

The District's investments at June 30, 2023 are presented below:

		Investment maturities (in years)		
Investment type	Fair value	Less than 1	1-5	6-10
Corporate bonds	$ 8,650,884	$ 3,742,497	$ 4,908,387	$ -
International bonds	744,480	-	744,480	-
U.S. obligations	17,644,228	4,704,838	12,939,390	-
Government agencies	2,156,557	-	2,156,557	-
Total	$ 29,196,149	$ 8,447,335	$ 20,748,814	$ -

The District had the following investments and quality ratings (S&P ratings) at June 30, 2023:

Investment type	Fair value	Quality ratings
Corporate bonds	$ 8,650,884	AA- to A-
International bonds	744,480	A
U.S. obligations	17,644,228	AA+
Government agencies	2,156,557	AA+
Total	$ 29,196,149	

The District's investments at June 30, 2022 are presented below:

		Investment maturities (in years)		
Investment type	Fair value	Less than 1	1-5	6-10
Corporate bonds	$ 12,752,804	$ 7,118,161	$ 5,634,643	$ -
International bonds	737,048	-	737,048	-
U.S. obligations	5,845,416	498,035	5,347,381	-
Government agencies	2,196,323	-	2,196,323	-
Total	$ 21,531,591	$ 7,616,196	$ 13,915,395	$ -

The District had the following investments and quality ratings (S&P ratings) at June 30, 2022:

Investment type	Fair value	Quality ratings
Corporate bonds	$ 12,752,804	AA- to BBB+
International bonds	737,048	A
U.S. obligations	5,845,416	AA+
Government agencies	2,196,323	AA+
Total	$ 21,531,591	

NOTE 3 - NET POSITION

Net position is restricted by provisions of the bond resolutions adopted by the District (Note 5) as follows:

Amounts restricted for revenue bond debt service - On April 29, 2002, the District adopted a master resolution providing for the issuance of water revenue bonds ("2002 Bond Resolution") which requires that a debt service account ("Bond Fund") be maintained, at minimum, that is equal to the principal and interest installment due within the fiscal year on the outstanding revenue bonds.

Amounts restricted for costs of construction projects - The 2002 Bond Resolution requires that a reserve be established or bond proceeds restricted to the related construction projects. Any excess funds shall be applied to the payment of principal and interest on the bonds when due.

Amounts restricted for renewal and replacement - The 2002 Bond Resolution requires that an initial renewal and replacement reserve of $650,000 be established but the reserve may be increased or decreased from time to time by a supplemental resolution. In the event a deficiency arises in the amounts restricted for the Bond Fund, monies in the renewal and replacement reserve shall be transferred to satisfy the deficiency.

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

As of June 30, 2023 and 2022, the restricted component of net position is as follows:

	2023	2022
Future debt service	$ 13,779,871	$ 13,250,526
Operations and maintenance (master bond resolution requirement)	6,760,248	5,699,658
Renewal and replacement	650,000	650,000
150th South pipeline agreement	37,719	36,362
Jordan Valley WTP O&M agreement	20,000	20,000
Jordan aqueduct repayment contract	45,979	44,325
Total	$ 21,293,817	$ 19,700,871

As of June 30, 2023 and 2022, the unrestricted component of net position is as follows:

	2023	2022
Committed		
Insurance/contingency reserve	$ 2,000,000	$ 2,000,000
Interest rate stabilization reserve	3,284,866	3,284,866
Capital projects reserve	16,444,144	6,047,413
Aquifer storage and recovery reserve	4,460,487	3,917,145
Uncommitted	28,154,299	38,814,052
Total	$ 54,343,796	$ 54,063,476

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance	Additions/ Transfers In	Disposals/ Transfers Out	Ending Balance
Capital assets, not being depreciated:				
Water right/shares*	$ 153,377,072	$ -	$ -	$ 153,377,072
Land and right of way	22,023,773	-	-	22,023,773
Construction in progress**	3,620,230	8,148,208	(3,691,310)	8,077,128
Total capital assets, not being depreciated	179,021,075	8,148,208	(3,691,310)	183,477,973
Capital assets, being depreciated:				
Buildings and improvements	287,740,831	1,327,149	-	289,067,980
Machinery and equipment	17,062,721	2,154,471	-	19,217,192
Transportation equipment	1,273,116	182,636	(56,850)	1,398,902
Furniture and fixtures	60,173	-	-	60,173
Aqueduct and appurtenances***	111,974,338	26,991	-	112,001,329
Total capital assets, being depreciated	418,111,179	3,691,247	(56,850)	421,745,576
Less accumulated depreciation/amortization for:				
Buildings and improvements	(123,257,083)	(7,970,355)	-	(131,227,438)
Machinery and equipment	(10,558,199)	(737,046)	-	(11,295,245)
Transportation equipment	(766,397)	(98,308)	56,850	(807,855)
Furniture and fixtures	(60,173)	-	-	(60,173)
Aqueduct and appurtenances	(44,946,196)	(2,302,495)	-	(47,248,691)
Total accumulated depreciation/amortization	(179,588,048)	(11,108,204)	56,850	(190,639,402)
Total capital assets being depreciated, net	238,523,131	(7,416,957)	-	231,106,174
Total capital assets, net	$ 417,544,206	$ 731,251	$ (3,691,310)	$ 414,584,147

* This amount includes water rights purchased through agreements with the following organizations: Central Utah Project – $118,848,007; Provo River Water Users Association – $18,188,008; Ontario Drain Tunnel - $13,830,745; Utah Lake Water Users Association - $2,372,689; Despain – $137,623.

** This amount includes $1,208,557 of transfers out related to capitalized Jordan Aqueduct System site support assets and contractual obligations; $2,112,103 of transfers out related to capitalized LCWTP and POMWTP site support assets and contractual obligations; $209,937 transferred out related to replacement fleet vehicles; the remaining $160,713 was for building improvements and machinery/equipment.

*** The Salt Lake Aqueduct, Point of the Mountain Aqueduct, and Jordan Aqueduct and associated appurtenances are recorded in the Aqueduct and Appurtenances group of assets.

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Additions/ Transfers In	Disposals/ Transfers Out	Ending Balance
Capital assets, not being depreciated:				
Water right/shares*	$ 153,377,072	$ -	$ -	$ 153,377,072
Land and right of way	22,023,773	-	-	22,023,773
Construction in progress**	1,010,176	3,167,232	(557,178)	3,620,230
Total capital assets, not being depreciated	176,411,021	3,167,232	(557,178)	179,021,075
Capital assets, being depreciated:				
Buildings and improvements	288,717,732	119,234	(1,096,135)	287,740,831
Machinery and equipment	19,278,509	323,102	(2,538,890)	17,062,721
Transportation equipment	1,215,788	109,909	(52,581)	1,273,116
Furniture and fixtures	160,890	-	(100,717)	60,173
Aqueduct and appurtenances***	112,515,740	-	(541,402)	111,974,338
Total capital assets, being depreciated	421,888,659	552,245	(4,329,725)	418,111,179
Less accumulated depreciation/amortization for:				
Buildings and improvements	(116,382,592)	(7,964,938)	1,090,447	(123,257,083)
Machinery and equipment	(12,378,582)	(692,375)	2,512,758	(10,558,199)
Transportation equipment	(738,356)	(80,622)	52,581	(766,397)
Furniture and fixtures	(160,890)	-	100,717	(60,173)
Aqueduct and appurtenances	(43,172,501)	(2,309,552)	535,857	(44,946,196)
Total accumulated depreciation/amortization	(172,832,921)	(11,047,487)	4,292,360	(179,588,048)
Total capital assets being depreciated, net	249,055,738	(10,495,242)	(37,365)	238,523,131
Total capital assets, net	$ 425,466,759	$ (7,328,010)	$ (594,543)	$ 417,544,206

* This amount includes water rights purchased through agreements with the following organizations: Central Utah Project – $118,848,007; Provo River Water Users Association – $18,188,008; Ontario Drain Tunnel - $13,830,745; Utah Lake Water Users Association - $2,372,689; Despain – $137,623.

** This amount includes $122,506 of transfers out related to capitalized Jordan Aqueduct System site support assets and contractual obligations; $113,767 of transfers out related to capitalized LCWTP and POMWTP site support assets and contractual obligations; $126,438 transferred out related to replacement fleet vehicles; the remaining $194,467 was for building improvements and machinery/equipment.

*** The Salt Lake Aqueduct, Point of the Mountain Aqueduct, and Jordan Aqueduct and associated appurtenances are recorded in the Aqueduct and Appurtenances group of assets.

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE 5 - LONG-TERM LIABILITIES

As of June 30, 2023 and 2022, the District's long-term debt consisted of the following:

	2023	2022
2012A Series water revenue refunding bonds, interest at 3% to 5%, maturing in fiscal year 2023. This was partially refunded in 2019 and again in 2021 with proceeds from the 2020A bond.	$ -	$ 7,510,000
2012B Series water revenue refunding bonds, interest at 2% to 5%, maturing in annual installments through fiscal year 2024.	770,000	2,075,000
2015A Series water revenue refunding bonds, interest at 2% to 4%, maturing in annual installments through fiscal year 2034.	4,225,000	4,495,000
2016A Series water revenue refunding bonds, interest at 2% to 5%, maturing in fiscal year 2031 with interest only payments through 2024.	59,200,000	59,200,000
2020A Series taxable water revenue refunding bonds, interest at 0.3% to 2.3%, maturing in fiscal year 2037.	64,625,000	65,975,000
2021A Series water revenue refunding bonds, interest at 4% to 5%, maturing in fiscal year 2036 with interest only payments through 2030.	43,340,000	43,340,000
2021B Series taxable water revenue bonds, interest at 1% to 2%, maturing in fiscal year 2030 with interest only payments through 2025.	12,240,000	12,240,000
Total debt	184,400,000	194,835,000
Less bonds payable, current	(11,155,000)	(10,435,000)
Bonds payable, net of current portion	$ 173,245,000	$ 184,400,000

Future payments for principal and interest on the bonds payable are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2024	$ 11,155,000	$ 5,208,194	$ 16,363,194
2025	11,865,000	5,033,572	16,898,572
2026	14,220,000	4,668,889	18,888,889
2027	14,710,000	4,187,714	18,897,714
2028	15,405,000	3,797,795	19,202,795
2029-2033	71,660,000	13,606,445	85,266,445
2034-2038	45,385,000	3,016,112	48,401,112
Total	$ 184,400,000	$ 39,518,721	$ 223,918,721

Changes to the District's long-term liabilities as of June 30, 2023 are as follows:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023	Due within One Year
Bonds payable	$ 194,835,000	$ -	$ (10,435,000)	$ 184,400,000	$ 11,155,000
Unamortized bond premium	19,496,754	-	(1,744,477)	17,752,277	-
Water rights payable	71,308,800	-	(2,971,200)	68,337,600	2,971,200
Net pension liability	-	841,947	-	841,947	-
Total	$ 285,640,554	$ 841,947	$ (15,150,677)	$ 271,331,824	$ 14,126,200

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

Changes to the District's long-term liabilities as of June 30, 2022 are as follows:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Due within One Year
Bonds payable	$ 204,960,000	$ -	$ (10,125,000)	$ 194,835,000	$ 10,435,000
Unamortized bond premium	26,799,125	-	(7,302,371)	19,496,754	-
Water rights payable	74,280,000	-	(2,971,200)	71,308,800	2,971,200
Net pension liability	220,100	-	(220,100)	-	-
Total	$ 306,259,225	$ -	$ (20,618,671)	$ 285,640,554	$ 13,406,200

Bond refundings - During fiscal year 2016, the District issued $59,200,000 of bonds (series 2016A) to refund $60,320,000 of outstanding bonds (series 2009A). The series 2016A bonds mature in 2031 and have a rating from the S&P and Fitch of AA+. GASB requires that the difference between the reacquisition price and the net carrying amount of the old debt be deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or life of the new debt, whichever is shorter. The difference between the reacquisition price and the net carrying amount of the old debt is comprised of unamortized premiums/discounts, and unamortized termination costs of the refunded bonds, which totaled $6,293,980 at the date of refunding. The refunding was done in order to reduce total debt service payments in the future and resulted in an estimated economic gain of $9,153,445.

During fiscal year 2019, the District issued $47,135,000 of bonds (series 2019A) to partially refund $43,095,000 of outstanding bonds (series 2012A). The series 2019A bonds mature in fiscal year 2038 and have a rating from S&P and Fitch of AA+. The difference between the reacquisition price and the net carrying amount of the old debt is comprised of unamortized premiums/discounts, and unamortized termination costs of the refunded bonds, which totaled $3,669,013 at the date of refunding. The refunding was done in order to reduce total debt service payments in the future and resulted in an estimated economic gain of $2,342,482.

During fiscal year 2021, the District issued $67,415,000 of bonds (series 2020A) to partially refund $18,380,000 of outstanding bonds (series 2012A), and to refund $46,755,000 of outstanding bonds (series 2019A). The series 2020A bonds mature in fiscal year 2037 and have a rating from S&P of AA+. The difference between the reacquisition price and the net carrying amount of the old debt is comprised of unamortized premiums/discounts, and unamortized termination costs of the refunded bonds, which totaled $3,741,333 at the date of refunding. The refunding was done in order to reduce total debt service payments in the future and resulted in an estimated economic gain of $9,395,284.

During fiscal year 2021, the District issued $43,340,000 of bonds (series 2021A) and $12,240,000 (series 2021B) to refund $58,800,000 of outstanding bonds (series 2011A). The series 2021A bonds mature in fiscal year 2036 and have a rating from S&P of AA+ while the series 2021B bonds mature in fiscal year 2030 and have a rating from S&P of AA+. The difference between the reacquisition price and the net carrying amount of the old debt is comprised of unamortized premiums/discounts, and unamortized termination costs of the refunded bonds, which totaled $2,696,134 at the date of refunding. The refunding was done in order to reduce total debt service payments in the future and resulted in an estimated economic gain of $1,134,279.

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

Bond Covenants - The District has certain covenants associated with its bonds payable, which are more fully described in the 2002 Bond Resolution (as defined in Note 3). Among these covenants is a requirement that the District maintain net revenues, together with other available funds, that are at least equal to the sum of (1) 115% of the aggregate debt service for the forthcoming fiscal year, (2) 100% of the repayment obligations, if any, which will be due and payable during the forthcoming fiscal year, and (3) 100% of the amounts, if any, required to be deposited into the debt service reserve account during the forthcoming fiscal year.

Pledge of the Bond Resolutions - The 2002 Bond Resolution provides that the Bonds shall be special obligations of the District payable solely from and secured by: (i) the proceeds of sale of the Bonds; (ii) the revenues, and (iii) all funds (other than the operation and maintenance fund and the rebate fund), including the investments, if any, thereof, subject to any required rebate of all or a portion of the earnings on such investments to the United States of America.

Funds required by the Bond Resolutions - The 2002 Bond Resolution requires that certain "funds" be established to account for the District's receipts and disbursements. Such "funds" are accounts within the District's records and are not separate funds or groups of self-balancing accounts. The amounts held in these funds are to be used for the purposes stipulated in the 2002 Bond Resolution.

Water Rights Payable

Pursuant to repayment contracts, Central Utah Water Conservancy District (“CUWCD”) is repaying to United States, Department of the Interior, Bureau of Reclamation ("Reclamation") reimbursable construction costs of the Municipal and Industrial (M&I) System of the Bonneville Unit of the Central Utah Project (the Bonneville Unit is referred to here as the “CUP”), together with interest. CUWCD is obligated to operate, maintain, repair and replace M&I System facilities. Conditioned on meeting its obligations under its repayment contract, CUWCD has a permanent right to the use of M&I System facilities and water rights for the benefit of CUWCD’s petitioners. Pursuant to a 1986 M&I System petition, the District is committed to pay to CUWCD a pro rata portion of CUWCD’s construction repayment obligation in return for a permanent right to the use of 20,000 acre feet of M&I System water annually.

The District’s repayment commitment as of June 30, 2023 and 2022 is $68,337,600 and $71,308,800, respectively. Future payments due on the commitment as of June 30 is shown below and is based on $148.56 per acre foot:

Year Ended June 30,	Future Payment Commitments
2024	$ 2,971,200
2025	2,971,200
2026	2,971,200
2027	2,971,200
2028	2,971,200
2029-2033	14,856,000
2034-2038	14,856,000
2039-2043	14,856,000
2044-2048	8,913,600
Total	$ 68,337,600

NOTE 6 - RETIREMENT PLANS

General information about the Pension Plan

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

Defined Benefit Plans

- 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.

Summary of Benefits by System

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 percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 yrs, any age 25 yrs, any age* 20 yrs, age 60* 10 yrs, age 62* 4 yrs, age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 yrs, any age 20 yrs, age 60* 10 yrs, age 62* 4 yrs, 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.*

NOTE 6 - RETIREMENT PLANS (CONTINUED)

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 June 30, 2023 are as follows:

	Employee	Employer	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Governmental Division - Tier 2	-	16.01%	0.18%
Noncontributory System			
15 - Local Governmental Division - Tier 1	-	17.97%	N/A
Tier 2 DC Only			
211 Local Government	-	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 the fiscal year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 733,772	$ -
Tier 2 Public Employees System	282,687	-
Tier 2 DC Only System	9,802	-
Total Contributions	$ 1,026,261	$ -

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 June 30, 2023, the District reported a net pension asset of $0 and a net pension liability of $841,947.

Measurement Date: December 31, 2022	Net Pension Asset	Net Pension Liability
Noncontributory System	$ -	$ 758,963
Tier 2 Public Employees System	-	82,984
	$ -	$ 841,947

	Proportionate Share December 31, 2022	Proportionate Share December 31, 2021	Change (Decrease)
Noncontributory System	0.4431258%	0.4321594%	0.0109664%
Tier 2 Public Employees System	0.0762096%	0.0594097%	0.0167999%

NOTE 6 - RETIREMENT PLANS (CONTINUED)

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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, 2022, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023, pension expense was $542,787.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 285,458	$ 3,292
Changes in assumptions	151,325	3,242
Net difference between projected and actual earnings on pension plan investments	534,077	-
Changes in proportion and differences between contributions and proportionate share of contributions	47,233	3,719
Contributions subsequent to the measurement date	480,207	-
Total	$ 1,498,300	$ 10,253

$480,207 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2024	$ (82,007)
2025	37,930
2026	216,902
2027	798,915
2028	7,155
Thereafter	28,947

NOTE 6 - RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2023, pension expense was $383,816.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 257,429	$ -
Changes in assumptions	124,384	3,031
Net difference between projected and actual earnings on pension plan investments	500,620	-
Changes in proportion and differences between contributions and proportionate share of contributions	32,787	945
Contributions subsequent to the measurement date	340,148	-
Total	$ 1,255,368	$ 3,976

$340,148 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2024	$ (86,651)
2025	28,015
2026	201,079
2027	768,801
2028	-
Thereafter	-

NOTE 6 - RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2023, pension expense was $158,971.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 28,029	$ 3,292
Changes in assumptions	26,941	211
Net difference between projected and actual earnings on pension plan investments	33,457	-
Changes in proportion and differences between contributions and proportionate share of contributions	14,446	2,774
Contributions subsequent to the measurement date	140,059	-
Total	$ 242,932	$ 6,277

$140,059 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2024	$ 4,644
2025	9,915
2026	15,823
2027	30,114
2028	7,155
Thereafter	28,947

Actuarial Assumptions

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

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

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

NOTE 6 - RETIREMENT PLANS (CONTINUED)

The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35.00%	6.58%	2.30%
Debt securities	20.00%	1.08%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	0.00%	(0.11%)	0.00%
TOTALS	100.00%		5.17%
INFLATION			2.50%
EXPECTED ARITHMETIC NOMINAL RETURN			7.67%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, 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.

NOTE 6 - RETIREMENT PLANS (CONTINUED)

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 (asset) 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	$ 4,783,240	$ 758,963	$ (2,603,532)
Tier 2 Public Employees System	362,595	82,984	(132,421)
Total	$ 5,145,835	$ 841,947	$ (2,735,953)

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

NOTE 7 - DEFERRED COMPENSATION PLANS

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 URS:

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

401(k) Plan

The District offers their full-time regular employees participation in a defined contribution plan created in accordance with Internal Revenue Code Section 401(k) (the "Plan"). The Plan is administered by URS. Employees may contribute from 1% to 100% of their annual salary up to a maximum of $22,500 ($30,000 for employees aged 50 or older) for 2023. The District contributed 100% of the first 3% contributed by the employee, up to a maximum of 3% of the covered payroll of employees who also participate in the retirement plan. During 2023 and 2022, all participants in the Plan also participated in the defined benefit plan of URS. The District is not legally obligated to contribute to the Plan, and any contribution made is at the discretion of the Board of Trustees. All employee and District contributions are fully vested at all times.

Contributions made by employees to the Plan were $348,534, and $269,195 for the fiscal years ended June 30, 2023 and 2022, respectively. Contributions made by the District to the Plan were $172,405, and $153,576 for the fiscal years ended June 30, 2023 and 2022, respectively.

NOTE 7 - DEFERRED COMPENSATION PLANS (CONTINUED)

457 and Roth IRA Plans

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and Roth IRA. The 457 and Roth IRA, administered by URS and available to all District full-time regular employees, permit an employee to defer a portion of their salary until future years. The deferred compensation is not available to employees or their beneficiaries until termination, retirement, death, or unforeseeable emergency.

The employer contribution to the 457 and Roth IRA was $0 for the years ended June 30, 2023 and 2022, respectively. Employee contributions for the years ended June 30, 2023 and 2022 for the 457 Plan were $125,101 and $89,642, respectively, and for the Roth IRA plan the contributions were $86,732 and $83,980, respectively.

Traditional IRA Plan

The employer contributions to the Traditional IRA plan was $0 for the years ended June 30, 2023 and 2022, respectively. Employee contributions for the years ended June 30, 2023 and 2022 for the Traditional IRA plan were $650 and $7,526, respectively.

The 401(k), 457, Roth IRA and Traditional IRA plans are included in a publicly available financial report that includes financial statements and required supplementary information. A copy of URS report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES

The District has a number of contracts which give the District certain permanent rights to the use of water, and permanent rights to water conveyance capacities, contingent upon the District meeting corresponding long-term commitments to repay to other entities certain incurred capital costs, as well as on-going operation, maintenance and repair costs relating to the facilities involved. These financial commitments are not secured by pledge of District taxes or future revenues, and are not legally collectable from District funds beyond available annual unencumbered budget appropriations of the District. Meeting these commitments, however, is important to the District maintaining the corresponding permanent water and capacity rights, and meeting the District's priority operation and maintenance obligations described in the 2002 Bond Resolution.

Provo River Project

The District's largest source of water by volume is the Deer Creek Division of the Provo River Project (the "PRP"), a project of the United States, Department of the Interior, Bureau of Reclamation ("Reclamation"). Pursuant to the terms of a 1936 Repayment Contract, the construction costs of the PRP are to be repaid to Reclamation by the Provo River Water Users Association (the "Association"). The Association is also obligated to operate, maintain, repair and replace PRP facilities consistent with the repayment contract and Reclamation rules and regulations. The Association fulfilled the repayment contract obligation as of June 30, 2023. The Association has a permanent right to the use of PRP facilities and water rights for the benefit of Association shareholders.

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

PRP assessments

Under the terms of the District's subscription agreements, the District is obligated to pay a pro rata per share portion of the operation, maintenance, repair, replacement and capital improvement costs of the PRP (other than the Provo River Aqueduct, discussed below). Contingent upon payment of assessments, the District is entitled to a permanent right to use PRP water as follows: a pro rata right to the use of all water made available by the Association annually up to a limit of one acre foot per share of stock; a pro rata right to holdover water in Deer Creek Reservoir for future use on a space available basis; a pro rata right to extra allotment water in wet years when it is available as determined by the Secretary of the Interior. If the District fails to timely pay Association assessments, project water may be withheld by the Association. Any delinquent assessments may be collected by the Association via the advertised public auction of the number of the District's Association shares necessary to generate enough revenue to pay then delinquent assessments.

PRP general assessment: The Association assesses a general assessment for the purpose of paying the costs and expenses of operation, maintenance, capital improvement rehabilitation, upgrades, and other improvements related to the facilities of the Association and the Deer Creek Division of the Provo River Project. As of June 30, 2023 and 2022, payments made by the District for the general assessment were $2,261,207 ($36.53 per shares) and $1,899,711 ($30.69 per share), respectively.

Provo River Aqueduct

As a part of the PRP, Reclamation purchased a private canal commonly referred to as the Provo Reservoir Canal. The Provo Reservoir Canal was enlarged and improved as a part of the PRP. In 2010 the District agreed to participate in the Provo Reservoir Canal Enclosure Project (the "PRCEP"). The PRCEP involved enclosing the canal in a large steel pipe with greater capacity, now known as the Provo River Aqueduct. The PRCEP involved the participation of Reclamation, the District, the Association, CUWCD, Jordan Valley Water Conservancy District ("JVWCD"), and Provo Reservoir Water Users Company. Under the District's amended subscription agreements the District is entitled to a permanent aqueduct capacity right of 187 cubic feet per second (cfs), conditioned on the District paying agreed capital, operation and maintenance costs. The District is obligated to pay to the Association 187/302 of the Association's share of the PRCEP construction costs. Those payments are expected to be as follows:

Year Ending June 30,	Assessment Payments
2024	$ 1,247,000
2025	1,247,000
2026	1,247,000
2027	1,247,000
2028	1,247,000
2029-2033	6,235,000
2034-2038	2,494,000
Total	$ 14,964,000

The District is obligated to pay the Association aqueduct maintenance assessments representing 187/302 of the Association's share of the aqueduct maintenance costs. The District is obligated to pay a pro rata portion of the Association's share of the operation costs based on volume of water carried in the aqueduct annually. The District payments for Provo River Aqueduct operation and maintenance costs to the Association for the District's fiscal years ended June 30, 2023 and 2022 were $231,770 and $230,708, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Central Utah Project Municipal and Industrial (M&I) System Petition

The District also pays to CUWCD a pro rata, per volume of right to use M&I System water, of CUWCD's M&I System operation, maintenance, repair, replacement, and reserve costs as determined by CUWCD's Board of Trustees. The District's commitments for payments to CUWCD as described do not vary depending upon the amount of M&I System water the District actually takes or uses. District payments for M&I System operation, maintenance, repair, replacement and reserve costs to CUWCD for the District's fiscal years ended June 30, 2023 and 2022 were $1,386,000 ($60.00 per acre foot) and $1,272,072 ($55.00 per acre foot), respectively. The petition and applicable state statute describe CUWCD's ability to tax properties benefited by the District's petition to cover any failure of the District to meet its commitments. While not described in the petition, CUWCD may also be entitled to withhold M&I System water upon any District failure to meet its commitments under the petition. CUWCD repayment obligations to Reclamation, and the District's repayment commitment to CUWCD, are subject to a final Reclamation allocation of construction costs, and are dependent upon a conditional statutory cap on CUWCD's repayment obligation.

Jordan Aqueduct (JA) System

The District is entitled to 2/7ths of the JA system capacity (including the JA, the Jordan Valley Water Treatment Plant, and the JA Terminal Reservoir). Pursuant to contract, the JA system is operated, maintained, repaired and replaced by JVWCD at the direction of committees to which the District appoints members. Failure of the District to meet its commitments relating to JA could result in capacity being withheld. The District is obligated to pay for 2/7ths of the capital improvement costs related to the JA system. The District payments for capital improvements for the District's fiscal years ended June 30, 2023 and 2022 were $3,670,231 and $1,013,147, respectively. The District is obligated to pay maintenance costs pro rata based on capacity. The District is also obligated to pay a pro rata portion of the operation costs based on volume of water conveyed. The District payments for operation and maintenance costs for the District's fiscal years ended June 30, 2023 and 2022 were $533,051 and $520,265, respectively.

150th South Pipeline

The District is entitled to 50% of the 150th South Pipeline capacity. Pursuant to contract, the 150th South Pipeline is operated, maintained, repaired and replaced by JVWCD at the direction of a committee to which the District appoints members. Failure of the District to meet its commitments relating to the 150th South Pipeline could result in capacity being withheld. The District is obligated to pay 50% of the capital improvement costs related to the 150th South Pipeline. The District payments for capital improvements for the District's fiscal years ended June 30, 2023 and 2022 were $11,407 and $165, respectively. The District is obligated to pay maintenance costs pro rata based on capacity. The District is also obligated to pay a pro rata portion of the operation costs based on volume of water conveyed. The District payments for operation and maintenance costs for the District's fiscal years ended June 30, 2023 and 2022 were $37,199 and $39,201, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Ontario Drain Tunnel

The District entered into a separate agreement with Sandy City for the District to purchase water rights in the Ontario Drain Tunnel. The rights are owned by the District and were purchased using water revenue bond proceeds. As part of the agreement, Sandy City will pay special assessments to cover the portion of the bond payments corresponding to the purchase. The expected flow of cash from these assessments is as follows:

Year Ending June 30,	Assessment Payments
2024	$ 854,183
2025	882,620
2026	910,352
2027	969,854
2028	1,009,443
2029-2031	3,235,803
Total	$ 7,862,255

Salt Lake City and Sandy City Assessments

The District has an agreement with Salt Lake City and Sandy City to pay special assessments related to capital improvements for the cities' respective share of capacity in the Point of the Mountain Water Treatment Plant, Point of the Mountain Aqueduct, and improvements to Little Cottonwood Water Treatment Plant. The expected flow of cash from these assessments is as follows:

Year Ending June 30,	Assessment Payments
2024	$ 11,232,214
2025	11,232,214
2026	11,232,214
2027	11,232,214
2028	11,232,214
2029-2033	56,161,070
2034-2035	16,848,321
Total	$ 129,170,461

Major Customers

The District has 2 major customers that make up 95.04% and 94.55% of the District's water sales for 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022, the percentages of water sales are as follows:

	2023	2022
Salt Lake City	68.43%	68.08%
Sandy City	26.61%	26.48%
Total	95.04%	94.55%

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Agreement with Central Utah Water Conservancy District

The District has an agreement with CUWCD regarding the Point of the Mountain Water Treatment Plant ("POMWTP"). CUWCD has possible future need for 30 million gallons per day ("mgd") of the raw water conveyance capacity. Accordingly, CUWCD has asked the District to reserve up to 30 mgd of conveyance capacity. CUWCD agreed to pay, and has paid, the District 30/151 (19.868%) of the costs related to land acquisition, development and the cost of design and construction of the treatment plant, which share totaled $10,000,000. The agreement states that if in the future CUWCD determines that it does not require the use of the described capacities, the money paid by CUWCD for its share of the costs will be refunded by the District to CUWCD, without interest, as further outlined in the agreement. The agreement had a termination date of December 31, 2020. However, CUWCD requested an extension of time to exercise their 30 mgd capacity, thereby postponing MWDSLS’s interest-free repayment obligation. The District and CUWCD entered into a new agreement in January of 2022 that remains in effect until January 31, 2032. The District will continue to reserve 30 mgd of conveyance capacity for CUWCD’s future use. CUWCD may at any time during the term of the agreement determine that it will use the excess POMWTP capacities by providing written notice to the District.

In accordance with accounting standards, management has not recorded a liability on the accompanying financial statements but has disclosed the nature and possible range of the contingency. Per the agreement, repayment would be made annually in the amount of $2,000,000 over a five year period. If repayment were to occur, the District would make an assessment to its member cities equal to the obligation. Management's conclusions are based on facts and circumstances that existed as of the date these financial statements were issued.

NOTE 9 - LEASES - LESSOR ACTIVITIES

The District has over many years entered into various telecom tower lease agreements with some ongoing since 2006. In these leases the District leases land to the telecommunication providers. As of the end of fiscal year 2023 the District has two active leases, with the most recent agreement beginning in 2018. The agreements have end dates in 2030 and 2032. Annual payments to the District range from $29,010 and $39,650 with interest rates at 4% on each lease (used as the discount rates). The District recognized $58,828 and $55,392, respectively, in income from these leases and $2,451 and $2,308, respectively, in interest income for the years ended June 30, 2023 and 2022, respectively.

NOTE 10 - RECENT ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued statement No. 101, *Compensated Absences*. This standard updates the recognition and measurement guidance for compensated absences to align the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. GASB 101 also amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District is currently evaluating the impact of GASB 101 on the financial statements when it is implemented.

NOTE 11 - SUBSEQUENT EVENTS

The District evaluated all events or transactions that occurred after June 30, 2023 through September 28, 2023, the date the financial statements were available to be issued. During this period, other than those listed above, the District did not have any additional material recognizable subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Last 10 Fiscal Years*

Noncontributory Retirement System	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.4431258%	0.4321594%	0.4138208%	0.4152822%	0.4077037%	0.4088446%	0.4156324%	0.4246631%	0.4181298%
Proportionate share of the net pension liability (asset)	$ 758,963	$ (2,475,023)	$ 212,266	$ 1,565,144	$ 3,002,217	$ 1,791,271	$ 2,668,869	$ 2,402,950	$ 1,815,618
Covered-employee payroll	$ 4,195,773	$ 3,985,341	$ 3,790,552	$ 3,798,744	$ 3,669,893	$ 3,631,661	$ 3,732,587	$ 3,687,022	$ 3,596,140
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	18.09%	-62.10%	5.60%	41.20%	81.81%	49.32%	71.50%	65.17%	50.49%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.5%	108.7%	99.2%	93.7%	87.0%	91.9%	87.3%	87.8%	90.2%

Tier 2 Public Employees Retirement System	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.0762096%	0.0594097%	0.0544670%	0.0490969%	0.0406038%	0.0428754%	0.0350673%	0.0400407%	0.0042126%
Proportionate share of the net pension liability (asset)	$ 82,984	$ (25,144)	$ 7,834	$ 11,042	$ 17,390	$ 3,780	$ 3,912	$ (87)	$ (1,277)
Covered-employee payroll	$ 1,660,029	$ 1,102,239	$ 871,103	$ 681,687	$ 473,928	$ 419,486	$ 287,582	$ 258,670	$ 206,757
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.00%	-2.28%	0.90%	1.62%	3.67%	0.90%	1.36%	-0.03%	-0.62%
Plan fiduciary net position as a percentage of the total pension liability (asset)	92.3%	103.8%	98.3%	96.5%	90.8%	97.4%	95.1%	100.2%	103.5%

** The amounts presented for each fiscal year were determined as of December 31. 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.*

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
SCHEDULE OF CONTRIBUTIONS

System	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2014	$ 616,818	$ 616,818	$ -	$ 3,577,880	17.24%
	2015	668,520	668,520	-	3,629,089	18.42%
	2016	687,003	687,003	-	3,728,361	18.43%
	2017	684,517	684,517	-	3,714,902	18.43%
	2018	659,576	659,576	-	3,583,233	18.41%
	2019	687,682	687,682	-	3,735,921	18.41%
	2020	706,851	706,851	-	3,839,703	18.41%
	2021	719,264	719,264	-	3,906,912	18.41%
	2022	731,403	731,403	-	3,972,890	18.41%
	2023	733,772	733,772	-	4,096,085	17.91%
Tier 2 Public Employees System*	2014	$ 28,065	$ 28,065	$ -	$ 200,605	13.99%
	2015	35,901	35,901	-	240,301	14.94%
	2016	39,707	39,707	-	266,311	14.91%
	2017	51,473	51,473	-	345,227	14.91%
	2018	68,505	68,505	-	453,376	15.11%
	2019	82,295	82,295	-	529,566	15.54%
	2020	132,493	132,493	-	846,056	15.66%
	2021	147,717	147,717	-	934,920	15.80%
	2022	213,538	213,538	-	1,328,797	16.07%
	2023	282,687	282,687	-	1,765,689	16.01%
Tier 2 Public Employees DC Only System*	2014	$ 2,839	$ 2,839	$ -	$ 50,871	5.58%
	2015	2,280	2,280	-	33,927	6.72%
	2016	3,146	3,146	-	47,020	6.69%
	2017	2,301	2,301	-	34,396	6.69%
	2018	6,383	6,383	-	95,402	6.69%
	2019	5,980	5,980	-	89,386	6.69%
	2020	3,035	3,035	-	45,367	6.69%
	2021	6,271	6,271	-	93,737	6.69%
	2022	6,990	6,990	-	104,488	6.69%
	2023	9,802	9,802	-	158,357	6.19%

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

In accordance with paragraph 81.b of GASB 68, employers are required to disclose a 10-year history of contributions in their RSI. The 10-year schedule will be built prospectively from the implementation date of GASB 68. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2023

NOTE 1 - CHANGES IN ASSUMPTIONS - UTAH RETIREMENT SYSTEMS

Assumptions for plan year 2022 remain unchanged from the 2021 plan year.

Amounts reported in plan year 2021 reflect the following assumption changes adopted from the January 1, 2021 valuation:

- The investment return assumption was decreased from 6.95% to 6.85%.

Amounts reported in plan year 2020 reflect the following assumption changes adopted from the January 1, 2020 valuation:

- The payroll growth assumption decreased from 3.00% to 2.90%.
- Other assumptions that were modified: retirement rates, termination rates, disability rates, rate of salary increase, and pre and post retirement mortality tables.

Assumptions for plan years 2019 and 2018 remain unchanged from the 2017 plan year.

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%.

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation assumption decreased from 2.75% to 2.60%.
- Both the payroll growth and wage inflation assumption were decreased by 0.15%.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- Other assumptions that were modified: rate of salary increases, post retirement mortality, and certain demographics.

This page is left blank intentionally.

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY

COMPLIANCE REPORTS

Year Ended June 30, 2023

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY

C O N T E N T S

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipient	Beginning Receivable (Unearned)	Received	Expended	Ending Receivable (Unearned)
U.S. DEPARTMENT OF TRESASURY:							
Passed through State of Utah Governor's							
Office of Planning and Budget:							
COVID-19 Coronavirus State and							
Local Fiscal Recovery Funds	21.027	n/a	$ -	$ (2,814,714)	$ -	$ 1,235,510	$ (1,579,204)
U.S. DEPARTMENT OF HOMELAND SECURITY:							
Passed through State of Utah Department of							
Public Safety:							
BRIC: Building Resilient Infrastructure							
and Communities	97.047	n/a	-	-	87,391	87,391	-
TOTAL FEDERAL AWARDS			$ -	$ (2,814,714)	$ 87,391	$ 1,322,901	$ (1,579,204)

The accompanying notes are an integral part of this schedule.

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS FOR PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Metropolitan Water District of Salt Lake & Sandy (the District) under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Metropolitan Water District of Salt Lake & Sandy

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 Metropolitan Water District of Salt Lake & Sandy (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated September 28, 2023.

Internal Control over Financial Reporting

In planning and performing our audit 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 opinion 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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

squire.com

Salt Lake City Office
801.533.0409
215 S State Street #850
Salt Lake City, UT 84111

Orem Office
801.225.6900
1329 South 800 East
Orem, UT 84097

Squire is a dba registered to Squire & Company, PC, a certified public accounting firm

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah
September 28, 2023

Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report of Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Trustees
Metropolitan Water District of Salt Lake & Sandy

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Metropolitan Water District of Salt Lake & Sandy's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Metropolitan Water District of Salt Lake & Sandy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of 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 federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether the noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on out audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one 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 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 each federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the 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, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Metropolitan Water District of Salt Lake & Sandy as of and for the year ended June 30, 2023, and have issued our report thereon dated September 28, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Squire & Company, PC

Orem, Utah
September 28, 2023

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2022-1 Certain net position balances were restated to correct and reclassify certain accounts and activities.

This matter has been resolved.

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency identified	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness identified	No
Significant deficiency identified	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of Major Federal Programs

Name of Federal Program (CFDA Number)

COVID-19 Coronavirus State and Local Fiscal Recover Funds (21.027)

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Board of Trustees
Metropolitan Water District of Salt Lake & Sandy

Report on Compliance

Opinion on Compliance

We have audited Metropolitan Water District of Salt Lake & Sandy's (the District) compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2023:

Budgetary Compliance
Fund Balance
Fraud Risk Assessment
Open and Public Meetings Act

In our opinion, Metropolitan Water District of Salt Lake & Sandy complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

Basis for Opinion on Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide,* issued by the Office of the Utah State Auditor. 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 the 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 on compliance. 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 state compliance requirements referred to above.

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 *State Compliance Audit 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 *State Compliance Audit Guide* as a whole

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State Compliance Audit 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 the 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

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

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

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

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

Squire & Company, PC

Orem, Utah
September 28, 2023

METROPOLITAN WATER DISTRICT
Balance Sheet - Summary
As of July 31, 2023
8.33% of Budget Completed

		07/31/23	06/30/23	07/31/22
	ASSETS			
	Current Assets:			
1	Accounts Receivable	$ 5,093,982	$ 3,947,902	$ 4,615,347
2	Other Receivable	78,861	78,861	-
3	Property Taxes Receivable	-	160,086	123,486
4	Leases Receivable - Current	62,247	62,247	-
5	Inventories	488,273	484,771	346,020
6	Prepaid Expenses	946,142	186,780	861,796
	Reserve Funds:			
7	Operations & Maintenance Fund	9,109,188	11,327,539	23,064,094
8	Renewal and Replacement Reserve	650,000	650,000	650,000
9	Interest Rate Stabilization Reserve	3,284,866	3,284,866	3,284,866
10	Capital Projects Reserve	16,444,144	16,444,144	6,047,413
11	ASR Reserve	4,460,487	4,460,487	3,058,706
12	Self Insurance/Contingency Reserve	2,000,000	2,000,000	2,000,000
13	Jordan Aqueduct Reserve	45,979	45,979	44,325
14	JVWTP O&M Agreement	20,000	20,000	20,000
15	150th South Pipeline Agreement	37,719	37,719	36,362
16	**TOTAL CURRENT ASSETS**	**42,721,888**	**43,191,381**	**44,152,415**
	Restricted Assets:			
	2012 Series Bond			
17	Bond Fund Account 2012A	-	-	6,510
18	Bond Fund Account 2012B	-	778,663	66,753
	2015 Series Bond			
19	Bond Fund Account 2015A	39,150	364,500	37,716
	2016 Series Bond			
20	Bond Fund Account 2016A	493,865	979,475	164,006
	2020 Series Bond			
21	Bond Fund Account 2020A	749,758	10,557,732	919,041
	2021 Series Bond			
22	Bond Fund Account 2021A	173,244	1,017,425	170,361
23	Bond Fund Account 2021B	13,976	82,076	13,743
24	**TOTAL RESTRICTED ASSETS**	**1,469,993**	**13,779,871**	**1,378,130**
	Fixed Assets:			
25	Land & Right-of-Way	22,023,773	22,023,773	22,023,773
26	Buildings & Improvements	289,067,980	289,067,980	287,740,831
27	Machinery & Equipment	19,217,192	19,217,192	17,062,721
28	Furniture & Fixtures	60,173	60,173	60,173
29	Transportation Equipment	1,398,902	1,398,902	1,345,615
30	Aqueduct & Appurtenances	112,001,329	112,001,329	111,974,338
31	Water Rights - PRWUA	18,188,008	18,188,008	18,188,008
32	Investment in Surface Water	135,189,064	135,189,064	135,189,064
	Construction in Progress:			
33	CIP - Jordan Aqueduct System	4,069,592	4,069,592	1,596,511
34	CIP - Aquifer Storage & Recovery	3,101,022	3,101,022	156,399
35	CIP - Other	1,082,802	906,514	1,841,692
36	TOTAL FIXED ASSETS	605,399,837	605,223,549	597,179,125
37	Less: Accumulated Depreciation	(191,579,585)	(190,639,403)	(180,529,841)
38	**NET FIXED ASSETS**	**413,820,252**	**414,584,146**	**416,649,284**
	Other Assets:			
39	Investments	30,640,812	30,569,227	24,931,132
40	Leases Receivable - Long-Term	468,078	468,078	-
41	Net Pension Asset	-	-	2,500,167
42	**TOTAL OTHER ASSETS**	**31,108,890**	**31,037,305**	**27,431,299**
43	**TOTAL ASSETS**	**$ 489,121,023**	**$ 502,592,703**	**$ 489,611,128**

METROPOLITAN WATER DISTRICT
Balance Sheet - Summary
As of July 31, 2023
8.33% of Budget Completed

		07/31/23	06/30/23	07/31/22
	Deferred Outflow of Resources:			
44	Refinance Term Costs - 2021A	$ 479,291	$ 482,363	$ 516,159
45	Refinance Term Costs - 2021B	9,354,282	9,465,642	10,690,608
46	Deferred Amount on Refunding - 2002B	-	3,553	42,623
47	Deferred Amount on Refunding - 2004	-	12,904	154,851
48	Deferred Amount on Refunding - 2005A	317,275	343,714	634,549
49	Deferred Amount on Refunding - 2009A	3,292,971	3,327,272	3,704,592
50	Deferred Bond Refunding - 2021A	1,802,042	1,813,594	1,940,661
51	Deferred Bond Refunding - 2021B	455,055	460,473	520,063
52	Deferred Outflows Relating to Pensions	1,498,300	1,498,300	1,081,526
53	**TOTAL DEFERRED OUTFLOW OF RESOURCES**	**17,199,216**	**17,407,815**	**19,285,632**
54	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 506,320,239**	**$ 520,000,518**	**$ 508,896,760**
	LIABILITIES AND NET ASSETS			
	Current Liabilities:			
55	Accounts Payable	$ 5,588,001	$ 6,660,883	$ 696,166
56	Interest Payable - Bonds	430,554	2,624,870	437,478
57	Vacation Payable	560,318	545,665	530,974
58	Sick Leave Payable	139,888	140,078	99,512
59	Deferred Revenue	2,577,469	2,577,469	3,750,732
60	Bonds Payable, Current	11,155,000	11,155,000	10,435,000
61	CUP Water Supply Payable-CP	2,971,200	2,971,200	2,971,200
62	**TOTAL CURRENT LIABILITIES**	**23,422,430**	**26,675,165**	**18,921,062**
	Long-Term Liabilities:			
63	Bonds Payable - Series 2012B	-	770,000	770,000
64	Bonds Payable - Series 2015A	3,945,000	4,225,000	4,225,000
65	Bonds Payable - Series 2016A	59,200,000	59,200,000	59,200,000
66	Bonds Payable - Series 2020A	54,520,000	64,625,000	64,625,000
67	Bonds Payable - Series 2021A	43,340,000	43,340,000	43,340,000
68	Bonds Payable - Series 2021B	12,240,000	12,240,000	12,240,000
69	Reoffering Premium - 2012B	-	9,952	119,424
70	Reoffering Premium - 2015A	442,470	445,823	482,695
71	Reoffering Premium - 2016A	3,077,510	3,109,567	3,462,199
72	Reoffering Premium - 2021A	14,096,573	14,186,935	15,180,924
73	Net Pension Liability	841,947	841,947	-
74	CUP Water Supply Payable	65,366,400	65,366,400	68,337,600
75	Less Bonds Payable, Current	(11,155,000)	(11,155,000)	(10,435,000)
76	**TOTAL LONG-TERM LIABILITIES**	**245,914,900**	**257,205,624**	**261,547,842**
77	**TOTAL LIABILITIES**	**269,337,330**	**283,880,789**	**280,468,904**
	Deferred Inflow of Resources:			
78	Deferred Revenue - Long-Term	468,078	468,078	-
79	Deferred Bond Refunding - 2012A (2019)	779,326	799,309	1,019,118
80	Deferred Bond Refunding - 2012A (2020)	1,472,000	1,533,333	2,208,000
81	Deferred Inflows Relating to Pensions	10,253	10,253	3,418,975
82	**TOTAL DEFERRED INFLOW OF RESOURCES**	**2,729,657**	**2,810,973**	**6,646,093**
83	**TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES**	**272,066,987**	**286,691,762**	**287,114,997**
	Net Assets:			
84	Invested in Capital Assets, Net of Related Debt	236,408,288	226,008,742	227,981,030
	Restricted Assets:			
85	Future Debt Service	1,469,993	13,779,871	1,378,130
86	Operations & Maintenance Restriction	6,760,248	6,760,248	5,699,658
87	Renewal and Replacement	650,000	650,000	650,000
88	150th South Pipeline Agreement	37,719	37,719	36,362
89	JVWTP O&M Agreement	20,000	20,000	20,000
90	Jordan Aqueduct Reserve	45,979	45,979	44,325
91	Unrestricted	(11,138,975)	(13,993,803)	(14,027,742)
92	**TOTAL NET ASSETS**	**234,253,252**	**233,308,756**	**221,781,763**
93	**TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET ASSETS**	**$ 506,320,239**	**$ 520,000,518**	**$ 508,896,760**

METROPOLITAN WATER DISTRICT
Capital Report
For the Month Ending July 31, 2023
8.33% of Budget Complete

	Account Name	Account Number	Current Month	Year to Date	Total Budget	Amount Remaining	% of Budget Used
	CAPACITY IMPROVEMENT PROJECTS						
1	Managed Aquifer Recharge Design and Construction	1865	$ -	$ -	$ 7,272,721.00	$ 7,272,721.00	0.00 %
2	***Capacity Improvement Projects***		***0.00***	***0.00***	***7,272,721.00***	***7,272,721.00***	***0.00%***
	NON-CAPACITY IMPROVEMENT PROJECTS						
3	SLAR-CC Easement Procurement	1802B	-	-	400,000.00	400,000.00	0.00%
4	SCS Hardware & Software Replace	1845F	-	-	100,000.00	100,000.00	0.00%
5	LCC Replacement and Intake Modifications	1827	-	-	200,000.00	200,000.00	0.00%
6	POMWTP PC/S Hardware Replacement	1807	-	-	250,000.00	250,000.00	0.00%
7	Fleet Replacement Program	1848	-	-	200,000.00	200,000.00	0.00%
8	Little Dell Dam Improvements	1840	-	-	400,000.00	400,000.00	0.00%
9	Repair and Replace		176,287.33	176,287.33	850,873.00	674,585.67	20.72 %
10	***Non-Capacity Improvement Projects***		***176,287.33***	***176,287.33***	***2,400,873.00***	***2,224,585.67***	***7.34%***
	OTHER CAPITAL IMPROVEMENT PROJECTS						
11	Jordan Aqueduct System and 150th South Pipeline	1599	-	-	2,974,643.00	2,974,643.00	0.00 %
12	***Other Capital Improvement Projects***		***0.00***	***0.00***	***2,974,643.00***	***2,974,643.00***	***0.00 %***
	INVESTMENTS IN WATER SOURCES						
13	Central Utah Project (CUP) Capital	1853	-	-	3,815,423.00	3,815,423.00	0.00 %
14	***Investments in Water Sources***		***0.00***	***0.00***	***3,815,423.00***	***3,815,423.00***	***0.00 %***
15	***GRAND TOTAL***		***$ 176,287.33***	***$ 176,287.33***	***$ 16,463,660.00***	***$ 16,287,372.67***	***1.07 %***

METROPOLITAN WATER DISTRICT
Revenue Statement
For the Month Ending July 31, 2023
8.33% of Budget Complete

		Current Month	Year to Date	Total Budget	% of Budget Used	Prior YTD Actual	Prior Year Total	% Prior Year Use	Average 3 Years	Average 3 YTD (Actual Dollars)
	OPERATING REVENUE									
	Water Sales:									
1	Salt Lake City	$ 1,426,797.50	$ 1,426,797.50	$ 17,121,570.00	8.33%	$ 1,385,240.25	$ 16,622,883.00	8.33%	8.33%	$ 1,345,285.19
2	Sandy City	554,865.67	554,865.67	6,658,388.00	8.33%	538,704.58	6,464,454.96	8.33%	8.33%	523,166.44
3	Water Sales for Others	77,505.34	77,505.34	1,542,359.00	5.03 %	166,734.82	1,206,094.91	13.82 %	11.25 %	145,966.17
4	***TOTAL OPERATING REVENUE***	***2,059,168.51***	***2,059,168.51***	***25,322,317.00***	***8.13%***	***2,090,679.65***	***24,293,432.87***	***8.61%***	***8.49%***	***2,014,417.81***
	OPERATING EXPENSES									
5	Administrative	80,960.01	80,960.01	2,240,911.00	3.61%	65,249.04	1,803,880.88	3.62%	10.38%	202,819.53
6	General	142,303.76	142,303.76	9,859,430.00	1.44%	130,121.51	9,177,973.68	1.42%	1.22%	96,265.67
7	Operations	311,717.07	311,717.07	4,422,244.00	7.05%	274,350.59	3,713,144.14	7.39%	9.06%	303,727.73
8	Maintenance	175,770.02	175,770.02	3,373,153.00	5.21%	192,937.82	2,895,059.63	6.66%	5.75%	147,074.14
9	Information Technology	96,733.35	96,733.35	2,358,201.00	4.10%	86,429.97	1,880,120.08	4.60%	5.11%	86,183.93
10	Engineering	60,810.29	60,810.29	1,343,716.00	4.53%	56,566.21	1,391,547.71	4.06%	5.02%	73,476.12
11	Instrumentation & Electrical	76,533.22	76,533.22	1,677,613.00	4.56%	67,447.78	1,421,938.13	4.74%	5.22%	67,983.53
12	Lab	47,918.09	47,918.09	930,288.00	5.15%	63,987.79	943,691.46	6.78%	6.27%	54,830.14
13	Non-Routine O&M	0.00	0.00	965,443.00	0.00 %	164,408.47	842,771.87	19.51 %	19.51 %	54,802.82
14	***TOTAL OPERATING EXPENSES***	***992,745.81***	***992,745.81***	***27,170,999.00***	***3.65%***	***1,101,499.18***	***24,070,127.58***	***4.58%***	***5.09%***	***1,087,163.62***
	Revenue from Operations									
15	**before Depreciation/Amortization**	1,066,422.70	1,066,422.70	(1,848,682.00)	-57.69%	989,180.47	223,305.29	442.97%	39.49%	927,254.19
16	Depreciation Expense	940,181.99	940,181.99	11,118,000.00	8.46%	941,792.21	11,108,202.96	8.48%	8.49%	936,029.50
17	Amortization Expense	(8,440.57)	(8,440.57)	(172,836.00)	4.88 %	(124,228.62)	(217,078.74)	57.23 %	11.35 %	(132,970.38)
18	Total Expenses	931,741.42	931,741.42	10,945,164.00	8.51%	817,563.59	10,891,124.22	7.51%	8.15%	803,059.12
19	***REVENUE (LOSS) FROM OPERATIONS***	***134,681.28***	***134,681.28***	***(12,793,846.00)***	***-1.05%***	***171,616.88***	***(10,667,818.93)***	***-1.61%***	***-1.65%***	***124,195.07***
	NON-OPERATING REVENUE									
20	General Property Taxes	59,030.82	59,030.82	11,355,336.00	0.52%	140,612.59	11,578,709.85	1.21%	0.53%	60,601.22
21	Fees in Lieu of Taxes	38,853.27	38,853.27	398,436.00	9.75%	42,646.41	432,661.36	9.86%	9.72%	42,608.55
22	Interest Revenue	279,358.07	279,358.07	866,291.00	32.25%	79,996.88	2,446,305.42	3.27%	5.36%	56,815.81
23	Prior Year Tax Collections	(153,169.83)	(153,169.83)	286,907.00	-53.39%	6,140.02	238,448.28	2.57%	5.26%	15,221.59
24	Special Assessment Revenue	1,007,199.75	1,007,199.75	12,721,539.00	7.92%	1,005,393.33	11,857,144.96	8.48%	8.64%	1,016,056.90
25	Encroachment Applications	4,135.38	4,135.38	0.00	0.00%	0.00	41,804.39	0.00%	4.57%	1,390.55
26	Miscellaneous	154.43	154.43	239,246.00	0.06%	0.00	118,184.67	0.00%	0.05%	53.83
27	Gain/(Loss) on Disposal of Fixed Assets	0.00	0.00	0.00	0.00%	0.00	80,500.50	0.00%	0.00%	0.00
28	Grant Funding	0.00	0.00	0.00	0.00%	0.00	1,322,900.95	0.00%	0.00%	0.00
29	Gain/(Loss) on PRWUA	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00%	0.00
30	Net Change of Investments	4,807.07	4,807.07	0.00	0.00 %	570.60	(145,994.54)	(0.39)%	(1.89)%	3,313.07
31	***TOTAL NON-OPERATING REVENUE***	***1,240,368.96***	***1,240,368.96***	***25,867,755.00***	***4.80%***	***1,275,359.83***	***27,970,665.84***	***4.56%***	***4.70%***	***1,196,061.52***
	NON-OPERATING EXPENSE									
32	Interest Expense	430,553.95	430,553.95	5,166,648.00	8.33%	437,478.28	5,249,739.00	8.33%	8.84%	499,437.88
33	TRRP Contractual Obligations	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00%	0.00
34	Benefit Expense	0.00	0.00	0.00	0.00%	0.00	(1,026,169.00)	0.00%	0.00%	0.00
35	Actuarial Calculated Pension Expense	0.00	0.00	0.00	0.00 %	0.00	542,787.00	0.00 %	0.00 %	0.00
36	***TOTAL NON-OPERATING EXPENSE***	***430,553.95***	***430,553.95***	***5,166,648.00***	***8.33 %***	***437,478.28***	***4,766,357.00***	***9.18 %***	***10.23 %***	***499,437.88***
37	***NET NON-OPERATING REVENUE (LOSS)***	***809,815.01***	***809,815.01***	***20,701,107.00***	***3.91 %***	***837,881.55***	***23,204,308.84***	***3.61 %***	***3.38 %***	***696,623.64***
38	***TOTAL DISTRICT NET REVENUE (LOSS)***	***$ 944,496.29***	***$ 944,496.29***	***$ 7,907,261.00***	***11.94 %***	***$ 1,009,498.43***	***$ 12,536,489.91***	***8.05 %***	***6.28 %***	***$ 820,818.71***

MWDSLS Non-Capital Purchases over $10,000
July 2023

Vendor	Invoice #	Check #	Amount	Description
Bowen, Collins & Associates	various	79797	45,776.28	Engineering Services - Hydropower Bypass Pipeline; Raw Water Nexus Eval.
Thatcher Company	various	79816	30,884.42	Chemicals
Utah Lake Water Users Assoc Inc	METRO062023	79820	10,562.39	Monthly Maintenance Share for June 2023
Linde	various	79840	15,038.76	Chemicals
Thatcher Company	various	79850	60,114.61	Chemicals
Utah Local Governments Trust	various	79852	63,218.58	Insurance Premiums - FY 2024
Linde	various	79862	15,098.16	Chemicals
Thatcher Company	various	79866	30,932.87	Chemicals
Health Equity	ACH		22,914.78	H.S.A. Contributions - July 2023
Paylocity	ACH		67,363.80	Payroll Taxes 7/6/23
Paylocity	ACH		68,848.51	Payroll Taxes 7/20/23
Utah Retirement Systems	ACH		67,404.27	Retirement Contributions 7/6/23 Payroll
Utah Retirement Systems	ACH		68,892.47	Retirement Contributions 7/20/23 Payroll
Paylocity	ACH		158,151.26	Net Payroll 7/6/23
Paylocity	ACH		164,259.99	Net Payroll 7/20/23
Rocky Mountain Power	ACH		54,731.38	Electrical Services - May/June 2023
Rocky Mountain Power	ACH		36,347.97	Electrical Services - May/June 2023
Rocky Mountain Power	ACH		50,234.99	Electrical Services - June/July 2023
Select Health	ACH		99,770.40	Medical Insurance Premiums - July 2023
Select Health	ACH		97,897.30	Medical Insurance Premiums - August 2023
Zions Bank	ACH		426,809.86	Zions Visa Commercial Card Payment - statement closing date 6/30/23
Zions Bank	ACH		37,733.33	2015A Bond Payment Transfer
Zions Bank	ACH		490,329.16	2016A Bond Payment Transfer
Zions Bank	ACH		707,991.37	2020A Bond Payment Transfer
Zions Bank	ACH		169,570.83	2021A Bond Payment Transfer
Zions Bank	ACH		13,679.25	2021B Bond Payment Transfer

METROPOLITAN WATER DISTRICT
Balance Sheet - Summary Comparisons
As of July 31, 2023

		7/31/23	6/30/23	Difference
1	**Accounts Receivable**	5,093,982	3,947,902	1,146,080

Explanation: As of July 31st, water payments from Salt Lake City for the prior month were still outstanding, whereas they were current at the end of June. This difference is offset now that Sandy City is current at the end of July, whereas they had an outstanding invoice from a prior month at the end of June.

		7/31/23	6/30/23	Difference
6	**Prepaid Expenses**	946,142	186,780	759,362

Explanation: The annual insurance premiums with Utah Local Governments Trust are paid at the beginning of the fiscal year and proportionately expensed throughout the year. This is the cause for the large increase from the prior month.

		7/31/23	6/30/23	Difference
7	**Operations & Maintenance Fund**	9,109,188	11,327,539	(2,218,351)

Explanation: The higher Accounts Receivable balance accounts for about half of this decrease in the cash balance compared to the prior month. Additionally, some large capital purchases were made during the month.

		7/31/23	7/31/22	Difference
7	**Operations & Maintenance Fund**	9,109,188	23,064,094	(13,954,906)

Explanation: Most of this difference is the result of assigning an additional $10 million to the Capital Projects Reserve in preparation for upcoming capital expenditures. There has also been a noticeable increase in Operations and Maintenance expenses over the last year.

		7/31/23	6/30/23	Difference
24	**Total Restricted Assets**	1,469,993	13,779,871	(12,309,878)

Explanation: The annual bond principal and semi-annual interest payments were paid in the month of July. This is the cause of the decrease in lines 17-23. This also relates to line 85 Future Debt Service.

		7/31/23	7/31/22	Difference
55	**Accounts Payable**	5,588,001	696,166	4,891,835

Explanation: Of the balance at 7/31/23, $3.7 million of this balance was payable to JVWCD for the District's share of the FY 2023 capital improvement projects. This invoice was received at the end of July and paid in early August.

		7/31/23	6/30/23	Difference
56	**Interest Payable - Bonds**	430,554	2,624,870	(2,194,316)

Explanation: As mentioned above, our semi-annual bond interest payments were paid in July.

		7/31/23	6/30/23	Difference
63	**Bonds Payable - Series 2012B**	-	770,000	(770,000)

Explanation: The remaining 2012B Bond principal balance was paid off in July. This is also the reason that funds are no longer restricted for the 2012B Bond. Reference line 18, Bond Fund Account 2012B.

	7/31/23	6/30/23	Difference
69 Reoffering Premium - 2012B	-	9,952	(9,952)

Explanation: The remaining balance on the 2012B Bond Reoffering Premium was fully amortized in July, which coincides with the final payment of the 2012B Bond principal. Reference line 63, Bonds Payable - Series 2012B.

	7/31/23	7/31/22	Difference
78 Deferred Revenue - Long-Term	468,078	-	468,078

Explanation: This is a new account used to record unearned revenue that will be due to the District after more than a year's time, which is based upon agreements that are currently in place. The balance of this account consists only of unearned lease revenue at this time.

METROPOLITAN WATER DISTRICT
Revenue Statement Comparisons
For the Month Ending July 31, 2023

	Year to Date	Average 3 YTD (Actual Dollars)	Difference
5 Administrative (Operating Expenses)	80,960.01	202,819.53	(121,859.52)

Explanation: This difference is the result of bond issuance costs on new bonds in July 2020 (2020A bond). Those costs totaled $420,075, which accounts for a $140k difference with the 3-year average.

	Year to Date	Total Budget	Difference
23 Prior Year Tax Collections	(153,169.83)	286,907.00	(440,076.83)

Explanation: In connection with the FY 2022 audit, it was determined that the District should include an accrual at year end to represent delinquent taxes still owed to the District. The Year to Date negative balance is the resulting effect of the reversal of that accrual, and it will be offset as prior year taxes are received. This account will always reflect a positive balance by the year's end.