MAGNA WATER DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2023

MAGNA WATER DISTRICT
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GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Magna Water District
Magna, Utah

Opinion

We have audited the accompanying financial statements of Magna Water District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Magna Water District as of December 31, 2023, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Magna Water District's basic financial statements. The schedule of revenues, expenses, and changes in net position and the schedule of revenues, expenses, and changes in net position – compared with budget, listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses, and changes in net position and the schedule of revenues, expenses, and changes in net position – compared with budget are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Gilbert & Stewart

Gilbert & Stewart, CPA, PC
Provo, Utah
May 30, 2024

MAGNA WATER DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS

The Management Team of Magna Water District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

Financial Highlights

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $127,976,960 (net position). Of this amount, $24,986,563 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.

The District's total net position increased by $18,375,796. This increase is reflective of the Increased capital assets of $11,188,772, or 8.7% from 2022, totaling approximately $103 million, and an increase in current assets of 2,513,203. The District continues its annual repair and replacement program on culinary water lines and sewer collection lines. The District completed a Zone 3 Secondary Booster Pump Station and upgraded a culinary pump station for that same zone. The 7200 W secondary water line project was completed also. The District started a well replacement project in our Haynes wellfield, Haynes Well #8 and refurbished and upgraded Haynes Well #2. The District's meter replacement project continued and will continue each year, as it is the goal of the District to have no meters in the system older than 10 years. There was over $8.9 million of assets contributed to the District from developers. New developments within the District installs water, secondary and sewer lines then those lines are contributed to the District when the development has been accepted.

The District's operating revenue increased by $1,943,558 an increase of 16% from 2022 to 2023. This increase is attributable to growth in the District, and a 4% increase in user rates beginning in January 2023. Additional connections to our sewer distribution system have increased also. The District is experiencing a high volume of growth each year.

Part of the increase in the net position is due from the non-operating revenue, which totals approximately $13.3 million in 2023, an increase of $3,418,624 from 2022. The non-operating revenue consists of property tax collections for debt service and operation and maintenance revenue, and connection and impact fees the District charges to new development. The District's total overall expenses increased by 22% from 2022, this increase is shown mostly in salaries and benefits, and materials and supplies, these expenses increased by a total of $2,360,281. which is a 44% increase from 2022. This increase can be attributable to an increase in the economy, but it also shows with additional maintenance staff, the District is being able to perform additional maintenance to our facilities than in the past. This maintenance schedule shows the proactive approach the District has devoted itself to in the last few years. Other operating expenses increased by 9% and most of this increase is reflected in depreciation expense, utilities, and other contractual services. This increase demonstrates the rise in the economy overall, and how the Districts infrastructure is aging. The District's Management and Staff are very mindful of maintaining costs and make every effort to control costs.

The District's total long-term debt decreased by $1,485,369 during the current fiscal year, as represented in Note 4 to the financial statements. The decrease is primarily a result of the District making their annual payments for outstanding GO bonds, revenue bonds, loans, leases, and notes.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues and expenses and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement, may result in cash flows in future fiscal periods (e.g., uncollected taxes earned and not received and unused sick leave for employees).

The District maintains one type of proprietary fund, an enterprise fund. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budget and actual amounts.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $127,976,960 at the close of the most recent fiscal year.

By far the largest portion of the District's net position (68.7%) reflects its investment in capital assets (e.g., land, buildings, pipelines, machinery, and equipment); net of any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	2023	2022
Current and other assets	$ 45,676,610	$ 38,815,949
Capital assets	114,509,754	103,320,982
Total Assets	160,186,364	142,136,931
Deferred outflow of resouces	1,283,499	1,218,366
Long-term liabilities outstanding	29,746,984	30,669,403
Other liabilities	2,927,268	2,138,829
Total Liabilities	32,674,252	32,808,232
Deferred inflow of resources	818,651	945,901
Net investment in capital assets	87,967,723	75,293,584
Restricted	15,022,674	11,713,290
Unrestricted	24,986,563	22,594,290
Total Net Position	$ 127,976,960	$ 109,601,164

The restricted portion of the District's net position of $15,022,674 represents resources that are subject to external restrictions on how they may be used, such as bonding requirements, Impact Fee regulations, and property tax levy regulations. There is an unrestricted fund balance amount of $24,986,563. The unrestricted fund balance amount consists of cash and receivables to be collected less debt to be paid that is not affiliated with any of the capital assets (operation and maintenance).

There was an increase of $3,309,384in restricted net position reported by the District. This resulted primarily from collecting additional impact fees that can only be used for capital improvements outlined in the District's Impact Fee Facilities Plan.

The District's net position increased by $18,375,796 during the current fiscal year, as the District's operating and nonoperating revenues exceeded all expenses for the year. As noted earlier, factors contributing to the increase in net position include investment in capital assets, increase in operating revenues and impact fees collected by new subdivisions, and contributed water and sewer lines by contractors.

	2023	2022
Operating revenues	$ 13,488,254	$ 11,544,696
Non-operating revenues	13,357,723	9,939,099
Total Revenues	26,845,977	21,483,795
Depreciation and amortization expense	5,275,511	4,758,772
Other operating expenses	10,123,165	7,557,511
Non-operating expenses	2,067,232	1,977,242
Total Expenses	17,465,908	14,293,525
Income before capital contributions	9,380,069	7,190,270
Capital contributions	8,995,727	7,688,994
Change in Net Position	18,375,796	14,879,264
Total Net Position, Beginning of Year	109,601,164	94,721,900
Total Net Position, End of Year	$ 127,976,960	$ 109,601,164

Major sources of revenue for the District consist of charges for services, property taxes, impact fees collected from new subdivisions, and other non-operating revenues. These sources account for approximately 91% of the Districts revenues before capital contributions.

Total revenues increased by approximately 42% from the prior year, total expenses also increased by approximately 22%, leading to an increase in income before capital contributions of $9,380,069. The capital contributions increased 16% from 2022 due to a significant increase of new development accepted and closed out. The District is experiencing tremendous growth and recognizes new developments when the projects are complete and out of warranty periods. Although 2023 appears to be recognizing substantial contributions, the developments could have been in process for years before the contribution is recognized.

The increase in total revenues is primarily due to additional growth in the District, and an increase in user rates beginning January 2023. The additional growth and new connections to the District results in higher utilization of the sewer collection and treatment systems, along with the culinary and secondary water systems. The District continues to add connections to the secondary water system so the demand on the culinary system remains sustainable and prevents large costly upgrades to the culinary water system. The increase in expenses is primarily due to the increase in operational repairs and maintenance expenses, including materials, and supplies, chemicals, power and administrative services. Management of the District is focused on a proactive repair and replacement program versus a reactive program and continues to develop maintenance and replacement projects in order to keep the system in good working condition. The maintenance and replacement projects include replacement of valves, meters, and water and sewer pipelines on a timely basis and not on a "when it breaks" approach. Although every year we do have situations where breaks happen, the District evaluates and prioritizes distribution line replacements. Usually, this type of program will save the District money in further years down the road.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets as of December 31, 2023, amounts to $114,509,754 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, wells and springs, supply and transmission mains for water distribution and sewer collection, construction in progress, plant and sewer systems, and machinery and equipment. The total increase in the District's investment in capital assets for the current fiscal year was approximately 10.82%.

	2023	2022
Land	$ 3,489,792	$ 3,489,942
Buildings and improvements	4,210,121	4,060,500
Water system	79,679,570	73,297,784
Secondary system	20,316,225	16,710,285
Sewer treatment plant	38,154,631	37,531,571
Sewage collection lines	23,046,100	19,769,864
Machinery and equipment	4,369,119	4,007,615
Water rights and easements	2,458,202	2,458,202
Construction in progress	6,059,996	4,779,995
Total Capital Assets	181,783,756	166,105,758
Less accumulated depreciation	(67,274,002)	(62,784,776)
Total Capital Assets, net of depreciation	$ 114,509,754	$ 103,320,982

Additional information on the District's capital assets can be found in Note 3 to the financial statements.

Long-term debt. At the end of the current fiscal year, the District had total long-term debt outstanding of $29,746,982. Of this amount, $4,407,000 is outstanding as revenue bond debt, $300,037 relates to amounts outstanding on a water resource loan, $23,373,145 is outstanding as general obligation bond debt, and $382,903 relates to amounts outstanding on leases. Pursuant to a new GASB Ruling, the District also now recognizes a long-term debt for OPEB Obligations in the amount of $1,713,763, and a debt for pension liability in the amount of $492,555.

	2023	2022
General obligation bonds	$ 21,787,543	$ 23,373,145
Revenue bonds	4,177,000	4,407,000
Water resource loan	249,637	300,037
Capital lease	763,536	382,903
Net OPEB obligations	1,921,301	1,713,763
Net Pension Liability	847,965	492,555
Total	$ 29,746,982	$ 30,669,403

Additional information of the District's long-term debt can be found in Note 4 to the financial statements.

Reserve Funds
The District held $592,020 in reserve and replacement funds at the end of the current fiscal year, which are mandated by the District's revenue bonds.

Reserve and Fee Structure
In 2021 the District adopted a new Master Plan, Impact Fee Facilities Plan (the Plan), and performed a rate study to evaluate the capital facility and revenue needs of the water, sewer, and secondary systems to continue to service the District's residences. The Plan looks at the condition of the District through the projected year of 2030. The District adopted the Impact Fee Facility Plan, an Impact Fee Analysis, and an Impact Fee Enactment in January of 2021, and

adopted the new rates and fees structure in April 2021. The District adopted a small annual increase in rates that began January 1, 2022. The small annual increases will happen at the beginning of each year continuing through 2025. Before 2022, the District had not had an increase in user rates since 2019.

Planned Future Capital Improvements

The District is currently in the process of designing and constructing a water reuse system to utilize the effluent water from the wastewater treatment facility as a secondary source to its secondary water distribution system. The District is extremely excited to begin the project in 2023 with an anticipated completion date of 2024 and putting the reuse water into the secondary system by Spring 2025. The project has been strategically thought out and planned for several years. The District has been awarded a federal grant in the amount of approximately $4,900,000 from Title XVI of the Bureau of Reclamation which will help in this water reuse project. In the upcoming year, the District has many construction plans for their facilities. Those Construction plans include continuing the installation of a new sewer collection pipeline to increase the capacity to collect additional sewer along the west side of the District, expansion to their meter replacement project, culinary and secondary water line and sewer collection line repair and replacement schedule, a Zone 3 secondary water reservoir, wastewater influent facility upgrade, screw press building expansion, and maintenance and upgrade to various District's culinary water well sources.

As always, the Board of Trustees, the Management Team, and Staff do their best to satisfy our customers and to improve our system. The District follows a master plan that is reviewed each year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Magna Water District, Attention: District Manager, PO Box 303, Magna, Utah 84044.

BASIC FINANCIAL STATEMENTS

MAGNA WATER DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

Assets		
Current Assets:		
Cash and cash equivalents	$	24,898,958
Investments		2,616,834
Receivables:		
Property Tax		-
Customers, net		849,708
Other		459,669
Due from other governmental units		-
Prepaid expenses		71,650
Inventories		1,151,611
Total Current Assets		30,048,430
Noncurrent Assets:		
Restricted cash and cash equivalents		15,624,620
Capital Assets		
Capital assets not being depreciated		12,007,990
Capital assets being depreciated, net of accumulated depreciation		102,501,764
Total Capital Assets, net of accumulated depreciation		114,509,754
Water rights and shares held for sale		3,560
Total Noncurrent Assets		130,137,934
Total Assets	$	160,186,364
Deferred Outflow of Resources		
Assumption changes related to Pensions		1,283,499
Total Deferred Outflow of Resources	$	1,283,499

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

MAGNA WATER DISTRICT
STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2023

Liabilities		
Current Liabilities:		
Accounts payable	$	1,570,293
Accrued liabilities		695,721
Compensated absences		125,158
Retainage payable		196,352
Deferred revenue		209,196
Accrued interest payable		130,548
Capital lease obligations - current		88,885
General obligation bonds payable - current		1,555,000
Revenue bonds payable - current		233,000
Notes payable - current		50,904
Total Current Liabilities		4,855,057
Noncurrent Liabilities		
Net other postemployment benefits obligation		1,921,301
Capital lease obligations		674,651
General obligation bonds payable		20,232,544
Revenue bonds payable		3,944,000
Notes payable		198,734
Net pension liability		847,965
Total Noncurrent Liabilities		27,819,195
Total Liabilities	$	32,674,252
Deferred Inflow of Resources		
Changes to earnings on pension plan investments		818,651
Total Deferred Inflow of Resources	$	818,651
Net Position		
Net investment in capital assets		87,967,723
Restricted:		
Debt service		1,084,757
Capital projects		13,937,917
Unrestricted		24,986,563
Total Net Position	$	127,976,960

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

MAGNA WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

Operating Revenues:		
Water sales	$	5,176,097
Sewer service charges		4,674,227
Connection fees and other income		3,637,930
Total Operating Revenues		13,488,254
Operating Expenses:		
Salaries and benefits		4,760,032
Contractual services		653,559
Materials and supplies		3,020,175
Utilities		952,177
Depreciation and amortization		5,275,511
Lease expense		24,582
Other operating expense		712,640
Total Operating Expenses		15,398,676
Operating Income (Loss)		(1,910,422)
Nonoperating Revenues (Expenses):		
Property tax revenue		5,503,910
Non-resident fee in lieu of property tax		158,033
Impact fees		5,205,149
Gain (loss) on sale of assets		541,810
Other non-operating income		195,526
Interest income		1,753,295
Interest expense		(656,497)
Payments to RDA's		(1,410,735)
Total Nonoperating Revenues (Expenses)		11,290,491
Income Before Capital Contributions		9,380,069
Capital Contributions		8,995,727
Change in Net Position		18,375,796
Total Net Position, Beginning of Year		109,601,164
Total Net Position, End of Year	$	127,976,960

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

MAGNA WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows From Operating Activities		
Receipts from customers and users	$	13,156,315
Payments to suppliers		(5,025,574)
Payments to employees		(3,989,376)
Net Cash From Operating Activities		4,141,365
Cash Flows From Noncapital Financing Activities		
Property tax collected for maintenance and operations		2,429,607
Property tax paid to RDA's		(1,410,735)
Net Cash From Noncapital Financing Activities		1,018,872
Cash Flows From Capital and Related Financing Activities		
Receipts from impact fees		5,205,149
Property tax collected for debt service		3,296,547
Fee in lieu of property tax		158,033
Receipts of non-operating revenues		195,526
Principal paid on capital debt		(1,770,398)
Principal paid on lease		(189,385)
Interest paid on capital debt		(748,588)
Purchases and construction of capital assets		(6,897,967)
Proceeds from sale of capital assets		294,200
Net Cash From Capital and Related Financing Activities		(456,883)
Cash Flows From Investing Activities		
Interest income		1,790,006
Net change in Investments		2,325,883
Net Cash From Investing Activities		4,115,889
Net Increase (Decrease) in Cash and Cash Equivalents		8,819,243
Cash and Cash Equivalents, Beginning of Year		31,704,335
Cash and Cash Equivalents, End of Year	$	40,523,578

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

MAGNA WATER DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

Reconciliation of Operating Income to Net Cash From Operating Activities:

Operating Income (Loss)	$	(1,910,422)
Adjustments to reconcile operating income (loss) to		
net cash provided by operating activities:		
Depreciation and amortization		5,275,511
Non cash expenses related to OPEB		210,326
Changes in operating assets and liabilities:		
(Increase) Decrease in Current Assets :		
Receivables		(297,615)
Prepaid expenses		(29,247)
Inventories		(262,684)
Increase (Decrease) in Current Liabilities and Other Operating effects:		
Accounts payable		575,744
Accrued liabilities		114,746
Compensated absences		75,019
Retainage payable		53,747
Deferred revenue		(34,324)
Deferred outflows		(65,133)
Deferred inflows		(127,250)
Net pension liability		355,410
Net other postemployment benefits obligation		207,537
Net Cash From Operating Activities	$	4,141,365
Noncash Investing, Capital, and Financing Activities		
Capital assets aquired through issuance of lease		826,479.00
Capital assets donated by developers		8,995,727
	$	9,822,206

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

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Reporting Entity
Magna Water District, Utah (the District) is a local district governed by an elected three member board. Generally accepted accounting principles require that these financial statements present the government and its component units, entities for the government is considered to be financially accountable. The District was created July 7, 1949 by a resolution of the Board of County Commissioners of Salt Lake County. Salt Lake County has no oversight responsibility over the District and the District is not reported as a component unit of Salt Lake County. The District has no blended or discretely presented component units.

Measurement Focus and Basis of Accounting
The District is an enterprise fund, which is reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

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

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

Budgetary Procedures and Budgetary Accounting
Budgetary procedures for the District have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires the legal adoption of a budget for all funds. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting to the budget is the same basis as the financial statements.

A formal budget has been adopted and used as a control device during the year ended December 31, 2023.

The District follows the following procedures in its budgetary process:

1. During November of each year the District adopts a tentative annual budget for the upcoming calendar year.

2. The tentative budget is a public record and is available for public inspection.

3. At least ten (10) days prior to the second Thursday in December of each year, the District publishes a notice of public hearing for the purpose of adopting a budget on the District's website and on the State's public notice website publicnotice.utah.gov.

4. On the second Thursday in December, the budget is formally adopted after consideration of public comment.

No budget is required to be presented with these financial statements. State law allows the District to amend the proprietary fund budget without public hearing or public notice.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Statement of Cash Flows

The District considers all highly liquid investments with a maturity of three months or less when purchased to be "cash equivalents". All restricted and non-restricted cash amounts are considered to be cash and cash equivalents for statement of cash flow purposes.

Allowance for Doubtful Accounts

Accounts receivable are stated net of allowance for doubtful accounts of $9,211. The allowance for doubtful accounts is based on the District's prior collection experience.

Inventories

The District maintains inventories of pipe, repair parts, hydrants, and water meters. Inventories are stated at the lower of cost or market using the first in/first out (FIFO) method.

Property and Equipment

Property and equipment include land, buildings and improvements, water and sewer systems, water shares, and machinery and equipment. Property and equipment are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. No interest was capitalized during the current year.

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

Water utility plant	20 to 50 years
Sewer utility plant	30 to 50 years
Buildings and structures	30 to 40 years
Equipment	3 to 15 years
Furniture and fixtures	5 to 10 years

Employee Benefits and Compensated Absences

The District provides pension, medical, dental, vision, and life insurance to its employees, most of which are negotiated by contract with the Teamsters Union. Employees are also provided paid holidays and vacation pay, which does not accumulate from year to year, but a maximum of 80 hours can be cashed out at the end of each year. Sick leave accumulates at a rate of two hours per pay period, can be carried over from year to year without limitation, and is paid out in full upon termination of employment to the extent that an employee is not terminated for cause.

Property Tax Revenues

Property taxes are assessed and become a lien against the property on January 1st. Property taxes become delinquent after November 30th. The District's tax rate for 2023 was .001558 which is comprised of .000571 for operations and maintenance, and .000987 for debt service. The statutory maximum set by the state for operations and maintenance is 0.000800. There is no statutory maximum for the reduction of general obligation bonds.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

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

Leases
For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The lease liability or receivable is the present value of the payments that will be made to the lessor over the lease term.

NOTE 2 CASH AND CASH EQUIVALENTS

Following are the components of the District's cash and Investments at December 31,2023:

Cash, cash equivalents, and investments	$	24,898,958
Restricted cash and cash equivalents		15,624,620
Investments		2,616,834
	$	43,140,412

The District follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) (the Act) in handling its depository and temporary investment transactions. This law requires the deposit of District funds in a “qualified depository.” The Act defined a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. However, the District does not have a separate deposit and investment policy that addresses the specific types of deposit and investment risk to which the District is exposed.

Custodial credit risk – deposits is the risk that in event of a bank failure, the District’s deposits may not be returned to it. At December 31, 2023, the carrying amount of the District’s deposits was $1,754,867, and the bank balance was $2,069,581. Deposits are not collateralized nor are they required to be by state statute. However, the State Commissioner of Financial Institutions monitors financial institutions and establishes limits for deposits of public money at individual financial institutions, and the District follows these recommendations. Of the amounts held in deposit at December 31, 2023, $1,819,581 was uninsured and uncollateralized.

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District’s investment in the Utah Public Treasurer’s Investment Fund (PTIF) has no custodial credit risk.

Interest Rate Risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District invests in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s policy for limiting the credit risks of investments is to comply with the

Money Management Act. The Act requires investment transactions to be conducted only through.

qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investment Services or Standard and Poors; banker acceptance obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined by the Act.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment in the PTIF has no concentration of credit risk.

The District invests in the Utah Public Treasurer's Investment Pool (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. 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 costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participants' share to the total funds in the PTIF based on the participants' average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available from the Utah State Treasurer's Office.

The District measures its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

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

	Carrying Amounts	Fair Value	Fair Value level	Weighted Average Maturity (Years)	Credit Rating (1)
Cash on hand and on deposit:					
Cash on hand	$ 1,300	$ 1,300	N/A	N/A	N/A
Cash on deposit	1,917,845	1,917,845	N/A	N/A	N/A
Total cash on hand and deposit	$ 1,919,145	$ 1,919,145			
Investments					
State of Utah Public Treasurer's Investment Fund	$ 38,204,639	$ 38,262,783	2	N/A	N/A
Money Market Funds	399,794	234,915	1		N/A
Zions liquidity Management U.S. Obligations	2,616,834	2,616,834	1	1	AAA
Total Investments	$ 41,221,267	$ 41,114,532			

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

NOTE 3 CAPITAL ASSETS

The District depreciates its capital assets using the straight-line method. A summary of the capital asset activity for the year ended December 31, 2023 is as follows:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Capital Assets, not being depreciated:				
Land	$ 3,489,942	$ -	$ (150)	$ 3,489,792
Water rights, water shares, and easements	2,458,202	-	-	2,458,202
Construction in progress	4,779,995	5,852,136	(4,572,135)	6,059,996
Total Capital Assets, not being depreciated	10,728,139	5,852,136	(4,572,285)	12,007,990
Capital Assets, being depreciated:				
Buildings and improvements	4,060,500	149,621		4,210,121
Water system	73,297,784	6,870,435	(488,649)	79,679,570
Secondary water system	16,710,285	3,612,800	(6,860)	20,316,225
Sewer treatment plant	37,531,571	623,060	-	38,154,631
Sewage collection lines	19,769,864	3,276,236	-	23,046,100
Machinery and equipment	4,007,615	908,020	(546,516)	4,369,119
Total Capital Assets, being depreciated	155,377,619	15,440,172	(1,042,025)	169,775,766
Total Capital Assets	166,105,758	21,292,308	(5,614,310)	181,783,756
Less Accumulated Depreciation:				
Buildings and improvements	(759,142)	(138,498)	-	(897,640)
Water system	(31,504,203)	(2,564,550)	488,649	(33,580,104)
Secondary water system	(3,187,869)	(610,775)	6,860	(3,791,784)
Sewer treatment plant	(17,066,095)	(922,771)	-	(17,988,866)
Sewage collection lines	(8,005,649)	(699,162)	-	(8,704,811)
Machinery and equipment	(2,261,818)	(339,755)	290,776	(2,310,797)
Total Accumulated Depreciation	(62,784,776)	(5,275,511)	786,285	(67,274,002)
Capital Assets, net	$ 103,320,982	$ 16,016,797	$ (4,828,025)	$ 114,509,754

NOTE 4 LONG TERM OBLIGATIONS

The following is a summary of long-term debt obligations of the District for the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General obligation bonds - Direct Placements	$ 11,370,000	$ -	$ (585,000)	$ 10,785,000	$ 610,000
General obligation bonds - Other	10,660,000	-	(905,000)	9,755,000	945,000
Premiums	1,343,145	-	(95,602)	1,247,543	-
Revenue bonds - Direct Placements	4,407,000	-	(230,000)	4,177,000	233,000
Total bonds payable	27,780,145	-	(1,815,602)	25,964,543	1,788,000
Notes Payble - Direct Placements	300,037	-	(50,400)	249,637	50,904
Leases Payable	382,903	826,479	(445,846)	763,536	88,885
Total Long-Term Liabilities	$ 28,463,085	$ 826,479	$ (2,311,848)	$ 26,977,716	$ 1,927,789

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds that were issued in prior years with amounts still outstanding as of December 31, 2023 was $30,245,000.

General Obligation bonds are direct obligation and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

Purpose	Issue Date	Original Borrowing	Interest Rates	Final Maturity	Amount
Refunding	2013	$ 8,245,000	2.00 - 3.00%	2029	$ 2,850,000
Water treatment facilities	2017	13,975,000	2.00 - 3.00%	2037	10,785,000
Various capital projects	2019	8,025,000	2.00 - 5.00%	2039	6,905,000
					$ 20,540,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	GO Bonds - Direct Placement Principal	GO Bonds - Direct Placement Interest	GO Bonds - Direct Placement Total	GO Bonds - Other Principal	GO Bonds - Other Interest	GO Bonds - Other Total
2024	$ 610,000	$ 336,263	$ 946,263	$ 945,000	$ 283,353	$ 1,228,353
2025	635,000	311,363	946,363	975,000	249,175	1,224,175
2026	660,000	285,463	945,463	1,010,000	212,550	1,222,550
2027	690,000	258,462	948,462	670,000	180,150	850,150
2028	715,000	244,662	959,662	700,000	152,000	852,000
2029-2033	3,905,000	888,960	4,793,960	2,500,000	457,500	2,957,500
2034-2038	3,570,000	271,950	3,841,950	2,435,000	192,881	2,627,881
2039-2041	-	-	-	520,000	5,850	525,850
Total	$ 10,785,000	$ 2,597,123	$ 13,382,123	$ 9,755,000	$ 1,733,459	$ 11,488,459

NOTE 4 LONG TERM OBLIGATIONS (Continued)

Covenant Requirements
Both the 2013, 2017 and the 2019 bond agreements require the District to levy all taxable property, in addition to all other taxes, a direct annual tax sufficient to pay the principal and interest on these bonds.

Revenue Bonds
The District also issues bonds where the District pledges income derived from the acquired or constructed assets to pay debt service. The original amount of revenue bonds issued in prior years with amounts still outstanding as of December 31, 2023 was $7,100,000. Revenue bonds outstanding at year end are as follows:

Purpose	Issue Date	Original Borrowing	Interest Rates	Final Maturity	Amount
Water treatment plant	2007	$7,100,000	1.50%	2039	4,177,000
					$ 4,177,000

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	$ 233,000	$ 62,655	$ 295,655
2025	236,000	59,160	295,160
2026	240,000	55,620	295,620
2027	244,000	52,020	296,020
2028	247,000	48,360	295,360
2029-2033	1,293,000	185,040	1,478,040
2034-2038	1,393,000	85,155	1,478,155
2039-2041	291,000	4,365	295,365
Total	$ 4,177,000	$ 552,375	$ 4,729,375

Reserve requirements
The District is required to establish reserve accounts to provide proper service of the 2007 Water Revenue Bonds. The following is a description of these reserve accounts.

The District is required to make monthly contributions to a Reserve Account to be used to pay principal due on the 2007 Bonds at any time when there are not sufficient funds to pay the same. Required monthly contributions to this Reserve Account are $4,935 until the account balance reaches $296,105. As of December 31, 2023, required reserve fund balances were fully funded.

The District is also required to set aside funds sufficient to cover debt service principal and interest payments for the succeeding year. As of December 31, 2023, required reserve fund balances were fully funded.

Required reserve fund balances as of December 31, 2023 are as follows:

	2007 Series	
	Amount Required	Amount on Deposit
Reserve accounts	$ 296,105	$ 300,205
Debt service accounts	295,915	343,497
Total reserve requirements	$ 592,020	$ 643,702

NOTE 4 LONG TERM OBLIGATIONS (Continued)

Notes Payable

The District entered into an agreement with the State of Utah Division of Water Resources (State) for the construction of a secondary water system. The State agreed to advance the District $1,175,000 at an annual interest rate of 1.00% to fund construction on the project.

Annual debt service requirements to maturity for Notes Payable are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	$ 50,904	$ 2,496	$ 53,400
2025	51,413	1,987	53,400
2026	51,927	1,473	53,400
2027	52,446	954	53,400
2028	42,947	429	43,376
Total	$ 249,637	$ 7,339	$ 256,976

Leases Payable

The District has entered into lease agreements as lessee for financing the acquisition of various vehicles. The leases carry an interest rate of 1.30% and maturity dates in 2025 Due to the implementation of GASB 87, Leases, the District has recorded these as a financed purchase and the assets will be depreciated over their useful lives. There are no residual value guarantees in the lease provisions. The lease was terminated in 2023 and the related assets were sold back to the lender. The outstanding balance at December 31, 2023 was $0.

In 2023 the District entered into lease agreements as lessee for financing the acquisition of various vehicles. The leases carry an interest rate of 1.30% and maturity dates in 2027 with a present value at December 31, 2023 of $763,533. Due to the implementation of GASB 87, Leases, the District has recorded these as a financed purchase and the assets will be depreciated over their useful lives. There are no residual value guarantees in the lease provisions.

A summary of the principal and interest amounts for remaining lease is as follows:

Year Ending December 31,	Principal	Interest	Total
2024	$ 88,885	$ 37,077	$ 125,962
2025	93,385	32,578	125,963
2026	283,429	25,562	308,991
2027	297,834	11,213	309,047
Total	$ 763,533	$ 106,430	$ 869,963

NOTE 5 UNION EMPLOYEES PENSION PLAN

Most full-time District employees are members of the Western Conference Teamsters Pension Plan (the Plan, or WCTPP). The Plan is a multiple-employer defined benefit pension plan. The Plan is administered by the Board of Trustees of the Plan, who have authority to amend the benefits provided by the Plan. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. As of December 31, 2023 there were 24 employees participating in the Plan. Participants in the Plan normally must be vested over a five-year period prior to receiving benefits.

The District makes pension contributions to the Plan, on behalf of covered employees at the rate of $5.05 $5.20 and $5.35 an hour for the years ended December 31, 2019, 2020, 2021, and 2022. The contribution rates of the district are determined pursuant to a collective-bargaining agreement, covering the period June 1, 2019 through May 31, 2023. The Plan has no minimum contribution requirements. If the District withdraws from the Plan, they will be liable to the Plan in the amount determined under the Plan's Agreement & Declaration of Trust: Employer Withdrawal Liability Rules and Procedures of the Western Conference of Teamsters Pension Trust Fund – A Supplement to the Western Conference of Teamsters Pension Plan, section 10 which can be found at http://www.wctpension.org/forms-documents-webcasts/plan-documents.

The WCTPP issues a publicly available financial report which can be obtained at http://www.wctpension.org/forms-documents-webcasts/plan-documents. Additional information regarding the Plan may be obtained by accessing the aforementioned audited financial report.

District contributions to the Plan were $321,896, $291,710, $286,702, $229,185, and $204,482, for 2023, 2022, 2021, 2020, and 2019, respectively.

NOTE 6 NON-UNION EMPLOYEES PENSION PLAN

Plan Description. The Magna Water District Defined Benefit Plan (the Plan) is a single-employer defined benefit plan. The Plan's provisions were adopted by a resolution of the Water District's Board of Trustees, which appoints those who serve as trustees of the Plan. Any amendments to the plan are adopted by a resolution of the Water District's Board of Trustees.

NOTE 6 NON-UNION EMPLOYEES PENSION PLAN (Continued)

Benefits provided. The Plan covers all eligible employees and provides retirement benefits to plan members and their beneficiaries. Eligible employees are the executive employees who do not qualify to participate in the Union Employees Pension Plan described in the previous note. Retirement benefits are as follows:

Years of service required	Age eligibility for benefit	Monthly Benefit amount per year
5 years	Must be age 55 or older	$204.38 per year of credited service

Participation. As of December 31, 2023, there were six active participants, no inactive participants and no retirees and beneficiaries.

Contributions. Through December 31, 2023, contributions to the Plan were recommended by the annual actuarial report and are approved by the Water District's Board of Trustees. As of January 1, 2014 a contribution bases on a fixed dollar amount was approved by the Water District's Board of Trustees. The dollar amount will be reviewed by the Board of Trustees annually as updated actuarial valuation reports become available. The Board of Trustees approved a contribution of $100,408 for 2020, $110,259 for 2021, $132,972 for 2022, $134,062 for 2023, and $156,604 from 2024 through 2038. This contribution rate is consistent with the Water District's adopted Plan funding policy which is focused on keeping the Plan's funding at 100% within 7 years. Post 2038 contributions are assumed equal to the $156,604 from the January 1, 2024 plan funding valuation. The actual amount contributed by the employer during the 2023 fiscal year was $134,062.

Reporting. The Plan does not issue a publicly available financial report.

Net Pension Liability: At December 31, 2023, the District reported a net pension liability of $847,965. The net pension liability was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023 and rolled-forward using generally accepted actuarial procedures.

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

	Deferred inflows of resources	Deferred outflows of resources
Differences between expected and actual experience	$ -	$ 399,195
Changes in assumptions	-	180,008
Net difference between projected and actual earnings	-	11,758
Contributions made subsequent to measurement date	-	-
Total	$ -	$ 590,961

Average remaining service as of the beginning of the year is: 16

Year ended December 31,	Deferred outflows (inflows of resources)
2023	$ 74,957
2024	74,957
2025	74,957
2026	74,957
Thereafter	291,131

NOTE 6 NON-UNION EMPLOYEES PENSION PLAN (Continued)

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

Inflation	0%
Salary increases	0%
Investment rate of return	5%
Mortality	1994 Group annuity mortality table using blended rate No pre-retirement mortality was used.

Long-term rate of return. The long-term rate of return is selected by the Plan's Pension Committee after a review of expected inflation and long-term real returns, reflecting volatility and correlation. Best estimates of arithmetic real rates of return for major asset class included in the Plan's target asset allocations as of December 31, 2023, is summarized in the table below:

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Return
Cash & Fixed Income	90%	2.67%	2.40%
Mutual Funds	10%	6.00%	0.60%
Total	100%		3.00%
		Inflation	2.00%
		Expected arithmetic nominal return	5.00%

The 5% assumed investment rate of return is comprised of an inflation rate of 2% and a real return of 3%.

Discount rate. The discount rate used to measure the total pension liability was 5%. The projection of cash flows used to determine the discount rate assumed contributions rates as recommended by the District's Pension Committee and approved by the Board of Trustees. Based on the assumptions, the pension plan fiduciary net position was projected to be available to make all projected future benefit payments on current active and inactive participants. 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 following sensitivity analysis assumes rate volatility of plus and minus one percent of the discount rate of 5%.

	1% Decrease 4%	Discount Rate 5%	1% Increase 6%
Total pension liability	$ 2,441,473	$ 1,956,917	$ 1,588,513
Fiduciary net position	1,108,951	1,108,951	1,108,951
Net pension liability	1,332,521	847,965	479,561

NOTE 6 NON-UNION EMPLOYEES PENSION PLAN (Continued)

Schedule of funding progress. The following tables show the pension plan's funding progress as of December 31, 2023 and over the preceding 10 years.

Year ended	Actuarial determined contribution	Actual employer contribution	% of actual to actuarial contribution	Balance net pension obligation/ prepaid
12/31/2023	$ 142,330	$ 134,062	94.19%	$ (8,268)
12/31/2022	116,693	132,972	113.95%	16,279
12/31/2021	111,890	110,259	98.54%	(1,631)
12/31/2020	135,460	100,408	74.12%	(35,052)
12/31/2019	108,487	118,000	108.77%	9,513
12/31/2018	110,308	143,000	129.64%	32,692
12/31/2017	130,018	120,419	92.62%	(9,599)
12/31/2016	92,570	188,030	203.12%	95,460
12/31/2015	101,980	257,245	252.25%	155,265
12/31/2014	79,336	119,526	150.66%	40,190
12/31/2013	87,908	91,092	103.62%	3,184
12/31/2012	93,980	18,778	19.98%	(75,202)

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded AAL (UAAL)	Funded ration	Approximate covered payroll	UAAL as a % of covered payroll
12/31/2023	$ 1,108,951	$ 1,956,917	$ 847,965	56.67%	$ 837,411	101.26%
12/31/2022	933,280	1,425,835	492,555	65.45%	627,946	78.44%
12/31/2021	1,199,319	1,495,746	296,427	80.18%	633,687	46.78%
12/31/2020	1,064,594	1,552,470	487,876	68.57%	463,429	105.28%
12/31/2019	1,178,101	1,427,016	248,915	82.56%	591,171	42.11%
12/31/2018	1,037,450	1,449,224	411,774	71.59%	537,984	76.54%
12/31/2017	951,912	1,337,682	385,770	71.16%	544,150	70.89%
12/31/2016	814,575	1,017,441	202,866	80.06%	404,799	50.12%
12/31/2015	613,688	955,070	341,382	64.26%	407,340	83.81%
12/31/2014	416,028	462,164	46,136	90.02%	355,160	12.99%
12/31/2013	455,985	431,710	(24,275)	105.62%	368,051	-6.60%
12/31/2012	356,836	222,149	(134,687)	160.63%	354,104	-38.04%

NOTE 7 UNION EMPLOYEES OTHER POSTEMPLOYMENT BENEFITS

In accordance with the Union contract, the District contributes at the rate of $111.66 per active employee per month to the Utah-Idaho Teamsters Security Fund, which in turn provides post-retirement healthcare benefits to all eligible retired employees. Contributions to the fund amounted to $34,614 for 2023.

NOTE 8 NON-UNION EMPLOYEES OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The District administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses by purchasing health insurance. It also provides life and long-term care insurance for eligible retirees through age 75. Benefit provisions are established by the Board of Trustees and are defined in the District's Administrative Rules and Regulations. No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement 75. The OPEB Plan does not issue a publicly available financial report.

Funding Policy. The District contributes 100 percent of the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2023, the District contributed $49,996 to the OPEB Plan. The OPEB Plan is financed on a pay-as-you-go basis. It is the current policy of the District to set aside funds in a separate interest-bearing account, which is held by the District, in order to help meet, at least partially, the anticipated obligations of the OPEB Plan. As of December 31, 2023, the District had set aside $2,701,073 for the purpose of funding current and future OPEB obligations. However, as these funds are not held in trust and are unrestricted assets of the District, as no external restriction has been placed upon them, they are not considered assets of the OPEB Plan.

<u>Schedule of Changes in Total OPEB Liability for the Year Ended December 31, 2023</u>

The components of the Magna Water District's Total OPEB Liability as of December 31, 2023 were as follows:

Total OPEB Liability (TOL)		
Service cost	$	95,760
Interest cost		77,990
Benefit payments		49,996
Increase (decrease) due to actual experience being greater than expected		(12,694)
Increase (decrease) due to changes in benefit terms		-
Increase (decrease) due to changes in assumptions		96,478
Net Change in Total OPEB Liability		207,538
Total OPEB Liability - beginning		1,713,763
Total OPEB Liability - ending	$	1,921,301
Annual covered employee payroll	$	888,931
Total OPEB Liability as a percet of annual covered employee payroll		216.1%

<u>Schedule of Collective Deferred Inflows and Deferred Outflows for the Year Ended December 31, 2023</u>

The current balances of collective deferred outflows and deferred inflows of resources as of December 31, 2023 were as follows:

	Deferred Outflows of resources		Deferred Inflows of resources	
Balance as of 12-31-22	$	769,230	$	945,901
Difference between expected and actual experience		(75,013)		7,168
Changes in assumptions		(1,679)		(134,418)
Net difference between projected and actual earnings on OPEB plan investments		-		-
Balance as of 12-31-23	$	692,538	$	818,651

NOTE 8 NON-UNION EMPLOYEES OTHER POSTEMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows of resources	Deferred Inflows of resources
2024	$ 173,170	$ 139,944
2025	173,170	139,944
2026	173,170	139,944
2027	64,512	139,944
2028	62,628	129,280
2028	33,827	128,871
2030+	12,058	1,585

The average of expected remaining service lives was 10.1079 as of December 31, 2022 the measurement date. This was rounded to 10.0 for purposes of determining annual expense and deferral amounts.

A detailed schedule of the components of the deferrals, including date of creation, initial balance, and outstanding balance for each base, is given below:

Outflows / Inflows Base Type	Description	Base Amount	Base Date Established	Amortization period (years)	Fiscal year end of last amortization amount	Annual amortization amounts Regular	Annual amortization amounts Last year	Annual amortization amounts Current Year	Balance amounts As of 12/31/2022	Balance amounts As of 12/31/2023
Outflows	Changes in assumptions	$ 287,980	12/31/2019	10	2028	$ 28,798	$ 28,798	$ 28,798	$ 172,788	$ 143,990
Outflows	Expected vs actual experience (2)	359,515	1/1/2020	7	2026	51,359	51,359	51,359	205,438	154,079
Outflows	Changes in assumptions	129,425	1/1/2020	7	2026	18,489	18,489	18,489	73,958	55,469
Outflows	Changes in assumptions	271,669	12/31/2020	7	2026	38,810	38,809	38,810	155,239	116,429
Outflows	Expected vs actual experience (2)	13,188	12/31/2021	7	2027	1,884	1,884	1,884	9,420	7,536
Outflows	Expected vs actual experience (2)	174,157	12/31/2022	8	2029	21,770	21,767	21,770	152,387	130,617
Outflows	Expected vs actual experience (2)	96,478	12/31/2023	8	2030	12,060	12,058	12,060	-	84,418
Totals for Outflows								$ 173,170	$ 769,230	$ 692,538
Inflows	Expected vs actual experience (1)	$ 4,100	12/31/2019	10	2028	410	410	410	2,460	2,050
Inflows	Expected vs actual experience (1)	6,019	12/31/2020	7	2026	860	859	860	3,439	2,579
Inflows	Changes in assumptions	68,628	12/31/2021	7	2027	9,804	9,804	9,804	49,020	39,216
Inflows	Expected vs actual experience (1)	21,355	12/31/2022	8	2029	2,669	2,672	2,669	18,686	16,017
Inflows	Changes in assumptions	996,910	12/31/2022	8	2029	124,614	124,612	124,614	872,296	747,682
Inflows	Changes in assumptions	12,694	12/31/2023	8	2030	1,587	1,585	1,587	-	11,107
Totals for Inflows								$ 139,944	$ 945,901	$ 818,651

Note 1 - This type of base results from actual benefits being different from expected benefits
Note 2 - This type of base results in the OPEB liability produced by the valuation as of the first day of the year being different from the liability reported as of the end of the prior year

<u>Annual OPEB Expense For the Year Ended December 31, 2023</u>

The annual OPEB Expense recognized by the District can be calculated as the changes in the amounts reported on the Statement of Net Position that are not attributable to employer contributions. It is the change in Total OPEB Liability minus the changes in deferred outflows plus the changes in deferred inflows plus employer contributions.

NOTE 8 NON-UNION EMPLOYEES OTHER POSTEMPLOYMENT BENEFITS (Continued)

The components of the annual OPEB Expense for the District as of December 31, 2023 were as follows:

(1) Total OPEB Liability as of December 31, 2022	$	1,713,763
(2) Total OPEB Liability as of December 31, 2023		1,921,301
(3) Change in Total OPEB Liability [(2)-(1)]	$	207,538
(4) Change in Deferred Outflows		(76,692)
(5) Change in Deferred Inflows		(127,250)
(6) Employer Contributions*		49,996
(7) OPEB Expense	$	206,976

*Actual pay-as-you-go.

(8) Annual covered employee payroll	$	888,931
(9) Total OPEB expense as a percent of annual covered employee payroll		23.3%

Total OPEB Liability

The district's Total OPEB Liability of $1,713,763 was based on the actuarial valuation as of January 1, 2022 and a measurement date of December 31, 2022 and a discount rate of 4.31%.

Actuarial Assumptions. The Total OPEB Liability was determine using the following actuarial assumptions:

Inflation	2.96%
Salary increases	3.00%, average, including inflation
Discount rate	4.31%, net of investment expense, including inflation
Healthcare cost trend rates	8.00% for 2018, decreasing to 5.00 % for 2021 and after
Retirees' share of cost	Retirees pay the balance of the premium after District percentage that depends on classification, year of hire, and years of service at retirement

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049. And 20% of MP-2016 for 2050 and thereafter.

All actuarial assumptions used in measuring the Total OPEB Liability are described in the December 31, 2022 actuarial valuation performed by J. Richard Hogue, F.S.A. The assumptions were based on plan experience through December 31, 2022. The actuarial cost method used for measuring the Total OPEB Liability for purposes of GASB 75 was Entry Age, Level Percent of Pay.

NOTE 8 NON-UNION EMPLOYEES OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of Total OPEB Liability to changes in the discount rate. The following presents the District's Total OPEB Liability as of December 31, 2023 calculated using the discount rate of 4.31%, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.31%) or 1 percentage point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Current Rate (4.31%)	1% Increase (5.31%)
Total OPEB Liability	$ 2,270,209	$ 1,921,301	$ 1,645,210

Sensitivity of the Total OPEB Liability to changes in the healthcare trend rates. The following presents the District's Total OPEB Liability as of December 31, 2023, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower (4.0%) or 1 percentage point higher (6.0%) than the current healthcare cost trend rates:

	1% Decrease (4.0%)	Current Rate (5.0%)	1% Increase (6.0%)
Total OPEB Liability	$ 1,669,803	$ 1,921,301	$ 2,238,892

Other Required Information

As of December 31, 2023 there were ten covered employees, six of which are active, four are inactive currently receiving benefits, there are no inactive employees which are not receiving benefits.

Please see the December 31, 2023 actuarial report prepared by PCA, meant to be used as a companion document for these disclosures, for the following additional information:

A) Detail of number of covered members, active and inactive. This data is given as of the valuation date and has not changed sufficiently to warrant a revision of the Total OPEB liability.
B) Summary of plan provisions.
C) Detail of actuarial assumptions, subject to the following changes:
    a. Discount rate as of December 31, 2023 is 4.31%
D) Actuarial Certification.

NOTE 9 DEFINED CONTRIBUTION PLAN

Eligible (non-union) employees of the District may participate in the Magna Water District 401(k) Plan. The 401(k) Plan permits additional matching contributions up to three percent of eligible employee compensation. The District contributed $26,814, $18,190 $18,169, $15,500, and $16,532 for the years ended December 31, 2023, 2022, 2021, 2020, and 2019, respectively.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; and natural disasters for which the District purchased insurance through commercial policies. There were no significant reductions in coverage from the prior year, and there have not been any claims settled in excess of coverage for the past three years.

NOTE 11 COMMITMENTS

The District has entered into an agreement with the Jordan Valley Water Conservancy District to purchase a minimum of 800-acre feet of water annually. During the year ended December 31, 2023 the District purchased 813.38-acre feet, at a cost of $347,681.

As of December 31, 2023, the District had approximately $10,480,184 remaining to pay on contracts, for which no liability has been recorded because the contractor(s) have not yet performed the contract(s).

NOTE 12 CONTINGENCIES

Contamination of the groundwater aquifer by perchlorate, a potentially hazardous substance leaked into the groundwater by private industry and the federal government, has been studied and closely monitored by the District and the private industry firm currently involved. The private firm has been paying a portion of the District's costs of these efforts. The District and the firm entered into an agreement in December 2005 concerning the removal of perchlorate from water produced by three of the District's wells. Under the agreement, the firm agreed to pay for a substantial portion of the new treatment facility constructed by the District and for a portion of the operation and maintenance of that facility. The District receives funds from the private industrial firm for part of the maintenance costs of the facility each year, which is reflected as other non-operating income on the statement of revenues, expenses, and changes in net position. The agreement that was signed in 2005 has been renewed, having expired in 2015. The new agreement still states that the private industrial firm involved will make operation and maintenance contributions to assist on the ongoing maintenance of the treatment plant. The new agreement, as in the old agreement, has a provision for a partial refund to the firm if future perchlorate standards merit such a refund. There is also a limited waiver of liability for the firm, subject to the terms and conditions of the agreement.

NOTE 13 IMPLEMENTATION OF NEW STANDARD

For 2023, the District implemented Governmental Accounting Standards Board (GASB) statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). GASB Statement No. 96 requires entities to record a right-of-use asset, and a subscription liability for any qualifying SBITAs. The District evaluated all potential SBITAs and determined that none met the requirements to be reported under GASB 96, therefore no adjustments to the current or prior financial statements were necessary as a result of implementing this new standard.

REQUIRED SUPPLEMENTAL INFORMATION

MAGNA WATER DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
Years ended December 31, 2023 and seven preceding years

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - 10 YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	$ 60,595	$ 47,552	$ 41,218	$ 63,010	$ 40,551	$ 45,688	$ 47,685	$ 32,718	$ 34,243
Interest on total pension liability	95,358	77,165	79,684	74,501	74,489	69,169	53,257	49,389	24,820
Effect on economic/demographic (gains) or losses	(225,605)	34,089	(382,436)	13,110	(370,833)	(179,274)	(62,648)	(333,724)	65,248
Effect of assumption changes and inputs	180,008	192,009	204,809	222,166	233,585	254,441	281,948	313,988	368,595
Benefit payments	-	-	-	(247,333)	-	(78,482)	-	-	-
Net change in total pension liability	$ 110,356	$ 350,815	$ (56,725)	$ 125,454	$ (22,208)	$ 111,542	$ 320,242	$ 62,371	$ 492,906
Total pension liability, beginning	1,846,560	1,495,746	1,552,471	1,427,017	1,449,225	1,337,683	1,017,441	955,070	462,164
Total pension liability, ending (a)	1,956,917	1,846,560	1,495,746	1,552,471	1,427,017	1,449,225	1,337,683	1,017,441	955,070
FIDUCIARY NET POSITION									
Employer contributions	$ 134,062	$ 134,062	$ 110,259	$ 100,408	$ 118,000	$ 143,000	$ 120,419	$ 188,030	$ 257,245
Investment income net of investment expenses	41,609	41,609	24,465	33,419	22,650	21,020	16,919	12,857	9,629
Benefit payments	-	-	-	(247,333)	-	(78,482)	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	$ 175,671	$ 175,671	$ 134,724	$ (113,506)	$ 140,650	$ 85,538	$ 137,338	$ 200,887	$ 266,874
Fiduciary net position, beginning	$ 1,108,951	$ 1,199,319	$ 1,064,595	$ 1,178,101	$ 1,037,451	$ 951,913	$ 814,575	$ 613,688	$ 346,814
Fiduciary net position, ending (b)	1,108,951	1,108,951	1,199,319	1,064,595	1,178,101	1,037,451	951,913	814,575	613,688
Net pension liability, ending (a) - (b)	847,966	737,609	296,427	487,876	248,916	411,774	385,770	202,866	341,382
Fiduciary net position as a % of total pension liability	56.67%	60.05%	80.18%	68.57%	82.56%	71.59%	71.16%	80.06%	64.26%
Covered payroll	$ 837,411	$ 627,946	$ 633,687	$ 463,429	$ 591,171	$ 537,984	$ 544,150	$ 404,799	$ 407,340
Net pension liability as a % of covered payroll	101.26%	117.46%	46.78%	105.28%	42.11%	76.54%	70.89%	50.12%	83.81%

This schedule is intended to present 10 years of information. Subsequent yeas will be added as the information becomes available.

MAGNA WATER DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION (Continued)
Years ended December 31, 2014 through 2023

SCHEDULE OF REQUIRED EMPLOYER PENSION CONTRIBUTIONS - 10 YEARS

Year	Actuarial determined contribution	Contributions in relation to actuarial determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	$ 142,330	$ 134,062	$ (8,268)	$ 837,411	16.01%
2022	116,693	132,972	16,279	627,946	21.18%
2021	111,890	110,259	1,631	633,687	17.40%
2020	135,460	118,000	17,460	463,429	25.46%
2019	108,487	118,000	(9,513)	591,171	19.96%
2018	110,308	143,000	(32,692)	537,984	26.58%
2017	130,018	120,419	9,599	544,150	22.13%
2016	92,570	188,030	(95,460)	404,799	46.45%
2015	101,980	257,245	(155,265)	407,340	63.15%
2014	79,336	119,526	(40,190)	355,160	33.65%

NOTES TO THE PENSION REQUIRED SUPPLEMENTAL INFORMATION

Note 1 - Valuation Date

The valuation date is January 1, 2022. This is the date as of which the actuarial valuation was performed. The Measurement Date is December 31, 2022. This is the date as of which the net pension liability is determined. The Reporting Date is December 31, 2023. This is the employer's fiscal year ending date.

Note 2 - Methods and Assumptions used to determine contribution rates

Actuarial cost method	Entry Age Normal
Asset valuation method	Current Asset Values
Discount rate	5.00%
Expected long-term rate of return on plan assets	5.00%
Projected salary increases incorporated into the calculation	0
Projection inflation rate increases	0
Projected rate of post-retirement benefit cost increases	0
Mortality table	1994 GAM Blended

MAGNA WATER DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION (Continued)
Years ended December 31, 2023 and five proceeding years

Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Years

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 95,760	$ 67,660	$ 46,390	$ 40,349	$ 38,349	$ 36,839
Interest cost	77,990	57,563	53,881	62,379	47,650	45,580
Benefit payments	(49,996)	(58,046)	(73,520)	(49,114)	(29,354)	(33,454)
Increase (decrease) due to actual experience being greater than expected	(12,694)	152,802	13,188	353,496	(4,100)	-
Increase (decrease) due to changes in benefit terms	-	-	-	230,089	-	-
Increase (decrease) due to changes in assumptions	96,478	(996,910)	(68,628)	401,094	287,980	-
Net change in Total OPEB Liability	207,538	(776,931)	(28,689)	1,038,293	340,525	48,965
Total OPEB Liability - beginning	1,713,763	2,490,694	2,519,383	1,481,090	1,140,565	1,091,600
Total OPEB Liability - ending	$ 1,921,301	$ 1,713,763	$ 2,490,694	$ 2,519,383	$ 1,481,090	$ 1,140,565
Annual covered employee payroll	$ 888,931	$ 863,040	$ 541,580	$ 525,806	$ 591,171	$ 554,977
Total OPEB Liability as a percent of annual covered employee payroll	216.1%	198.6%	459.9%	479.1%	250.5%	205.5%

This schedule is intended to present 10 years of information. Subsequent years will be added as the information becomes available.

OTHER SUPPLEMENTAL INFORMATION

MAGNA WATER DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2023

Operating Revenues:		
Charges for services:		
Water sales - culinary	$	4,634,433
Water sales - secondary		541,664
Sewer service charges		4,674,227
Connection fees and other income		3,637,930
Total Operating Revenues		13,488,254
Operating Expenses:		
Salaries and benefits:		
Salaries and wages - plant		1,707,410
Salaries and wages - office		1,170,584
Trustees' salaries		7,981
Payroll taxes and fringe benefits		1,874,057
Total salaries and benefits		4,760,032
Contractual services:		
Legal		53,514
Accounting		19,000
Engineering		394,939
Data processing services		65,512
Janitorial		18,851
Lab and testing		100,154
Payroll		1,589
Total contractual services		653,559
Material and supplies:		
Repairs, maintenance, and supplies		2,600,401
Office supplies and postage		72,093
Water purchased		347,681
Total materials and supplies		3,020,175
Utilities:		
Electricity and fuel for water production and sewer processing		879,003
Office and general, electricity and fuel		7,407
Telephone and paging		65,767
Total utilities		952,177
Depreciation and amortization		5,275,511

MAGNA WATER DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)
For The Year Ended December 31, 2023

Lease expense	24,582
Other operating expenses:	
Transportation	244,529
Bad debts	5,710
Insurance	171,122
Training	123,723
Miscellaneous	167,556
Total other operating expenses	712,640
Operating Income (Loss)	(1,910,422)
Nonoperating Revenues (Expenses):	
Property tax revenue	5,503,910
Non-resident fee in lieu of property tax	158,033
Impact fees	5,205,149
Gain (loss) on sale of assets	541,810
Other non-operating income	195,526
Interest income	1,753,295
Interest expense	(656,497)
Payments to RDA's	(1,410,735)
Total Nonoperating Revenues (Expenses)	11,290,491
Income Before Capital Contributions	9,380,069
Capital Contributions	8,995,727
Change in Net Position	$ 18,375,796

MAGNA WATER DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – COMPARED TO BUDGET
For The Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating Revenues:				
Water sales	$ 4,810,000	$ 4,810,000	$ 5,176,097	$ 366,097
Sewer service charges	4,485,000	4,485,000	4,674,227	189,227
Connection fees and other income	3,534,000	3,521,577	3,637,930	116,353
Total Operating Revenues	12,829,000	12,816,577	13,488,254	671,677
Operating Expenses:				
Salaries and benefits	4,890,200	4,890,200	4,760,032	130,168
Contractual services	1,065,300	1,065,300	653,559	411,741
Materials and supplies	2,886,500	2,886,500	3,020,175	(133,675)
Utilities	1,011,000	1,011,000	952,177	58,823
Depreciation and amortization	5,175,000	5,175,000	5,275,511	(100,511)
Lease expense	25,000	25,000	24,582	418
Other operating expenses	564,550	564,550	712,640	(148,090)
Total Operating Expenses	15,617,550	15,617,550	15,398,676	218,874
Operating Income (Loss)	(2,788,550)	(2,800,973)	(1,910,422)	890,551
Nonoperating Revenues:				
Property tax revenue	5,141,942	5,154,365	5,503,910	349,545
Non-resident fee in lieu of property tax	100,000	100,000	158,033	58,033
Impact fees	4,300,000	4,300,000	5,205,149	905,149
Gain (loss) on sale of assets	20,000	20,000	541,810	521,810
Other non-operating income	7,000	7,000	195,526	188,526
Interest income	250,000	250,000	1,753,295	1,503,295
Total Nonoperating Revenues	9,818,942	9,831,365	13,357,723	3,526,358
Nonoperating Expenses:				
Interest expense	650,283	650,283	656,497	(6,214)
Payments to RDA's	1,270,000	1,270,000	1,410,735	(140,735)
Debt issuance costs	-	-	-	-
Total Nonoperating Expenses	1,920,283	1,920,283	2,067,232	(146,949)
Income Before Capital Contributions	5,110,109	5,110,109	9,380,069	4,269,960
Capital Contributions	6,000,000	6,000,000	8,995,727	2,995,727
Change in Net Position	$ 11,110,109	$ 11,110,109	$ 18,375,796	$ 7,265,687

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

Board of Trustees
Magna Water District
Magna, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Magna Water District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 30, 2024.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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Purpose of this Report

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

Gilbert & Stewart

Gilbert & Stewart, CPA, PC
Provo, Utah
May 30, 2024

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

Board of Directors
Magna Water District
Magna, Utah

Report On Compliance

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

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

Budgetary Compliance
Fund Balance
Fraud Risk Assessment
Government Fee's
Cash Management
Open and Public Meetings Act

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Magna Water District's compliance with those requirements.

Opinion on Compliance

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

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REPORT OF INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

Gilbert & Stewart

Gilbert & Stewart, CPA, PC
Provo, Utah
May 30, 2024