

CENTRAL UTAH WATER CONSERVANCY DISTRICT
Basic Financial Statements and Supplementary Information

June 30, 2024

CENTRAL UTAH WATER CONSERVANCY DISTRICT

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Independent Auditor's Report

The Board of Trustees
Central Utah Water Conservancy District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Utah Water Conservancy District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Utah Water Conservancy District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Utah Water Conservancy 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 Central Utah Water Conservancy District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund; schedule of revenues, expenditures and changes in fund balance – budget and actual – CUPCA fund; schedule of revenues, expenditures and changes in fund balance – budget and actual – Olmsted fund; schedule of revenues, expenditures and changes in fund balance – budget and actual – CWP fund; schedule of the proportionate share of the net pension liability; schedule of contributions of the net pension liability; and general employees' other postemployment benefits plan schedule of changes in the OPEB liability, and the related notes to the required supplementary information 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 GAAS, 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.

Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah
October 18, 2024

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Management's Discussion and Analysis

June 30, 2024

(Unaudited)

This section of Central Utah Water Conservancy District's (District) report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the District's basic financial statements, which follow this section.

Financial Highlights

- The District's net position was \$1,197.6 million at June 30, 2024.
- The District continued various capital projects during the year ended June 30, 2024. The following significant capital additions were recorded during the year; Central Water Project of \$51.9 million, \$7.2 million for water and aqueduct rights and privileges, and \$22.4 million for land rights.
- The District is the sponsor of the Central Utah Project and expended \$23.5 million in connection with that project.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to basic financial statements. This report also contains other required supplementary information and compliance reports in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide 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. These statements include all governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other nonexchange revenue. Business-type activities include hydropower sales and related expenses.

The statement of net position presents information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District, with the difference between these reported as net position.

The statement of activities presents information showing how the net position of the District 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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements

A fund is a group of related accounts that is 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. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Management's Discussion and Analysis

June 30, 2024

(Unaudited)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Central Utah Project Completion Act Fund (CUPCA), Olmsted Replacement Fund (Olmsted), Central Water Project Fund (CWP), Debt Service Fund, and Capital Projects Fund; all of which are considered to be major funds.

- **General Fund:** The General Fund is the operating fund of the District. Revenue from tax collections, water sales, and other sources is received into this fund. Expenditures include administrative costs and operation and maintenance of District and project facilities. Fund transfers are made from the General Fund to the other funds of the District.
- **Central Utah Project Completion Act Fund:** The Central Utah Completion Act Fund (CUPCA), a special revenue fund, contains federal funds, which are in most cases matched with District funds and are used for water development projects owned and approved by the U.S. Department of the Interior and authorized by the CUPCA in Public Law 102 575, October 30, 1992.
- **Olmsted Replacement Fund:** The Olmsted Replacement Fund is a special revenue fund that contains Federal and District funds used for the replacement of the Olmsted hydroelectric power plant. This fund will not be used after fiscal year 2024 since the Olmsted hydroelectric power plant is fully constructed and operational.
- **Central Water Project Fund:** The Central Water Project Fund (CWP) is a special revenue fund where fees are charged to customer agencies to build a non-federal project of storage reservoirs, pipelines to convey treated surface water, and a large groundwater well field and the necessary infrastructure at or near the site of the former Geneva steel mill. This fund also includes portions of modifications to the District's Don A. Christiansen Regional Water Treatment Plant related to CWP treated surfacewater.
- **Debt Service Fund:** The Debt Service Fund is used to collect and pay debt service payments on the District's outstanding debt. A trustee administers debt service payments and directs the investment of reserve funds with District approval. Payments are made to bondholders and to the U.S. Bureau of Reclamation, a programmatic bureau of the U.S. Department of the Interior.
- **Capital Projects Fund:** The Capital Projects Fund administers payments for various District capital projects. This includes modifications to the District's water treatment plants and for water conveyance facilities. It is also used to modify certain federal facilities within the District's operating agreements. Funds are transferred into this fund from the General Fund.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Management's Discussion and Analysis

June 30, 2024

(Unaudited)

Proprietary Funds

Proprietary funds include functions and services that are business-type activities and include more detailed information than found in the government-wide financial statements. Proprietary funds can be either enterprise funds or internal service funds. The District reports one proprietary type fund, the Jordanelle Hydroelectric Enterprise Fund, which accounts for the activities of the Jordanelle Hydroelectric Plant.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the District cannot use these funds to fund its programs.

The District maintains one fiduciary fund, which is a private purpose trust fund, described below:

- June Sucker Recovery Agreement Fund: The District, along with one state, four federal, and two local agencies entered into an agreement with the U.S. Fish and Wildlife Service to rehabilitate the June sucker, a Utah native fish formerly on the endangered species list. The other state, federal, and local agencies participate in the program and contribute financially. The District administers the funds on behalf of those who are a party to the agreement.

Government-Wide Financial Analysis

The District's assets and deferred outflows, liabilities and deferred inflows, and net position are outlined below (in millions):

	Governmental activities		Business-type activities	
	2024	2023	2024	2023
Current assets	\$ 519.6	465.4	2.5	1.7
Restricted assets	97.4	93.8	7.0	6.7
Capital assets	1,378.5	1,306.6	15.5	15.6
Total assets	1,995.5	1,865.8	25.0	24.0
Deferred outflows	4.1	3.4	—	—
Total assets and deferred outflows	\$ 1,999.6	1,869.2	25.0	24.0

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Management's Discussion and Analysis

June 30, 2024

(Unaudited)

	Governmental activities		Business-type activities	
	2024	2023	2024	2023
Current liabilities	\$ 88.5	81.0	1.3	1.2
Long-term liabilities	585.7	616.3	7.9	8.7
Total liabilities	674.2	697.3	9.2	9.9
Deferred inflows	127.8	120.5	0.2	0.3
Net position:				
Net investment in capital assets	751.6	650.1	6.5	6.3
Restricted	103.1	100.3	7.0	6.7
Unrestricted	342.9	301.0	2.1	0.8
Total net position	1,197.6	1,051.4	15.6	13.8
Total liabilities, deferred inflows and net position	\$ 1,999.6	1,869.2	25.0	24.0

The largest portion of the District's assets reflects its investment in capital assets (e.g., water and aqueduct rights and privileges, land, buildings and improvements, and furniture and equipment, net of accumulated depreciation). Capital assets of CWP increased by \$51.9 million primarily due to well construction, construction of phase 2 of the North Shore Terminal Reservoir and construction of a groundwater polishing plant. Capital assets also increased by \$7.2 million due to water purchases and Block Notice 7B-5a, \$22.4 million due primarily to the purchase of land for future water treatment plants and/or managed aquifer recharge sites, and \$2.7 million in subscription assets.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Management's Discussion and Analysis

June 30, 2024

(Unaudited)

Changes in net position for the fiscal years ended June 30, 2024 and 2023 are outlined below (in millions):

	Governmental activities		Business-type activities	
	2024	2023	2024	2023
Program revenues:				
Central Utah Project				
Completion Act	\$ 12.5	25.4	—	—
Water treatment plants and other projects	68.1	54.2	—	—
General government	26.0	15.3	—	—
Hydropower sales	—	—	2.9	2.5
General revenues:				
Property taxes	121.6	114.2	—	—
Redevelopment agency property taxes	8.0	5.9	—	—
Earnings on investments	23.9	14.5	0.4	0.2
Other	—	—	0.3	—
Gain on disposal of capital assets	0.1	—	—	—
Total revenues	<u>260.2</u>	<u>229.5</u>	<u>3.6</u>	<u>2.7</u>
Program expenses:				
Central Utah Project				
Completion Act	41.9	53.9	—	—
Water treatment plants and other projects and District projects	27.1	24.3	—	—
Hydropower costs and expenses	—	—	1.4	1.3
General government	23.6	19.9	—	—
Redevelopment agency property tax increment	8.0	5.9	—	—
Interest on long-term debt	13.4	18.0	0.4	0.4
Total expenses	<u>114.0</u>	<u>122.0</u>	<u>1.8</u>	<u>1.7</u>
Change in net position	146.2	107.5	1.8	1.0
Net position beginning of year	<u>1,051.4</u>	<u>943.9</u>	<u>13.8</u>	<u>12.8</u>
Net position end of year	<u>\$ 1,197.6</u>	<u>1,051.4</u>	<u>15.6</u>	<u>13.8</u>

The change in net position increased by approximately \$39.5 million, including the Jordanelle Hydroelectric Enterprise Fund activities. The overall decrease in CUPCA program revenues is primarily due to receiving \$12.9 million of advances in lieu of federal appropriations used to offset federal block notice debt during the year ended June 30, 2023. Water treatment plants and other projects program revenues increased by \$13.9 million due primarily to increased one-time development fees and charges related to the 1600 N turnout project. General government program revenues increase by \$10.7 million primarily due to the receipt of \$10.0 million in federal funds to help with the purchase of the of land for a future managed aquifer recharge site.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Management's Discussion and Analysis

June 30, 2024

(Unaudited)

Earnings on investments increased by \$9.6 million due primarily to a significant increase in interest rates for the year ended June 30, 2024 compared to the prior year. Property taxes increased by \$7.4 million from the prior year reflecting the general increase in property valuations throughout the District as well as maintaining its tax rate at the statutory maximum. Hydropower sales increased by \$0.4 million due to a better-than-average water year; hydropower sales are generally related to the water year.

Program expenses decreased \$7.9 million over the prior year reflecting a \$12.0 million decrease in Central Utah Project Completion Act related expenses, a \$4.6 million decrease in interest on long-term debt, a \$2.8 million increase in water treatment plants and other projects and District projects, a \$3.7 million increase in general government expenses, and a \$2.1 million increase in redevelopment agency property tax increment expenses.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. At June 30, 2024, the District's governmental funds reported a combined fund balance of \$453.3 million. This amount compares to \$412.1 million in the prior year. The changes in combined fund balance reflect expenditures for upgrades to water treatment plants and other projects (Capital Projects Fund), net expenditures for Central Water Project (CWP), and payments for principal and interest on the District's outstanding debts, offset by net revenues from the General Fund and net revenues from the Central Utah Project (CUPCA Fund).

Governmental funds report the differences between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is characterized under the following designations: nonspendable, restricted, committed, assigned, and unassigned. Reservations within the nonspendable, restricted, committed, and assigned designations indicate the portion of the District's fund balances that is not available for appropriation. The fund balance of the General Fund is primarily reserved for the following purposes: liability insurance reserves, operations and maintenance bond pledge reserves, and power loss. The fund balances of the Capital Projects Fund and CWP fund are designated for future projects and other reserves; the CUPCA and Olmsted fund balances are reserved for costs on the CUPCA and Olmsted projects, respectively; and the Debt Service fund balance is reserved for future debt service.

Budgetary Highlights

During the year, the board of trustees (the Board) revised the District's budget. Budget amendments were primarily to reflect additional interfund transfers from the District's General fund to the Capital Projects fund, and an increase in RDA revenue and expenditures. Total changes aggregated to a decrease in fund balance of the General fund of approximately \$25.1 million.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Management's Discussion and Analysis

June 30, 2024

(Unaudited)

Capital Assets and Debt Administration

Capital Assets – The District primarily uses the Capital Projects Fund to account for the costs incurred in acquiring water and improving sites, constructing and remodeling facilities, and procuring equipment necessary for operating and maintaining facilities within the District. Capital assets, net of depreciation at June 30, 2024 and 2023 are outlined below (in millions):

	2024	2023
Governmental activities:		
Water and aqueduct rights and privileges	\$ 854.0	846.8
Land and land rights	55.1	32.7
Buildings, equipment, district pipelines, and subscription assets	469.4	427.1
Total governmental activities capital assets, net of accumulated depreciation	1,378.5	1,306.6
Business-type activities:		
Capital assets, net of accumulated depreciation	15.5	15.6
Total capital assets, net of accumulated depreciation	\$ 1,394.0	1,322.2

Additional information on the District's capital assets can be found in notes 3 and 4 to the basic financial statements.

Debt Administration – The District maintains a schedule to retire all of its general obligation bonds by fiscal year 2034, revenue bonds by fiscal year 2052, and contracts and block notices by fiscal year 2073. The District's debt outstanding, net of unamortized premiums, at June 30, 2024 consists of bonds and contract obligations between the District and the U.S. Bureau of Reclamation as outlined below (in millions):

	2024	2023	Total change 2024–2023
Governmental activities:			
General obligation and revenue bonds	\$ 602.1	639.1	(37.0)
Contracts and block notices	12.4	6.9	5.5
Subscription liabilities	2.6	—	2.6
Business-type activities:			
Revenue bonds	8.7	9.6	(0.9)

The District will service its debt through the future sale of water to customers along with other sources, such as property. The principal amount of District debt decreased by approximately \$37.0 million for governmental activities general obligation and revenue bonds, increased by \$5.5 million for governmental activities contracts and block notices, increased by \$2.6 for governmental activities subscription liabilities, and decreased by \$0.9 million for business-type activities during the year ended June 30, 2024, including principal payment amounts and amortization and reduction of bond premiums.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Management's Discussion and Analysis

June 30, 2024

(Unaudited)

The District's most recent ratings are as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Revenue bond ratings:		
Standard and Poor's	AA+	AA
Fitch ratings	AA+	AA+
Limited tax general obligation ratings:		
Standard and Poor's	AA+	
Fitch ratings	AA+	

Additional information on the District's long-term debt can be found in note 5.

The notes to basic financial statements provide additional information that is essential for a more complete understanding of the data provided in the government-wide and fund financial statements.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Central Utah Water Conservancy District, 1426 E 750 N St Suite 400, Orem, UT 84097.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Statement of Net Position

June 30, 2024

Assets and Deferred Outflows	Governmental activities	Business-type activities
Current assets:		
Cash and cash equivalents (notes 2 and 8)	\$ 363,869,636	1,985,709
Property taxes receivable	122,214,940	—
Accounts receivable	15,779,013	458,090
Leases receivable	1,022,673	—
Interest receivable	74,313	—
Other receivables	12,100,966	57,000
Prepaid expenses	395,314	—
Restricted investments (note 2)	4,188,447	—
Total current assets	519,645,302	2,500,799
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents (notes 2 and 8)	80,009,579	6,982,608
Investments (note 2)	17,364,855	—
Capital assets (notes 3 and 4):		
Nondepreciable capital assets:		
Water and aqueduct rights and privileges	853,994,135	—
Land	55,146,590	—
Depreciable capital assets, net of accumulated depreciation	469,351,436	15,459,196
Total assets	1,995,511,897	24,942,603
Deferred outflows of resources:		
Accumulated decrease in fair value of hedging derivative (note 6)	514,154	—
Pension (note 11)	3,590,080	16,723
Total deferred outflow of resources	4,104,234	16,723
Total assets and deferred outflows	\$ 1,999,616,131	24,959,326

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Statement of Net Position (Continued)

June 30, 2024

Liabilities, Deferred Inflows, and Net Position	Governmental activities	Business-type activities
Liabilities:		
Current liabilities:		
Accounts payable	\$ 17,670,044	353,836
Accrued liabilities	6,797,488	63,281
Accrued interest on long-term debt	4,866,047	—
Unearned other revenue	11,020,851	—
Unearned water sales revenue	8,302,921	—
Current portion of long-term debt:		
Bonds payable, net (note 5)	38,389,974	866,134
Contract obligations to U.S. Bureau of Reclamation (note 5)	1,190,065	—
Subscription liabilities	225,806	—
Total current liabilities	88,463,196	1,283,251
Long-term liabilities, net of current portion:		
Postretirement healthcare benefit liability (note 12)	4,123,338	—
Compensated absences	1,812,403	—
Derivative swap liability (note 6)	514,154	—
Net pension liability (note 11)	2,025,241	12,466
Long-term debt:		
Bonds payable, net (note 5)	563,666,252	7,858,405
Contract obligations to U.S. Bureau of Reclamation (note 5)	11,236,338	—
Subscription liabilities	2,346,813	—
Total liabilities	674,187,735	9,154,122
Deferred inflows of resources:		
Pension (note 11)	31,993	—
Leases	980,651	—
Property taxes levied for future year	116,919,703	—
Deferred gain on refunding (note 7)	9,848,778	199,989
Total deferred inflows of resources	127,781,125	199,989
Net position:		
Net investment in capital assets	751,588,291	6,534,668
Restricted for:		
Operation and maintenance	4,931,729	—
Power loss reserve	5,848	—
Debt service reserve	43,344,063	6,982,608
Federal contracts	54,905,607	—
Unrestricted	342,871,733	2,087,939
Total net position	1,197,647,271	15,605,215
Total liabilities, deferred inflows, and net position	\$ 1,999,616,131	24,959,326

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Statement of Activities

Year ended June 30, 2024

Functions	Expenses	Program revenues		Net revenue (expense) and changes in net position		Total
		Charges for services and other	Operating grants and contributions	Total governmental activities	Business-type activities	
Governmental activities:						
Central Utah Project:						
Central Utah Project Completion Act (note 10)	\$ 23,489,599	—	12,481,500	(11,008,099)	—	(11,008,099)
Other Central Utah Project nonreimbursable expenses	18,489,226	—	—	(18,489,226)	—	(18,489,226)
District projects	2,944,649	—	—	(2,944,649)	—	(2,944,649)
Total Central Utah Project	44,923,474	—	12,481,500	(32,441,974)	—	(32,441,974)
Water treatment plants and other projects	24,163,055	68,132,832	—	43,969,777	—	43,969,777
General government	23,607,854	25,959,018	—	2,351,164	—	2,351,164
Redevelopment agency property taxes (note 14)	8,047,647	—	—	(8,047,647)	—	(8,047,647)
Interest on long-term debt	13,395,743	—	—	(13,395,743)	—	(13,395,743)
Total governmental activities	114,137,773	94,091,850	12,481,500	(7,564,423)	—	(7,564,423)
Business-type activities:						
Hydropower	1,379,832	2,886,637	—	—	1,506,805	1,506,805
Interest on long-term debt	446,090	—	—	—	(446,090)	(446,090)
Total business-type activities	1,825,922	2,886,637	—	—	1,060,715	1,060,715
Total District	\$ 115,963,695	96,978,487	12,481,500	(7,564,423)	1,060,715	(6,503,708)
General revenues:						
Property taxes				121,644,974	—	121,644,974
Redevelopment agency property taxes (note 14)				8,047,647	—	8,047,647
Earnings on investments				23,896,629	430,597	24,327,226
Other				—	268,602	268,602
Interest on leases				18,818	—	18,818
Gain on disposal of capital assets				118,117	—	118,117
Total general revenue				153,726,185	699,199	154,425,384
Change in net position				146,161,762	1,759,914	147,921,676
Net position beginning of year				1,051,485,509	13,845,301	1,065,330,810
Net position end of year				1,197,647,271	15,605,215	1,213,252,486

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Governmental Funds Balance Sheet

June 30, 2024

Assets	General Fund	CUPCA Fund	Olmsted Fund	CWP Fund	Debt Service Fund	Capital Projects Fund	Total
Cash and cash equivalents (notes 2 and 8)	\$ 47,678,549	—	—	21,634,546	—	294,556,541	363,869,636
Property taxes receivable	122,214,940	—	—	—	—	—	122,214,940
Accounts receivable	11,527,512	494,540	—	3,566,661	—	190,300	15,779,013
Leases receivable	1,022,673	—	—	—	—	—	1,022,673
Interest receivable	—	—	—	—	74,313	—	74,313
Other receivables	3,677	7,469,719	—	4,627,570	—	—	12,100,966
Prepaid items	337,760	—	—	57,554	—	—	395,314
Restricted assets:							
Cash and cash equivalents (notes 2 and 8)	4,937,577	53,349,746	—	—	21,722,100	156	80,009,579
Investments (note 2)	—	—	—	—	21,553,302	—	21,553,302
Total assets	<u>\$ 187,722,688</u>	<u>61,314,005</u>	<u>—</u>	<u>29,886,331</u>	<u>43,349,715</u>	<u>294,746,997</u>	<u>617,019,736</u>
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities:							
Accounts payable	\$ 2,315,602	6,405,669	—	6,590,575	5,500	2,352,698	17,670,044
Accrued liabilities	6,018,059	2,729	—	473,832	—	302,868	6,797,488
Unearned other revenue	—	—	—	11,020,851	—	—	11,020,851
Unearned water sales revenue	8,302,921	—	—	—	—	—	8,302,921
Total liabilities	<u>16,636,582</u>	<u>6,408,398</u>	<u>—</u>	<u>18,085,258</u>	<u>5,500</u>	<u>2,655,566</u>	<u>43,791,304</u>
Deferred inflows:							
Unavailable revenue – leases	980,651	—	—	—	—	—	980,651
Unavailable revenue – property tax	2,063,348	—	—	—	—	—	2,063,348
Property taxes levied for future year	116,919,703	—	—	—	—	—	116,919,703
Total deferred inflows	<u>119,963,702</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>119,963,702</u>
Fund balances (note 8):							
Nonspendable:							
Prepaid items	337,760	—	—	57,554	—	—	395,314
Restricted:							
O&M bond pledge reserve	4,931,729	—	—	—	—	—	4,931,729
Power loss reserve	5,848	—	—	—	—	—	5,848
Debt service reserves	—	—	—	—	43,344,215	—	43,344,215
CUPCA reserve	—	54,905,607	—	—	—	—	54,905,607
Future capital projects reserve	—	—	—	—	—	156	156
Committed:							
Liability insurance reserve	6,140,849	—	—	—	—	—	6,140,849
Contingency reserve	—	—	—	—	—	12,454,051	12,454,051
Assigned:							
CWP reserve	—	—	—	5,608,680	—	—	5,608,680
Project facility reserve	—	—	—	—	—	14,530,545	14,530,545
WCWEP project reserve	—	—	—	—	—	920,351	920,351
District facility reserve	—	—	—	—	—	1,366,224	1,366,224
Future capital projects	—	—	—	6,134,839	—	262,820,104	268,954,943
Unassigned	39,706,218	—	—	—	—	—	39,706,218
Total fund balances	<u>51,122,404</u>	<u>54,905,607</u>	<u>—</u>	<u>11,801,073</u>	<u>43,344,215</u>	<u>292,091,431</u>	<u>453,264,730</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 187,722,688</u>	<u>61,314,005</u>	<u>—</u>	<u>29,886,331</u>	<u>43,349,715</u>	<u>294,746,997</u>	<u>617,019,736</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

June 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances – governmental funds	\$ 453,264,730
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,519,942,519 and the accumulated depreciation is \$141,450,358.	1,378,492,161
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” Uncollected amounts from prior levy years have been recorded as deferred inflows in the funds, but have been recorded as revenue in government wide financial statements	2,063,348
Pension obligations are not recognized as a liability in the funds as they do not require current financial resources. This represents the liability and deferred inflows and outflows	1,532,846
Postretirement benefit obligation is recognized as a liability in the funds when due and mature, rather than when incurred	(4,123,338)
Obligations for compensated absences are recognized as a liability in the funds when due and mature, rather than as earned by employees	(1,812,403)
Deferred gain on refunding	(9,848,778)
Long-term debt, including bonds payable and accrued interest, is not due and payable in the current period and, therefore, is not reported in the funds	<u>(621,921,295)</u>
Total net position – governmental activities	<u>\$ 1,197,647,271</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2024

	General Fund	CUPCA Fund	Olmsted Fund	CWP Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues:							
Property taxes	\$ 121,235,342	—	—	—	—	—	121,235,342
Redevelopment agency property taxes (note 14)	8,047,647	—	—	—	—	—	8,047,647
Water sales	29,296,764	—	—	17,964,756	—	—	47,261,520
Interest on investments	4,719,102	1,577,589	417	2,772,868	1,409,752	12,607,643	23,087,371
Interest on leases	18,818	—	—	—	—	—	18,818
Net increase in fair value of investments	—	—	—	—	809,258	—	809,258
Central Utah Project Completion Act (note 10)	—	12,481,500	—	—	—	—	12,481,500
Other	2,770,380	199,702	—	20,871,312	839	23,127,774	46,970,007
Total revenues	166,088,053	14,258,791	417	41,608,936	2,219,849	35,735,417	259,911,463
Expenditures:							
Current:							
Central Utah Project Completion Act (note 10)	—	23,489,599	—	—	—	—	23,489,599
Other Central Utah Project nonreimbursable expenses	5,144,816	—	—	—	—	—	5,144,816
Water treatment plants and other projects	5,842,116	—	—	4,686,496	—	—	10,528,612
Administrative and general	24,641,985	—	—	—	—	—	24,641,985
District projects	1,831,991	—	—	120,136	—	—	1,952,127
Redevelopment agency property tax increment (note 14)	8,047,647	—	—	—	—	—	8,047,647
Capital outlay	1,208,284	—	—	52,360,878	—	39,038,434	92,607,596
Debt service:							
Principal (note 5)	70,114	—	—	—	33,104,018	—	33,174,132
Interest (note 5)	54,513	—	—	—	21,362,618	—	21,417,131
Other	—	—	20	—	343,248	—	343,268
Total expenditures	46,841,466	23,489,599	20	57,167,510	54,809,884	39,038,434	221,346,913
Excess (deficiency) of revenues over (under) expenditures	119,246,587	(9,230,808)	397	(15,558,574)	(52,590,035)	(3,303,017)	38,564,550
Other financing sources (uses):							
Transfers in (note 9)	1,075,117	15,000,000	—	—	50,459,050	79,854,722	146,388,889
Transfers out (note 9)	(113,252,729)	—	(1,075,117)	(17,061,043)	—	(15,000,000)	(146,388,889)
Proceeds from subscription liabilities	2,642,733	—	—	—	—	—	2,642,733
Total other financing sources (uses)	(109,534,879)	15,000,000	(1,075,117)	(17,061,043)	50,459,050	64,854,722	2,642,733
Net changes in fund balances	9,711,708	5,769,192	(1,074,720)	(32,619,617)	(2,130,985)	61,551,705	41,207,283
Fund balances, beginning of year	41,410,696	49,136,415	1,074,720	44,420,690	45,475,200	230,539,726	412,057,447
Fund balances, end of year	\$ 51,122,404	54,905,607	—	11,801,073	43,344,215	292,091,431	453,264,730

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds		\$ 41,207,283
Governmental funds report capital outlays as expenditures. However, in the government wide financial statements, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over the estimated useful lives and reported as depreciation expense.		
Capital outlays, net	\$ 80,564,395	
Depreciation expense	(15,549,213)	
Gain on sales of capital assets	118,117	
Proceeds from sale of capital assets	<u>(139,673)</u>	64,993,626
Because some property taxes will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenue in the governmental funds		409,632
Changes in expenses related to postretirement healthcare benefit costs reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		638,389
Changes in expenses related to pension reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		419,906
Changes in expenses related to compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		(59,857)
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. In the statement of net position, issuance of debt is recorded as short and long-term liabilities, while repayment of bond principal is a reduction of the liability. Also, governmental funds report the premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effects of these differences in the treatment of general obligation bonds and related items are as follows:		
Principal payments	33,174,132	
Proceeds from subscription liabilities	(2,642,733)	
Change in accrual for interest on long-term debt	2,073,088	
Amortization of bond premium	5,302,437	
Amortization of deferred refunding costs	<u>645,859</u>	<u>38,552,783</u>
Change in net position of governmental activities		\$ <u>146,161,762</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Statement of Net Position – Jordanelle Hydroelectric Enterprise Fund

June 30, 2024

Assets and Deferred Outflows

Current assets:	
Cash and cash equivalents (notes 2 and 8)	\$ 1,985,709
Accounts receivable	458,090
Other receivables	<u>57,000</u>
Total current assets	<u>2,500,799</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents (notes 2 and 8)	6,982,608
Jordanelle Hydro plant, net (note 4)	<u>15,459,196</u>
Total noncurrent assets	22,441,804
Deferred outflows of resources:	
Pension (Note 11)	<u>16,723</u>
Total assets and deferred outflows of resources	<u>\$ 24,959,326</u>

Liabilities, Deferred Inflows, and Net Position

Current liabilities:	
Accounts payable	\$ 353,836
Accrued liabilities	63,281
Revenue bonds payable, net (note 5)	<u>866,134</u>
Total current liabilities	<u>1,283,251</u>
Noncurrent liabilities:	
Revenue bonds payable, net (note 5)	7,858,405
Net pension liability	<u>12,466</u>
Total noncurrent liabilities	<u>7,870,871</u>
Total liabilities	<u>9,154,122</u>
Deferred inflows of resources:	
Deferred gain on refunding	199,989
Net position:	
Net investment in capital assets	6,534,668
Restricted for debt service reserve (note 8)	6,982,608
Unrestricted	<u>2,087,939</u>
Total net position	<u>15,605,215</u>
Total liabilities, deferred inflows, and net position	<u>\$ 24,959,326</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Jordanelle Hydroelectric Enterprise Fund

Year ended June 30, 2024

Operating revenues:		
Hydropower sales	\$	2,886,637
Operating expenses:		
Cost of sales and services		995,062
Administrative and general		114,100
Depreciation		444,181
Total operating expenses		<u>1,553,343</u>
Operating income		<u>1,333,294</u>
Nonoperating revenues (expenses):		
Investment earnings		430,597
Interest expense		(446,090)
Other		268,602
Amortization of deferred refunding costs		62,377
Amortization of bond premium		111,134
Total nonoperating revenues (expenses)		<u>426,620</u>
Change in net position		1,759,914
Net position beginning of year		<u>13,845,301</u>
Net position end of year	\$	<u><u>15,605,215</u></u>

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Statement of Cash Flows – Jordanelle Hydroelectric Enterprise Fund

Year ended June 30, 2024

Cash flows from operating activities:	
Receipts from customers and users	\$ 2,845,187
Payments to suppliers	(472,438)
Payments to employees	(68,821)
Payments for interfund services used	<u>(483,115)</u>
Net cash provided by operating activities	<u>1,820,813</u>
Cash flows used for capital and related financing activities:	
Acquisition and construction of capital assets	(299,647)
Principal paid on revenue bonds	(725,000)
Interest paid on revenue bonds	(446,090)
Other proceeds	<u>268,602</u>
Net cash used for capital and related financing activities	<u>(1,202,135)</u>
Cash flows from investing activity:	
Interest and dividends received	<u>430,597</u>
Net cash provided by investing activity	<u>430,597</u>
Net increase in cash and cash equivalents	1,049,275
Cash and cash equivalents, June 30, 2023	<u>7,919,042</u>
Cash and cash equivalents, June 30, 2024	<u>\$ 8,968,317</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,333,294
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	444,181
Increase in accounts receivable	(41,452)
Increase in accounts payable and accrued liabilities	87,426
Net change in net pension liability and related deferred outflows and inflows	<u>(2,636)</u>
Total adjustments	<u>487,519</u>
Net cash provided by operating activities	<u>\$ 1,820,813</u>
Noncash investing, capital, and financing activities:	
Bond refunding amortization	\$ (62,377)
Bond premium amortization	(111,134)

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT
Statement of Fiduciary Net Position – Private Purpose Trust Fund
June 30, 2024

	<u>Private Purpose Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 1,985,274
Accounts receivable and other	<u>295,297</u>
Total assets	<u>\$ 2,280,571</u>
Liabilities:	
Accounts payable and other	\$ <u>355,820</u>
Net position	<u>1,924,751</u>
Total liabilities and net position	<u>\$ 2,280,571</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund

Year ended June 30, 2024

	<u>Private Purpose Trust Fund</u>
Additions:	
June sucker recovery implementation program contributions	\$ 1,158,990
Interest on investments	<u>83,314</u>
Total additions	1,242,304
Deductions:	
June sucker recovery implementation program expense	<u>1,050,822</u>
Change in fiduciary net position	191,482
Net position beginning of year	<u>1,733,269</u>
Net position end of year	<u>\$ 1,924,751</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies

The Central Utah Water Conservancy District (the District or CUWCD) prepares its basic financial statements in accordance with U.S. generally accepted accounting principles (GAAP) for governmental entities. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are described below in subsequent sections of this note:

(a) Reporting Entity

The District was created by the Fourth District Court under authority of the Water Conservancy Act (Utah Code 73-9) in 1964. The purpose of the District, as stated in the court decree, is to acquire the maximum supplies of water for the District and to achieve the optimum development, distribution, and utilization of water resources available for agriculture, domestic, power generating, manufacturing, recreational, and other beneficial uses. The seven counties in the District are Salt Lake, Utah, Uintah, Duchesne, Wasatch, portions of Juab, and Summit counties.

The District's board of trustees (the Board), comprising 17 individuals, is the governing authority for the District. The Board members are nominated by county commissioners, selected by the Governor, and confirmed by the State Senate. The District is an independent reporting entity and is not a component unit of any other government. The Board establishes District policies, approves the budget, is responsible for fiscal matters, and is authorized to issue bonds, incur debt, and to levy ad valorem taxes.

All funds, including all financial activities over which the Board has financial accountability, are included in this report. The District's financial reporting entity comprises all funds of the District, which constitute the primary government.

In determining the financial reporting entity, the District includes all component units of which the District appoints a voting majority of the unit's board, and the District is either able to impose its will on the unit or a financial benefit or burden relationship exists. The District has no component units.

(b) Basis of Presentation

(i) Government-Wide Financial Statements

The statement of net position and statement of activities display information about the District as a whole. They include all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the District, except those related to fiduciary funds. These statements include all governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other nonexchange revenue.

(ii) Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, fund balance, revenue, expenditures/expenses, and other financing sources and uses.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

The District's funds are organized into three categories: governmental, proprietary, and fiduciary. Major funds are presented separately in the fund financial statements. All of the District's governmental funds are considered major funds. The governmental funds, enterprise fund, and fiduciary fund of the District are described below:

(iii) *Governmental Funds*

General Fund

The General Fund is the primary operating fund of the District. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

CUPCA Fund

The Central Utah Project Completion Act (CUPCA) Fund is used to account for resources restricted for the completion of the Central Utah Project, which includes various water features throughout central Utah.

Olmsted Replacement Fund

The Olmsted Replacement Fund was established to facilitate the replacement and upgrading of the Olmsted Hydro Plant as part of the Central Utah Project.

CWP Fund

The Central Water Project Fund (CWP) is used to account for resources restricted for the construction, operation, and maintenance of the non-federal Central Water Project.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the District. Ad valorem taxes are used for the payment of principal and interest on the District's General Obligation Bonds. All other revenue is pledged for payment of the District's Revenue Bonds.

Capital Projects Fund

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

(iv) *Proprietary Funds*

Proprietary funds include functions and services that are business type activities and include more detailed information than found in the government-wide financial statements. Proprietary funds can be either enterprise funds or internal service funds. As of June 30, 2024, the District maintained one proprietary type fund, the Jordanelle Hydroelectric Enterprise Fund.

Jordanelle Hydroelectric Enterprise Fund

This fund is used to account for the activities of the Jordanelle Hydroelectric Plant.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(v) *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements, as the District cannot use these funds to finance its programs. As of June 30, 2024, the District has one fiduciary fund, the June Sucker Recovery Agreement Fund, which is a private purpose trust fund.

June Sucker Recovery Agreement Fund

The District, along with other state and federal agencies, entered into an agreement with the U.S. Fish and Wildlife Service to rehabilitate the June sucker, a Utah native fish on the endangered species list. The other state and federal agencies participate in the program and contribute financially. The District administers the funds on behalf of those who are a party to the agreement.

(a) **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

(i) *Measurement Focus*

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund. Accordingly, these statements recognize the effect of exchange and exchange like transactions when the exchange takes place.

All governmental funds financial statements utilize a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period.

The statement of net position and statement of revenue, expenses, and changes in net position for proprietary funds are presented using the economic resources measurement focus and accrual basis of accounting.

The statement of fiduciary net position and the statement of changes in fiduciary net position are presented using the economic resources measurement focus and accrual basis of accounting.

(ii) *Basis of Accounting*

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenue are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenue, expenses, gains, losses, assets, and liabilities resulting from imposed nonexchange transactions, excluding property taxes, are recognized in the period when an enforceable legal claim has arisen or when resources are received, whichever is first. Property tax revenue is recorded in the period levied, net of an allowance for uncollectible amounts, if any. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

basis of accounting, expenditures other than debt service expenditures are recognized when a fund liability is incurred. Debt service expenditures, including principal and interest on long-term debt and issue costs paid out of debt proceeds, are reported as expenditures when the payment is due. All liabilities of governmental funds are expected to be liquidated with expendable available resources. Under the modified accrual basis of accounting, all exchange revenue is recognized in the accounting period in which they become available and measurable. Revenue is considered available if it can be collected within a period of 60 days following the close of a fiscal year. Water treatment and delivery revenue, as well as property and other tax revenue, are susceptible to accrual. Accounts receivable are recorded for water treatment and delivery revenue when services are rendered, and for property and other tax revenue when levied, with the unrecognized portion reported as unearned revenue.

The proprietary and fiduciary funds financial statements are presented using the accrual basis of accounting. Proprietary funds distinguish operating revenue and expenses from nonoperating revenue and expenses. Operating revenue includes activities that are generated through the sale of power. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions and primarily include investment earnings and interest income. Operating expenses include activities that have the characteristics of an exchange transaction, such as: a) employee salaries, benefits, and related expense; b) cost of power sales; c) insurance payments; and d) depreciation of the hydropower plant and equipment. Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on debt.

(b) Use of Estimates

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenue and expenses, during the reporting period. Actual results will differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

(d) Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(e) Capital Assets

In the government-wide financial statements as well as in the proprietary funds, capital assets are valued at historical cost, except for donated fixed assets, which are reported at their estimated fair value at the date of donation. Costs incurred for repairs and maintenance that do not extend the useful life of an asset are recorded as expense in the statement of activities. Additions, improvements, and betterments that provide future benefit and exceed the District's capitalization threshold for capital assets of \$5,000 are recorded as capital assets in the accompanying statement of net position. Construction and replacement of federally titled facilities are not capitalized by the District.

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Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives is from 3 to 75 years. Water and aqueduct rights and privileges extend into perpetuity and, accordingly, are not depreciated. Impairment due to changes in circumstances or other adverse factors are considered at least annually.

In the fund financial statements, costs related to capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

(f) Leases (Lessor)

The District is a lessor for various noncancellable leases of buildings and a cell tower. For leases with a maximum possible term of 12 months or less at commencement, the District recognizes income based on the provisions of the lease contract. For all other leases (i.e. those that are not short-term), the District recognizes a lease receivable and an offsetting deferred inflow of resources.

At lease commencement, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The District recognizes interest income on the lease receivable, and lease revenue from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

The District determines the (1) discount rate it uses to calculate the present value of the expected lease payments to be received, (2) lease term, and (3) lease payments to be received. The District monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured and a corresponding adjustment is made to the deferred inflow of resources.

(g) Long-Term Liabilities

All long-term debt and other long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide financial statements as well as in the proprietary funds. The long-term debt consists primarily of general obligation and revenue bonds, U.S. government obligations and subscription liabilities. Repayment of principal is recorded as a reduction of the liability, and interest expense is recorded as incurred.

Long-term debt and other long-term liabilities are not reported as liabilities in the governmental fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures in the funds when due and payable.

Interest rate swap derivative instruments are used to hedge against interest costs on variable rate debt to achieve the lowest borrowing costs possible without exposure to significant levels of risk. The fair values of the swaps are measured using the economic resources measurements focus. The fair values are recorded in the statement of net position as deferred inflows and deferred outflows of resources and derivative swap liability/asset.

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(h) Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the financial statements may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(i) Net Position Classifications

In the government-wide financial statements, net position is displayed in three components:

- *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and cash and investments in the debt service fund reduced by outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus deferred charges on refunding.
- *Restricted net position* – consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “net investments in capital assets.”

Governmental fund equity is classified as fund balance. Fund balance is displayed in classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* – amounts that are not in a spendable form (such as prepaid items) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- *Assigned fund balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

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(j) Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from that fund, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Certain transactions between funds are recorded as revenue and expenditure/expense at rate consistent with other external customers. All other interfund transactions are reported as operating transfers. Interfund transactions between funds within governmental activities are eliminated in the accompanying statement of net position and statement of activities.

(k) Property Tax Revenue

Property tax revenue is collected and remitted by the various county treasurers as agents for the District. Redevelopment agency property tax is recorded as revenue and expense equal to the amount for which the Redevelopment Agency has given support in the form of property tax relief, which is provided to the District by the county treasurers of the District's participating counties.

State of Utah statutes establish the process by which taxes are levied and collected. Property taxes are assessed as of January 1 of the year in which they are due and are payable November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at a rate equal to the federal discount rate; the interest period is from January 1 until the date paid. If in May of the fifth year the taxes remain delinquent, the county advertises and sells the property at a tax sale.

Therefore, property taxes are ultimately collectible and no allowance for doubtful accounts is considered necessary.

In the fund financial statements, property tax revenue is considered available and recorded as revenue in the period levied to the extent it is collected within 60 days following the close of a fiscal year-end. Property tax revenue is recorded in the government-wide financial statements in the period levied.

(l) Other Revenue

Program revenue for CUPCA and Olmsted consist of contributions from the U.S. Department of Interior. Program revenue for water treatment plants and other projects consists of charges to customers for services provided.

(m) Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities. In the fund financial statements, expenditures are classified by character for governmental activities. When an expense is incurred for which both restricted and unrestricted resources are available, the unrestricted resources are first applied.

(n) Compensated Absences

The District's policy regarding vacation time permits employees to accumulate earned but unused vacation and sick leave up to certain maximums. The liability for these compensated absences is recorded as an accrued liability in the accompanying government-wide statement of net position when earned. The liability for these compensated absences is recognized in the fund financial statements as payments come due each period.

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(o) Pension

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

(p) Subscription-Based Information Technology Arrangements (SBITA)

In 2024, the District applied the Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This new statement (1) defines a SBITA; (2) established that a SBITA results in a subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

There was not an impact to beginning net position in the government-wide financial statements of and no impact to beginning fund balances as a result of adopting this standard. The District has entered into SBITA contracts as a government end user for a noncancellable subscription to another party's (SBITA vendor's) information technology (IT) software. The District recognizes a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$100,000 or more. At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The District uses the 5-year historical average PTIF interest rate as the discount rate. The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

(2) Deposits and Investments

(a) Deposits

The District maintains a cash and investment pool that is available for use by the general and capital projects funds. Income from the investment of pooled cash is allocated based on the average ending balance of the general and capital projects funds to the investment pool. Each fund type's portion of this pool is displayed on the balance sheet as "cash and cash equivalents" and "investments."

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State law requires that the District follow the requirements of the Utah Money Management Act (the Act) (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the District to deposit funds in a “qualified depository,” defined as any financial institution that has been certified by the Utah State Commissioner of Financial Institutions.

The Act also defines the types of securities allowed as appropriate temporary investments for the District and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

Cash, cash equivalents, and investments at June 30, 2024 consist of the following:

Cash deposits	\$ 54,219,526
Cash equivalents and investments	<u>420,181,308</u>
Total cash, cash equivalents, and investments	<u><u>\$ 474,400,834</u></u>

These amounts are included in the following balances on the statement of net position as follows:

	<u>Government activities</u>	<u>Business-type activities</u>
Unrestricted:		
Cash and cash equivalents	\$ 363,869,636	1,985,709
Restricted:		
Cash and cash equivalents	80,009,579	6,982,608
Investments	<u>21,553,302</u>	<u>—</u>
Total cash, cash equivalents, and investments	<u><u>\$ 465,432,517</u></u>	<u><u>8,968,317</u></u>

Restricted cash and cash equivalents and investments consisted of the following at June 30, 2024:

	<u>General Fund</u>	<u>CUPCA Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Enterprise Fund</u>
Power Loss Reserve	\$ 5,848	—	—	—	—
O&M Bond Pledge Reserve	4,931,729	—	—	—	—
Central Utah Project Completion Act (note 10)	—	53,349,746	—	—	—
Debt Service Fund	—	—	21,177,317	—	—
Debt Service Coverage Maintenance	—	—	22,098,085	—	—
Future Capital Projects	—	—	—	156	—
Hydroelectric Reserve	—	—	—	—	6,982,608
Total restricted cash, cash equivalents, and investments	<u><u>\$ 4,937,577</u></u>	<u><u>53,349,746</u></u>	<u><u>43,275,402</u></u>	<u><u>156</u></u>	<u><u>6,982,608</u></u>

Also see note 8.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

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(i) *Custodial Credit Risk*

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be recovered. The Act requires deposits be in a qualified depository. The Act defines a qualified depository as any Utah depository institution or an out of state depository institution that is authorized to conduct business in this state, whose deposits are insured by an agency of the federal government, which has been certified by the Utah State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council (the Council).

At June 30, 2024, the total carrying amount of the District's restricted and unrestricted cash deposits (net of outstanding checks and withdrawals in transit) was \$54,219,526 and the bank balances were \$61,148,428 of which \$61,148,428 is covered by federal depository insurance and \$0 was uninsured. No deposits are collateralized, and collateralization is not required by state statute.

(b) *Investments*

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

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District's funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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

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

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the Securities and Exchange Commission (SEC) as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter

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7). The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the state of Utah, and participants share proportionally in any realized gains or losses on investments.

The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the carrying value of the pool shares.

(i) Fair Value of Investments and Cash Equivalents

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

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

The District has no assets measured on a recurring basis using Level 3 inputs. The following table sets forth the District's assets at fair value as of June 30, 2024:

	June 30, 2024	Level 1	Level 2
Cash equivalents:			
Commercial Paper	\$ 641,605	—	641,605
U.S. Agencies	263,135	—	263,135
U.S. Treasuries	—		—
Money Market Mutual Funds	371	371	—
Utah Public Treasurers' Investment Fund *	397,722,895	—	—
Total cash equivalents	398,628,006	371	904,740
Investments:			
Commercial Paper	4,389,385	—	4,389,385
U.S. Treasuries	11,007,768	—	11,007,768
U.S. Agencies	107,855	—	107,855
U.S. Obligations	6,048,294	—	6,048,294
Total investments	21,553,302	—	21,553,302
Total cash equivalents and investments measured at fair value	\$ 420,181,308		

* Participants in the pool are not required to categorize the value of shares in accordance with fair value hierarchy.

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities and commercial paper classified in Level 2 are valued using observable inputs other than quoted market prices.

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The PTIF investment pool invests primarily in investment-grade corporate notes, top tier commercial paper, and money market mutual funds and valued at the District's position in the PTIF multiplied by the published fair value factor. PTIF does not have any redemption restrictions. The District does not have any unfunded commitments.

(ii) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations between 270 days to 15 months or less, depending on the type of investment. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government-sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2024, the District's investments had the following maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Commercial Paper	\$ 4,389,385	3,841,867	547,518
U.S. Treasuries	11,007,768	28,974	10,978,794
U.S. Agencies	107,855	107,855	—
U.S. Obligations	6,048,294	209,751	5,838,543
Total	<u>\$ 21,553,302</u>	<u>4,188,447</u>	<u>17,364,855</u>

(iii) Credit Risk

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

At June 30, 2024, the District's investments had the following quality ratings:

<u>Investment type</u>	<u>Fair value</u>	<u>Quality Ratings</u>	
		<u>AA</u>	<u>A</u>
Commercial Paper	\$ 4,389,385	—	4,389,385
U.S. Treasuries	11,007,768	11,007,768	—
U.S. Agencies	107,855	107,855	—
U.S. Obligations	6,048,294	6,048,294	—
Total	<u>\$ 21,553,302</u>	<u>17,163,917</u>	<u>4,389,385</u>

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(iv) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5–10% depending upon the total dollar amount held in the portfolio.

(3) Water and Aqueduct Rights and Privileges

Under the provisions of the contract between the District and the U.S. Department of the Interior, Bureau of Reclamation (the Bureau), the title to project works constructed or acquired by the Bureau shall remain with the Bureau notwithstanding transfer of the care, operation, and maintenance of said works to the District. The contract further provides that the District shall have the permanent right to use and dispose of project water as such water is made available to it pursuant to development block notices and in compliance with applicable Reclamation Law. When all of the project water of a project has been made available, the District shall thereafter have the permanent right to the annual water yield from such project subject to certain rights reserved for the United States as provided in the contract.

Water and aqueduct rights and privileges have been capitalized at the amounts originally payable to the Bureau for development blocks completed (note 5) and other payments made directly to the Bureau.

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Water and aqueduct rights and privileges included in the accompanying government-wide statement of net position as of June 30, 2024 comprise as follows:

<u>Block notice number</u>		
1	21,400 acre-feet of water from Starvation Reservoir for irrigation purposes; issued June 26, 1970	\$ 4,698,100
1A	15,100 acre-feet of water from Jordanelle Reservoir for irrigation purposes; issued April 3, 2000	2,340,500
	Municipal and industrial amendment 1A1 IRR: issued January 23, 2019 conversion reduction of 300 acre-feet from irrigation to municipal and industrial purposes	(28,830)
	Municipal and industrial amendment 1A1 M&I: issued January 23, 2019 300 acre-feet converted from irrigation to municipal and industrial	1,343,087
	Municipal and industrial amendment 1A2 IRR: issued January 31, 2022 conversion reduction of 400 acre-feet from irrigation to municipal and industrial purposes	(34,720)
	Municipal and industrial amendment 1A2 M&I: issued January 31, 2022 400 acre-feet converted from irrigation to municipal and industrial	1,683,924
	Irrigation amendment 3 to 1A1 IRR: issued February 12, 2024 separates 2,900 acre-feet from 1A1 IRR to Block notice 8A	(233,740)
1B	3,000 acre-feet of water from Starvation Reservoir for irrigation purposes; issued August 2, 2004	285,000
2	200 acre-feet of water from Starvation Reservoir for municipal, domestic, and miscellaneous purposes; issued May 29, 1975	255,000
	Municipal and industrial amendment; issued March 19, 1980	123,310
	Municipal and industrial amendment; issued January 1, 1988	15,690
	Municipal and industrial amendment; issued June 23, 1997	652,424
3	300 acre-feet of water from Starvation Reservoir for municipal, domestic, and miscellaneous purposes; issued December 13, 1979	578,000
	Municipal and industrial amendment; issued January 1, 1988	13,000
	Municipal and industrial amendment; issued June 23, 1997	978,636
4A	11,000 acre-feet of water from project water for municipal, industrial, and miscellaneous purposes; issued May 16, 1987	14,329,000
	Municipal and industrial amendment; issued January 1, 1988	1,459,000
	Municipal and industrial amendment; issued May 8, 1995	14,754,160
	Municipal and industrial amendment; issued June 23, 1997	27,011,160
4B	9,000 acre-feet of water from project water and costs of additional facilities for municipal, industrial, and miscellaneous purposes; issued November 12, 1987	19,447,000
	Municipal and industrial amendment; issued May 8, 1995	5,542,040
	Municipal and industrial amendment; issued June 23, 1997	22,100,040

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<u>Block notice number</u>		
Special Block Notice 1	260 acre-feet of water from Strawberry Reservoir for industrial and miscellaneous purposes; issued November 12, 1987	\$ 512,000
	Municipal and industrial amendment; issued June 7, 1995	209,906
	Municipal and industrial amendment; issued June 23, 1997	638,445
Special Block Notice 2	5,000 acre-feet of water from Jordanelle Reservoir for municipal and industrial purposes; issued March 31, 1995	22,030,650
5A	13,800 acre-feet of water from Jordanelle Reservoir for municipal and industrial purposes; issued May 30, 1997	72,203,256
5B	2,400 acre-feet of water from Jordanelle Reservoir for municipal and industrial purposes; issued April 1, 2000	12,557,102
5C	7,900 acre-feet of water from Jordanelle Reservoir for municipal and industrial purposes; issued June 24, 2002	41,333,796
5D	1,590 acre-feet of water from Strawberry Reservoir for municipal and industrial purposes; issued June 30, 2003	8,319,087
6	43,300 acre-feet of water from Strawberry Reservoir for municipal and industrial purposes; issued June 30, 2004	226,551,051
7A-2	22,000 acre-feet of water from Strawberry Reservoir for municipal and industrial purposes; issued October 1, 2020	152,626,667
7B-2	410 acre-feet of water from Strawberry Reservoir for municipal and industrial purposes; issued March 27, 2020	2,844,408
7B-3	500 acre-feet of water from Strawberry Reservoir for municipal and industrial purposes; issued January 13, 2021	3,468,790
7B-4(a)	1,000 acre-feet of water from Strawberry Reservoir for municipal and industrial purposes; issued February 15, 2022	6,937,580
7B-5(a)	1,000 acre-feet of water from Strawberry Reservoir for municipal and industrial purposes; issued June 5, 2024	6,937,567
8A	Irrigation amendment 3 to 1A1 IRR: issued February 12, 2024 separates 2,900 acre-feet from 1A1 IRR to Block notice 8A	233,740
UBRP1	2,500 acre-feet of irrigation water from the enlarged Big Sand Wash Reservoir, issued November 1, 2010	237,500
UBRP2	3,000 acre-feet of water from the enlarged Big Sand Wash Reservoir for municipal and industrial purposes, issued April 16, 2020	<u>23,366,656</u>
	Total block notices	702,449,932
	Water rights of the CWP System	112,806,534
	Water rights in Utah Lake	12,605,434
	Facility rights, conveyance rights, and other	<u>26,132,235</u>
	Total water and aqueduct rights and privileges (note 4)	<u>\$ 853,994,135</u>

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Notes to Basic Financial Statements

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(4) Capital Assets

A summary of changes in capital assets for the year ended June 30, 2024 is as follows:

	<u>Balances, June 30, 2023</u>	<u>Transfers/ additions</u>	<u>Transfers/ deletions</u>	<u>Balances, June 30, 2024</u>
Governmental activities:				
Nondepreciable capital assets:				
Water and aqueduct rights and privileges	\$ 846,772,099	7,222,036	—	853,994,135
Land rights	<u>32,710,704</u>	<u>22,435,886</u>	—	<u>55,146,590</u>
Total nondepreciable capital assets	879,482,803	29,657,922	—	909,140,725
Depreciable capital assets:				
Treatment plants:				
Utah valley plant	102,653,580	151,737	—	102,805,317
Duchesne valley plant	90,490,031	614,009	—	91,104,040
Ashley valley plant	<u>40,427,765</u>	<u>282,861</u>	—	<u>40,710,626</u>
Total treatment plants	233,571,376	1,048,607	—	234,619,983
Central Water Project (non-federal)	281,601,238	51,886,108	—	333,487,346
District pipelines (non-federal)	7,606,310	8,994	—	7,615,304
District office facilities and related equipment	23,922,892	1,170,869	(6,519)	25,087,242
District vehicles and related equipment	6,529,340	843,159	(266,881)	7,105,618
Subscription assets	—	<u>2,886,301</u>	—	<u>2,886,301</u>
Total depreciable capital assets	553,231,156	57,844,038	(273,400)	610,801,794
Accumulated depreciation	<u>(126,152,989)</u>	<u>(15,549,213)</u>	<u>251,844</u>	<u>(141,450,358)</u>
Depreciable capital assets, net	<u>427,078,167</u>	<u>42,294,825</u>	<u>(21,556)</u>	<u>469,351,436</u>
Capital assets, net	\$ <u>1,306,560,970</u>	<u>71,952,747</u>	<u>(21,556)</u>	<u>1,378,492,161</u>
Business-type activities:				
Jordanelle Hydropower	\$ 21,691,778	299,647	—	21,991,425
Accumulated depreciation	<u>(6,088,048)</u>	<u>(444,181)</u>	—	<u>(6,532,229)</u>
Capital assets, net	\$ <u>15,603,730</u>	<u>(144,534)</u>	—	<u>15,459,196</u>

Depreciation expense of \$6.9 million related to treatment plants and \$6.8 million related to CWP is allocated to water treatment plants and other projects in the accompanying government-wide statement of net position. Depreciation expense of \$1.6 million related to office facilities and vehicles is recorded as expense of the general government in the statement of net position, as the related capital assets essentially serve all functions. Depreciation of \$0.1 million is allocated to pipelines owned by the District. Additionally, depreciation expense of \$0.4 million is related to the enterprise fund.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(5) Contract Obligations and Long-Term Obligations

Under terms of an original contract between the District and the Bureau for the construction of facilities of the Bonneville Unit of the Central Utah Project (the Project), the District agreed to pay the Bureau the project repayment obligation of \$130,673,000, plus 20% for possible increases in construction costs, as project facilities are completed and the water from these project facilities becomes available for use. The Bureau establishes developmental blocks and apportions to each block an appropriate part of the District's repayment obligations based on the nature of the water use therein. Any block notice issued with respect thereto is subject to adjustment, depending on the facilities finally constructed, and on the allocation of construction costs and allotments of the project water to irrigation and municipal and industrial uses as made by the U.S. government in accordance with Reclamation Law. The District's original repayment obligation of \$130,673,000 was increased by 20% to \$156,808,000 for increases resulting from price increases for construction of project works. The District's repayment obligation is based on the Definite Plan Report dated August 1964.

Due to substantial increases in the estimated costs to complete the Project, the District negotiated a supplemental repayment contract with the Bureau that was approved by the District voters in 1985. The 1985 Supplemental Repayment Contract does not alter the original repayment contract noted in the preceding paragraph and provides for an additional \$335,000,000, plus a maximum of 10% for cost increase, to be paid by the District.

As projects are completed and block notices are issued under the above-described repayment contracts, the District assumes full responsibility for repayment of such debt. Typically, under terms of the repayment contracts, 34.00% of the debt for municipal and industrial water is to be repaid from District assessed property tax revenue. The source of repayment for the remaining 66.00% of the debt is anticipated to be generated from water usage fees arising from municipal and industrial users. It is the District's anticipation that such usage contracts will be entered into as projects are completed; however, any shortfall arising from an inability to generate user fees will be the responsibility of the District. Such debt is generally to be repaid over a period not to exceed a 50-year term, at an interest rate not to exceed 3.22%.

Debt Disclosures – The District and the Bureau amended the repayment contract in years 2023, 2020, 2005, 2002, 2000, 1999, 1998, and 1997, which allowed the District to prepay the Bureau for Block Notices originally issued. The actual amount prepaid to retire the outstanding principal balances totaling \$649,469,212 was \$481,457,338. The prepayment amount of \$481,457,338 is represented in the summary of payments and balances table below by the negative unamortized principal amounts of approximately \$451.7 million. Below is a listing of the original present values of the prepayment amounts:

<u>Prepayment period</u>	<u>Principal (P)</u>	<u>Interest (I)</u>	<u>(P + I)</u>
2023 Prepayment	\$ 12,926,195	12,474,375	25,400,570
2020 Prepayment	152,626,667	146,938,993	299,565,660
2005 Prepayment	234,524,940	188,883,426	423,408,366
2002 Prepayment	41,333,796	35,061,917	76,395,713
2000 Prepayment	12,557,102	11,509,184	24,066,286
1999 Prepayment	2,388,685	7,204,709	9,593,394
1998 Prepayment	127,626,496	109,519,843	237,146,339
1997 Prepayment	65,485,331	46,727,369	112,212,700
Total	<u>\$ 649,469,212</u>	<u>558,319,816</u>	<u>1,207,789,028</u>

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

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The amount prepaid will be applied against the District's total outstanding contractual block notice obligation as 50 annual credits.

Certain bond issues require the establishment of a bond service fund and bond reserve fund in amounts as indicated in the respective bond agreements.

(a) Current Financing Activity

The foregoing obligations are recorded as long-term debt in the accompanying government-wide statement of net position, and principal and interest payments are made from the Debt Service Fund.

A summary of changes in long-term debt is as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>	<u>Due within one year</u>
Governmental activities:					
Long-term debt					
General obligation and revenue bonds	\$ 580,019,000	—	31,703,000	548,316,000	33,065,000
U.S. government obligations	6,889,854	6,937,567	1,401,018	12,426,403	1,190,065
Premiums, net of amortization	59,042,670	—	5,302,444	53,740,226	5,324,974
Subscription liabilities	—	2,642,733	70,114	2,572,619	225,806
	<u>—</u>	<u>2,642,733</u>	<u>70,114</u>	<u>2,572,619</u>	<u>225,806</u>
Total long-term debt	<u>\$ 645,951,524</u>	<u>9,580,300</u>	<u>38,476,576</u>	<u>617,055,248</u>	<u>39,805,845</u>
Business-type activities:					
Hydropower revenue bonds payable					
	\$ 9,005,000	—	725,000	8,280,000	755,000
Premiums, net of amortization	555,672	—	111,133	444,539	111,134
	<u>555,672</u>	<u>—</u>	<u>111,133</u>	<u>444,539</u>	<u>111,134</u>
Total bonds payable, net	<u>\$ 9,560,672</u>	<u>—</u>	<u>836,133</u>	<u>8,724,539</u>	<u>866,134</u>

A summary of payments and balances for the year ended June 30, 2024 is as follows:

	<u>2024 Payments</u>		<u>Principal balances at June 30, 2024</u>
	<u>Principal</u>	<u>Interest</u>	
Block Notice 1 – issued in the original amount of \$4,698,100 in 1970; annual payments of principal only of \$18,620 through 2021, then \$960,395 through 2025	\$ 960,395	—	960,395
Block Notice 1A1 IRR – issued in the original amount of \$2,340,500 in 2000; annual payments of principal only of \$46,810 through 2019, \$45,880 through 2022, \$44,640 through 2023, and \$33,650 through 2050. 300 AF was converted to M&I use in 2019, 400 AF was converted to M&I use in 2022, and an additional 2,900 AF was converted to a new irrigation block notice 8A in 2024	44,640	—	926,900

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

	2024 Payments		Principal balances at June 30, 2024
	Principal	Interest	
Block Notice 1A1&2 M&I – 300 AF converted to M&I from Block 1A1 IRR in 2019. Issued in the original amount of \$1,343,087 in 2019; an additional 400 AF was converted in 2022 in the amount of \$1,683,924; interest at 3.222%; annual payments of principal and interest of \$156,305 through 2049.	\$ 68,532	87,773	2,655,641
Block Notice 1B – issued in the original amount of \$285,000 in 2005; annual payments of principal only of \$5,700 through 2055	5,700	—	176,700
Block Notice 4A – issued in the original amount of \$14,329,000 in 1987; with an additional \$1,459,000 in 1988, an additional \$14,754,160 added in 1995, and an additional \$27,011,160 added in 1997; interest at 3.222%; annual payments of principal and interest of \$2,524,854 through 2035	1,725,714	799,140	23,076,881
Block Notice 4B – issued in the original amount of \$19,447,000 in 1987; with an additional \$5,542,040 added in 1995 and an additional \$22,100,040 added in 1997; interest at 3.222%; annual payments of principal and interest of \$2,041,688 through 2035	1,395,475	646,213	18,660,789
Block Notice 5A – issued in the original amount of \$72,203,256 in 1997; annual payments of principal and interest of \$2,834,316 through 2047	1,324,079	1,510,237	45,548,580
Block Notice 5B – issued in the original amount of \$12,557,102 in 2000; annual payments of principal and interest of \$501,382 through 2047	234,226	267,156	8,057,383
Block Notice 5C – issued in the original amount of \$41,333,796 in 2003; annual payments of principal and interest of \$1,697,683 through 2047	793,090	904,593	27,282,432
Block Notice 5D – issued in the original amount of \$8,319,087 in 2003; annual payments of principal and interest of \$345,198 through 2047	161,262	183,936	5,547,490
Block Notice 6 – issued in the original amount of \$226,551,051 in 2004; annual payments of principal and interest of \$9,501,508 through 2047	4,438,724	5,062,784	152,693,002
Block Notice 7A-2 – issued in the original amount of \$152,626,667 in 2020; annual payments of principal and interest of \$5,991,310 through 2070 with interest starting in 2022	1,349,661	4,641,649	142,711,445
Block Notice 7B-2 – issued in the original amount of \$2,844,408 in 2020; annual payments of principal and interest of \$111,656 through 2069	25,963	85,693	2,633,663
Block Notice 7B-3 – issued in the original amount of \$3,468,790 in 2021; annual payments of principal and interest of \$136,165 through 2070 with interest starting in 2022	30,673	105,492	3,243,449

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

	2024 Payments		Principal balances at June 30, 2024
	Principal	Interest	
Block Notice 7B-4a – issued in the original amount of \$6,937,580 in 2022; annual payments of principal and interest of \$272,332 through 2071 with interest starting in 2023	\$ 59,433	212,899	6,548,237
Block Notice 7B-5a – issued in the original amount of \$6,937,567 in 2024; annual payments of principal and interest of \$272,332 through 2073 with interest starting in 2025	272,332	—	6,665,235
Block Notice 8A – 2,900 AF converted from from Block 1A1 IRR. Issued in the original amount of \$233,740 in 2024; annual payments of principal only of \$8,990 through 2050 starting in 2025	—	—	233,740
Special Block Notice 1 – issued in the original amount \$512,000 in 1987; with an additional \$209,906 added in 1996 and an additional \$638,445 added in 1997; interest at 3.222%; annual in 1997; interest at 3.222%; annual payments of principal and interest of \$57,907 through 2037	37,146	20,761	607,194
Special Block Notice 2 – issued in the original amount \$22,030,650 in 1995; \$4,129,950 added in 1997; interest at 3.222%; annual payments of principal and interest of \$1,036,565 through 2044	532,572	503,993	15,109,667
Block Notice Prepayment – issued in the original amount \$65,485,331 in 1997. This amount represents a prepayment of \$35,500,000 toward existing Block Notices, which had a present value of \$112,212,700, as if paid in annual payments consisting of principal in the amount of \$65,485,331 and interest in the amount of \$46,727,369. The \$112,212,700 is applied against the District's total outstanding contractual Block Notice obligation as 50 annual credits of \$2,244,254.	(1,324,834)	(919,420)	(40,198,494)
Block Notices Prepayment, which had a present value of \$237,146,339, as if paid in annual payments consisting of principal in the amount of \$127,626,496 in 1998 and interest in the amount of \$109,519,843. The \$237,146,339 is \$237,146,339 is applied against the contractual Block Notice obligation as 50 annual credits at various amounts.	(3,690,152)	(2,560,924)	(62,804,616)

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

	<u>2024 Payments</u>		<u>Principal</u>	<u>Interest</u>	<u>Principal balances at June 30, 2024</u>
	<u>Principal</u>	<u>Interest</u>			
Block Notice Prepayment – issued in the original amount \$12,557,102 in 2000. This amount represents a prepayment of \$4,260,556 toward existing Block Notices, which had a present value of \$24,066,286, as if paid in annual payments consisting of principal in the amount of \$12,557,102 and interest in the amount of \$11,509,184. The \$24,066,286 is applied against the District's total outstanding contractual Block Notice obligation as 48 annual credits at various amounts	\$ (234,226)	(267,156)			(8,057,383)
Block Notice Prepayment – issued in the original amount \$41,333,796 in 2002. This amount represents a prepayment of \$20,131,736 toward existing Block Notices, which had a present value of \$76,395,713, as if paid in annual payments consisting of principal in the amount of \$41,333,796 and interest in the amount of \$35,061,917. The \$76,395,713 is applied against the District's total outstanding contractual Block Notice obligation as 45 annual credits of \$1,697,683.	(793,090)	(904,593)			(27,282,432)
Block Notice Prepayment – issued in the original amount of \$234,524,940 in 2005. This amount represents a prepayment of \$72,449,940 toward existing Block Notices, which had a present value of \$423,408,366, as if paid in annual payments consisting of principal in the amount of \$234,524,940 and and interest in the amount of \$188,883,426. The \$423,408,366 applied against the District's total outstanding contractual Block Notice obligation as 43 annual credits of \$9,846,706	(4,599,986)	(5,246,720)			(158,240,495)
Block Notice Prepayment – issued in the original amount of \$152,626,667 in October 2020. This amount represents a prepayment of \$152,626,667 toward existing Block Notices, which had a present value of \$299,565,660, as if paid in annual payments consisting of principal in the amount of \$152,626,667 and interest in the amount of \$146,938,993. The \$299,565,660 is applied against the District's total outstanding contractual Block Notice obligation as 50 annual credits at various amounts.	(1,349,661)	(4,641,649)			(142,711,445)
Jensen Unit, Central Utah Project Repayment contract – issued in the original amount of \$1,885,501 in 1988; interest at 3.222%; annual payments of principal and interest of \$77,039 through 2037	49,419	27,620			807,794

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

	2024 Payments		Principal balances at June 30, 2024
	Principal	Interest	
Block Notice Prepayment – issued in the original amount \$12,541,418 in August 2022. This amount represents a prepayment of \$12,926,195 toward existing Block Notices, which had a present value of \$25,400,570, as if paid in annual payments consisting of principal in the amount of \$12,926,195 and interest in the amount of \$12,474,375. The \$25,400,570 is applied against the District's total outstanding contractual Block Notice obligation as 50 annual credits at various amounts.	\$ (116,069)	(404,084)	(12,425,349)
Water Conservancy Revenue Bonds (1998 B and C Series) – issued in the original amount of \$840,000 and \$1,300,000, respectively, in 1998. Interest on B bonds is at 0%. Interest on C bonds is at 5.75%, payable semiannually beginning October 1, 1998 and thereafter on each April 1 and October 1 through 2023. Various installments of B bonds begin in 2024 and conclude in 2028.	130,000	—	710,000
Water Conservancy Revenue Bonds (2008 B-2 Series) – issued in the original amount of \$69,900,000 in 2008; interest at 3.6%, payable monthly beginning July 1, 2008. Principal payments due at various maturity dates. The refunding bond included \$228,977 of deferred charges. In March of 2011, the District refunded \$10,545,000 of this series.	2,900,000	1,831,598	51,700,000
Jordanelle Hydro Electric Revenue Bonds (2008 B-4 Series) – issued in the original amount of \$26,500,000 in 2008; interest at 3.6%; payable monthly beginning July 1, 2008. Principal payments due annually beginning on October 1, 2028. The refunding bond included \$510,429 of deferred charges.	—	272,028	5,010,000
Water Conservancy Taxable Subordinate Revenue Bonds (Series 2009) -- issued in the original amount of \$15,000,000 in 2010; the bonds are non-interest bearing with principal payments in the amount of \$3,000,000 per year beginning April 1, 2029	—	—	15,000,000
Water Conservancy Taxable Subordinate Revenue Bonds (Series 2010B) -- issued in the original amount of \$6,000,000 in 2010; the bonds are non-interest bearing with principal payments in the amount of \$200,000 per year beginning October 1, 2012	200,000	—	3,600,000

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

	2024 Payments		Principal balances at June 30, 2024
	Principal	Interest	
Water Revenue Refunding Bonds Series 2016A issued in the original amount of \$25,045,000 with a premium of \$7,418,053. Interest is payable 5.00% coupon rate with maturities beginning in 2022 and going through 2028. The refunding bond included deferred charges of (\$259,237).	\$ 3,220,000	1,018,750	21,283,412
Water Conservancy Taxable Subordinate Revenue Bonds (Series 2017A) -- issued in the original amount of \$5,950,000 in 2017. The initial draw was \$3,400,000 in 2017, \$500,000 was drawn in 2020, \$955,000 was drawn in 2022, and the remaining \$1,095,000 will be drawn in 2023. Interest is payable at 1% coupon rate with maturities beginning in 2018 and going through 2037.	243,000	40,025	4,529,000
Water Revenue Refunding Bonds (Series 2017B) issued in 2017 in the amount of \$197,360,000 with a reoffering premium of \$24,419,860. Interest is payable at 4.00% to 5.00% through 2040. These proceeds were used to crossover refund Series 2010A, on the April 1, 2020 crossover refunding date.	7,080,000	7,686,000	188,182,298
Water Conservancy Taxable Subordinate Revenue Bonds (Series 2020A) -- issued in the original amount of \$3,500,000 in 2020; the bonds are non-interest bearing with principal payments in the amount of \$117,000 per year beginning October 1, 2022	117,000	—	3,266,000
Water Conservancy Taxable Subordinate Revenue Bonds (Series 2020B) -- issued in the original amount of \$18,000,000 in 2020; The initial draw was \$2,180,000 in 2020, an additional draw of \$3,000,000 occurred in 2021 an additional draw of \$4,800,000 occurred in 2022 the remaining \$8,020,000 will be drawn in 2023. Interest is payable at 1.25% coupon rate with maturities beginning in 2023 and going through 2052.	504,000	218,775	16,998,000
Water Conservancy Taxable Subordinate Revenue Bonds (Series 2020C) -- issued in the original amount of \$10,000,000 in 2020. The initial draw was \$2,100,000 in 2020, the remaining \$7,900,000 was drawn in 2021 Interest is payable at 1.25% coupon rate with maturities beginning in 2022 and going through 2041.	449,000	119,463	9,108,000

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

	2024 Payments		Principal balances at June 30, 2024
	Principal	Interest	
Water Revenue Refunding Bonds (Series 2020D) issued in 2020 in the amount of \$66,570,000 with a reoffering premium of \$16,936,742. Principal payments begin on October 1, 2035. Interest is payable at 4.00% to 5.00% through 2042. These bonds refunded the remaining \$83,041,929 of principal of the 7A-2 Block Notice.	\$ —	2,994,699	80,683,952
Water Revenue Taxable Refunding Bonds (Series 2020E) issued in 2020 in the amount of \$96,475,000. Principal payments begin on October 1, 2021. Interest is payable at rates ranging from 0.29% to 2.121% through 2035. The refunding bond included (\$12,812,973) of deferred charges. These bonds refunded the remaining \$96,000,000 of principal of the 2012C Series.	4,470,000	1,298,035	83,110,000
General Obligation Limited Tax Refunding Bonds (Series 2021A) issued in 2021 in the amount of \$84,985,000 with a reoffering premium of \$18,468,024. Interest is payable at 4.00% to 5.00% through 2030. The refunding bond included \$4,565,390 of deferred charges. These bonds refunded the remaining \$70,715,000 of principal of the 2011A GO Series and \$29,500,000 of principal of the 2011B GO Series.	11,990,000	3,445,350	69,117,015
Jordanelle Hydroelectric Revenue Refunding Bonds (Series 2021B) issued in the amount of \$4,680,000 plus \$777,941 reoffering premium in 2021. Interest is payable at 5.00% through 2028 The refunding bond included (\$523,308) of deferred charges. These bonds refunded the remaining \$6,840,000 of principal of the 2012A Jordanelle Hydro Electric Revenue Series.	725,000	174,062	3,714,539
General Obligation Limited Tax Refunding Bonds (Series 2022A) issued in 2022 in the amount of \$14,935,000 with a reoffering premium of \$2,767,182. Interest is payable at 5.00% through 2034. The refunding bond included \$224,753 of deferred charges. These bonds refunded the remaining \$19,200,000 of principal of the 2008A GO Series.	400,000	704,450	16,640,508
General Obligation Limited Tax Refunding Bonds (Series 2023A) issued in 2023 in the amount of \$31,945,000 with a reoffering premium of \$6,745,135. Interest is payable at 5.00% through 2034. The refunding bond included \$3,552,621 of deferred \$44,100,000 of principal of the 2013A GO Series.	—	1,890,080	38,128,041
Total	\$ <u>33,829,018</u>	<u>21,808,708</u>	<u>623,207,168</u>
Total governmental activities	\$ <u>33,104,018</u>	<u>21,362,618</u>	<u>614,482,629</u>
Total business type activities	\$ <u>725,000</u>	<u>446,090</u>	<u>8,724,539</u>

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(b) Current Year Contract Revisions

On February 12, 2024, the District received Block Notice 8A which separated 2,900 acre-feet of replacement water from Block Notice 1A. The principal amount of Block Notice 1A was reduced by \$233,740 and the principal amount of Block Notice 8A was established at the same amount. The amount to be paid annually is \$8,990 assuming the remaining 26-years amortization.

On June 5, 2024, the District received Block Notice 7B-5(a) for the delivery of 1,000 acre-feet of municipal and industrial water made available from the enlarged Strawberry Reservoir. The principal amount of the block notice was \$6,937,567. The amount to be paid annually is \$272,332 assuming a 50-year amortization.

On June 5, 2024 the District elected to defer Block Notice 7B-5(b) for 5,949 acre-feet of municipal and industrial water. The District has the ability to defer the repayment obligation and the right to the yield of the water up to a maximum of 10 years. As the District has deferred all of the 7B5-(b) water as of June 30, 2024, no block notice asset or repayment obligation has been recorded on the District's financial statements. Throughout the 10-year deferral period, the District has the ability to request the repayment obligation and the right to the yield of the water in total or in portions, at which time the related assets and liabilities will be recorded. Should the maximum 10-year deferral period be exercised, the cost of the annual per-foot obligation would be \$301.29 over a 40-year amortization period.

As provided for in Section 204 of CUPCA and the 1993 Cost Sharing Agreement, the District has provided funding for the CUPCA program in excess of the required cost share. In correspondence dated December 31, 2016, and March 10, 2020, from the Department of the Interior's Assistant Secretary of Water and Science, in lieu of appropriations, these advanced payments may be considered as a credit (Advance Credit) against the District's repayment obligation. The District anticipates being able to use 207 Credits and Advance Credits to offset future Block Notice obligations. However, the use of 207 Credits and Advance Credits require Bureau approval and negotiation for each future obligation. The District used a 207 Credit to offset the 2024 7B-5(a) block notice annual payment with the approval of the Bureau. As of June 30, 2024, the 207 Credits accumulated through 2024 totaled \$3.1 million and Advance Credits total \$1.0 million.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Annual principal maturities for contracts and block notices on the repayment obligations and related interest using interest rates as of June 30, 2024 for the five years subsequent to June 30, 2024 and, thereafter, are as follows:

	Contracts and block notices		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2025	\$ 1,190,065	326,346	1,516,411
2026	235,447	320,568	556,015
2027	241,412	314,604	556,016
2028	247,569	308,447	556,016
2029	253,923	302,093	556,016
2030-2034	1,372,339	1,407,741	2,780,080
2035-2039	1,408,329	1,217,672	2,626,001
2040-2044	1,352,792	1,042,093	2,394,885
2045-2049	1,541,979	852,905	2,394,884
2050-2054	751,585	683,215	1,434,800
2055-2059	800,716	566,644	1,367,360
2060-2064	931,616	430,044	1,361,660
2065-2069	1,091,688	269,972	1,361,660
2070-2073	1,006,943	82,396	1,089,339
Total	<u>12,426,403</u>	<u>8,124,740</u>	<u>20,551,143</u>
Less current portion	<u>(1,190,065)</u>	<u>(326,346)</u>	<u>(1,516,411)</u>
Long-term debt, net of current portion	\$ <u><u>11,236,338</u></u>	\$ <u><u>7,798,394</u></u>	\$ <u><u>19,034,732</u></u>

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(c) General Obligation and Revenue Bonds

Using assumed interest rates for the life of the bonds, debt service requirements of the variable rate, and fixed rate debt and net swap payments are as follows. As rates fluctuate, variable rate bond interest payments and net swap payments will vary. Annual principal maturities on the repayment obligations and related interest using interest rates as of June 30, 2024 for the five years subsequent to June 30, 2024 and, thereafter, for general obligation and revenue bonds, including net interest rate swap impact, are as follows:

Governmental Activities - GO and Revenue Bonds				
	Principal	Interest	Interest rate swaps, net	Total
Fiscal year(s) ending June 30:				
2025	\$ 33,065,000	19,692,988	39,058	52,797,046
2026	35,417,000	18,334,046	39,058	53,790,104
2027	39,041,000	16,883,440	39,058	55,963,498
2028	33,519,000	15,244,919	3,317	48,767,236
2029	31,962,000	13,848,509	—	45,810,509
2030-2034	184,404,000	51,980,223	—	236,384,223
2035-2039	142,526,000	21,640,216	—	164,166,216
2040-2044	41,980,000	2,154,363	—	44,134,363
2045-2049	3,937,000	259,238	—	4,196,238
2050-2052	2,465,000	53,138	—	2,518,138
Total	548,316,000	160,091,080	120,491	708,527,571
Add unamortized premiums	53,740,226	—	—	53,740,226
Total with premiums	602,056,226	160,091,080	120,491	762,267,797
Less: current portion of principal	(33,065,000)	(19,692,988)	(39,058)	(52,797,046)
current portion - premiums	(5,324,974)	—	—	(5,324,974)
Long-term debt, net of current portion	\$ 563,666,252	140,398,092	81,433	704,145,777

(d) Subscription Liabilities

The District has entered into subscription-based information technology arrangements (SBITAs) for the right to use another party's IT software, alone or in combination with tangible capital assets. As of June 30, 2024, the value of the subscription liabilities for governmental activities was \$2,572,619. The District is required to make annual principal and interest payments of \$225,806 next year. The IT subscriptions have an average interest rate of 2.13% and an average 6.3 year estimated useful life. The value of the subscription asset as of the end of the current fiscal year for governmental and business-type activities was \$2,635,740 net of accumulated amortization of \$250,561.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

The following is a schedule of future debt service requirements on the subscription liabilities:

Years Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 170,781	55,025	225,806
2026	173,634	50,539	224,173
2027	282,917	46,052	328,969
2028	301,308	39,494	340,802
2029	287,458	32,815	320,273
2030-2033	1,356,521	65,919	1,422,440
Total	\$ 2,572,619	289,844	2,862,463

(e) Enterprise Fund Obligations – Jordanelle Hydro

Annual principal maturities on the Jordanelle Hydro revenue bonds and related interest using interest rates as of June 30, 2024 for the five years subsequent to June 30, 2024 and, thereafter, are as follows:

	Business-type activities		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2025	\$ 755,000	433,525	1,188,525
2026	795,000	394,775	1,189,775
2027	840,000	353,900	1,193,900
2028	880,000	310,900	1,190,900
2029	1,200,000	284,130	1,484,130
2030-2032	3,810,000	558,000	4,368,000
Total	8,280,000	2,335,230	10,615,230
Add unamortized premiums	444,539	-	444,539
Total with premiums	8,724,539	2,335,230	11,059,769
Less: current portion - principal	(755,000)	(433,525)	(1,188,525)
current portion - premiums	(111,134)	-	(111,134)
Long-term debt, net of current portion	\$ 7,858,405	1,901,705	9,760,110

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(f) Other Long-term Obligations

A summary of other long-term obligations is as follows:

	<u>June 30,</u> <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30,</u> <u>2024</u>	<u>Due within</u> <u>one year</u>
Governmental activities:					
Postretirement benefit liability	\$ 4,761,727	222,406	860,795	4,123,338	—
Compensated absences	1,752,546	1,145,358	1,085,501	1,812,403	—
Derivative swap liability	836,533	—	322,379	514,154	—
Net pension liability	<u>1,407,517</u>	<u>617,724</u>	<u>—</u>	<u>2,025,241</u>	<u>—</u>
Total governmental activities	<u>\$ 8,758,323</u>	<u>1,985,488</u>	<u>2,268,675</u>	<u>8,475,136</u>	<u>—</u>
Business-type activities:					
Net pension liability	\$ 8,432	4,034	—	12,466	—
Total other long-term obligations	<u>\$ 8,766,755</u>	<u>1,989,522</u>	<u>2,268,675</u>	<u>8,487,602</u>	<u>—</u>

(6) Variable Rate Bonds and Swap Agreements

It has been the District's goal, in light of the amount of debt it has issued, to develop a finance plan that would achieve the lowest borrowing costs possible without exposing itself to significant levels of risk. The District has used resources available in the market place to achieve its financial goals. The District has issued both fixed rate and variable rate bonds, often utilizing derivatives, specifically interest rate swaps and caps, to hedge against variable interest rate volatility. To date, the combination of these tools has significantly reduced the District's capital borrowing costs. The fair value of the swaps used in hedging interest rates has been recorded in the statement of net position as deferred outflow/inflow of resources and derivative swap asset/liability. The following sections outline the basic risks associated with derivatives followed by the specific details of the transactions, separated by general obligation, and revenue bond categories:

Credit Risk – Credit Risk is the risk that the counterparty will not fulfill its obligations to the District. Should a swap be terminated when there is a positive value to the District, the District has the risk the counterparty will not be able to make the termination payment. Also, during the life of the swap, the District runs the risk that the counterparty will not make the monthly swap payments and thus be exposed to variable interest rates. This risk has been mitigated by the highly rated counterparties in these transactions. In managing its interest rate swaps, the District adheres to the rules and regulations set forth by the Utah State Money Management Council.

Basis Risk – The District's variable rate bondholders are paid the bond rate, which closely follows the tax-exempt interest rate of the Securities Industry and Financial Markets Association (SIFMA) plus a spread, if any, based upon actual remarketing rates. Interest rate swaps can be structured utilizing a number of indices, which results in varying synthetic fixed rates. The basis risk is created when the interest paid by the District to the bondholder differs from the interest rate received from the counterparty.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

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June 30, 2024

Termination Risk – The contracts permit the District to terminate its swaps, one or all, at any time. The counterparty may only terminate the swap should the District not uphold its covenants agreed to in the documents. The termination of a swap exposes the District to a positive or negative swap termination payment, based upon the current market value of the swap. Depending on the market value of the swap, a payment is made from the owing party in the transaction.

Rollover Risk – The District is exposed to rollover risk with its interest rate derivatives. Should a derivative terminate before the underlying bonds mature, there could be a time when the District is exposed to market volatility. Upon the termination of current interest rate derivatives, the District could be exposed to different market conditions for hedging its true variable rate bonds.

Statement of Net Position Presentation – The fair value of the swaps that are considered to be effective hedges is presented as deferred outflow/inflow of resources under noncurrent assets and/or derivative swap liability under long-term liabilities in the statement of net position.

As of June 30, 2024, the District held one interest rate swap agreement, with Bank of New York Mellon. The notional amount and the fair value liability (asset) balance of the District’s interest rate swap as of June 30, 2024 are as follows:

		<u>Notional</u>	<u>Fair Value</u>
Bank of New York Mellon	\$	33,100,000	514,154

(a) Revenue Variable Rate Bonds

(i) Series 2008B 2 Bonds

As of June 30, 2024, debt service requirements of the variable rate debt, assuming a historical rate of 3.6% on true variable rate debt and the respective swap rate on the hedged debt are described below. As rates vary, variable rate bond interest payments will vary. As of June 30, 2024, the actual interest rate is 3.95%.

The following table summarizes the District’s variable rate revenue bonds related to its governmental activities along with projected interest costs:

		<u>Governmental activities</u>		
		<u>Revenue variable rate bonds</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year(s):				
2025	\$	3,000,000	1,747,396	4,747,396
2026		3,100,000	1,639,844	4,739,844
2027		3,200,000	1,525,847	4,725,847
2028		3,400,000	1,440,633	4,840,633
2029		3,700,000	1,313,164	5,013,164
2030-2034		20,900,000	4,391,594	25,291,594
2035-2036		14,400,000	529,674	14,929,674
Total	\$	<u>51,700,000</u>	<u>12,588,152</u>	<u>64,288,152</u>

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(ii) Swap Agreement Related to Revenue Bonds

As of June 30, 2024, the District has one swap outstanding in connection with its revenue bonds.

In August 2009, the District entered into a swap contract with Bank of New York Mellon (BoNY). Because the Utah State Money Management Rules (Rule 18) limits the term of the swap based upon counterparty rating, the swap contract was entered into for a period of 18 years, the maximum period for an AA rated swap provider, and are scheduled to terminate in August 2027.

(iii) Series 2008B 2 (Utah Water Finance Agency Program B Revenue Bonds, Series B2)

In 2008 the District restructured three series of revenue variable rate bonds to improve the remarketing levels of the bonds. The District restructured bonds issued through the Utah Water Finance Agency (UWFA) Program A Revenue Bonds, Series A 1, A 12, and A 13 via the UWFA Program B Revenue Bonds, Series B 2. The swaps pertaining to the Series A 1 and A 12 Bonds were assigned to the UWFA Series B 2 Bonds. Other than the expiration date pertaining to the original swap for the A 12 Bonds and references to the correct Series of bonds, no terms of the swaps were altered.

Terms – In May 2005, the District issued its \$33,100,000 Series 2005C Revenue Refunding Bonds (UWFA A 12), which were originally issued in a variable rate mode. At the closing, the District also entered into a pay fixed, receive variable interest rate swap for a notional amount equaling the principal amount of the Series 2005C Bonds. The Series 2005C Bonds were subsequently refunded with Series 2008B 2 Bonds and the swap was assigned to the refunding bonds. Effective May 1, 2023 the original swap was amended by converting the floating rate index from the London Interbank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR). The swap will expire on August 1, 2027, and while in effect, BoNY will pay to the District a variable rate equivalent to 67.00% of daily compounded SOFR plus 7.7 basis points and the District will pay a fixed rate of 3.48%.

Fair Value – As of June 30, 2024, the swap liability had a fair value of \$514,154 calculated under the terms and conditions of the Swap Agreement, which represents a decrease in the liability of \$322,379 from June 30, 2023. BoNY, as the swap provider, is the Calculation Agent. The swap is classified as a Level 2 financial instrument.

(c) Enterprise Fund Variable Rate Bonds

(i) Series 2008B-4 Bonds

The following table summarizes the District's variable rate revenue bonds related to its business type activities along with projected interest costs based upon a historical rate of 3.6%. As of June 30, 2024, the actual interest rate is 5.46%.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Business-type activities			
Revenue variable rate bonds			
	Principal	Interest	Total
Fiscal year(s):			
2025	\$ —	288,900	288,900
2026	—	288,900	288,900
2027	—	288,900	288,900
2028	—	288,900	288,900
2029	1,200,000	284,130	1,484,130
2030-2032	3,810,000	558,000	4,368,000
Total	<u>\$ 5,010,000</u>	<u>1,997,730</u>	<u>7,007,730</u>

There are no swap agreements related to the business-type activities' variable rate debt.

(7) Deferred Gain or Loss on Refunding

The District reviews and evaluates its outstanding debt portfolio on an ongoing basis. In conducting those reviews, consideration is given to refunding existing debt and replacing it with a new issue. Refunding of existing debt may be done for a variety of reasons, often to take advantage of lower interest rates. It may also be done to revise payment schedules, reduce exposure to certain market risks (e.g., variable rate and derivative related), remove or modify restrictions on existing debt, or for other reasons. In a refunding of debt, the difference between the reacquisition price and the net carrying amount of the old debt gives rise to a deferred gain or loss on refunding. This deferred (gain) or loss on refunding is recognized as a deferred outflow of resources or a deferred inflow of resources and amortized to interest expense in a systematic and rational manner over a period of time that is the shorter of the remaining life of the old debt or the life of the new debt. The following table summarizes the activity related to deferred (gain) or loss on refunding:

Governmental activities				
	Balance		Balance	
	June 30, 2023	Additions	Deletions	June 30, 2023
Deferred Loss	\$ 10,297,515	—	(5,507,373)	4,790,142
Amortization on Deferred Loss	(6,742,629)	(525,995)	5,507,373	(1,761,251)
Deferred Gain	(16,624,831)	—	—	(16,624,831)
Amortization on Deferred Gain	2,575,308	1,171,854	—	3,747,162
Total	<u>\$ (10,494,637)</u>	<u>645,859</u>	<u>—</u>	<u>(9,848,778)</u>

Business-type activities				
	Balance		Balance	
	June 30, 2023	Additions	Deletions	June 30, 2023
Deferred Loss	\$ 232,734	—	—	232,734
Amortization on Deferred Loss	(121,308)	(12,381)	—	(133,689)
Deferred Gain	(523,308)	—	—	(523,308)
Amortization on Deferred Gain	149,516	74,758	—	224,274
Total	<u>\$ (262,366)</u>	<u>62,377</u>	<u>—</u>	<u>(199,989)</u>

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(8) Fund Balances

The balances are allocated to a variety of reserves by either management or external parties and are defined below.

(a) Bond Pledge Reserve

Revenue Bond Covenants require the District to place funds on deposit to cover one quarter of the yearly budgeted operation and maintenance costs to operate Project and District features. A dedicated reserve was created by direction of the Board in March 2009 and has a fund balance of \$4,931,729 as of June 30, 2024.

(b) Power Loss Reserve

The Power Loss Reserve was established through a contract between the U.S. government and Utah Power (PacifiCorp). In 1990, the government determined that under the Olmsted Condemnation, they would condemn the main diversion from the Provo River, which was owned at the time by Utah Power, as a backup water supply for water users in the Utah Valley and other surrounding areas. In response to litigation, an agreement between the U.S. government and Utah Power was established whereby Utah Power was paid \$2,000,000 for the diversion and was allowed to retain management of the diversion and continue to collect revenue from power generated by the water supply. The contract also stipulated that, in the event that the Government used the water from the diversion as a backup water supply, water users were to be billed, and all additional revenue collected by water users be placed into the Power Loss reserve account. If the water used resulted in reduced power generated and sold by Utah Power, the District was required to pay Utah Power (PacifiCorp) annually for the difference between the revenue they earned and the revenue they would have earned. As of June 30, 2024, this contract has expired and the District has taken over the responsibility for the Olmsted Hydroelectric Project. As of June 30, 2024, this reserve has a fund balance of \$5,848.

(c) Debt Service Reserves

The District maintains debt service reserves in accordance with bond agreements and covenants. As of June 30, 2024, this reserve has a combined fund balance of \$43,344,215. As of June 30, 2024, the cash balances of the debt service reserves total \$21,177,317 and the cash balance of the debt service coverage maintenance reserve is \$22,098,085.

(d) CUPCA Reserve

The District maintains reserves that are specifically for the completion of the Central Utah Project. This reserve has a fund balance of \$54,905,607 at June 30, 2024.

(e) Future Capital Projects Reserve

The District maintains restricted and assigned reserves for future capital projects, which aggregated to a fund balance of \$262,820,260 as of June 30, 2024.

(f) Liability Insurance Reserve

During 1992, the Board authorized the creation of a Liability Insurance Reserve to provide for the District's self-insurance needs for auto, theft, burglary, fire, and other such claims. Yearly contributions were to be made to this reserve until it reached \$5,000,000. This reserve has a fund balance of \$6,140,849 as of June 30, 2024.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(g) Contingency Reserve

In 1993, the Board established a Contingency Reserve Fund in the amount of \$1,500,000 in the Capital Projects Fund and directed that yearly contributions of \$500,000 be made until the fund reached \$10,000,000. At June 30, 2024, this reserve has a fund balance of \$12,454,051.

(h) CWP Reserve

The District created a CWP Reserve to help fund unusual maintenance and replacement activities at the Central Water Project facilities. The CWP reserve, as of June 30, 2024, has a fund balance of \$5,608,680.

(i) Project Facility Reserve

Concurrent with the creation of the Emergency and Replacement Reserves, the District created a Project Facility Reserve to help fund unusual maintenance and replacement activities at the Central Utah Project facilities. This reserve, as of June 30, 2024, has a fund balance of \$14,530,545.

(j) WCWEP Project Reserve

The District operates and maintains certain features of the Wasatch County Water Efficiency Project in Wasatch County, Utah. In 2004, a reserve was created that will be used to fund the various maintenance activities at this facility. At June 30, 2024, this reserve has a fund balance of \$920,351.

(k) District Facility Reserve

The District created a District Facility Reserve to help fund unusual maintenance and replacement needs of the District's three water treatment plants, located in Orem, Duchesne, and Ashley Valley. A charge for every acre foot of water treated is accumulated in this reserve, which as of June 30, 2024, has a fund balance of \$1,366,224.

(l) Jordanelle Hydropower Reserves

The District also maintains reserves related to Jordanelle Hydropower in the Enterprise Fund, primarily for debt service in the aggregate amount of \$6,982,608 as of June 30, 2024.

(9) Interfund Transfers

Interfund transfers for the year ended June 30, 2024 consisted of the following:

	Transfers						
	General Fund	CUPCA Fund	Olmsted Fund	CWP Fund	Debt Service Fund	Capital Projects Fund	Total
Transfers in	\$ 1,075,117	15,000,000	—	—	50,459,050	79,854,722	146,388,889
Transfers out	113,252,729	—	1,075,117	17,061,043	—	15,000,000	146,388,889

Amounts transferred to the CUPCA Fund are used for ongoing activities to complete the Central Utah Project. Amounts transferred from the CWP Fund are used to help fund CWP's debt portions and Capital Projects Fund projects. Amounts transferred to the Debt Service Fund are used for debt principal and interest payments. Amounts required to cover reserved and designated fund balances in the General Fund are retained in the General Fund, with any excess available amounts transferred to the Capital Projects Fund for future capital projects.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(10) Central Utah Project Completion Act

On October 30, 1992, the CUPCA (P.L. 102 575 (106 Stat. 4600)) was signed into federal law. The Act authorized approximately \$924 million in federal funds to complete water projects in the 7-county area included in the District. The District must petition Congress for funding on a year-to-year basis and must provide a 35% cost share to match the reimbursable share of the federal portion. The federal reimbursement for the year ended June 30, 2024 totaled \$12,481,500.

The Act gives the District the authority to oversee the planning, design, management, and construction of the remaining facilities of the Central Utah Project; however, the U.S. Department of the Interior retains ownership. The Act emphasizes Districtwide public involvement, addresses protection and enhancement of the environment, and creates stream flow levels to protect present and future fisheries. The Act also calls for significant water conservation programs and specific water management plans.

(11) Retirement Plans

(a) *General Information about the Pension Plan*

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems comprise the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems or URS) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined-benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the state of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the Web site: www.urs.org/generall/publications.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(b) Benefits Provided

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory system	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* Actuarial reductions are applied

** All postretirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

(c) Contributions

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

Contribution rates as of June 30, 2024 are as follows:

Utah Retirement Systems

	Employee paid	Employer contribution rates	Employer rate for 401(k) Plans
Contributory system:			
111 – Local Governmental Division Tier 2	N/A	16.01	0.18
Noncontributory system:			
15 – Local Governmental Division Tier 1	N/A	17.97	N/A
Tier 2 DC only			
211 Local Government	N/A	6.19	10.00

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

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

For fiscal year ended June 30, 2024, the employer and employee contributions to the Systems were as follows:

	<u>Employer contributions</u>	<u>Employee contributions</u>
System:		
Noncontributory System	\$ 1,180,881	N/A
Tier 2 Public Employees	682,722	—
Tier 2 DC Only System	<u>142,552</u>	<u>N/A</u>
Total contributions	<u>\$ 2,006,155</u>	<u>—</u>

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

(d) Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the District reported a business-type activities net pension liability of \$12,466 and a governmental activities net pension liability of \$2,025,241 for combined net pension liability of \$2,037,707.

	<u>Net pension asset</u>	<u>Net pension liability</u>	<u>Prop. Share 12/31/2023</u>	<u>Prop. Share 12/31/2022</u>	<u>Change (decrease)</u>
Noncontributory system	\$ —	1,736,136	0.7484747 %	0.7380241 %	0.0104506 %
Tier 2 public employees	<u>—</u>	<u>301,571</u>	0.1549397	0.1394984	0.0154413
Total net pension asset/liability	<u>\$ —</u>	<u>2,037,707</u>			

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2024, the District recognized total pension expense of \$1,582,193.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,312,254	4,939
Changes in assumptions	693,596	238
Net difference between projected and actual earnings on pension plan investments	598,630	—
Changes in proportion and differences between contributions and proportionate share of contributions	39,481	26,816
Contributions subsequent to the measurement date	962,842	—
Total	\$ 3,606,803	31,993

The District reported \$962,842 as deferred outflows of resources related to pensions resulting from contributions made by the District prior to the District's fiscal year-end, but subsequent to the measurement date of December 31, 2023.

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

	Net deferred outflows (inflows) of resources
Year ending December 31:	
2024	771,907
2025	755,258
2026	1,131,026
2027	(214,408)
2028	30,906
Thereafter	137,279
	\$ 2,611,968

(e) Noncontributory System Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, the District recognized pension expense for this plan of 1,188,186.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the Noncontributory System from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 1,215,662	—
Changes in assumptions	520,978	—
Net difference between projected and actual earnings on pension plan investments	564,576	—
Changes in proportion and differences between contributions and proportionate share of contributions	467	19,379
Contributions subsequent to the measurement date	<u>554,423</u>	<u>—</u>
Total	<u>\$ 2,856,106</u>	<u>19,379</u>

The District reported \$554,423 as deferred outflows of resources related to the Noncontributory System resulting from contributions made by the District prior to the District's fiscal year-end, but subsequent to the measurement date of December 31, 2023.

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

	<u>Net deferred outflows (inflows) of resources</u>
Year ending December 31:	
2024	743,325
2025	714,662
2026	1,061,441
2027	<u>(237,124)</u>
	<u>\$ 2,282,304</u>

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

For the year ended June 30, 2024, the District recognized pension expense for this Plan of \$394,007.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the Tier 2 Public Employees System from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 96,591	4,939
Changes in assumptions	172,618	238
Net difference between projected and actual earnings on pension plan investments	34,054	—
Changes in proportion and differences between contributions and proportionate share of contributions	39,017	7,437
Contributions subsequent to the measurement date	<u>408,419</u>	<u>—</u>
Total	<u>\$ 750,699</u>	<u>12,614</u>

The District reported \$408,419 as deferred outflows of resources related to the Tier 2 Public Employees System resulting from contributions made by the District prior to the District's fiscal year-end, but subsequent to the measurement date of December 31, 2023.

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

	<u>Net deferred outflows (inflows) of resources</u>
Year ending December 31:	
2024	28,585
2025	40,596
2026	69,584
2027	22,716
2028	30,906
Thereafter	<u>137,279</u>
	<u>\$ 329,666</u>

(g) 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	2.50%
Salary increases	3.25–9.25% average, including inflation
Investment rate of return	6.85%, net of pension plan investment expense, including inflation

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2020 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2020 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023 valuation were based on an actuarial experience study for the period ending December 31, 2022.

The long-term expected rate of return on pension plan investments was determined using a building – block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected return arithmetic basis		
	Target asset allocation	Real return arithmetic basis	Long-term expected portfolio real rate of return
Asset class:			
Equity securities	35 %	6.87 %	2.40 %
Debt securities	20	1.54	0.31
Real assets	18	5.43	0.98
Private equity	12	9.80	1.18
Absolute return	15	3.86	0.58
Cash and cash equivalents	—	0.24	—
Totals	<u>100 %</u>		<u>5.45 %</u>
Inflation			2.50 %
Expected arithmetic nominal return			7.95 %

The 6.85% assumed investment rate of return comprises an inflation rate of 2.50% and a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

System – (asset) liability	1% Decrease (5.85)%	Discount rate (6.85)%	1% Increase (7.85)%
Noncontributory System	\$ 9,010,452	1,736,136	(4,355,611)
Tier 2 Public Employees System	1,036,157	301,571	(268,099)
Total	\$ 10,046,609	2,037,707	(4,623,710)

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

(h) Defined-Contribution Savings Plans

The Defined-Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under Sections 401(k), 457(b) and 408 of the Internal Revenue code.

Detailed information regarding plan provisions is available in the separately issued URS financial report.

The District participates in the following Defined-Contribution Savings Plans with Utah Retirement Systems:

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

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Employee and employer contributions to the Utah Retirement Defined-Contribution Savings Plans for fiscal year ended June 30 were as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
401(k) Plan:					
Employer contributions	\$ 237,970	183,166	176,618	150,196	112,915
Employee contributions	335,876	322,132	280,797	250,323	214,495
457 Plan:					
Employee contributions	\$ 49,864	59,589	54,350	20,785	7,136
Roth IRA Plan:					
Employee contributions	\$ 138,417	148,196	110,525	109,308	102,566
Traditional IRA Plan:					
Employee contributions	\$ 1,890	1,070	520	300	—

(12) Postretirement Healthcare Benefits

(a) Plan Description

The District administers a single-employer defined benefit healthcare plan (the Plan). The governing board of the District sets all policies for the Plan. The Plan provides limited healthcare insurance for eligible retirees and their spouses through the state of Utah’s public employees’ group health insurance plan, which covers both active and retired members. The Plan covers only those employees who were working for the District or were retired as of July 1, 1994. At that point, membership in the Plan was frozen. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

(b) Benefits Provided

Employees in the Plan receive one month of health insurance coverage under the Plan for every eight hours of sick leave, accumulated at retirement. Employees in the Plan can continue to earn additional months of coverage while they are still employed with the District. Coverage only applies during the retiree’s lifetime and terminates at the earlier of the death of the retiree or when the accumulated earned benefits run out. When the retiree and/or his/her spouse turns 65, the retiree/spouse receives Medicare supplement coverage. Employees receive eight hours of sick leave each month. The Plan does not issue a separate financial report.

(c) Employees Covered by Benefit Terms

As of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	16
Active employees	6
	<u>22</u>

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(d) Annual OPEB Cost and Total OPEB Liability

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for employers in plans with fewer than 100 total plan members. That method permits the District to calculate the OPEB liability and the related estimates without the services of an actuary. The measurement date used for the OPEB liability was June 30, 2024.

There are currently 22 members in the Plan. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period of 16 years (the average remaining life expectancy of the group). The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the District's net OPEB liability to the Plan:

Beginning OPEB Liability	\$	4,761,727
Service cost		25,748
Interest on the total OPEB liability		196,659
Changes of assumptions or other inputs		(624,154)
Benefit Payments		(236,642)
		(638,389)
Net changes		(638,389)
Ending OPEB liability	\$	4,123,338

(e) Actuarial Assumptions and Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or the first subsequent year in which the member would qualify for benefits.

Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on mortality table from the Social Security Administration. The 2021 United States Actuarial Life Tables from the Office of the Chief Actuary (most current information) for Males and for Females were used.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Turnover – Nongroup specific age based turnover data derived from information by the U.S. Office of Personnel Management were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at Centers for Medicare and Medicaid Services. A rate of 5.3% eventually trending to a rate of 4.8% was used.

Health insurance premiums – 2024 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid. Insurance rates used were age-adjusted premiums as determined by the State of Utah Public Employees Health Program.

Inflation rate – The expected long-term inflation rate of 2.4% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI W) in The 2024 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

Discount rate – The discount rate used is based on the S&P Municipal Bond 20 Year High Grade Rate Index (AA) at June 30, 2024.

In addition, a simplified version of the entry age actuarial cost method was used.

Changes of assumptions and other inputs reflect a change in the discount rate from 4.13% to 4.21% and a change in health care cost trend rates range from 4.2% to 7.6% in 2023 to 2.4% to 5.3% in 2024.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, 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 (3.21%) or 1-percentage point higher (5.21%) than the current discount rate:

		1% Decrease	Discount rate	1% Increase
		3.21%	4.21%	5.21%
OPEB Liability	\$	4,413,843	4,123,338	3,861,166

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (1.4% to 4.3%) or 1-percentage-point higher (3.4% to 6.3%) than the current healthcare cost trend rates:

		1% Decrease	Cost trend rate	1% Increase
		(1.4% to 4.3%)	(2.4% to 5.3%)	(3.4% to 6.3%)
OPEB Liability	\$	3,835,707	4,123,338	4,125,863

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

(13) June Sucker Recovery Fund

The District administers funds on behalf of the parties that have entered into an agreement to rehabilitate the June sucker, a native Utah fish on the endangered species list. Transactions related to this activity are recorded in the June Sucker Recovery Fund, a fiduciary fund.

(14) Redevelopment Agency Property Taxes

In addition to various taxes the District levies for its own purposes, the District levies taxes for other governments; those taxes are forwarded to those other governments as the taxes are collected. Taxes levied by the District in fiscal year 2024 for other governments are recorded as revenue with an equivalent amount of expense/expenditure. Incremental taxes of \$8.0 million were recorded in the General Fund and are forwarded to various redevelopment agencies within the District for the purposes of financing urban renewal, economic development, and community development projects by earmarking property tax revenue from increases in assessed values within project areas in the counties, as follows:

<u>County</u>	<u>Incremental taxes</u>
Salt Lake	\$ 6,227,737
Utah	<u>1,819,910</u>
Total	<u>\$ 8,047,647</u>

(15) Leases Receivable

The District has entered into leases of office space and a cell tower with other entities. These leases range from one to five years and are renewable in one to five-year increments, from 2024 through 2044 with future minimum lease payments of approximately \$1.0 million. One of the leases has a contractual annual increases of 2%. The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term at a discount rate of 1.67%. A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. In 2023, the District recognized \$116,158 of lease revenue and \$18,818 of interest revenue under the leases.

(16) Commitments and Contingencies

The District is engaged in the construction of various water projects and treatment plant modifications. At June 30, 2024, the District had contract commitments of approximately \$153.0 million related to these projects which includes \$6.3 million of retainage.

The District is subject to certain routine litigation, claims, and commitments incident to the ordinary course of business. The District's management believes that the probable resolution of such contingencies will not significantly impact the financial position or results of operations of the District.

Also, the District is self-insured for auto insurance. However, as no claims have been filed against the District in recent years, no insurance related liability has been recorded in the basic financial statements. The Board committed unreserved fund balances in the General Fund for a Liability Insurance Reserve to provide for the District's self-insurance for auto, theft, burglary, fire, and other

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Basic Financial Statements

June 30, 2024

such claims. This balance is specifically committed to cover the deductible for the District's general liability insurance in the General Fund. The District has also committed in the Capital projects fund, a contingency reserve related to capital projects. The balances of these reserves at June 30, 2024 were \$6.1 million and \$12.5 million, respectively.

On November 15, 2023, District's board adopted a Resolution allowing the withdrawal of Sanpete County from the District. A withdrawal agreement between the District and Sanpete County was signed by both parties. As part of the agreement, the District agreed to contribute up to a total of \$5.0 million towards one or more shovel ready water projects which meet certain criteria and were approved by the District on or before December 31, 2023. No projects were approved before December 31, 2023. The District agreed to contribute up to a total of \$2.5 million towards one or more shovel ready water projects which meet certain criteria and approved by the District between January 1, 2024 through December 31, 2024. As of January 1, 2025, the District's financial contribution obligation for new projects will cease. Each water project must begin construction on or before December 31, 2024 and each water project must be diligently pursued and completed within two years of commencing construction. As of June 30, 2024 there were \$1.0 million in projects approved by the District, and an additional \$1.5 million in projects have been approved after June 30, 2024.

As described in Note 5, the District may elect to defer the right to the yield of water and related payment obligation for block notices issue for a maximum period of 10 years. When the District elects to defer, no block notice asset of repayment obligation is recorded on the District financial statements. Throughout the 10-year deferral period, the District has the ability to request the yield of water and related payment obligation in total or in portions, at which time the District would recognize the related assets and liabilities. The District has deferred the following block notices:

<u>Block notice number</u>		
7B-4(b)	6,108 acre-feet of water for municipal and industrial purposes; issued February 15, 2022	\$ 42,374,739
7B-5(b)	5,949 acre-feet of water for municipal and industrial purposes; issued June 5, 2024	<u>41,271,162</u>
	Total block notices	<u>\$ 83,645,901</u>

(17) Subsequent Events

Subsequent to June 30, 2024, the District has entered into construction contracts aggregating \$12.8 million relating to various District projects.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General Fund

Year ended June 30, 2024

(Unaudited)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget – positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 113,909,268	113,909,268	121,235,342	7,326,074
Redevelopment agency property taxes	6,500,000	8,050,000	8,047,647	(2,353)
Water sales	26,242,986	26,422,986	29,296,764	2,873,778
Interest	230,000	230,000	4,737,920	4,507,920
Other	5,750,312	5,750,312	2,770,380	(2,979,932)
Total revenues	152,632,566	154,362,566	166,088,053	11,725,487
Expenditures:				
Administrative and general	29,655,421	29,655,421	24,641,985	5,013,436
Redevelopment Agency property tax increment	6,500,000	8,050,000	8,047,647	2,353
District projects	3,793,272	3,793,272	1,831,991	1,961,281
Capital outlay	1,997,003	1,997,003	1,208,284	788,719
Water treatment plants and other projects	5,868,947	5,868,947	5,842,116	26,831
Central Utah Project operation and maintenance	6,790,832	6,790,832	5,144,816	1,646,016
Principal	—	—	70,114	(70,114)
Interest	—	—	54,513	(54,513)
Total expenditures	54,605,475	56,155,475	46,841,466	9,314,009
Excess of revenues over expenditures	98,027,091	98,207,091	119,246,587	21,039,496
Other financing sources:				
Proceeds from subscription liabilities	—	—	2,642,733	2,642,733
Net transfers in (out)	(98,027,091)	(123,299,391)	(112,177,612)	11,121,779
Net changes in fund balances	—	(25,092,300)	9,711,708	34,804,008
Fund balance – beginning	41,410,696	41,410,696	41,410,696	—
Fund balance – ending	\$ 41,410,696	16,318,396	51,122,404	34,804,008

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
CUPCA Fund

Year ended June 30, 2024

(Unaudited)

	Budgeted amounts		Actual amounts	Variance with final budget – positive (negative)
	Original	Final		
Revenues:				
Interest	\$ —	—	1,577,589	1,577,589
Federal funding	10,000,000	10,000,000	12,481,500	2,481,500
Other	—	—	199,702	199,702
Total revenues	10,000,000	10,000,000	14,258,791	4,258,791
Expenditures:				
CUPCA activities	47,305,000	47,305,000	23,489,599	23,815,401
Excess (loss) of revenues over (under) expenditures	(37,305,000)	(37,305,000)	(9,230,808)	28,074,192
Other financing sources:				
Net transfers in (out)	15,000,000	15,000,000	15,000,000	—
Net changes in fund balances	(22,305,000)	(22,305,000)	5,769,192	28,074,192
Fund balance – beginning	49,136,415	49,136,415	49,136,415	—
Fund balance – ending	\$ 26,831,415	26,831,415	54,905,607	28,074,192

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Olmsted Fund

Year ended June 30, 2024

(Unaudited)

	Budgeted amounts		Actual amounts	Variance with final budget – positive (negative)
	Original	Final		
Revenues:				
Interest	\$ —	—	417	417
Expenditures:				
Other	—	—	20	(20)
Excess of revenues over expenditures	—	—	397	397
Other financing sources:				
Net transfers in (out)	(1,080,000)	(1,080,000)	(1,075,117)	4,883
Net changes in fund balances	(1,080,000)	(1,080,000)	(1,074,720)	5,280
Fund balance – beginning	1,074,720	1,074,720	1,074,720	—
Fund balance – ending	\$ (5,280)	(5,280)	—	5,280

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
CWP Fund

Year ended June 30, 2024

(Unaudited)

	Budgeted amounts		Actual amounts	Variance with final budget – positive (negative)
	Original	Final		
Revenue:				
Interest	\$ 500,000	500,000	2,772,868	2,272,868
Water sales	30,089,022	30,089,022	38,836,068	8,747,046
Total revenue	30,589,022	30,589,022	41,608,936	11,019,914
Expenditures:				
Capital outlay	91,519,169	91,519,169	52,360,878	39,158,291
Operation and maintenance	5,787,482	5,787,482	4,806,632	980,850
Total expenditures	97,306,651	97,306,651	57,167,510	40,139,141
Excess (loss) of revenue over expenditures	(66,717,629)	(66,717,629)	(15,558,574)	51,159,055
Other financing sources:				
Net transfers in (out)	16,938,957	16,938,957	(17,061,043)	(34,000,000)
Net changes in fund balances	(49,778,672)	(49,778,672)	(32,619,617)	17,159,055
Fund balance – beginning	44,420,690	44,420,690	44,420,690	—
Fund balance – ending	\$ (5,357,982)	(5,357,982)	11,801,073	17,159,055

CENTRAL UTAH WATER CONSERVANCY DISTRICT
Schedule of the Proportionate Share of the Net Pension Liability
Year ended June 30, 2024
(Unaudited)

The schedule of the proportionate share of the net pension liability as of December 31 for the last 10 Fiscal Years* is as follows:

	2014		2015		2016		2017		2018	
	Noncontributory system	Tier 2 Public employees system	Noncontributory system	Tier 2 Public employees system	Noncontributory system	Tier 2 Public employees system	Noncontributory system	Tier 2 Public employees system	Noncontributory system	Tier 2 Public employees system
Proportion of the net pension liability (asset)	0.7299665 %	0.08852 %	0.7088248 %	0.13241 %	0.6949017 %	0.1293359 %	0.7280158 %	0.1738361 %	0.7319850 %	0.1641094 %
Proportionate share of the net pension liability (asset)	\$ 3,169,686	(2,683)	\$ 4,010,875	(288)	4,462,118	14,427	3,189,656	15,327	5,390,135	70,285
Covered employee payroll	6,450,671	434,698	6,217,107	855,565	6,204,142	1,060,657	6,258,438	1,702,060	6,286,364	1,912,972
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.10 %	(0.60)%	64.51 %	0.03 %	71.92 %	1.36 %	50.97 %	0.90 %	85.74 %	3.67 %
Plan fiduciary net position as a percentage of the total pension liability	90.2 %	103.5 %	87.8 %	100.2 %	87.3 %	95.1 %	91.9 %	97.4 %	87.0 %	90.8 %
	2019		2020		2021		2022		2023	
	Noncontributory system	Tier 2 Public employees system	Noncontributory system	Tier 2 Public employees system	Noncontributory system	Tier 2 Public employees system	Noncontributory system	Tier 2 Public employees system	Noncontributory system	Tier 2 Public employees system
Proportion of the net pension liability (asset)	0.7658906 %	0.1750546 %	0.7917434 %	0.1593123 %	0.7961600 %	0.1509675 %	0.7380241 %	0.1394984 %	0.7484747 %	0.1549397 %
Proportionate share of the net pension liability (asset)	\$ 2,886,541	39,371	\$ 406,119	22,914	(4,559,694)	(63,895)	1,264,050	151,899	1,736,136	301,572
Covered employee payroll	6,524,321	2,433,035	6,722,730	2,546,544	6,738,545	2,803,125	6,507,215	34,043,648	6,665,644	4,005,727
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.24 %	1.62 %	6.04 %	0.90 %	(67.67)%	(2.28)%	19.43%	4.99 %	26.05%	7.53 %
Plan fiduciary net position as a percentage of the total pension liability	93.7 %	96.5 %	99.2 %	98.3 %	108.7 %	103.8 %	97.5 %	92.3 %	96.90 %	89.58 %

Changes of significant assumptions and other inputs reflect the effects of changes each period in the discount rate, payroll growth rate, wage inflation rate, and inflation rate. Such changes are as follows

	Discount rate	Payroll growth rate	Wage inflation rate	Inflation rate
2023	6.85 %	2.90 %	3.50 to 9.50%	2.50 %
2022	6.85	2.90	3.25 to 9.25%	2.50
2021	6.85	2.90	3.25 to 9.25%	2.50
2020	6.95	2.90	3.25 to 9.25%	2.50
2019	6.95	3.00	3.25 to 9.25%	2.50
2018	6.95	3.00	3.25 to 9.25%	2.50
2017	6.95	3.00	3.25 to 9.25%	2.50
2016	7.20	3.25	3.35 to 9.35%	2.60
2015	7.50	3.00	3.50 to 9.50%	2.60
2014	7.50	3.50	3.75 to 9.75%	2.60

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Schedule of Contributions

Year ended June 30, 2024

(Unaudited)

Last 10 Fiscal Years*

	Fiscal year ended	Actuarial determined contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2015	\$ 1,129,507	1,129,507	—	6,322,051	17.87 %
	2016	1,107,188	1,107,188	—	6,222,645	17.79
	2017	1,124,253	1,124,253	—	6,238,741	18.02
	2018	1,121,731	1,121,731	—	6,227,532	18.01
	2019	1,159,533	1,159,533	—	6,401,909	18.11
	2020	1,208,126	1,208,126	—	6,647,597	18.17
	2021	1,226,384	1,226,384	—	6,747,587	18.18
	2022	1,189,234	1,189,234	—	6,551,556	18.15
	2023	1,150,736	1,150,736	—	6,528,187	17.63
	2024	1,180,881	1,180,881	—	6,571,404	17.97
Tier 2 Public Employees System*	2015	92,543	92,543	—	619,429	14.94 %
	2016	146,017	146,017	—	979,319	14.91
	2017	207,926	207,926	—	1,394,541	14.91
	2018	260,595	260,595	—	1,724,652	15.11
	2019	348,789	348,789	—	2,244,464	15.54
	2020	386,053	386,053	—	2,465,217	15.66
	2021	427,544	427,544	—	2,705,971	15.80
	2022	465,449	465,449	—	2,896,381	16.07
	2023	548,046	548,046	—	3,423,148	16.01
	2024	682,722	682,722	—	4,264,351	16.01
Tier 2 Public Employees DC Only System	2015	3,552	3,552	—	52,862	6.72 %
	2016	3,727	3,727	—	55,708	6.69
	2017	4,646	4,646	—	69,441	6.69
	2018	15,539	15,539	—	232,277	6.69
	2019	24,054	24,054	—	359,551	6.69
	2020	50,097	50,097	—	649,932	7.71
	2021	75,823	75,823	—	1,050,199	7.22
	2022	97,192	97,192	—	1,452,794	6.69
	2023	100,424	100,424	—	1,622,354	6.19
	2024	142,552	142,552	—	2,302,942	6.19

* Contribution in the Tier 2 System includes an amortization rate to help fund the unfunded liabilities in the Tier 1 Systems. The Tier 2 Systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10 year history of contributions in Required Supplementary Information, developed prospectively. Contributions as a percentage of covered payroll may be different than the Board certified rate due to rounding and other administrative practices.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

General Employees' Other Postemployment Benefits Plan

Schedule of Changes in the OPEB liability

Year ended June 30, 2024

(Unaudited)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning OPEB liability	\$ 5,218,383	5,037,254	5,574,193	5,768,560	5,957,975	5,158,278	4,761,727
Service cost	101,917	110,729	112,315	126,453	58,483	35,136	25,748
Interest on the total OPEB liability	163,335	150,110	155,520	160,943	129,884	210,974	196,659
Changes of assumptions or other inputs	(372,157)	376,006	35,475	18,174	(851,992)	(436,890)	(624,154)
Benefit payments	<u>(74,224)</u>	<u>(99,906)</u>	<u>(108,943)</u>	<u>(116,155)</u>	<u>(136,072)</u>	<u>(205,771)</u>	<u>(236,642)</u>
Net changes	<u>(181,129)</u>	<u>536,939</u>	<u>194,367</u>	<u>189,415</u>	<u>(799,697)</u>	<u>(396,551)</u>	<u>(638,389)</u>
Ending OPEB liability	\$ <u>5,037,254</u>	<u>5,574,193</u>	<u>5,768,560</u>	<u>5,957,975</u>	<u>5,158,278</u>	<u>4,761,727</u>	<u>4,123,338</u>
Covered-employee payroll	1,635,906	1,675,406	1,725,278	1,768,614	1,704,924	1,345,006	1,136,214
OPEB liability as a percentage of covered-employee payroll	308 %	333 %	334 %	337 %	303 %	354 %	363 %

Notes to schedule:

In accordance with paragraph 57a of GASB 75, employers will need to disclose a 10 year history of changes in the OPEB liability

Complete information was only available for fiscal years 2018 through 2024. Additional years' information will be added as it becomes available

Changes of assumptions and other inputs reflect the effects of changes each period in the discount rate,

inflation rate, insurance rates, and the health care cost trend rates. Such changes are as follows.

	<u>Discount rate</u>	<u>Inflation rate</u>	<u>Insurance rates increase</u>	<u>Health care cost trend rates</u>
2024	4.21 %	2.4 %	3.31 %	2.4 to 5.3%
2023	4.13	2.4	0.44	4.2 to 7.6%
2022	4.09	2.4	2.64	4.5 to 7.1%
2021	2.18	2.4	6.62	4.0 to 5.0%
2020	2.66	2.6	5.50	4.0 to 5.2%
2019	2.79	2.6	6.96	3.3 to 5.4%
2018	2.98	2.6	0.95	3.4 to 4.9%
2017	3.13	2.6	4.72	4.8 to 6.5%

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Required Supplementary Information

Year ended June 30, 2024

(Unaudited)

(1) Budget Operation

The Central Utah Water Conservancy District operates within the budget requirements for special districts as specified by state law. The financial reports reflect the following budgetary standards:

- For the fiscal year beginning July 1, the District controller prepares departmental budgets, which are reviewed by staff and the Board of Trustees' (Board) standing committees. Following this review, a tentative budget is prepared, which is reviewed by the finance committee, and finally by the Board, generally by the Board meeting held in May of the preceding year.
- By state laws, the Board legally adopts the final budget after a public hearing has been held.
- Once adopted, the budget can be amended by subsequent Board action. Reductions in or reallocations of appropriations can be approved by the Board, but increased appropriations by fund require a public hearing prior to amending the budget.
- Interim adjustments in estimated revenue and appropriations during the year ended June 30, 2024 have been included in the final budget approved by the Board, as presented in the required supplementary information.
- The level for which expenditures may not legally exceed appropriations is the total budget of a given fund.
- As required by Utah state law, budgets for the General Fund and the Debt Service Fund are prepared and adopted on a generally accepted accounting principles (GAAP) basis of accounting.
- At the end of a year, unencumbered appropriations lapse.
- All funds at the District have legally adopted budgets.

(2) Pension Beginning June 30, 2023 and Ending Values at June 30, 2024

	Beginning values			Ending values		
	Liability	Asset	NPL/(NPA)	Liability	Asset	NPL/(NPA)
Noncontributory	\$ 1,264,050	—	1,264,050	1,736,136	—	1,736,136
Tier 2 public employees	151,889	—	151,889	301,571	—	301,571
Total	\$ 1,415,939	—	1,415,939	2,037,707	—	2,037,707

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Required Supplementary Information

Year ended June 30, 2024

(Unaudited)

(3) Net Pension Liability/(Asset) at December 31, 2023 and Net Pension Liability/(Asset) at December 31, 2022

Retirement System	2022			2023		
	System total NPL/(NPA)	Proportionate share	Ending values	System total NPL/(NPA)	Proportionate share	Ending values
Noncontributory:						
Local Government	\$ 171,274,888	0.7380241 %	\$ 1,264,050	231,956,482	0.7484747 %	\$ 1,736,136
Tier 2 Public Employees	108,889,373	0.1394984 %	151,899	194,638,109	0.1549397 %	301,571
Total	\$ 280,164,261		\$ 1,415,949	426,594,591		\$ 2,037,707

(4) Assumptions Changes

(a) Changes in Assumptions for Pensions

Amounts reported in the plan year 2024 reflect the following assumptions changes as recommended with the January 1, 2023 actuarial experience study:

- Updates to the mortality improvement assumption
- Salary increase assumption
- Disability incidence assumption
- Assumed retirement rates
- Assumed termination rates

(b) Changes in Assumptions for OPEB

The discount rate changed from 4.13% to 4.21% and a change in health care trend rates from 4.2% to 7.6% in 2023 to 2.4% to 5.3% in 2024.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal grantor/pass-through grantor/program title	Pass-through Agency	Assistance listings number	Pass-through grantor's number	Expenditures
U.S. Department of the Interior:				
Central Utah Project Completion Act	n/a	15.unknown	n/a	\$ 14,999,358
Central Utah Project Completion Act	n/a	15.unknown	21FCUT2460	908,002
Total Central Utah Project Completion Act				15,907,360
Upper Colorado River Basin Fish and Wildlife Mitigation Program	n/a	15.535	R16AC00037	20,000
Upper Colorado River Basin Fish and Wildlife Mitigation Program	n/a	15.535	R14AC00028	230,000
Upper Colorado River Basin Fish and Wildlife Mitigation Program	n/a	15.535	R19AP00074	18,749
Upper Colorado River Basin Fish and Wildlife Mitigation Program	n/a	15.535	20FCUT2400	11,645
Upper Colorado River Basin Fish and Wildlife Mitigation Program	n/a	15.535	22FCUT2160	177,000
Total Upper Colorado River Basin Fish and Wildlife Mitigation Program				457,394
Total U.S. Department of the Interior				16,364,754
U.S. Department of the Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund:	State of Utah, Division of Water Quality	21.027	SLFRP3929	74,548
COVID-19 Coronavirus State and Local Fiscal Recovery Fund:	Utah County	21.027	SLFRP0221	10,000,000
Total Coronavirus State and Local Fiscal Recovery Funds				10,074,548
Total U.S. Department of the Treasury				10,074,548
Total Expenditures of Federal Awards				\$ 26,439,302

See accompanying notes to schedule of expenditures of federal awards.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Central Utah Water Conservancy District (the District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the District's financial statements.

(2) Reporting Entity

For purposes of the supplementary Schedule of Expenditures of Federal Awards, the District includes all the funds of the primary government as defined by Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*.

(3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(4) Indirect Cost Rate

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

(5) Subrecipients

The District does not have any subrecipient transactions.

(6) Loans

As of June 30, 2024, the District had a loan balance outstanding of \$27,059,000 related to assistance listings number 64.468. These loans are not included in the Schedule as they have no continuing audit requirements.



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

The Board of Trustees
Central Utah Water Conservancy District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Utah Water Conservancy District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our 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*.

Purpose of this Report

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

Squire & Company, PC

Orem, Utah
October 18, 2024



Independent Auditor's Report on Compliance for
Each Major Federal Program and Report on Internal Control
over Compliance Required by the *Uniform Guidance*

The Board of Trustees
Central Utah Water Conservancy District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Central Utah Water Conservancy District (the District)'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Squire & Company, PC

Orem, Utah
October 18, 2024

CENTRAL UTAH WATER CONSERVANCY DISTRICT
Summary Schedule of Prior Audit Findings

No matters were reported in the prior year.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Name of Federal Program (Assistance Listings Number)

Coronavirus State and Local Fiscal Recovery Funds (21.027)

Dollar threshold used to distinguish between type A and type B programs:	\$793,179
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



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

The Board of Trustees
Central Utah Water Conservancy District

Report on Compliance

Opinion

We have audited Central Utah Water Conservancy District's (the District) compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2024:

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Government Fees
- Cash Management
- Utah Retirement Systems

In our opinion, Central Utah Water Conservancy District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2024.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Squire & Company, PC

Orem, Utah
October 18, 2024