

**DRAFT**

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**WITH REPORT OF**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**

**Table of Contents**

	<u>Page</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis .....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet Governmental Fund.....	12
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position .....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund .....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities.....	15
Notes to the Financial Statements .....	16
Required Supplementary Information Section:	
Schedule of the Proportionate Share of Net Pension Liability Last 10 Fiscal Years .....	36
Schedule of Contributions Last 10 Fiscal Years.....	37
Notes to Required Supplementary Information .....	38
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund .....	39
Supplementary Information Section:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual –Capital Projects Fund.....	41
Other Communications from Independent Auditors:	
Report on Internal Control over Financial Reporting and on Compliance.....	43
Report on Compliance Required by the <i>State Compliance Audit Guide</i> .....	45
Findings and Recommendations .....	47
Findings and Recommendations .....	49

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## Independent Auditor's Report

Executive Director and members of the Board  
Southwest Mosquito Abatement and Control District  
Washington County, UT

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the Southwest Mosquito Abatement and Control District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2022, and the respective changes in financial position 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the proportionate share of the net pension liability, and the schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who

considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

### ***Change in Accounting Principle***

The District implemented the provisions of GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

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

In accordance with Government Auditing Standards, we have also issued our report dated May 1, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

*HintonBurdick, PLLC*

HintonBurdick, PLLC

St. George, Utah

May 1, 2023

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2022**

As management of the Southwest Mosquito Abatement and Control District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2022. Please read it in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- Total assets plus deferred outflows exceed total liabilities plus deferred inflows (net position) by \$2,104,571 at the close of the fiscal year.
- Total net position increased by \$263,976.
- Total revenues from all sources were \$887,509.
- Total revenue in the General Fund was \$43,566 greater than the final budget and expenditures were \$98,367 less than the final budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$951,911 or 146% of total General Fund expenditures.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements. (3) Notes to the financial statements.

**Reporting the District as a Whole**

**The Statement of Net Position and the Statement of Activities (Government-wide)**

A frequently asked question regarding the District's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes therein. Net position, the difference between assets and liabilities, is one way to measure the District's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the District's property tax base or jurisdiction, the availability of capital projects, and condition of the District's assets to accurately assess the overall health of the District.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the District’s basic services are considered to be governmental activities, including public safety. Property taxes, intergovernmental revenues and interest earnings finance most of these activities.
- Proprietary activities/Business type activities – The District currently does not maintain any proprietary activities; all activities are accounted for as governmental activities.

## Reporting the District’s Most Significant Funds

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. The District’s major fund uses the accounting approaches as explained below.

- Governmental funds – All of the District’s basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements on pages 13 and 15.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. The District’s combined assets exceed liabilities by \$2,104,571 as of December 31, 2022 as shown on the following condensed statement of net position.

### Statement of Net Position

	12/31/2022	12/31/2021
Current and other assets	\$ 1,847,264	\$ 1,517,567
Capital assets	329,647	354,700
Total assets	<u>2,176,911</u>	<u>1,872,267</u>
Deferred outflows of resources	62,400	58,004
Long-term obligations	-	8,632
Other liabilities	18,100	20,498
Total liabilities	<u>18,100</u>	<u>29,130</u>
Deferred inflows of resources	116,640	60,546
Net position:		
Net investment in capital assets	329,647	354,700
Restricted	-	-
Unrestricted	1,774,924	1,485,895
Total net position	<u>\$ 2,104,571</u>	<u>\$ 1,840,595</u>



## Governmental Activities

The cost of all Governmental activities this year was \$623,533. Overall governmental program revenues, including intergovernmental aid and fees for services were \$2,242. General revenues including taxes, gain on sale of capital assets, and investment earnings totaled \$885,267.

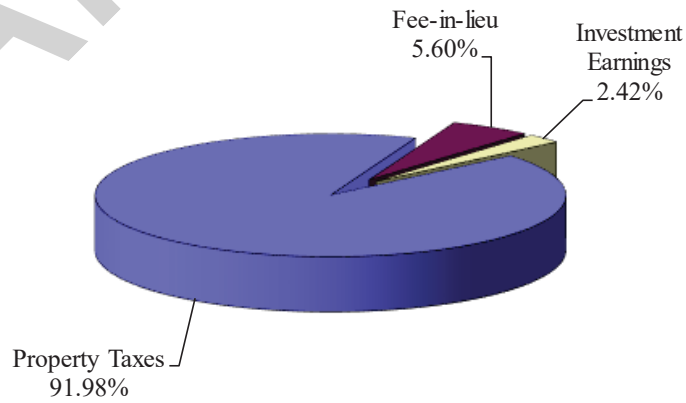
All of the District's activities are reported under one program: Public Safety. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the District's general taxes support each of the District's programs.

### Changes in Net Position

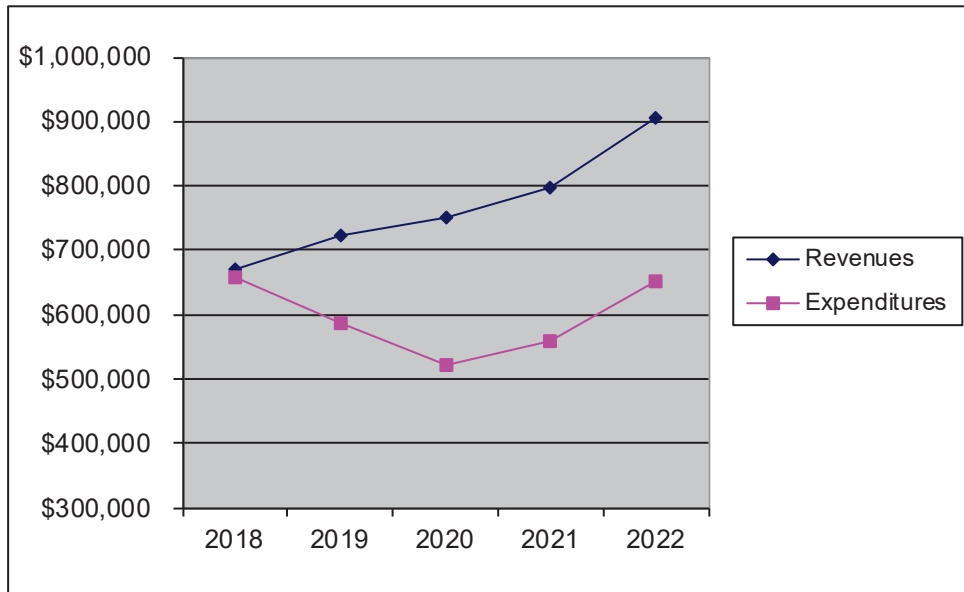
	12/31/2022	12/31/2021
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 2,242	\$ 280
General revenues:		
Property taxes	799,114	739,144
Fee-in-lieu	48,653	51,164
Gain on sale of capital assets	16,489	-
Unrestricted investment earnings	21,011	6,263
Total revenues	887,509	796,851
Expenses:		
Public safety	623,533	547,719
Interest on long-term debt	-	-
Total expenses	623,533	547,719
Change in net position	263,976	249,132
Net position, beginning	1,840,595	1,591,463
Net position, ending	\$ 2,104,571	\$ 1,840,595

Total resources available during the year to finance governmental operations were \$2,728,104 consisting of net position at January 1, 2022 of \$1,840,595, program revenues of \$2,242 and general revenues of \$885,267. Total Governmental Activities expenditures during the year were \$623,533.

The following graph provides a breakdown of revenues by source for all government activities.



The following graph provides a comparison of revenues and expenses for five years.



## **General Fund Budgetary Highlights**

The final appropriations for the General Fund at year-end were \$98,367 more than actual expenditures. Actual revenues were greater than the final budget by \$43,566. There were budget amendments or supplemental appropriations made during the year to prevent budget overruns or to increase appropriations for unanticipated expenditures after adoption of the original budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the District are those assets that are used in performance of District functions. Capital assets include land, buildings, equipment, and vehicles. At the end of 2022, net capital assets of the government activities totaled \$329,647. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 6 to the financial statements.)

### **Debt**

The District currently has not long-term debt obligations

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In considering the District Budget for 2023, the District Board and management estimated the budget for operating revenues and expenditures will remain approximately the same as the budget for 2022.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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 and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Susan Lewis, Treasurer of the Southwest Mosquito Abatement District at 111 East Tabernacle, St. George, Utah or call (435) 652-5857.

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**BASIC FINANCIAL STATEMENTS**

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Statement of Net Position**  
**December 31, 2022**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,653,165
Receivables (net of allowance)	80,345
Inventory	34,929
Net pension asset	78,825
Capital assets (net of accumulated depreciation)	
Land	46,200
Buildings and improvements	203,114
Machinery and equipment	25,241
Vehicles	55,092
Total assets	2,176,911
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	62,400
Total deferred outflows of resources	62,400
<b>Liabilities</b>	
Accounts payable and other accrued liabilities	18,100
Noncurrent liabilities:	
Due within one year	-
Due in more than one year	-
Total liabilities	18,100
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	116,640
Total deferred inflows of resources	116,640
<b>Net position</b>	
Net investment in capital assets	329,647
Unrestricted	1,774,924
Total net position	\$ 2,104,571

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

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Statement of Activities**  
**For the Year Ended December 31, 2022**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions		
<b>Functions/Programs</b>	<b>Expenses</b>			<b>Governmental Activities</b>	<b>Total</b>
Governmental activities:					
Public safety	\$ 623,533	\$ -	\$ 2,242	\$ (621,291)	\$ (621,291)
Total governmental activities	623,533	-	2,242	(621,291)	(621,291)
Total primary government	\$ 623,533	\$ -	\$ 2,242	\$ (621,291)	\$ (621,291)
General Revenues:					
Taxes:					
Property taxes				799,114	799,114
Fee-in-lieu				48,653	48,653
Gain on sale of capital assets				16,489	16,489
Unrestricted investment earnings				21,011	21,011
Total general revenues & transfers				885,267	885,267
Change in net position				263,976	263,976
Net position - beginning				1,840,595	1,840,595
<b>Net position - ending</b>				<b>\$ 2,104,571</b>	<b>\$ 2,104,571</b>

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

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2022**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 889,666	\$ 763,499	\$ 1,653,165
Due from other governments	80,345	-	80,345
Inventory	34,929	-	34,929
Total assets	<u>1,004,940</u>	<u>763,499</u>	<u>1,768,439</u>
<b>Liabilities</b>			
Accounts payable	2,447	-	2,447
Accrued liabilities	15,653	-	15,653
Total liabilities	<u>18,100</u>	<u>-</u>	<u>18,100</u>
<b>Fund balances</b>			
Nonspendable			
Inventory	34,929	-	34,929
Committed to			
Capital projects	-	763,499	763,499
Unassigned	951,911	-	951,911
Total fund balances	<u>986,840</u>	<u>763,499</u>	<u>1,750,339</u>
Total liabilities and fund balances	<u>\$ 1,004,940</u>	<u>\$ 763,499</u>	<u>\$ 1,768,439</u>

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

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Fund**  
**to the Statement of Net Position**  
**December 31, 2022**

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

Total governmental fund balances	\$	1,750,339
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Governmental capital assets		850,824
Accumulated depreciation		(521,177)
		329,647
Net pension asset is not an available resource and, therefore, is not reported in the funds.		
		78,825
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows		62,400
Deferred inflows		(116,640)
		(54,240)
Total net position of governmental activities	\$	2,104,571

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



**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2022**

	General Fund	Capital Project Fund	Total Governmental Funds
<b>Revenues:</b>			
Property taxes	\$ 799,114	\$ -	\$ 799,114
Fee-in-lieu taxes	48,653	-	48,653
Penalties and interest	9,674	11,337	21,011
Intergovernmental revenue	2,242	-	2,242
Other revenues	33,883	-	33,883
<b>Total revenues</b>	<b>893,566</b>	<b>11,337</b>	<b>904,903</b>
<b>Expenditures:</b>			
Mosquito abatement services			
Salaries and wages	345,758	-	345,758
Benefits	124,835	-	124,835
Services, supplies, and other	140,075	-	140,075
Capital outlay	40,965	-	40,965
<b>Total expenditures</b>	<b>651,633</b>	<b>-</b>	<b>651,633</b>
Excess (deficiency) of revenues over expenditures	241,933	11,337	253,270
<b>Other financing sources (uses):</b>			
Transfers	(100,000)	100,000	-
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>100,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>141,933</b>	<b>111,337</b>	<b>253,270</b>
Fund balance - beginning of year	844,907	652,162	1,497,069
<b>Fund balance - end of year</b>	<b>\$ 986,840</b>	<b>\$ 763,499</b>	<b>\$ 1,750,339</b>

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

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Fund**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2022**

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

Net change in fund balances - total governmental fund		\$ 253,270
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	33,595	
Disposal of assets	(17,394)	
Depreciation	<u>(41,254)</u>	(25,053)

Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured twelve months before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension contributions	(35,759)	
Pension expense	<u>71,518</u>	<u>35,759</u>

Change in net position of governmental activities		<u>\$ 263,976</u>
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The accompanying notes are an integral part of the financial statements.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**NOTE 1. Summary of Significant Accounting Policies**

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**Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**Reporting Entity**

The Southwest Mosquito Abatement and Control District (the District) was established in 2003 by authorization of the Washington County Commission and by vote of the participants in the District. The District provides mosquito abatement services to the citizens of the participants which are currently, Washington County and the following municipalities: Apple Valley, Enterprise, Hildale, Hurricane, Ivins, LaVerkin, Leeds, New Harmony, Rockville, Santa Clara, Springdale, St. George, Toquerville, Virgin, and Washington District. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. There are no separate component units combined to form the reporting entity.

**Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental—are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**NOTE 1. Significant Accounting Policies, Continued**

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The District reports the following major governmental funds:

The **General Fund** is the District's primary operating fund. It is also the District's only fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The **Capital Projects Fund** is used to account for the acquisition and construction of capital facilities as outlined in the Districts Capital Facilities Plan.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**NOTE 1. Significant Accounting Policies, Continued**

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However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Deposits and Investments***

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

***Inventory***

The District's inventory mainly consists of pesticides and is recorded at the lower of cost or fair market value on a first in first out basis.

***Capital Assets and Depreciation***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the governmental activities column of the government-wide statement of net position. Currently, the District has no infrastructure assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 15 to 30 years; equipment and vehicles, 7 to 10 years.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**NOTE 1. Significant Accounting Policies, Continued**

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***Compensated Absences***

The estimated current portion of the liability for vested vacation and sick leave benefits attributable to the District's governmental funds is recorded as an expenditure and a liability in the respective funds. The long-term portion is not material and has not been recorded in these financial statements. The District currently participates with Washington County for full-time employee benefits.

***Pensions***

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

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is pension related items reported on the government-wide statement of net position. See footnote 8 for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one item that qualifies for reporting in this category. It is pension related items reported on the government-wide statement of net position. See footnote 8 for more information.

***Net Position Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**NOTE 1. Significant Accounting Policies, Continued**

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***Fund Balance Flow Assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Authority Board is authorized to assign amounts to a specific purpose in accordance with the Authority's budget policy. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**NOTE 1. Significant Accounting Policies, Continued**

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**Use of Estimates**

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

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**NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements**

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The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 13.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 15.

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**NOTE 3. Stewardship, Compliance and Accountability**

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**Budgets and Budgetary Accounting**

Annual budgets are prepared and adopted by resolution by the Board on or before December 15th for the following calendar year in accordance with State law. Prior to adoption of the budget a public hearing is conducted to obtain taxpayer input. The budget includes proposed expenditures and the proposed sources of financing for such expenditures and is adopted on a basis consistent with generally accepted accounting principles using the modified accrual basis of accounting. Budgets are adopted and control of budget appropriations are exercised under State law, at the department level. Budget amendments are required to increase expenditure budgets. During the current fiscal year there were amendments to the budget. Procedures for amending budgets are done in accordance with State laws.



**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**NOTE 3. Stewardship, Compliance and Accountability, Continued**

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**Property Taxes**

Property taxes are collected by the Washington County Treasurer and remitted to the District in monthly installments. Taxes are levied each October on the taxable value listed as of the prior January 1 for all real property located in the District. Taxable values are established by the County Assessor at 55% of the fair market value on primary residential property and 100% of the fair market value on non-primary residential property. A revaluation of all property is required to be completed no less than every five years. Taxes are due and payable on November 1 and delinquent after November 30 of each year at which time they become liens if not paid. Over 75% of the District's taxes are remitted to the District in November and December.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

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**NOTE 4. Deposits and Investments**

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

**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The District transfers any funds over \$100,000 from their main checking account to their PTIF account to avoid custodial credit risk. As of December 31, 2022, the District had \$6,422 of cash held in deposits with a financial institution. Of this amount, zero was exposed to custodial credit risk because it was uninsured or not collateralized.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**NOTE 4. Deposits and Investments, Continued**

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**Investments**

The Money Management Act defines the types of securities authorized as appropriate investment for the District 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.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted 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 Act; the Utah Public Treasurer’s Investment Fund; and reciprocal deposits subject to rules of the State Money Management Council.

The Utah State Treasurer’s Office operates the Public Treasurer’s Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 4. Deposits and Investments, Continued**

As of December 31, 2022 the District had the following deposits and investments:

	Fair Value	Credit Rating (1)	Weighted Average Maturity (2)
Cash - PTIF	\$ 1,646,743	N/A	99.86
Cash - Zion's Bank	6,422	N/A	N/A
	\$ 1,653,165		

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

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

*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 Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

*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.

**Fair Value of Investments**

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2 --Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At December 31, 2022, the District had \$1,646,743 invested in the PTIF, which uses a Level 2 fair value measurement.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 5. Accounts Receivable – Due From Other Governments**

Amounts shown as Due from Other Governments are amounts “measurable and available” and due from the County for property taxes collected within 60 days.

Property Taxes Receivable	\$ 80,345
Total Due from Other Governments	\$ 80,345

**NOTE 6. Capital Assets and Depreciation**

Capital asset activity for the year ended December 31, 2022 is as follows:

**Governmental Activities:**

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
<b>Capital assets, not being depreciated:</b>				
Land	\$ 46,200	\$ -	\$ -	\$ 46,200
Total capital assets, not being depreciated	46,200	-	-	46,200
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	321,749	-	-	321,749
Machinery and equipment	181,194	-	-	181,194
Vehicles	297,904	33,595	(29,818)	301,681
Total capital assets, being depreciated	800,847	33,595	(29,818)	804,624
Less accumulated depreciation for:				
Buildings and improvements	(106,882)	(11,753)	-	(118,635)
Machinery and equipment	(151,163)	(4,790)	-	(155,953)
Vehicles	(234,302)	(24,711)	12,424	(246,589)
Total accumulated depreciation	(492,347)	(41,254)	12,424	(521,177)
Total capital assets, being depreciated, net	308,500	(7,659)	(17,394)	283,447
Governmental activities capital assets, net	\$ 354,700	\$ (7,659)	\$ (17,394)	\$ 329,647

Depreciation expense was charged to the functions/programs of the District as follows:

**Governmental Activities:**

Public Safety	\$ 41,254
Total depreciation expense - governmental activities	\$ 41,254

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**NOTE 7. Long-term Obligations**

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The District currently has no long-term obligations.

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**NOTE 8. Defined Benefit Pension Plan**

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***General Information about the Pension Plan***

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

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the 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 District, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 8. Defined Benefit Pension Plan, Continued**

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 age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\* Actuarial reductions are applied

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

**Contribution Rate Summary**

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the 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 December 31, 2022 are as follows:

	Employee	Employer	Employer 401(k)
Contributory System			
111 – Local Governmental Division Tier 2	N/A	16.01	.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 accrued liability of the Tier 1 plans.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 8. Defined Benefit Pension Plan, Continued**

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

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 10,874	\$ -
Tier 2 Public Employees System	20,954	-
Tier 2 DC Only System	6,556	-
Total Contributions	\$ 38,384	\$ -

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

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

At December 31, 2022, the District reported a net pension asset of \$78,825 and a net pension liability of \$0.

**(Measurement Date): December 31, 2021**

	<b>Net Pension Asset</b>	<b>Proportionate Share</b>	<b>Proportionate Share December 31, 2020</b>	<b>Change (Decrease)</b>
Noncontributory System	\$ 74,728	0.0130482%	0.0148506%	-0.0018024%
Contributory System	4,097	0.0096799%	0.0070542%	0.0026257%
	\$ 78,825			

The net pension asset and liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2022, the District recognized pension expense of \$2,597.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 8. Defined Benefit Pension Plan, Continued**

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 9,817	\$ 528
Changes in assumptions	10,834	521
Net difference between projected and actual earnings in pension plan investments	-	110,735
Changes in proportion and differences between contributions and proportional share of contributions	3,365	4,856
Contributions subsequent to the measurement date	38,384	-
Total	\$ 62,400	\$ 116,640

\$38,384 was reported as deferred outflows of resources related to pension results from contributions made by the District prior to fiscal year end, but subsequent to the measurement date of December 31, 2021.

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:

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2022	\$ (19,823)
2023	\$ (33,115)
2024	\$ (26,431)
2025	\$ (17,760)
2026	\$ 769
Thereafter	\$ 3,645



**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 8. Defined Benefit Pension Plan, Continued**

**Noncontributory System Pension Expense, and Deferred Outflow and Inflow of Resources:**

For the year ended December 31, 2022, the District recognized pension expense of (\$11,606).

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,827	\$ -
Changes in assumptions	7,014	482
Net difference between projected and actual earnings in pension plan investments	-	100,612
Changes in proportion and differences between contributions and proportional share of contributions	882	4,442
Contributions subsequent to the measurement date	10,874	-
<b>Total</b>	<b>\$ 26,597</b>	<b>\$ 105,536</b>

\$10,874 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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:

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2022	\$ (17,897)
2023	\$ (30,652)
2024	\$ (24,548)
2025	\$ (16,717)
2026	\$ -
Thereafter	\$ -

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 8. Defined Benefit Pension Plan, Continued**

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

For the year ended December 31, 2022, the District recognized pension expense of \$14,202.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,990	\$ 528
Changes in assumptions	3,820	39
Net difference between projected and actual earnings in pension plan investments	-	10,123
Changes in proportion and differences between contributions and proportional share of contributions	2,483	413
Contributions subsequent to the measurement date	27,511	-
Total	\$ 35,804	\$ 11,103

\$27,511 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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:

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2022	\$ (1,927)
2023	\$ (2,463)
2024	\$ (1,793)
2025	\$ (1,043)
2026	\$ 769
Thereafter	\$ 3,645

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 8. Defined Benefit Pension Plan, Continued**

**Actuarial assumptions:**

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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::

	<b>Expected Return Arithmetic Basis</b>		
<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Equity securities	37%	6.58%	2.43%
Debt securities	20%	(0.28)%	(0.06)%
Real assets	15%	5.77%	0.87%
Private equity	12%	9.85%	1.18%
Absolute return	16%	2.91%	0.47%
Cash and cash equivalents	0%	(1.01)%	0.00%
Totals	100%		4.89%
	Inflation		2.50%
	Expected arithmetic nominal return		7.39%

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 8. Defined Benefit Pension Plan, Continued**

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

*Discount rate:* The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained was reduced from 6.95% to 6.85% from the prior measurement date..

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

<b>System</b>	<b>1% Decrease (5.95%)</b>	<b>Discount Rate (6.95%)</b>	<b>1% Increase (7.95%)</b>
Noncontributory System	\$ 40,184	\$ (74,728)	\$ (170,600)
Tier 2 Public Employees System	24,410	(4,097)	(25,984)
Total	\$ 64,594	\$ (78,825)	\$ (196,584)

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

**NOTE 9. Defined Contribution Savings Plan**

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.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**NOTE 9. Defined Contribution Savings Plan, Continued**

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

\*401(k) Plan

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

<b>401(k) Plan</b>	<b>2022</b>		<b>2021</b>		<b>2020</b>	
Employer Contributions	\$	10,705	\$	4,928	\$	4,233
Employee Contributions		-		-		-

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**NOTE 10. Risk Management**

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The District is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omission; and natural disasters for which the District carries policies of insurance with the Utah Local Governments Insurance Trust. The District is insured through the Utah State Workers Compensation Insurance Fund for potential job-related accidents. There were no significant reductions in insurance coverage from the previous year.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Schedule of the Proportionate Share of Net Pension Liability**  
**Last 10 Fiscal Years**

<u>As of fiscal year ended December 31,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
<b>Noncontributory System</b>					
2015	0.0103721%	\$ 45,038	\$ 74,826	60.19%	90.2%
2016	0.0110904%	\$ 62,755	\$ 77,600	80.87%	87.8%
2017	0.0124223%	\$ 79,767	\$ 83,720	94.17%	87.3%
2018	0.0130008%	\$ 56,993	\$ 84,720	67.27%	91.9%
2019	0.0130482%	\$ 74,728	\$ 87,337	85.56%	87.0%
2020	0.0144143%	\$ 54,326	\$ 91,272	59.52%	93.7%
2021	0.0148506%	\$ 7,618	\$ 95,992	7.94%	99.2%
2022	0.0130482%	\$ (74,728)	\$ 55,792	-133.94%	108.7%
<b>Tier 2 Public Employees System</b>					
2015	0.0098605%	\$ (299)	\$ 48,360	-0.62%	103.5%
2016	0.0091642%	\$ (20)	\$ 59,200	-0.03%	100.2%
2017	0.0102596%	\$ 1,144	\$ 99,632	1.36%	95.1%
2018	0.0102753%	\$ 906	\$ 100,632	0.90%	97.4%
2019	0.0096799%	\$ 4,097	\$ 131,367	3.12%	90.8%
2020	0.0077867%	\$ 1,751	\$ 108,240	1.62%	96.5%
2021	0.0070542%	\$ 1,015	\$ 112,800	0.90%	98.3%
2022	0.0096799%	\$ (4,097)	\$ 179,672	-2.28%	103.8%

Note: The District implemented GASB 68 in fiscal year 2015. Some prior year information is not available and this schedule will be built prospectively

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Schedule of Contributions**  
**Last 10 Fiscal Years**  
**For fiscal year ended December 31, 2022**

As of fiscal year ended December 31	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered- employee payroll
<b>Noncontributory System</b>					
2014	\$ 13,367	\$ 13,367	\$ -	\$ 78,826	17.86%
2015	14,333	14,333	-	77,600	18.47%
2016	15,645	15,645	-	84,704	18.47%
2017	15,463	15,463	-	83,720	18.47%
2018	16,131	16,131	-	87,337	18.47%
2019	16,858	16,858	-	91,272	18.47%
2020	17,730	17,730	-	95,992	18.47%
2021	10,305	10,305	-	55,792	18.47%
2022	10,874	10,874	-	59,700	18.21%
<b>Tier 2 Public Employees System*</b>					
2014	\$ 7,003	\$ 7,003	\$ -	\$ 48,360	14.48%
2015	8,836	8,836	-	59,200	14.92%
2016	12,545	12,545	-	84,138	14.91%
2017	14,955	14,955	-	99,632	15.01%
2018	20,136	20,136	-	131,367	15.33%
2019	16,886	16,886	-	108,240	15.60%
2020	17,744	17,744	-	112,800	15.73%
2021	28,644	28,644	-	179,672	15.94%
2022	20,954	20,954	-	130,640	16.04%
<b>Tier 2 Public Employees DC Only System*</b>					
2014	\$ -	\$ -	\$ -	\$ -	0.00%
2015	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2019	1,982	1,982	-	29,620	6.69%
2020	2,108	2,108	-	31,508	6.69%
2021	2,398	2,398	-	35,840	6.69%
2022	6,556	6,556	-	101,840	6.44%

Note: The District implemented GASB 68 in fiscal year 2015. Some prior year information is not available and this schedule will be built prospectively

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

Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.



**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Notes to Required Supplementary Information**  
**For fiscal year ended December 31, 2022**

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**Changes in Assumptions:**

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 727,588	\$ 761,414	\$ 799,114	\$ 37,700
Fee-in-lieu taxes	45,000	45,000	48,653	3,653
Penalties and interest	1,250	6,500	9,674	3,174
Intergovernmental revenue	13,900	3,000	2,242	(758)
Other revenue	2,262	34,086	33,883	(203)
<b>Total revenues</b>	<b>790,000</b>	<b>850,000</b>	<b>893,566</b>	<b>43,566</b>
<b>Expenditures:</b>				
Mosquito abatement services				
Salaries and wages	350,000	350,000	345,758	4,242
Benefits	168,000	168,000	124,835	43,165
Services, supplies, and other	209,000	186,000	140,075	45,925
Capital outlay	63,000	46,000	40,965	5,035
<b>Total expenditures</b>	<b>790,000</b>	<b>750,000</b>	<b>651,633</b>	<b>98,367</b>
Excess (deficiency) of revenues over expenditures	-	100,000	241,933	141,933
<b>Other financing sources (uses):</b>				
Transfers	-	(100,000)	(100,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>
Net change in fund balance	-	-	141,933	141,933
Fund balance - beginning of year	844,907	844,907	844,907	-
<b>Fund balance - end of year</b>	<b>\$ 844,907</b>	<b>\$ 844,907</b>	<b>\$ 986,840</b>	<b>\$ 141,933</b>

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**SUPPLEMENTARY INFORMATION**

**SOUTHWEST MOSQUITO ABATEMENT AND CONTROL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Interest	\$ 1,500	\$ 5,612	\$ 11,337	\$ 5,725
<b>Expenditures</b>				
Capital outlay	-	-	-	-
Excess (deficiency) of revenues over expenditures	1,500	5,612	11,337	5,725
<b>Other financing sources</b>				
Transfers in	-	100,000	100,000	-
Net change in fund balance	1,500	105,612	111,337	5,725
Fund balance, beginning of year	652,162	652,162	652,162	-
<b>Fund balance, end of year</b>	<b>\$ 653,662</b>	<b>\$ 757,774</b>	<b>\$ 763,499</b>	<b>\$ 5,725</b>

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**Independent Auditors' 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***

Executive Director and Members of the Board  
Southwest Mosquito Abatement and Control District  
Washington County, UT

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 and each major fund of the Southwest Mosquito Abatement and Control District (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 1, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*HintonBurdick, PLLC*

HintonBurdick, PLLC

St. George, Utah

May 1, 2023

**Independent Auditors' Report on Compliance and  
Report on Internal Control Over Compliance as  
Required by the *State Compliance Audit Guide***

Executive Director and Members of the Board  
Southwest Mosquito Abatement and Control District  
Washington County, UT

**Report On Compliance with General State Compliance Requirements**

We have audited Southwest Mosquito Abatement and Control District's (the District) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on Southwest Mosquito Abatement and Control District for the year ended December 31, 2022.

State compliance requirements were tested for the year ended December 31, 2022 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Fraud Risk Assessment
- Cash Management
- Special and Local Service District Board Members
- Open and Public Meetings Act
- Public Treasurer's Bond

***Management's Responsibility***

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

***Auditor's Responsibility***

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



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

### ***Opinion on Compliance***

In our opinion, Southwest Mosquito Abatement and Control District, complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2022.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide*. This item is included in the accompanying schedule of findings and recommendations as item 2022-001.

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

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

*A deficiency in internal control over compliance* 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 to detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*HintonBurdick, PLLC*

HintonBurdick, PLLC

St. George, Utah

May 1, 2023

**Findings and Recommendations  
For the Year Ended June 30, 2022**

Executive Director and Members of the Board  
Southwest Mosquito Abatement and Control District  
Washington County, Utah

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. During our audit of the funds of the Southwest Mosquito Abatement and Control District for the fiscal year ended June 30, 2022, we noted an item needing corrective action in order for the District to be in compliance with laws and regulations. This item is discussed below for your consideration.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

**Material Weaknesses:**

None noted

**Significant Deficiencies:**

None noted

**COMPLIANCE AND OTHER MATTERS:**

2022-001. Board Member Information

Criteria: UCA 17B-1-303 requires that the name, phone number, and email address of each current board member be posted on the Utah Public Notice Website at pmn.utah.gov.

Condition: The Utah Public Notice Website at pmn.utah.gov shows the District has provided the names and email addresses for all board members, however, a phone number was not provided for each board member.

Cause: The District has not designated and implemented controls to ensure all required information is provided.

Effect: The District is not in compliance with State law.

Recommendation: We recommend that the District continue its efforts to operate within the confines of State law by providing all required information on the Utah Public Notice Website at pmn.utah.gov.

The District's written response to the finding identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This letter is intended solely for the use of the Executive Director, member of the board, and management of the District and is not intended to be used and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the District this past year. We would like to express thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,

*HintonBurdick, PLLC*

HintonBurdick, PLLC

May 1, 2023