WESTERN KANE COUNTY
SPECIAL SERVICE DISTRICT #1

FINANCIAL STATEMENTS

DECEMBER 31, 2023

TABLE OF CONTENTS

Kimball & Roberts
A Professional District
Certified Public Accountants
176 North Main • P.O. Box 663
Richfield, Utah 84701

INDEPENDENT AUDITOR'S REPORT

The Honorable Board Members
Western Kane County Special Service District #1
Kanab, Utah 84741

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Western Kane County Special Service District #1, a component unit of Kane County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities each major fund, and the aggregate remaining fund information of Western Kane County Special Service District #1, as of December 31, 2023, and the respective changes in the financial position and, where applicable, cash flows thereof 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 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 Western Kane County Special Service District #1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement 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.

Responsibility of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 raised substantial doubt about Western Kane County Special Service District #1's ability to continue as a going concern for one year after the date of 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 and Government Audit Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Western Kane County Special Service District #1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles 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 judgement, there are conditions or events, considered in the aggregate that raise substantial doubt about Western Kane County Special Service District #1'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 findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and Utah Retirement Systems pension liability and contribution information be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Business-type 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024, on our consideration of Western Kane County Special Service District #1'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 Western Kane County Special Service District #1's internal control over financial reporting and compliance.

Kimball & Roberts, PC
Certified Public Accountants

May 17, 2024
Richfield, Utah

WESTERN KANE COUNTY SPECIAL SERVICE DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of Western Kane County Special Service District #1 (the District), we offer readers of the financial statements this narrative discussion, overview, and analysis of the District's financial activities for the year ending December 31, 2023. We encourage readers to consider the information presented here as an overview of the operations of the District. This discussion and analysis is not intended to cover every aspect of the daily activities of the District.

The purpose of Western Kane County Special Service District #1 is to provide solid waste and television services to the residents of the District.

Financial Highlights

* The assets of the District exceeded its liabilities as of the close of the most recent year by $6,587,297 (net position). Of this amount, $3,363,233 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens, creditors, and capital expansion.

* The District's total net position increased by a net amount of $469,369.

* The District has on deposit $426,288 to meet estimated landfill postclosure costs. Post closure costs are estimated to be $42,316.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of four components: 1) Statement of Net Position; 2) Statement of Revenue, Expenses, and Changes in Net Position; 3) Statement of Cash Flows; and 4) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements to give the reader an overall view of the District as a whole. The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

Statement of Net Position

This condensed Statement of Net Position presents information on all of the assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position invested in capital assets are the capital assets of the District reduced by accompanying debt and accumulated depreciation. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Net Position (Continued)

	2023	2022
Current and Other Assets	$ 4,680,958	$ 3,659,412
Non-Current Assets	2,995,989	3,151,596
Total Assets	7,676,947	6,811,008
Other Assets		
Net Pension Asset	-	119,820
Deferred Outflows of Resources	110,835	92,534
Total Other Assets	110,835	212,354
Current Liabilities	182,666	71,344
Non-Current Liabilities	402,266	316,247
Total Liabilities	584,932	387,591
Deferred Inflows of Resources	615,553	517,843
Net Position:		
Net Investment in Capital Assets	2,995,989	3,151,596
Restricted	228,075	228,075
Unrestricted	3,363,233	2,738,257
Total Net Position	$ 6,587,297	$ 6,117,928

As noted earlier, net position may serve over time as a useful indicator of an institution's financial position. In the case of the District, assets exceeded liabilities by $6,587,297 at the close of the most recent fiscal year. This represents an increase over the preceding year of $469,369. The unrestricted net position of $3,363,233 may be used to meet the District's ongoing obligations to customers of the District.

Statement of Revenues, Expenses, and Changes in Net Position

This condensed Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the net position of Western Kane County Special Service District #1 changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The breakdown of "operating" and "non-operating" categories are defined by accounting standards.

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

	2023	2022
Operating Revenues	$ 1,818,115	$ 1,512,331
Operating Expenses	(1,579,130)	(1,459,316)
Net Operating Gain (Loss)	238,985	53,015
Non-Operating Revenues (Net)	230,384	157,474
Increase in Net Position	469,369	210,489
Net Position - Beginning of Year - Restated	6,117,928	5,907,439
Net Position - End of Year	$ 6,587,297	$ 6,117,928

Statement of Cash Flows

This condensed Statement of Cash Flows provides an additional perspective of the District's financial results for the fiscal year. It provides a source and use of cash for broad categories of activities.

	2023	2022
Cash Provided (Used) By:		
Operating Activities	$ 848,533	$ 436,295
Capital Investing Activities	180,061	55,968
Capital Financing Activities	(188,550)	(854,536)
Net Increase (Decrease) in Cash	840,044	(362,273)
Cash - Beginning of Year	3,477,456	3,839,729
Cash - End of Year	$ 4,317,500	$ 3,477,456

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of December 31, 2023 was $2,995,989 (net of accumulated depreciation). The investment in capital assets includes land, buildings, water rights, utility system, and equipment.

The total additions to the District's investment in capital assets for the current year was $258,050. Major capital events during the current year are shown below by category in comparison to the prior year.

	2023	2022
Investment in Fixed Assets:		
Land	$438,301	$438,301
Buildings	246,639	256,418
Containers	409,352	414,580
Fence and Improvements	377,404	399,062
Trashflow Software	5,673	7,256
Translator Equipment	16,750	20,440
Trucks and Equipment	1,379,356	1,499,816
Vehicles	122,514	115,723
Total Assets	$ 2,995,989	$ 3,151,596

Additional information on the District's capital asset's can be found in the notes to the financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found at the end of this report.

The financial report is designed to provide a general overview of Western Kane County Special Service District #1's finances for all those with an interest in government finances. Questions concerning any of the information provided in this report or requests for financial information should be addressed to Western Kane County Special Service District #1, 34 North Main Street, Kanab, UT 84741.

BASIC FINANCIAL STATEMENTS

WESTERN KANE COUNTY SPECIAL SERVICE DISTRICT #1
STATEMENT OF NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2023

	Proprietary Fund Type			Total (Memorandum) (Only)
	Solid Waste Fund	Television Fund	Total December 31, 2023	December 31, 2022
ASSETS				
Current Assets:				
Cash and Investments	$ 2,678,437	$ 1,212,775	$ 3,891,212	$ 3,072,357
Restricted Cash	426,288	-	426,288	405,099
Accounts Receivable	350,429	13,029	363,458	181,956
Total Current Assets	3,455,154	1,225,804	4,680,958	3,659,412
Noncurrent Assets:				
Capital Assets:				
Land	407,701	30,598	438,299	438,299
Other Capital Assets (Net of Accum. Depreciation)	2,540,943	16,747	2,557,690	2,713,297
Total Noncurrent Assets	2,948,644	47,345	2,995,989	3,151,596
TOTAL ASSETS	6,403,798	1,273,149	7,676,947	6,811,008
Other Assets:				
Net Pension Asset	-	-	-	119,820
Deferred Outflows of Resources Related To Pensions	110,835	-	110,835	92,534
Total Other Assets	110,835	-	110,835	212,354
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 6,514,633	$ 1,273,149	$ 7,787,782	$ 7,023,362
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 130,274	$ 6,533	$ 136,807	$ 29,472
Accrued Liabilities	45,859	-	45,859	41,872
Total Current Liabilities	176,133	6,533	182,666	71,344
Noncurrent Liabilities:				
Estimated Closure and Post Closure Costs	358,563	-	358,563	316,247
Net Pension Liability	43,703	-	43,703	-
Total Noncurrent Liabilities	402,266	-	402,266	316,247
TOTAL LIABILITIES	578,399	6,533	584,932	387,591
DEFERRED INFLOWS OF RESOURCES				
Unearned Revenue	612,900	-	612,900	346,905
Related to Pensions	2,653	-	2,653	170,938
TOTAL DEFERRED INFLOWS OF RESOURCES	615,553	-	615,553	517,843
NET POSITION				
Net Investment in Capital Assets	2,948,644	47,345	2,995,989	3,151,596
Restricted For Closure and Post Closure	228,075	-	228,075	228,075
Unrestricted	2,143,962	1,219,271	3,363,233	2,738,257
TOTAL NET POSITION	5,320,681	1,266,616	6,587,297	6,117,928
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 6,514,633	$ 1,273,149	$ 7,787,782	$ 7,023,362

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

WESTERN KANE COUNTY SPECIAL SERVICE DISTRICT #1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
For The Year Ended December 31, 2023

	Proprietary Fund Type			Total (Memorandum Only)
	Solid Waste Fund	Television Fund	Total December 31, 2023	December 31, 2022
OPERATING REVENUES				
Charges for Services	$ 1,718,768	$ 95,662	$ 1,814,430	$ 1,509,546
Dumpster Sales	3,685	-	3,685	2,785
TOTAL REVENUES	1,722,453	95,662	1,818,115	1,512,331
COST OF GOODS SOLD				
Cost of Goods Sold	-	-	-	-
GROSS PROFIT	1,722,453	95,662	1,818,115	1,512,331
OPERATING EXPENSES				
Advertising	1,211	-	1,211	20
Collection Expense	19,563	8,970	28,533	29,665
Closure and Post Closure Expense	42,316	-	42,316	40,806
Depreciation Expense	367,728	3,690	371,418	326,591
Directors Fees	6,744	1,350	8,094	7,519
Dues and Subscriptions	3,099	-	3,099	691
Employee Benefits	198,762	-	198,762	198,267
Insurance Expense	40,855	356	41,211	41,318
Miscellaneous Expense	1,626	-	1,626	2,148
Office Expense	11,633	2,033	13,666	13,514
Payroll Taxes	39,387	-	39,387	36,420
Professional Fees	64,833	9,000	73,833	66,146
Nonprofessional Services	7,062	-	7,062	9,290
Rent Expense	7,510	1,000	8,510	3,010
Repairs and Maintenance	4,745	-	4,745	3,570
Salaries and Wages	411,327	15,544	426,871	410,888
Supplies	19,414	-	19,414	14,891
Taxes and Licenses	3,981	-	3,981	4,891
Travel Expense	1,195	-	1,195	2,398
Telephone Expense	11,872	1,800	13,672	10,217
Transmission Fees	-	31,183	31,183	21,422
Truck and Equipment Expense	222,408	-	222,408	197,820
Utilities Expense	4,749	12,184	16,933	17,814
TOTAL OPERATING EXPENSES	1,492,020	87,110	1,579,130	1,459,316
NET OPERATING GAIN (LOSS)	230,433	8,552	238,985	53,015
NON-OPERATING REVENUE (EXPENSES)				
Interest Earnings	121,734	58,327	180,061	55,968
Net Pension Benefit Expense GASB 68	23,063	-	23,063	57,461
Gain on Disposal of Capital Assets	27,260	-	27,260	44,045
TOTAL NONOPERATING REVENUE (EXPENSES)	172,057	58,327	230,384	157,474
CHANGES IN NET POSITION	402,490	66,879	469,369	210,489
TOTAL NET POSITION - BEGINNING	4,918,191	1,199,737	6,117,928	5,907,439
TOTAL NET POSITION - ENDING	$ 5,320,681	$ 1,266,616	$ 6,587,297	$ 6,117,928

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

WESTERN KANE COUNTY SPECIAL SERVICE DISTRICT #1
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For The Year Ended December 31, 2023

	Proprietary Fund Type		Total	Total (Memorandum Only)
	Solid Waste Fund	Television Fund	December 31, 2023	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received From Customers	$ 1,819,260	$ 83,348	$ 1,902,608	$ 1,530,116
Cash Paid To Suppliers	(562,553)	(64,651)	(627,204)	(682,933)
Cash Paid To Employees	(411,327)	(15,544)	(426,871)	(410,888)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	845,380	3,153	848,533	436,295
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of Other Assets	(258,050)	-	(258,050)	(984,536)
Sale of Capital Assets	69,500	-	69,500	130,000
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(188,550)	-	(188,550)	(854,536)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	121,734	58,327	180,061	55,968
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	778,564	61,480	840,044	(362,273)
CASH AND INVESTMENTS - BEGINNING OF YEAR	2,326,161	1,151,295	3,477,456	3,839,729
CASH AND INVESTMENTS - END OF YEAR	$ 3,104,725	$ 1,212,775	$ 4,317,500	$ 3,477,456
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating Gain (Loss)	$ 230,433	$ 8,552	$ 238,985	$ 53,015
Adjustments to Reconcile Net Operating Gain (Loss) to Net Cash Provided (Used) By Operating Activities:				
Depreciation	367,728	3,690	371,418	326,591
Increase (Decrease) In Operating Assets and Liabilities:				
Post Closure Expense	42,316	-	42,316	40,806
Accounts Receivable	(169,188)	(12,314)	(181,502)	16,525
Accounts Payable	104,109	3,225	107,334	(4,205)
Accrued Liabilities	3,987	-	3,987	2,303
Unearned Income	265,995	-	265,995	1,260
Total Adjustments	614,947	(5,399)	609,548	383,280
Net Cash Provided (Used) by Operating Activities	$ 845,380	$ 3,153	$ 848,533	$ 436,295

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Western Kane County Special Service District #1 (District), a component unit of Kane County, have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The District is a component unit of Kane County, Utah, and is governed by a seven-member Board of Directors. The District was organized under the laws of the State of Utah and provides solid waste and television services to the residents of the District. The District has no component units.

A. Reporting Entity:

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the exercise of special financial relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, no potential component units have been included in defining the District's reporting entity.

B. Financial Statement Presentation:

The District has adopted the provisions of GASB Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments, GASB Statement No. 37, Basic Financial Statements and Management Discussion and Analysis - for State and Local Governments: Omnibus, and GASB Statement No. 38, Certain Financial Statement Disclosures. These statements require governmental entities with more than one governmental activity to present additional accrual-based statements to better communicate the financial status of the entity. The significant changes to the District's financial statements relating to these standards are the Management's Discussion and Analysis and the titles and presentation of the financial statements to conform to the net position presentation.

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

The Districts reports the following major proprietary funds:

The Solid Waste Fund is used to account for the provisions of solid waste services to the residents of the District.

The Television Fund is used to account for the provisions of television service to the residents of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The financial statements of the District are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

C. Assets, Liabilities and Net Position or Equity

Deposits and Investments:

The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The District's investments are reported at amortized cost, which approximates fair value at year-end. The Utah Public Treasurers' Investment Fund (PTIF) operates in accordance with appropriate Utah state laws. Investments are recorded at amortized cost, which approximates fair *value in accordance with GASB Statement No. 72, Fair Value Measurement and Application*. The fair value of the District's position in the PTIF investment pool is the same as the value of the pool shares. Changes in the fair value in investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to funds based on the average earnings of each participating fund.

Cash and Investments:

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

D. Capital Assets:

Capital assets include property and plant equipment. Capital assets are defined by the District as assets with an initial unit cost of $2,000 or more and an estimated useful life in excess of one year. Such assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Buildings	40 Years
Equipment	5 Years

The District has adopted and complied with GASB 87, regarding the classification and disclosure of leases and the related leased assets and liabilities. The District has also adopted and complied with GASB 96, regarding intangible assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Operating Revenues and Expenses:

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

F. Net Position

The District's net position is classified as follows:

Net Investment in Capital Assets: This represents the District's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

Restricted - Expendable: Restricted expendable net position includes resources which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted: Unrestricted net position represent resources derived from user fees and intergovernmental appropriations. These resources are used for transactions relating to the development of water resource activities of the District, and may be used at the discretion of the governing board to meet current expenses for any legal purpose.

G. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

H. Budget Policy and Process:

The District adopts an annual budget. The budget is prepared on the accrual basis. The District is required to submit the budget to the Utah State Auditor's Office after it has been adopted by the Board.

I. Date of Subsequent Event Evaluation

The District's subsequent events have been evaluated through the day of the financial statement issuance of May 17, 2024.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one type of item that qualifies for reporting in this category, deferred outflows as relating to pensions as described in Note 7.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. The District deferred inflows as relating to pensions as described Note 7. This amount is deferred and recognized as an inflow of resources in the period in which the amount becomes available.

K. 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.

NOTE 2 - CASH AND INVESTMENTS

Deposits:

Deposits and Investments are carried at amortized cost, which approximates fair value. A reconciliation of cash and investments a December 31, 2023, as shown on the financial statements is as follows:

	Carrying at Fair Value
Cash on Deposit	$ 208,469
State Treasurer's Investment Pool	4,109,031
Total	$4,317,500
Cash and Investments - Unrestricted	$3,891,212
Cash and Investments - Restricted	426,288
Total	$4,317,500

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of December 31, 2023, $0 of the District's bank balances of $204,789 was uninsured and uncollateralized.

Investments:

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

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

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

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

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value of Investments

The District measures and records its investments at amortized cost, which approximates 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, 2023, the District had the following recurring fair value measurements:

		Fair Value Measurements Using		
Investments By Fair Value Level	December 31, 2023	Level 1	Level 2	Level 3
Debt Securities:				
Utah Public Treasurers' Invest. Fund	$4,109,031	$ -	$4,109,031	$ -
Total Investments by Fair Value Level	$4,109,031	$ -	$4,109,031	$ -

Debt and equity securities classified Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

* Utah Public Treasurers' Investment Fund: application of the December 31, 2023, fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the Fund.

Interest Rate Risk

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

		Investment Maturities in Years			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Utah Public Treasurers' Investment Fund	$4,109,031	$4,109,031	$ -	$ -	$ -
Total	$4,109,031	$4,109,031	$ -	$ -	$ -

Credit Risk

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

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

		Quality Ratings			
Investment Type	Fair Value	AAA	AA	A	Unrated
Utah Public Treasurers' Investment Fund	$4,109,031	$ -	$ -	$ -	$4,109,031
Total	$4,109,031	$ -	$ -	$ -	$4,109,031

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments with a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. The District places no other limits on the amount it may invest in any one issuer.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk. As of December 31, 2023, the District had $4,109,031 in debt security investments, level 2, which were held by the investment's counterparty. The District places no other limits on the amount of investments to be held by counterparties.

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 438,301	$ -	$ -	$ 438,301
Total Capital Assets Not Being Depreciated	438,301	-	-	438,301
Capital Assets Being Depreciated:				
Buildings	459,281	-	-	459,281
Containers	852,670	54,612	-	907,282
Fence and Improvements	463,650	-	-	463,650
Furniture and Fixtures	2,812	-	-	2,812
Trashflow Software	7,916	-	-	7,916
Translator Equipment	708,817	-	-	708,817
Trucks and Equipment	4,081,016	125,455	-	4,206,471
Vehicles	131,039	77,983	56,320	152,702
Total Capital Assets Being Depreciated	6,707,201	258,050	56,320	6,908,931
Less Accumulated Depreciation For:				
Buildings	202,863	9,779	-	212,642
Containers	438,090	59,840	-	497,930
Fence and Improvements	64,588	21,658	-	86,246
Furniture and Fixtures	2,812	-	-	2,812
Trashflow Software	660	1,583	-	2,243
Translator Equipment	688,377	3,690	-	692,067
Trucks and Equipment	2,581,200	245,916	-	2,827,116
Vehicles	15,316	28,952	14,080	30,188
Total Accumulated Depreciation	3,993,906	371,418	14,080	4,351,244
Total Capital Assets Being Depreciated (Net)	2,713,295	(113,368)	42,240	2,557,687
Business-Type Activities Capital Assets, Net	$3,151,596	$ (113,368)	$ 42,240	$2,995,988

NOTE 4 - CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require the District to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the District reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The District is currently operating two landfills. At December 31, 2023, the two landfills were licensed and permitted as Class II landfills.

The $358,563 reported as landfill closure and post closure care liability at December 31, 2023, represents the cumulative amount of closure and post closure costs reported to date accrued by the District based on the use of the estimated capacity of the landfill currently in use. The District will recognize the remaining estimated cost of closure and post closure care of $42,316 for the landfill's as the remaining estimated capacity of the landfills are filled. These amounts are based on what it would cost to perform all closure and post closure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The District expects the Kanab and Long Valley landfills to last at least 50 years. It is estimated that 40% of the Kanab landfill's capacity has be used to date, and that 48% of the Long Valley landfill's capacity has been used to date.

The District is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post closure care. The District is in compliance with these requirements, and at December 31, 2023, cash of $426,288 was held for these purposes.

NOTE 5 - RISK MANAGEMENT

The District is subject to various types of risk such as tort actions, theft, damage, or destruction of assets by intent or acts of Nature, and job related illness or injury. The District has procured insurance which, in the District's estimation, is adequate to reduce the risk of loss to a manageable level.

NOTE 6 - ROUNDING CONVENTION

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus $1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than $1.

NOTE 7 - PENSION PLAN

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:

Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system.

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

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

The Utah retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's 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 Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah, 84102 or visiting the website:

www.urs.org/general/publication

Benefits Provided:

URS provides retirement, disability, and death benefits. Retirement benefits are as shown on the following page.

NOTE 7 - PENSION PLAN (CONTINUED)

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

Contribution Rate Summary:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2023, are as follows:

<u>Utah Retirement Systems</u>

	Employee	Employer	Employer 401(k)
Contributory System:			
111 - Local Governmental Division Tier 2	N/A	16.01%	0.18%
Noncontributory System:			
15 - Local Governmental Division - Tier 1	N/A	17.97%	N/A
Tier 2 DC Only:			
211 - Local Governmental	N/A	6.19%	10.00%

NOTE 7 - PENSION PLAN (CONTINUED)

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

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

	Employer Contributions	Employee Contributions
Noncontributory System	$ 25,126	$ -
Tier 2 Public Employees System	29,784	-
Tier 2 DC Only System	3,229	-
Total Contributions	$ 58,139	$ -

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

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

At December 31, 2023, we reported a net pension asset of $0 and a net pension liability of $43,703.

	(Measurement Date): December 31, 2022				
	Net Pension Asset	Net Pension Liability	Proportionate Share - 2022	Proportionate Share - 2021	Change (Decrease)
Noncontributory System	$ -	$ 34,030	0.0198688%	0.0200794%	-0.0002106%
Tier 2 Public Employees System	-	9,673	0.0088833%	0.0113969%	-0.0025136%
Total Net Pension Asset/Liability	$ -	$ 43,703			

The net pension asset and liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

NOTE 7 - PENSION PLAN (CONTINUED)

For the year ended December 31, 2023, we recognized pension expense of $35,064.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,810	$ 384
Changes in assumptions	8,717	161
Net difference between projected and actual earnings on pension plan investments	26,347	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,822	2,108
Contributions subsequent to the measurement date	58,139	-
Total	$ 110,835	$ 2,653

$58,139 as reported as deferred outflows of resources to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources (Net)
2023	$ (5,449)
2024	$ 2,099
2025	$ 10,948
2026	$ 38,070
2027	$ 923
Thereafter	$ 3,451

NOTE 7 - PENSION PLAN (CONTINUED)

Actuarial Assumptions:

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

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

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

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

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

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	35.00%	6.58%	2.30%
Debt Securities	20.00%	1.08%	0.22%
Real Assets	18.00%	5.72%	1.03%
Private Equity	12.00%	9.80%	1.18%
Absolute Return	15.00%	2.91%	0.44%
Cash and Cash Equivalents	0.00%	-0.11%	0.00%
Totals	100.00%		5.17%
	Inflation		2.50%
	Expected arithmetic nominal return		7.67%

NOTE 7 - 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%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate:

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

System	1% Decrease or 5.85%	Discount Rate or 6.85%	1% Increase or 7.85%
Noncontributory System	$ 214,470	$ 34,030	$ (116,737)
Tier 2 Public Employees System	42,266	9,673	(15,436)
	$ 256,736	$ 43,703	$ (132,173)

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 7 - PENSION PLAN (CONTINUED)

Defined Contribution Savings Plans:

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under section 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provision is available in the separately issued URS financial report.

Western Kane County Special Service District #1 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 years ended December 31, were as follows:

	2023	2022	2021
401(k) Plan:			
Employer Contributions	$ 5,552	$ 5,530	$ 6,524
Employee Contributions	$ 2,843	$ 3,988	$ 3,487

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

WESTERN KANE COUNTY SPECIAL SERVICE DISTRICT #1
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
Measurement Date of December 31, 2022
December 31, 2023
Last 10 Fiscal Years*

	Noncontributory Retirement System	Tier 2 Public Employees Retirement System
Proportion of the Net Pension Liability (Asset)		
2014	0.0118192%	0.0066892%
2015	0.0118316%	0.0051780%
2016	0.0180053%	0.0041623%
2017	0.0192966%	0.0048035%
2018	0.0194636%	0.0126054%
2019	0.0203623%	0.0124564%
2020	0.0212058%	0.0113584%
2021	0.0200794%	0.0113969%
2022	0.0198688%	0.0088833%
Proportionate Share of the Net Pension Liability (Asset)		
2014	$ 78,994	$ (203)
2015	$ 103,641	$ (11)
2016	$ 115,616	$ 464
2017	$ 84,544	$ 424
2018	$ 143,325	$ 5,399
2019	$ 76,743	$ 2,802
2020	$ 10,878	$ 1,634
2021	$ (114,997)	$ (4,824)
2022	$ 34,030	$ 9,673
Covered Employee Payroll		
2014	$ 138,453	$ 32,802
2015	$ 139,998	$ 33,450
2016	$ 142,798	$ 34,134
2017	$ 149,524	$ 46,932
2018	$ 117,814	$ 146,770
2019	$ 121,982	$ 173,141
2020	$ 130,772	$ 181,560
2021	$ 115,419	$ 211,694
2022	$ 139,988	$ 194,213
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered - Employee Payroll		
2014	57.10%	-0.60%
2015	71.03%	-0.03%
2016	80.96%	1.36%
2017	56.54%	0.90%
2018	121.65%	3.68%
2019	62.91%	1.62%
2020	8.32%	0.90%
2021	-99.63%	-2.28%
2022	24.31%	4.98%
Plan Fiduciary Net Position as a Percentage of its Covered - Employee Payroll		
2014	90.20%	103.50%
2015	87.80%	100.20%
2016	87.30%	95.10%
2017	91.90%	97.40%
2018	87.00%	90.80%
2019	93.70%	96.50%
2020	99.20%	98.30%
2021	108.70%	103.80%
2022	97.50%	92.30%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. This schedule will need to be built prospectively. The schedule above is for 2014 through 2022.

WESTERN KANE COUNTY SPECIAL SERVICE DISTRICT #1
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
December 31, 2023

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to The Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions As a Percentage of Covered Employee Payroll
Noncontributory System	2014	$ 24,748	$ 24,748	$ -	$ 138,453	17.87%
	2015	$ 25,858	$ 25,858	$ -	$ 139,998	18.47%
	2016	$ 26,375	$ 26,375	$ -	$ 142,798	18.47%
	2017	$ 27,617	$ 27,617	$ -	$ 149,524	18.47%
	2018	$ 21,760	$ 21,760	$ -	$ 117,814	18.47%
	2019	$ 22,530	$ 22,530	$ -	$ 121,982	18.47%
	2020	$ 24,154	$ 24,154	$ -	$ 130,772	18.47%
	2021	$ 20,828	$ 20,828	$ -	$ 115,419	18.05%
	2022	$ 23,759	$ 23,759	$ -	$ 139,580	17.02%
	2023	$ 25,126	$ 25,126	$ -	$ 143,066	17.56%
Tier 2 Public Employees System*	2014	$ 4,748	$ 4,748	$ -	$ 32,802	14.47%
	2015	$ 4,992	$ 4,992	$ -	$ 33,450	14.92%
	2016	$ 5,089	$ 5,089	$ -	$ 34,134	14.91%
	2017	$ 7,054	$ 7,054	$ -	$ 46,932	15.03%
	2018	$ 22,544	$ 22,544	$ -	$ 146,770	15.36%
	2019	$ 27,012	$ 27,012	$ -	$ 173,141	15.60%
	2020	$ 28,566	$ 28,566	$ -	$ 181,560	15.73%
	2021	$ 33,734	$ 33,734	$ -	$ 211,694	15.94%
	2022	$ 31,154	$ 31,154	$ -	$ 194,213	16.04%
	2023	$ 29,784	$ 29,784	$ -	$ 186,036	16.01%
Tier 2 Public Employees DC Only System*	2014	$ 1,887	$ 1,887	$ -	$ 30,631	6.16%
	2015	$ 2,094	$ 2,094	$ -	$ 31,236	6.70%
	2016	$ 2,132	$ 2,132	$ -	$ 31,863	6.69%
	2017	$ 2,389	$ 2,389	$ -	$ 35,714	6.69%
	2018	$ 2,637	$ 2,637	$ -	$ 39,423	6.69%
	2019	$ 2,745	$ 2,745	$ -	$ 41,029	6.69%
	2020	$ 2,818	$ 2,818	$ -	$ 42,128	6.69%
	2021	$ 2,995	$ 2,995	$ -	$ 44,762	6.69%
	2022	$ 3,046	$ 3,046	$ -	$ 47,349	6.43%
	2023	$ 3,229	$ 3,229	$ -	$ 52,168	6.19%

* 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.

Paragraph 81b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

WESTERN KANE COUNTY SPECIAL SERVICE DISTRICT #1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
For The Year Ended December 31, 2023

Changes in Assumptions:

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

COMPLIANCE SECTION

Kimball & Roberts
A Professional Corporation
Certified Public Accountants
176 North Main • P.O. Box 663
Richfield, Utah 84701

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

The Honorable Board Members
Western Kane County Special Service District #1
Kanab, UT 84741

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 business-type activities of Western Kane County Special Service District #1, a component unit of Kane County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Western Kane County Special Service District #1's basic financial statements, and have issued our report thereon dated May 17, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Kane County Special Service District #1's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Western Kane County Special Service District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of Western Kane County Special Service District #1'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 Western Kane County Special Service District #1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kimball & Roberts, PC
Certified Public Accountants

May 17, 2024
Richfield, Utah

Kimball & Roberts
A Professional Corporation
Certified Public Accountants
176 North Main • P.O. Box 663
Richfield, Utah 84701

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

The Honorable Board Members
Western Kane County Special Service District #1
Kanab, Utah 84741

Report on Compliance with General State Compliance Requirements

We have audited Western Kane County Special Service District #1's (the District), compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the District for the year ended December 31, 2023.

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

- Budgetary Compliance
- Cash Management
- Fraud Risk Assessment
- Open and Public Meetings Act
- Public Treasurer's Bond
- Fund Balances
- Utah State Retirement Systems

Management's Responsibility

Management is responsible for compliance with the general 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 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 direct and 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 with general state compliance requirements. However, our audit does not provide a legal determination of the District's compliance.

Opinion on General State Compliance Requirements

In our opinion, Western Kane County Special Service District #1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District for the year ended December 31, 2023.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described below. Our opinion on compliance is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described below. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Finding: State Compliance - Open and Public Meetings Act: Training

We noted that not all board members received annual training on the requirements of the open and public meetings act.

Auditors Recommendation:

We recommend the District provide the board members with annual training on the requirements of open and public meetings.

Western Kane County Special Service District #1's Response:

The District's management will ensure that the open and public meetings training is completed during at least one board meeting. If all board members are not present, we will assist any absent member(s) in completing the training online or we will complete the training during another meeting when they are present.

Finding: State Compliance – Cash Management:

The money management report did not display bank account balances for all accounts listed.

Auditors Recommendation:

We recommend that all bank accounts should be listed with the bank balances.

Western Kane County Special Service District #1's Response:

We will correct the money management report to reflect the bank statement balance and not the reconciled book balance and will ensure that bank statement balances are used going forward.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the compliance requirements that could have a direct and material effect on the District to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general 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 general 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 general 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.

Kimball & Roberts, PC
Certified Public Accountants

May 17, 2024
Richfield, Utah