

Seven County Infrastructure Coalition

Financial Statements

For the year ended December 31, 2023

SEVEN COUNTY INFRASTRUCTURE COALITION

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Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Independent Auditors' Report

Seven County Infrastructure Coalition

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Seven County Infrastructure Coalition, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Seven County Infrastructure Coalition's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Seven County Infrastructure Coalition as of December 31, 2023, and the respective changes in 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. 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 Seven County Infrastructure Coalition, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 June 14, 2024 on our consideration of Seven County Infrastructure Coalition'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 Seven County Infrastructure Coalition's internal control over financial reporting and compliance.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
June 14, 2024

Seven County Infrastructure Coalition
Management's Discussion and Analysis
For the year ended December 31, 2023

As management of the Seven County Infrastructure Coalition, we offer readers of the Seven County Infrastructure Coalition's financial statements this narrative overview and analysis of the financial activities of the Coalition for the calendar year ended December 31, 2023. It is designed to provide an overview of the Coalition's financial activity. It is also intended to assist the reader in focusing on significant financial issues. These include identifying changes in the Coalition's financial position (its ability to address the next and subsequent year's challenges), identifying any material deviations from the approved budget, and identifying individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the Coalition's financial statements.

Financial Highlights

- The Coalition's net position decreased \$3,814 during 2023 compared to a decrease of \$3,946 during 2022.
- The nature of revenues is virtually all grant project expense reimbursement. Total expenditures for the current year were \$4,220,298 compared to prior year expenditures of \$2,069,508.

Using This Annual Report

This annual report consists of a series of financial statements. The financial reports comprise three components: First, government-wide financial statements consisting of Statement of Net Position and the Statement of Activities that provide information about the activities of the Coalition as a whole and present a long-term view of the Coalition's finances. Second, fund financial statements which tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Coalition's operations in more detail than the government-wide statements by providing information about the Coalition's most financially significant funds. Third, notes to the financial statements.

Reporting the Coalition as a Whole

Our analysis of the Coalition as a whole begins with the government-wide financial statements. The Statement of Net Position and Statement of Activities report information about the Coalition as a whole and about its activities in a way that helps determine if the Coalition is better or worse off as a result of the year's activities.

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting method 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 Coalition's net position and changes in them. Net position equals the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This is one way to measure the Coalition's financial position. Increases or decreases in the Coalition's net position are one indicator of whether the financial position of the Coalition is improving or deteriorating.

Seven County Infrastructure Coalition
Management's Discussion and Analysis
For the year ended December 31, 2023

In the Statement of Net Position and the Statement of Activities, the Coalition shows all of the activities in a single governmental activity category entitled *Highways and Public Improvements*. The State of Utah Community Impact Board (CIB) grant proceeds financed the majority of the Coalition's activities.

Reporting the Coalition's Most Significant Funds

Of the two types of fund, governmental and proprietary, the Coalition is operated within governmental funds which use a current resources accounting approach. Proprietary funds operate using an economic resources approach and are not applicable to the Coalition. Our analysis of the Coalition is contained completely in its general fund which begins on page 11.

Governmental funds—All of the Coalition's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, 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 Coalition's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Coalition'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 at the bottom of the financial statements or on a separate statement.

The Coalition as Trustee

The Coalition does not hold any funds or property in a trustee capacity. Consequently, no trustee information is required to be presented.

Overview of the Financial Statements

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

Government-wide financial statements—The government-wide financial statements are designed to provide readers with a broad overview of the Coalition's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Coalition that are principally supported by grants and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the Coalition is infrastructure improvement. The Coalition has no business-type activities.

Government-wide financial statements can be located using the table of contents.

Seven County Infrastructure Coalition
Management's Discussion and Analysis
For the year ended December 31, 2023

Fund financial statements—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Coalition, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Coalition can be put into one category: governmental funds.

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of the revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Coalition maintains only one governmental fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The Coalition considers all governmental funds to be major funds. The Coalition adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be located using the table of contents.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report—please see table of contents for page numbers.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$195,740 at the close of the most recent fiscal year.

The largest portion of the net position is capital assets. Unrestricted net position accounted for 8.5% of the Coalition's total net position. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Restricted assets (funds capital projects and debt reserves, etc.) comprised 0.0%. Capital assets comprised 91.5% of total net position, less any related debt used to acquire those assets that is still outstanding. The Coalition uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Coalition's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

Seven County Infrastructure Coalition
Management's Discussion and Analysis
For the year ended December 31, 2023

Net Position	Governmental Activities		
	2023	2022	Change
Current and other assets	\$ 282,216	\$ 2,795,565	\$ (2,513,349)
Other long-term assets	-	-	-
Deferred outflows of resources	-	-	-
Net capital assets	179,159	182,535	(3,376)
Total assets	461,375	2,978,100	(2,516,725)
Current liabilities	255,535	2,768,446	(2,512,911)
Deferred inflows of resources	-	-	-
Long-term liabilities	10,100	10,100	-
Total liabilities	265,635	2,778,546	(2,512,911)
Net assets:			
Capital assets, net of related debt	179,159	182,535	(3,376)
Restricted	-	-	-
Unrestricted	16,581	17,019	(438)
Total net position	\$ 195,740	\$ 199,554	\$ (3,814)

Government activities— Key elements of the governmental activities are as follows.

Change in Net Position	Governmental Activities		
	2023	2022	Change
Program revenues:			
Charges for services	\$ 202,554	\$ 611,088	\$ (408,534)
Operating grants	4,013,930	1,454,474	2,559,456
Capital grants	-	-	-
General revenues:			
Other	-	-	-
Earnings from investments	-	-	-
Total revenues	4,216,484	2,065,562	2,150,922
Expenses:			
Transportation & public improvements	4,220,298	2,069,508	2,150,790
Total Expenses	4,220,298	2,069,508	2,150,790
Decrease in net position	\$ (3,814)	\$ (3,946)	\$ 132

Operating and capital grants will vary year to year based on project funding. Infrastructure improvements will vary dramatically from year to year as projects gain momentum. Revenues changed due to the change in project status. At certain stages, some projects require significant expenditure. Projects are generally fully funded by grants.

The sources of revenues include the following: Utah Community Impact Board (CIB) grant proceeds of \$1,114,545, other grants of \$0, various intergovernmental revenues of \$2,899,385, and other charges of \$202,554. Revenues and contributions for the year were less than expenditures, thus the net position decreased by \$3,814 in 2023.

The cost of all governmental activities this year was \$4,220,298. As shown in the Statement of Activities, grants reimburse virtually all expense activity. Expenditures increased \$2,150,790 for a 104 percent increase from the prior year.

Seven County Infrastructure Coalition
Management's Discussion and Analysis
For the year ended December 31, 2023

Operational Goals

The Coalition's operational goals for future years are to continue to investigate and implement regional infrastructure projects in the Uintah, Duchesne, Daggett, Carbon, Emery, San Juan, and Sevier Counties that will increase infrastructure and community development opportunity in those areas. The Coalition hopes to continue to secure CIB proceeds and other funding. The Coalition will use the funds to cooperatively plan and implement projects that are beneficial to the counties participating in the Coalition.

Financial Analysis of the Government's Funds

The Coalition uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are two types of funds: governmental funds and proprietary funds. The Coalition utilizes only governmental funds.

Governmental funds—The focus of the Coalition's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Coalition's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

	General Fund		
	2023	2022	Change
Revenues:			
Intergovernmental	\$ 2,899,385	\$ 319,066	\$ 2,580,319
Grants	1,114,545	1,135,408	(20,863)
Other charges	<u>202,554</u>	<u>611,088</u>	<u>(408,534)</u>
Total revenues	4,216,484	2,065,562	2,150,922
Expenditures:			
Highways & public improvements	<u>4,216,922</u>	<u>2,066,132</u>	<u>2,150,790</u>
Total expenditures	<u>4,216,922</u>	<u>2,066,132</u>	<u>2,150,790</u>
Change in fund balance	<u>(438)</u>	<u>(570)</u>	<u>132</u>
Fund balances:			
Restricted	-	-	-
Unassigned	<u>16,581</u>	<u>17,589</u>	<u>(1,008)</u>
Total fund balance	<u>\$ 16,581</u>	<u>\$ 17,589</u>	<u>\$ (1,008)</u>

The general fund is the chief operating fund of the Coalition. Unassigned fund balances are available for spending at the government's discretion. Restricted balances are for unexpended bond proceeds and required debt payment reserves. Assigned fund balances are amounts that are constrained by the government for specific operating and maintenance purposes.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned general fund balance and total fund balance to total fund expenditures. Without operating grants, the Coalition would have very little operating ability.

Seven County Infrastructure Coalition
Management's Discussion and Analysis
For the year ended December 31, 2023

Fund Budgetary Highlights

The Coalition's 2023 original budget was adopted on December 8, 2022. There were no changes that required another public hearing and amendment of the 2023 budget; therefore, the original budget for 2023 was the final budget.

In the General Fund, the actual charges for expenditures were \$4,216,922. Expenditures were \$56,333,078 under the final budget amount. General fund actual revenues were \$4,216,484. Revenues were \$56,333,516 below the final budgeted amount.

Capital Asset and Debt Administration

Capital assets—As of December 31, 2023, the Coalition's investment in capital assets for its governmental activities amounts to \$179,159 (net of accumulated depreciation). Net capital assets of governmental activities decreased because capital purchases were less than current year depreciation expense.

<u>Net Capital Assets</u>	<u>Governmental Activities</u>		<u>Change</u>
	<u>2023</u>	<u>2022</u>	
Rights-of-way, easements	\$ 168,470	\$ 168,470	\$ -
Equipment	10,689	14,065	(3,376)
Total capital assets, net	<u>\$ 179,159</u>	<u>\$ 182,535</u>	<u>\$ (3,376)</u>

Long-term debt—The Coalition did not have any long-term debt for the years ending December 31, 2023 and 2022.

Economic Forecast and Future Budget

The Coalition has identified and prioritized dozens of infrastructure projects and corridors that will help stabilize the region covered by the seven Coalition counties. These projects will provide for current stability, prosperity and future growth. The Coalition is currently involved in the following major projects which will be ongoing for several years: a rail study connecting the Uintah Basin to an existing rail line in neighboring Carbon County; a research center in Emery County to facilitate and accommodate research companies; water supply and transportation projects in remote San Juan County; and regional transportation hubs. These projects, along with others, have been funded with government grants and contributions. Although the eastern region has suffered economic hardships due to decreased production in coal, oil and gas, the Coalition is dedicated to bringing expansion to the eastern region.

Contacting the Coalition's Financial Management

This financial report is designed to provide our community with a general overview of the Seven County Infrastructure Coalition's finances and to show the Coalition's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Keith Heaton – Executive Director via e-mail at kheaton@7county.utah.gov or mail correspondence to 294 East 100 South, Price, Utah 84501.

SEVEN COUNTY INFRASTRUCTURE COALITION
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 43,224
Cash and cash equivalents - restricted	113,073
Prepaid insurance	5,038
Due from other governments	<u>120,881</u>
Total current assets	282,216
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Rights of way - easements	168,470
Equipment	<u>10,689</u>
Total noncurrent assets	<u>179,159</u>
Total assets	<u><u>\$ 461,375</u></u>
<u>LIABILITIES & NET POSITION</u>	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 126,924
Accrued liabilities	10,501
Unearned revenue	<u>118,110</u>
Total current liabilities	255,535
Noncurrent liabilities:	
Due to Carbon County	<u>10,100</u>
Total noncurrent liabilities	<u>10,100</u>
Total liabilities	265,635
Net position:	
Net investment in capital assets less related debt	179,159
Unrestricted	<u>16,581</u>
Total net position	<u>195,740</u>
Total liabilities and net position	<u><u>\$ 461,375</u></u>

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
For the year ending December 31, 2023

Function/Program	Expenditures	Revenues			Governmental
		Charges for	Operating	Capital Grants	Activities
		Services	Grants &	and	Net (Expense)
			Contributions	Contributions	Revenue and
					Changes in Net
					Position
Primary Government					
Governmental activities:					
Transportation and public improvement:	\$ 4,220,298	202,554	4,013,930	-	\$ (3,814)
Total governmental activities	<u>\$ 4,220,298</u>	<u>202,554</u>	<u>4,013,930</u>	<u>-</u>	<u>(3,814)</u>
General Revenues:					
Miscellaneous revenue					-
Excess (deficiency) before special item					(3,814)
Special Item:					
Capital contribution					-
Change in net position					(3,814)
Net position - beginning					<u>199,554</u>
Net position - ending					<u>\$ 195,740</u>

The accompanying notes are an integral part of this statement.

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General Fund, Total All Funds
Assets	
Current assets:	
Cash and cash equivalents	\$ 43,224
Cash and cash equivalents - restricted	113,073
Prepaid insurance	5,038
Due from other governments	<u>120,881</u>
 Total assets	 <u><u>282,216</u></u>
 Liabilities and Fund Balances	
Current liabilities:	
Accounts payable	126,924
Accrued liabilities	10,501
Unearned revenue	<u>118,110</u>
Total current liabilities	255,535
 Noncurrent liabilities:	
Due to Carbon County	<u>10,100</u>
Total noncurrent liabilities	<u>10,100</u>
Total liabilities	265,635
 Fund Balances:	
Unassigned	<u>16,581</u>
Total fund balances	<u>16,581</u>
 Total liabilities and fund balances	 <u><u>\$ 282,216</u></u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

December 31 , 2023

Total fund balances of governmental fund types		\$	16,581
Capital assets used in governmental activities are not financial resources for governmental funds reporting:			
Rights of way - easements	168,470		
Equipment	<u>10,689</u>		
Sub-total			<u>179,159</u>
Total net position of governmental activities		\$	<u><u>195,740</u></u>

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ending December 31, 2023

	General Fund, Total All Funds
Revenues	
Intergovernmental revenue	\$ 2,899,385
Grant proceeds	1,114,545
Other charges	<u>202,554</u>
Total revenues	4,216,484
Expenditures	
Transportation and public improvements	<u>4,216,922</u>
Total expenditures	<u>4,216,922</u>
Excess of revenue over (under) expenditures	(438)
Other Sources & Uses	
None	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(438)
Fund Balance, January 1	<u>17,019</u>
Fund Balance, December 31	<u><u>\$ 16,581</u></u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
For the year ending December 31, 2023

Net changes in fund balances - total governmental funds	\$ (438)
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Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. In government-wide reporting, assets are capitalized and depreciated.

Capital outlays	-
Depreciation expense	<u>(3,376)</u>
Sub-total	<u>(3,376)</u>

Change in net assets of governmental activities	<u>\$ (3,814)</u>
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The accompanying notes are an integral part of this statement.

Seven County Infrastructure Coalition
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2023

History & Organization—Seven County Infrastructure Coalition (the Coalition) was created in 2014 by Uintah, Duchesne, Daggett, Carbon, Emery, and San Juan Counties. In 2016, the Coalition adopted a resolution admitting Sevier County to the Coalition. The Coalition's mission is to improve the quality of life of citizens through cooperative regional planning, increased economic opportunity, and sustainable implementation. The Coalition investigates and implements regional infrastructure projects. The Coalition is governed by a Board of Directors. The Board of Directors has all powers and duties in the operation of the Coalition, including: the power of eminent domain and the power to enter into contracts, issue revenue bonds, select its domicile, set meeting times, adopt regulations and bylaws for its operations and adopt budgets.

Note 1 Summary of Significant Accounting Policies

Reporting Entity—The accounting policies of Seven County Infrastructure Coalition conform to generally accepted accounting principles as applicable to governmental units. For financial reporting purposes, the Coalition has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Coalition are such that exclusion would cause the Coalition's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and the (1) ability of the Coalition to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Coalition.

Seven County Infrastructure Coalition is a separate legal and administrative entity pursuant to the provisions of section 11-13-5.5 of the Utah Code. The Coalition is governed by a Board of Directors. The Coalition is a legally separate entity that possesses the power to set its own budget, incur debt, to sue and be sued, and to own and lease property. The seven counties exercise no significant controlling powers over the Coalition. As such, the Coalition is not a component unit, as defined by the Governmental Accounting Standards Board. Further, as defined in this statement, the Coalition has no component units which should be included in the accompanying financial statements.

Government-Wide and Fund Financial Statements—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent of fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Seven County Infrastructure Coalition
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2023

Measurement Focus, Basis of Accounting, and Financial Statement Presentation—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

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. 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Coalition reports the following major governmental funds:

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

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

Indirect charges are not allocated to their various functions because the Coalition maintains a general administration function to capture indirect costs. Depreciation is allocated directly to functional expenses and interest expense, if any, is categorized separately in the Statement of Net Position.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 Coalition does not have any proprietary funds.

Cash & Cash Equivalents and Investments—The Coalition's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables and Payables—All trade and intergovernmental receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible amounts. Eventual payment is received on most trade accounts receivable.

Seven County Infrastructure Coalition
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2023

Property Taxes—The Coalition does not collect a property tax.

Inventories and Prepaid Items—All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted and Committed Assets—At times, the Coalition may have funds set aside that are legally restricted, contractually limited, or committed by the governing body. When both restricted or committed funds and unrestricted resources are available for use, it is the Coalition's practice to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets—Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Coalition as assets with an individual cost of \$5,000 or more and an estimated useful life in exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives: buildings 50 years, buildings improvements 40 years, machinery and equipment 5-10 years, office furniture and equipment 3-7 years.

Compensated Absences—The Coalition has a single salaried employee. Compensated absences do not accrue.

Long-term Obligations—In the government-wide financial statements long-term debt obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Budgetary information— An annual operating budget is adopted by the Coalition's board of trustees, on a basis consistent with generally accepted accounting principles, and as prescribed by State of Utah law. The budget is adopted prior to the beginning of the year to which it applies after a public hearing has been held. Subsequent amendments to the operating budget may be made after a public hearing. A capital budget is also adopted by the board of trustees which identifies planned capital asset addition and requirements for long-term debt service principal payments, as well as the plan for financing these items.

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

Seven County Infrastructure Coalition
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2023

Fund Equity—Equity is reported differently for the government-wide and fund financial statements.

Government-wide Financial Statements—equity is classified in the government-wide financial statements as net position and is displayed in three components:

Invested in capital assets, net of related debt - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested" in capital assets, net of relation debt.

Fund Financial Statements—In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. The Coalition's Board of Directors is the highest level of decision making. Descriptions of equity classifications follow:

Nonspendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

Assigned fund balance - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes. The Coalition's Board may assign balances.

Unassigned fund balance - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Pensions— The Coalition offers a pension with the Utah Retirement Systems Pension Plan (URS). The Coalition has one employee who is eligible to participate in the URS defined benefit plan; however, the employee opted out of participating in the defined benefit plan. The URS shows that Unit No. 697 (the Coalition), terminated their coverage on December 31, 2016. The Coalition does provide a defined benefit contribution to a URS 401(k) plan, each month, for the eligible employee. The contributions immediately vest with the employee after each payment. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources—In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an outflow of resources (revenue) until that time.

Seven County Infrastructure Coalition
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2023

Note 2 Cash Deposits and 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 (UMMA) that relate to the deposit and investment of public funds.

The Coalition 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 Association 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 Act provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. The Act lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

Deposit and Investment Risk—The Coalition maintains no investment policy containing any specific provisions intended to limit the Coalition’s exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The Coalition's compliance with the provisions of UMMA addresses each of these risks.

Cash equivalents and investments are carried at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Summary of Deposits and Investments

Reconciliation to the Balance Sheet			
Balance Sheet		Deposits & Investments	
Cash--unrestricted	\$ 43,224	Checking	\$ 153,404
Cash--restricted for projects	113,073	Utah Public Treasurer Pool (PTIF)	2,893
Total	<u>\$ 156,297</u>	Total	<u>\$ 156,297</u>

Deposits

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of a bank failure, the Coalition's deposits may not be returned to it. The Coalition does not have a formal deposit policy for custodial credit risk. As of December 31, 2023, \$0 of the Coalition’s bank balances of \$153,404 (a carrying balance of \$153,404) was uninsured and uncollateralized at year end.

Seven County Infrastructure Coalition
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2023

Investments

The Utah Money Management Act (UMMA) defines the types of securities authorized as appropriate investments for the Coalition 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 Coalition to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; 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 Coalition invests in the external investment pool Utah Public Treasurer Investment Fund (PTIF) which is administered by the Treasurer of the State of Utah. State agencies, municipalities, counties and local governments within the State of Utah are permitted to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

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. The Act authorizes only high-grade securities; therefore, credit risk is very low except in the most unusual and unforeseen circumstances.

The PTIF is not registered with the SEC as an investment company. The PTIF operations and portfolio composition are monitored at least semi-annually by the Utah Money Management Council. The PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments. The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. Twice a year, at June 30 and December 31, the investments are measured at fair value. Historically, the fair value of the investment pool is approximately equal to the value of the pool shares. Due to insignificant unrealized gains or losses, the fair value of the investment in the PTIF external investment pool is deemed to be the amortized cost of the investment.

Fair Value of Investments—The Coalition measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and Level 3--Unobservable inputs. The PTIF uses a Level 2 fair value measurement.

As of December 31, 2023, the Coalition had the following investment characteristics:

<u>Investment Type</u>	<u>Balance Sheet</u>	<u>Fair Value</u>	<u>Fair Value</u>		<u>Quality</u>
			<u>Hierarch Level</u>	<u>Maturity</u>	
State of Utah PTIF	\$ 2,893	\$ 2,893	Level 2	< 1 year	Unrated

Seven County Infrastructure Coalition
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2023

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association'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. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, 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 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

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

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 Association's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Note 3 Restricted Cash & Unearned Revenue

The Coalition has cash restricted for future capital projects in the amount of \$113,073 at year-end. The Coalition also has \$118,110 unearned grant revenue for the period ending December 31, 2023.

Note 4 Capital Assets

A summary of capital asset activity is listed below. Depreciation expense of \$3,376 for the year ended December 31, 2023 was allocated to the highway & public improvements function of the Coalition.

	Balance Dec 31, 2022	Increases	Decreases	Balance Dec 31, 2023
Governmental Funds:				
Highway & public improvements				
Not depreciated:				
Rights-of-way, easements	\$ 168,470	\$ -	\$ -	\$ 168,470
Depreciated:				
Buildings & equipment	33,757	-	-	33,757
Sub-total	202,227	-	-	202,227
Accumulated Depreciation:				
Governmental funds	(19,692)	(3,376)	-	(23,068)
Sub-total	(19,692)	(3,376)	-	(23,068)
Net totals	<u>\$ 182,535</u>	<u>\$ (3,376)</u>	<u>\$ -</u>	<u>\$ 179,159</u>

Seven County Infrastructure Coalition
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2023

Note 5 Accounts Receivable

At year-end, the Coalition's accounts receivable was all due from departments of the State of Utah. All balances are expected to be paid timely; therefore, there are no doubtful accounts.

Note 6 Exposures to Risks of Loss

The Coalition is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Coalition has purchased commercial insurance to reimburse its losses, subject to limitations and deductibles, for many of the identified risks.

Note 7 Subsequent Events

Subsequent events were reviewed through June 14, 2024. The Coalition has been previously awarded funding to complete ongoing projects. These projects have been started and will use funding in excess of \$2.6 million for the designated expenditures outlined in the individual projects.

Note 8 Commitments

The Coalition has received funding and has entered into, or is in the process of entering into, the following contracts for work to be completed.

Project	Remaining Cost
	Estimate
Energy Research Center of Excellence	\$ 360,000
Eastern Utah Regional Connection	3,000
Navajo Water Planning	350,000
Uintah Basin Railway Study	<u>1,865,000</u>
Total Commitments	<u><u>\$ 2,578,000</u></u>

Note 9 Budget Compliance

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – disclose budgetary compliance on a functional level as required by generally accepted accounting principles. Utah State law requires that budgetary compliance be measured on a fund level. During the year ended December 31, 2023, the Coalition had no fund expenditure totals exceeding budgeted amounts.

Note 10 Related Party

The Coalition does not have any related party transactions for the year 2023 nor are any individuals or companies deemed to be a related party.

Seven County Infrastructure Coalition
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2023

Note 11 Pension Plan

Eligible plan participants are provided with pensions through the Utah Retirement Systems (URS). The URS Systems are comprised of various pension trust funds that are appropriate for the employee's position and hire date. The URS also provides defined contribution savings plans.

The Coalition has only one employee and that employee is eligible to participate in the URS. That employee has elected to only participate in a URS defined contribution savings plan.

Retirement benefits are currently determined to be 18.00% of gross wages. All employees are eligible for the defined benefit plan. Contributions are vested when liability is created and only the Coalition has the authority to establish and amend the benefit terms. The Coalition had no forfeitures in the current year and as of December 31, 2023; the Coalition showed \$1,210 of pension liability.

Defined Contribution Savings Plan

The Defined Contributions Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the URS, 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.

Seven County Infrastructure Coalition participates in the URS 401(k) Defined Contribution Savings Plan.

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

401(k)	2023	2022	2021
Employer contributions	\$ 31,448	\$ 30,547	\$ 29,552
Employee contributions	<u>32,900</u>	<u>27,000</u>	<u>-</u>
Total	<u>\$ 64,348</u>	<u>\$ 57,547</u>	<u>\$ 29,552</u>

Note 12 Litigation and Risk of Loss

During the normal course of conducting its business, the Coalition becomes involved in litigation. The Coalition's legal counsel believes it is not possible at this time to determine the probability or the extent of an unfavorable outcome of current litigation.

Required Supplementary Information

**SEVEN COUNTY INFRASTRUCTURE COALITION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

For the year ending December 31, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue	28,600,000	28,600,000	2,899,385	(25,700,615)
Grant proceeds	2,750,000	2,750,000	1,114,545	(1,635,455)
Loan proceeds	-	-	-	-
Other charges	<u>29,200,000</u>	<u>29,200,000</u>	<u>202,554</u>	<u>(28,997,446)</u>
Total revenues	60,550,000	60,550,000	4,216,484	(56,333,516)
Expenditures				
Transportation and public improvements	<u>60,550,000</u>	<u>60,550,000</u>	<u>4,216,922</u>	<u>56,333,078</u>
Total expenditures	<u>60,550,000</u>	<u>60,550,000</u>	<u>4,216,922</u>	<u>56,333,078</u>
Excess of revenue over (under) expenditures	-	-	(438)	(438)
Other Sources & Uses				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(438)	(438)
Fund Balance, January 1	<u>17,019</u>	<u>17,019</u>	<u>17,019</u>	<u>-</u>
Fund Balance, December 31	<u>17,019</u>	<u>17,019</u>	<u>16,581</u>	<u>(438)</u>

The accompanying notes are an integral part of this statement.

Government Reports

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Seven County Infrastructure Coalition

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Seven County Infrastructure Coalition as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Coalition's basic financial statements, and have issued our report thereon dated June 14, 2024.

Internal Control over Financial Reporting

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

As part of obtaining reasonable assurance about whether the Coalition'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 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.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah

June 14, 2024

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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

Board of Directors
Seven County Infrastructure Coalition

Report On Compliance

We have audited Seven County Infrastructure Coalition's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended December 31, 2023.

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

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Cash Management
- Public Treasurer's Bond

Opinion on Compliance

In our opinion, Seven County Infrastructure Coalition complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2023.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coalition's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the

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compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Coalition's compliance with the requirements of the government program as a whole.

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

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

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

Report On Internal Control over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
June 14, 2024