

**BOARD OF DIRECTORS
MEETING MINUTES**

Date and Time

April 17, 2025, 12:30 p.m.

Location

UAC/UCIP Offices, 5397 S St, Murray, Utah

Directors Present

William Cox, *President*, Rich County Commissioner
Bob Stevenson, *Vice President*, Davis County Commissioner
Michael Wilkins, *Secretary/Treasurer*, Uintah County Clerk/Auditor
Craig Blake, Sevier County Human Resource Director
Gage Froerer, Weber County Commissioner
Lee Perry, Box Elder County Commissioner
Kelly Sparks, Davis County Sheriff
Sim Weston, Rich County Commissioner
Marla Young, Box Elder County Clerk

Directors Absent

Christopher Crockett, Weber County Deputy Attorney
Greg Miles, Duchesne County Commissioner
Victor Iverson, Washington County Commissioner
David Tebbs, Garfield County Commissioner

Officers and Staff Present

Johnnie Miller, UCIP Chief Executive Officer
Danielle Davis, UCIP Accounting Specialist
Aly Michale, UCIP Executive Administrative Specialist

Call to Order

William Cox called the meeting of the Utah Counties Indemnity Pool's Board of Directors to order at 12:40 p.m. on April 17, 2025 and welcomed attendees. Gage Froerer led the Pledge of Allegiance.

Review/Excuse Board Members Absent

Bob Stevenson made a motion to excuse Christopher Crockett, Victor Iverson, Greg Miles and David Tebbs from this meeting. Gage Froerer seconded the motion, which passed unanimously.

Review/Approve February 20, 2025 Meeting Minutes

The draft minutes of the Board of Directors meetings held on February 20, 2025 were previously sent to the Board for review (see attachments number one). Michael Wilkins made a motion to

approve the February 20, 2025 minutes as written. Lee Perry seconded the motion, which passed unanimously.

Ratification/Approval of Payments and Credit Card Transactions

Michael Wilkins reported that he has reviewed the payments made and credit card transactions of the Pool as of April 17, 2025 (see attachment number two). Michael Wilkins made a motion to approve the payments and credit card transactions as presented. Kelly Sparks seconded the motion, which passed unanimously.

Review/Approve Fraud Risk Assessment

The Office of the State Auditor Fraud Risk Assessment was previously sent to the Board for review (see attachment number three). Michael Wilkins explained that the assessment provides a basic evaluation of the Pool's fraud risk. UCIP scored 355 out of 395 points, indicating a very low risk level. Michael Wilkins made a motion to approve the annual Fraud Risk Assessment as presented. Craig Blake seconded the motion, which passed unanimously.

Review/Approve 2024 Financial Audit

The draft 2024 financial audit, performed by independent auditors, Larson & Company, was previously sent to the Board for review (see attachment number four). Michael Wilkins reported that members of the Audit Committee met with the independent auditors and UCIP staff to review the draft 2024 financial audit. UCIP had no findings for the year ending in 2024. UCIP's net position increased by \$4,104,545 from the prior year, with a net position of \$16,133,810 at year's end. Michael Wilkins made a motion to approve the 2024 Financial Audit as presented. Lee Perry seconded the motion, which passed unanimously.

Review/Approve 2024 WCF Annual Report and Insurance Audits

Information from the Workers Compensation Fund (WCF) 2024 Premium Audit report was previously sent to the Board for review (see attachment number five). Johnnie Miller reported that the audited member payroll was \$280,824,211. The total audited premium for the year was \$2,694,593, requiring an adjustment of \$335,105 additional premium due. Miller noted that the payroll continues to rise each year, from growth of counties, COLA and merit increases, as well as a few small special districts joining the program this year. Miller noted that rates were lower in 2024 than they were in 2017, proving the workers compensation program continues to be a valuable and successful service to the members that participate. Notices of audited amounts have already been sent. With the Board's approval of the 2024 WCF Annual Report and Insurance Audit, invoices then be sent. Bob Stevenson made a motion to accept the audit report as presented and invoice members for the adjusted amounts. Gage Froerer seconded the motion, which passed unanimously.

Review/Approve First Quarter 2025 Financial Statements

The first quarter 2025 financial statements were previously sent to the Board for review (see attachment number six). Danielle Davis reported that the in-house prepared, unaudited quarterly financial statements include the Balance Sheet comprised of the total assets, total liabilities and net position of the Pool for the quarter ending on March 31, 2025. Davis included a comparison to the 2024 audited Balance Sheet. Net Position at quarter ending March 31, 2025 totaled \$17,368,552 compared to \$16,133,810 at year end 2024. The Income Statement provides the budget to actual revenues and expenses. At quarter ending March 31, 2025, operating income is at 28% of budget, totaling \$3,073,093; underwriting expenses are at 17% of budget, totaling \$1,581,896; administration expenses are at 21%, totaling \$270,795; and change in fair value of investments is \$14,340. Total change in net position at the end of the first quarter is \$1,234,742. The Cash Flow Statement is comprised of the financial activities during the first quarter. Bob Stevenson made a motion to approve the first quarter 2025 unaudited financial statements as presented. Craig Blake seconded the motion, which passed unanimously.

Review/Approve URS Contribution Rates 2025/2026

The final Utah Retirement Systems (URS) contribution rates, for the fiscal year July 1, 2025 to June 30, 2026, were previously sent to the Board for review (see attachment number seven). Danielle Davis reported that Pool employees are in the Noncontributory Retirement System 15 for Local Governments. The employer rate for the Tier 1 Program has dropped by 1%, for a rate of 15.97. The employer rate for the Tier 2 Defined Contribution plan totals 14.19%. Craig Blake made a motion to approve the URS rates, as presented, effective July 1, 2025. Michael Wilkins seconded the motion which passed unanimously.

Review/Approve Bylaws Amendments

Proposed amendments to the Bylaws were previously sent to the Board for review (see attachment number eight). Johnnie Miller explained that duplicate wording was removed. At the February 20, 2025 meeting, the Board amended the Late Contributions Policy. Language was added to reflect the changes to the Late Contribution Policy. Michael Wilkins made a motion to approve the Bylaws as presented to the Board. Bob Stevenson seconded the motion, which passed unanimously.

Review/Approve Employee Reimbursement Policy

Proposed amendments to the Employee Reimbursement Policy were previously sent to the Board for review (see attachment number nine). Johnnie Miller explained that additional wording was added regarding receipts for reimbursement and duplicate wording was struck. Further instruction was included for rental vehicle procedures. Reimbursement for RV site rentals and meals were also updated. The final update shows that registration fees for conferences and courses should be paid in advance by a designee of the CEO. Gage Froerer made a motion to approve the Employee Reimbursement Policy as presented to the Board. Lee Perry seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of and Individual

Michael Wilkins made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual*. Bob Stevenson seconded the motion, which passed unanimously.

Action on Personnel Matters

Craig Blake made a motion to strike agenda item: *Action on Personnel Matters*. Michael Wilkins seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation

Michael Wilkins made a motion to strike agenda item: *Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation*. Craig Blake seconded the motion, which passed unanimously.

Action on Litigation Matters

Lee Perry made a motion to strike agenda item: *Action on Litigation Matters*. Bob Stevenson seconded the motion, which passed unanimously.

Approve June Board Meeting Date and Time

Aly Michale reminded the Board that they had discussed holding the 2025 Strategic Planning of the Board in one of the Northern counties. After researching locations, Michale confirmed that Box Elder County would be the best location to hold it. Michale will continue planning the event and provide the Directors with more information. Bob Stevenson made a motion to hold the 2025 Strategic Planning of the Board from Wednesday, June 18th to Friday, June 20th, and move the Board Meeting from Thursday, June 19, 2025, to Friday, June 20, 2025. Craig Blake seconded the motion, which passed unanimously.

Chief Executive Officer's Report

Johnnie Miller informed the Board that changes were made to the insurance code during the legislative session. Several groups asked Miller to provide a review of the legislative session and will continue to for the next couple of months. Miller informed the Board that Aly Michale is assisting the Utah County and District Attorneys Association (UCDAA) with planning their annual Civil Conference this fall. Some of the UCIP Defense Panel have donated to help with the cost. Miller told the Board that this conference is a great way for the civil county attorneys to get their training on handling lawsuits. UCIP has always contributed and helped with this conference, including a four-hour "UCIP Block" for the Pool to choose topics and speakers during that time. In past years, the Attorney General's Office has put together the conference and UCIP would reimburse the expenses for the speakers from the UCIP block. This year, UCIP will make a sponsorship contribution, matching the amount UCIP provides to the Sheriff's Association, making it a simpler process. Miller conducted discrimination and harassment training in Duchesne County for all department heads and supervisors. He has also attended the Utah Association of Counties New Official Trainings, which have been going well. Miller continues to work on the Sheriff's Standards Committee to assist in updating the jail standards. Miller reminded the Board that County Reinsurance Limited (CRL) is concerned about exposures for cyber liability, and their board has voted that they will be terminating providing excess coverage in the future. Miller is unsure of the date CRL will implement this. In the meantime, Miller has been trying to identify other options and has discussions with different brokers and the current reinsurer of CRL to put a program together. Miller emphasized that the market is very difficult at this time. Miller intends to discuss the options during the Strategic Planning session in June. UCIP's annual meeting with WCF went well. WCF has six different visits a year with each county to assist with training, reviews or other needs requested by the Risk Coordinator. The UAC Management Conference will be held at the end of April. UCIP will be in attendance with ice cream and massage chairs. Miller will be speaking with both the USACC and Sheriff's Association this year. Six County AOG has been rebranded as R6. They have asked Miller to help with training at a summit they conduct. Brandy Grace will also be speaking at the summit. Miller notified that he will be traveling for the CRL Board meeting at the end of May. Their new company director recently stated that they have had a much better financial year than expected and UCIP's equity from the Property Plus program has more than doubled. Miller informed the Board that Aly Michale has been putting the Risk Coordinator Training together, which is scheduled for May 22, 2025 in UAC's training room. Board members are welcome to attend. Lastly, Brandy Grace reached out to Miller about hiring an attorney for UAC. Grace asked if UCIP would be interested in contributing towards funding the position and receive support from the hired employee. Christopher Crockett told Miller that he is comfortable with the person in mind for the UAC position and has recommended putting information together about the Pool utilizing them. Miller told the Board that there will be more discussion on the matter during June's Strategic Planning.

Calendar Items

Aly Michale informed the Board that Craig Blake will be opening the Risk Coordinator Training and invited and encouraged other directors to join. Michale spoke to the Board about the 2025 Meeting of the Members. The Board directed Michale to coordinate the meeting the same as the prior year, with a movie showing at the Megaplex Theatre at Jordan Commons on November 21, 2025. Johnnie Miller also told the Board that CRL's Annual Membership Meeting will be held in Park City from September 23 to 25, 2025 and invited the directors.

Other Reports

The next regular meeting of the Board of Directors will be held Friday, June 20, 2025, at 9:00 a.m., at the Hampton Inn Brigham City, 40 Main Street, Brigham City, UT.

Lee Perry made a motion to adjourn the meeting. Gage Froerer seconded the motion, which passed unanimously. William Cox adjourned the Utah Counties Indemnity Pool Board of Directors Meeting at 1:51 pm. on April 17, 2025.

Prepared by:

Aly Michale

Aly Michale, UCIP Executive Administrative Specialist

Submitted on this 20 day of June 2025

Michael W. Wilkins

Michael W Wilkins, Secretary/Treasurer

Approved on this 20 day of June 2025

William Cox

William Cox, President

Subject: Public Notice for Board of Directors

Date: Tuesday, April 15, 2025 at 1:11:20 PM Mountain Daylight Time

From: support@helpdesk.utah.gov

To: Aly Michale

Utah Public Notice

Board of Directors

Board of Directors Meeting

Notice Date & Time: 4/17/25 12:30 PM

Description/Agenda:

Open Meeting, Pledge of Allegiance
Welcome
Review/Excuse Board Members Absent
Review/Approve February 20, 2025 Meeting Minutes
Ratification/Approval of Payments and Credit Card Transactions
Review/Approve Fraud Risk Assessment
Review/Approve December 31, 2024 Financial Audit
Review/Approve 2024 WCF Annual Report and Insurance Audit
Review/Approve First Quarter 2025 Financial Statements
Review/Approve URS Contribution Rates 2025/2026
Review/Approve Bylaws Amendments
Review/Approve Employee Reimbursement Policy
Set Date and Time for Closed Meeting to Discuss Character, Professional Competence,
Physical/Mental Health of an Individual
Action on Personnel Matters
Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation
Action on Litigation Matters
Approve June Board Meeting Date and Time
Chief Executive Officer's Report
Calendar Items
Other Reports

Notice of Special Accommodations:

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Aly Michale at the Utah Counties Indemnity Pool, 5397 S Vine St, Murray, UT 84107-6757, or call 801-307-2122, at least three days prior to the meeting.

Notice of Electronic or telephone participation:

Electronic or Telephone Participation is not available for this meeting.

Other information:

Location:

5397 S VINE ST, SALT LAKE CITY, 84107

Contact information:

Aly Michale , amichale@ucip.utah.gov, (801) 307-2122

AGENDA

Utah Counties Indemnity Pool Board of Directors Meeting

Thursday, April 17, 2025 12:30 p.m.

UAC/UCIP Offices 5397 S Vine St Murray UT

Open Meeting, Pledge of Allegiance

William Cox

ITEM	ACTION	
1.	Welcome	William Cox
2.	Review/Excuse Board Members Absent	William Cox
3.	Review/Approve February 20, 2025 Meeting Minutes	Mike Wilkins
4.	Ratification/Approval of Payments and Credit Card Transactions	Mike Wilkins
5.	Review/Approve Fraud Risk Assessment	Mike Wilkins
6.	Review/Approve December 31, 2024 Financial Audit	Mike Wilkins
7.	Review/Approve 2024 WCF Annual Report and Insurance Audit	Johnnie Miller
8.	Review/Approve First Quarter 2025 Financial Statements	Danielle Davis
9.	Review/Approve URS Contribution Rates 2025/2026	Danielle Davis
10.	Review/Approve Bylaws Amendments	Johnnie Miller
11.	Review/Approve Employee Reimbursement Policy	Johnnie Miller
12.	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	William Cox
13.	Action on Personnel Matters	Craig Blake
14.	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	William Cox
15.	Action on Litigation Matters	Christopher Crockett
16.	Approve June Board Meeting Date and Time	Aly Michale
INFORMATION		
17.	Chief Executive Officer's Report	Johnnie Miller
18.	Calendar Items	Aly Michale
19.	Other Reports	William Cox

UTAH COUNTIES INDEMNITY POOL

5397 S Vine St Murray UT 84107-6757, 801-565-8500, ucip.utah.gov

**BOARD OF DIRECTORS
 MEETING MINUTES**

Date and Time

February 20, 2025, 12:30 p.m.

Location

UAC/UCIP Offices, 5397 S Vine St, Murray, Utah

Directors Present

William Cox, *President*, Rich County Commissioner
 Bob Stevenson, *Vice President*, Davis County Commissioner
 Michael Wilkins, *Secretary/Treasurer*, Uintah County Clerk/Auditor
 Craig Blake, Sevier County Human Resource Director
 Christopher Crockett, Weber County Deputy Attorney
 Lee Perry, Box Elder County Commissioner
 Kelly Sparks, Davis County Sheriff
 Sim Weston, Rich County Commissioner
 Marla Young, Box Elder County Clerk

Directors Absent

Gage Froerer, Weber County Commissioner
 Victor Iverson, Washington County Commissioner
 Greg Miles, Duchesne County Commissioner
 David Tebbs, Garfield County Commissioner

Officer and Staff Present

Johnnie Miller, UCIP Chief Executive Officer
 Danielle Davis, UCIP Accounting Specialist
 Aly Michale, UCIP Executive Administrative Specialist

Others Present

Scott Burnett, Managing Director of Raymond James & Associates

Call to Order

William Cox called the meeting of the Utah Counties Indemnity Pool's Board of Directors to order at 12:36 p.m. on February 20, 2025. Michael Wilkins led the Pledge of Allegiance and Craig Blake offered a prayer. Cox welcomed the new Board Members: Lee Perry, Box Elder County Commissioner, and Marla Young, Box Elder County Clerk.

Review/Excuse Board Members Absent

Michael Wilkins made a motion to excuse Gage Froerer, Victor Iverson, Greg Miles and David Tebbs from this meeting. Sim Weston seconded the motion, which passed unanimously.

Review/Approve Board Meeting Rules of Order and Procedure Policy

The Board Meeting Rules of Order and Procedure Policy was previously sent to the Board for review (see attachment number one). Johnnie Miller informed the Board that no changes were made to the policy but the Directors may review it as it is the first regular scheduled meeting of the year. Further review was not requested. Craig Blake made a motion to approve the review of the Board Meeting Rules of Order and Procedure Policy. Bob Stevenson seconded the motion, which passed unanimously.

Review/Approve December 19, 2024 Meeting Minutes

The draft minutes of the Board of Director's meeting held on December 19, 2024 were previously sent to the Board Members for review (see attachment number two). Bob Stevenson made a motion to approve the December 19, 2024 minutes as written. Craig Blake seconded the motion, which passed unanimously.

Ratification/Approval of Payments and Credit Card Transactions

Michael Wilkins reported that he has reviewed the payments made and credit card transactions of the Pool as of February 20, 2025 (see attachment number three). Michael Wilkins made a motion to approve the payments and credit card transactions as presented. Sim Weston seconded the motion, which passed unanimously.

Market Update and Investment Account Review

Scott Burnett from Raymond James provided the Board with a market update and portfolio summary (see attachment number four).

Review/Approve Investment Policy

The Investment Policy was previously sent to the Board for review (see attachment number five) with the Raymond James Investment Policy Statement (see attachment number six). Bob Stevenson made a motion to change the maximum maturity to not exceed 10 years in the Investment Policy. Michael Wilkins seconded the motion, which passed unanimously.

Review/Approve Late Contribution Policy and Member Fees

Proposed amendments to the Late Contribution Policy were previously sent to the Board for review (see attachment number seven). Johnnie Miller explained that language was added to include joint purchase contributions with the same terms as member contributions. Language was also added stating that UCIP shall provide reminders for payment, regarding interest for late payments. Danielle Davis reported that there are currently two outstanding invoices for annual contributions, totaling approximately \$4,000. Kelly Sparks made a motion to approve the Late Contribution Policy as presented. Michael Wilkins seconded the motion, which passed unanimously.

Review/Approve Report on Conflict of Interest Disclosures

Conflict of Interest Disclosures are required to be completed annually, between January 1 and January 31. Bob Stevenson reported that each director has completed the form and there are no conflicts to report for 2025.

Review/Approve December 31, 2024 Actuarial Reserve Analysis

Exhibits from the 2024 By The Numbers Actuarial Consulting Actuarial Reserve Analysis were previously sent to the Board for review (see attachment number eight). Johnnie Miller explained that Figure 1, charts the Pool's losses, for the years 2007 to 2024, by paid (blue), case reserves (green) and the estimated Incurred But Not Reported (IBNR) (yellow) losses for all lines of coverage. Miller reminded the Board that the numbers reported only relate to the coverage that UCIP provides, that is not reimbursed by the reinsurers, for claims within \$500,000. The Comparison of Estimated Ultimate Incurred Losses displays that from December 31, 2023, the estimate of the amount needed for 2024 increased by 5.2%. Figure 2 charts the incurred losses comparing the current paid case reserves and IBNR from the prior actuarial report. Appendix C, Estimated Unallocated Loss Adjustment Expense Reserve, displays an estimate of what it would

cost the Pool to pay an outside adjusting firm to handle the claims to resolution if the Pool were dissolved, using actual UCIP claims data. The estimated cost would be \$194,650. Table 43 provides an estimate of required reserves as of January 17, 2025. The estimated ultimate incurred losses total \$56,366,079 and incurred losses of \$59,547,825, totaling \$45,709,239 paid. The estimated total of case reserves is \$3,838,586 and IBNR is \$6,818,254. The findings are that the expected required reserves needed for the Pool at year end of 2024 is \$10,656,840. Figure 5 demonstrates how the actuary calculates reserves for each line of coverage, using Law Enforcement Liability as an example. Figure 6 charts historical profitability of the Pool. Table 46 provides the Board with the combined 17-year loss ratio of 0.939. Michael Wilkins made a motion to approve the 2024 Actuarial Reserve Analysis as presented including the \$10,656,840 in expected required reserves for use in the December 31, 2024 year end financial statements and audit thereof. Craig Blake seconded the motion, which passed unanimously.

Review/Approve New Member Request

A UCIP Membership Application Summary, for the Municipal Building Authority of Daggett County, was presented to the Board for review (see attachment number nine). Johnnie Miller reported that Daggett County has filed a sponsorship resolution for the entity. The entity has been dormant for a long time and will now be taking on new projects. Bob Stevenson, Chair of the Membership Approval Committee, previously reviewed the application and saw no issues. Sim Weston made a motion to approve the new member request. Lee Perry seconded the motion, which passed unanimously.

Review/Approve Personal Use, IT, Records, Minutes, Continuity and Accounting Policies

The Personal Use of Public Property or Funds, IT and Computer Security, Records Retention, Minutes, Recordings and Records of Meeting, Business Continuity/Disaster Recovery and Accounting Policies were previously sent to the Board for review (see attachments number 10 through 15). Johnnie Miller reviewed the policies with the Board. No updates to the policies were recommended. Bob Stevenson made a motion to approve the review of these policies. Michael Wilkins seconded the motion, which passed unanimously.

Review/Approve Board Elected & Appointed Positions Policy

Amendments to the Board Elected and Appointed Positions Policy were previously sent to the Board for review (see attachment number 16). Johnnie Miller explained that wording was added to specify that a Director of the Board must be from a Member county. Wording was also added to clarify that nomination request forms shall be emailed only to voting Members. Craig Blake made a motion to approve the amendments to the Board Elected & Appointed Positions Policy as presented. Bob Stevenson seconded the motion, which passed unanimously.

Review/Approve Budget Policy

Amendments to the Budget Policy were previously sent to the Board for review (see attachment number 17). Johnnie Miller explained that verbiage was added to include that Budget hearing notices must also be published in a newspaper of general circulation throughout the state. UCIP has always used the Salt Lake Tribune to provide the notice. Lee Perry suggested publishing the notices in the Deseret News instead, as the Salt Lake Tribune charges for a membership to access their news and Deseret News does not. Michael Wilkins suggested the Pool to also send the notices to county Clerks asking to post the notice during the required period, for those areas that do not receive the paper locally. Bob Stevenson made a motion to approve the amendments to the policy with the exception of adding additional wording to send notice to each county clerk to post. Michael Wilkins seconded the motion, which passed unanimously.

Review/Approve Pre-Loss Legal Assistance Program Policy

Amendments to the Pre-Loss Legal Assistance Program Policy was previously sent to the Board for review (see attachment number 18). Johnnie Miller reviewed the updates to the policy, including removal of reference to the CFO and including additional language to further explain that the amounts paid under the program will be added to a claim as a defense expense if a Notice of

Claim or Complaint is filed for which the service was provided. William Cox asked how the service is billed, Miller answered that it is billed by quarter-hour. Bob Stevenson made a motion to approve the amendments to the Pre-Legal Loss Assistance Program Policy as presented. Sim Weston seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Michael Wilkins made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual*. Marla Young seconded the motion, which passed unanimously.

Action on Personnel Matters

Craig Blake made a motion to strike agenda item: *Action on Personnel Matters*. Bob Stevenson seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Christopher Crockett made a motion to strike agenda item: *Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation*. Michael Wilkins seconded the motion, which passed unanimously.

Action on Litigation Matters

Christopher Crockett made a motion to strike agenda item: *Action on Litigation Matters*. Michael Wilkins seconded the motion, which passed unanimously.

Discussion on Non-Owned Vehicles

Johnnie Miller informed the Board that there have been several claims involving rental cars being damaged. Currently, coverage is for vehicles that are owned or leased by the member. If a member rents a vehicle, it is not covered. Coverage should be purchased through the rental company for physical damage. UCIP will cover the liability if the county rents the vehicle. If an employee rents a vehicle, it is treated as a personal vehicle and UCIP will pay up to the first \$500. Bob Stevenson asked the difference between the county or employee renting a vehicle. Miller clarified that as long as the county purchasing card was used it is considered rented by the county. This language will be added to the coverage addendum in the future. Property damage coverage is automatically provided if a p-card is used when utilizing the state contract for Enterprise or National and the corporate discount number. Aly Michale will provide the state contract and code to the Board and Risk Coordinators.

Claims Report

Lance Welch provided a brief report on claims (see attachment number 19). Welch informed the Board that there are currently 143 open claims, approximately 5% are older claims and still being litigated. On average 190 claims are made each year, which the Pool is currently on trend with for 2025. The five-year total expenditures shows each line of coverage and the amounts spent. Member automobile claims have the most expenditures. The total amount paid in claims in 2024 was significantly lower than years past. William Cox asked if automobile losses from law enforcement are considered law enforcement liability or automobile losses. Welch explained that law enforcement auto accidents would still be considered as auto losses, law enforcement losses are cases such as when someone argues that an officer did something that was not warranted.

Chief Executive Officer's Report

Johnnie Miller reported that he and Aly Michale have been working with the Utah County and District Attorney Association to assist with coordinating the 2025 Civil Conference as The Utah Prosecution Council will no longer be managing the conference and UCIP has been involved with the planning each year. Miller emphasized that the conference is a valuable opportunity for the group so that they can obtain the required continuing legal education credits annually at a low cost with topics that are directly related to their positions. Miller also reported that the annual personnel policy review with staff has been completed, as well as ethics, to meet the fraud risk assessment

requirements. Miller conducted the Public Officials Training in Emery County and Supervisor Leadership Academy Trainings for Weber County and will continue to do so for the rest of the year. Miller spoke at the Utah Association of Fair and Events Directors Conference in Juab County and assisted the Utah Association of Counties training for new officials. Miller has attended meetings with the Sheriff's Jail Standards Committee to move forward with putting the standards into place throughout the state. Miller informed the Board that while attending online County Reinsurance Limited (CRL) board meetings, the Executive Director of CRL indicated that there are concerns about cyber coverage exposures and will soon likely discontinue providing excess coverage for cyber insurance. Cyber coverage continues to become more difficult to obtain. Miller continues to work with the state and brokers to find alternative ways to provide this coverage. The Utah Cyber Center partners with Utah Valley University to provide several resources including policy samples, trainings, and software systems, purchased through a state contract that all government agencies have access to, paid through a grant until 2028. Discussion ensued about experiences the counties have had and what other resources are available. Miller was pleased to inform the Board that HB64 has passed, no longer requiring public official bonds, which have never been available. HB23 has passed which will now recognize the Pool as a reserve fund, instead of a Public Agency Insurance Mutual. The bill also makes it possible for the Pool to create a captive insurance company.

Calendar Items

Aly Michale reviewed scheduled and potential dates of interest with the Board (see attachment number 20). The Risk Coordinator Training will be held on May 22, 2025 at the UAC/UCIP offices. Michale informed the Board that the HR affiliate group plans to hold a workshop with the Utah Association of Counties Conference in September and reached out to UCIP for ideas. Johnnie Miller will be presenting for a portion of the workshop. CRL will be holding their membership meeting in Park City, Utah this year. Michale informed the Board that she is looking into potential dates in November for the Annual Meeting of the Members. She will also get more information about holding the meeting at the Megaplex again. Michale asked the Board if they would like to consider changing the dates or location of the Regular Scheduled Meetings of the Board if a larger space for meetings is needed. The directors discussed other options for future meetings but chose to continue with the current scheduled dates and location for the meantime. The Strategic Planning of the Board is usually held in June, in conjunction with the regular scheduled June Board Meeting. The Board instructed Michale to continue coordinating the session for the week of the June meeting and suggested locations to consider.

April 2025 Board Meeting Agenda

Johnnie Miller reviewed the proposed agenda for the April meeting with the Board (see attachment 21). No changes to the agenda were made.

Other Reports

The next regular meeting of the Board of Directors will be held Thursday, April 17, 2025, at 12:30 p.m., at the UAC/UCIP offices, 5397 South Vine Street, Murray, UT.

Kelly Sparks made a motion to adjourn the meeting. Craig Blake seconded the motion, which passed unanimously. William Cox adjourned the Utah Counties Indemnity Pool Board of Directors Meeting at 3:31 pm. on February 20, 2025.

Prepared by:

Aly Michale, UCIP Executive Administrative Specialist

Submitted on this 17 day of April 2025

Michael W Wilkins, Secretary/Treasurer

Approved on this 17 day of April 2025

William Cox, President

DRAFT

Utah Counties Indemnity Pool

Transaction Detail by Account

February 20 - April 17, 2025

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
500-000000-10010100 ZionsMLC					
02/24/2025	Check	ACH	Weber County	Claim: WEB0000032024	-1,175.00
02/24/2025	Check	BILLPAY	Enterprise Rent-A-Car Company of UT, LLC	Claim: WHS0000022025	-327.92
02/24/2025	Check	ACH	Kane County	Claim: KAN0000032025	-141.50
02/24/2025	Check	ACH	Beaver County	Claim: BEA0000012025	-13,347.11
02/24/2025	Bill Payment (Check)	ACH	Mylar Law, PC	Invoices 01679, 01680, 01681	-9,293.98
02/24/2025	Check	BILLPAY	Uintah County	Claim: UIN0000012025	-3,824.79
02/24/2025	Bill Payment (Check)	ACH	Strong & Hanni	Invoices 378923, 378924, 378925, 378926, 381182, 381184	-16,446.50
02/24/2025	Bill Payment (Check)	ACH	Frontier Adjusters, Inc.	Invoice T1145656	-270.00
02/24/2025	Check	BILLPAY	Uintah County	Claim: UIN0000072024	-1,000.00
02/24/2025	Check	ACH	Washington County	Claim: WAS0000042025	-3,664.92
02/28/2025	Bill Payment (Check)	ACH	Strong & Hanni	Invoice 378927	-50.50
02/28/2025	Check	BILLPAY	Enterprise Rent-A-Car Company of UT, LLC	Claim: JUA0000022025	-570.89
02/28/2025	Check	ACH	Washington County	Claim: WAS0000062025	-732.30
02/28/2025	Check	BILLPAY	Roberto Martinez Pedro	Claim: WCP0000012025	-6,972.08
02/28/2025	Bill Payment (Check)	ACH	Dentons Durham Jones & Pinegar	Invoices 972194, 972195, 972196, 972198, 972199, 972202, 972203, 972204, 972208, 972209	-63,246.77
02/28/2025	Bill Payment (Check)	ACH	Mylar Law, PC	Invoices 01683, 01684	-69,283.21
03/07/2025	Check	ACH	Weber County	Claim: WEB0000042024	-5,756.07
03/07/2025	Bill Payment (Check)	ACH	Suitter Axland	Invoices 4439, 4441	-16,835.00
03/07/2025	Bill Payment (Check)	ACH	Mylar Law, PC	Invoice 01686	-4,512.19
03/07/2025	Bill Payment (Check)	ACH	Kunz PC	Invoices 221, 222, 223	-18,675.50
03/07/2025	Bill Payment (Check)	ACH	Frontier Adjusters, Inc.	Invoice T1146901	-306.00
03/07/2025	Check	ACH	Michael J Seguin	Claim: WEB0000022025	-9,707.20
03/07/2025	Check	ACH	Washington County	Claim: WAS0000052025	-24,078.00
03/07/2025	Check	ACH	San Juan County	Claim: SAJ0000022025	-2,515.09
03/07/2025	Check	ACH	Davis County	Claim: DAV0000012025	-897.49
03/24/2025	Bill Payment (Check)	ACH	Strong & Hanni	Invoices 382053, 382054, 382055, 382056, 382057, 382058, 382059, 384353, 384354, 384355, 384356, 384357, 384358	-17,986.91
03/24/2025	Check	ACH	Weber County	Claim: WEB0000052025	-1,180.64
03/24/2025	Bill Payment (Check)	ACH	Frontier Adjusters, Inc.	Invoice T1147176	-1,148.20
03/24/2025	Check	ACH	Washington County	Claim: WAS0000062025	-968.73
03/24/2025	Check	ACH	Morgan County	Claim: MOR0000032025	-766.36
03/24/2025	Check	ACH	Davis County	Claim: DAV0001452025	-424.51
03/24/2025	Check	ACH	Davis County	Claim: DAV0000092025	-1,700.00
03/24/2025	Check	ACH	Davis County	Claim: DAV0000082025	-594.00
03/24/2025	Check	ACH	Davis County	Claim: DAV0000082025	-2,102.55
03/24/2025	Check	ACH	Davis County	Claim: DAV0000032025	-641.89
03/24/2025	Check	BILLPAY	South Bountiful Auto Parts LLC	Claim: DAV0000022025	-87.00
03/24/2025	Bill Payment (Check)	ACH	Mylar Law, PC	Invoices 01689, 01691, 01692, 01693	-62,046.92
03/24/2025	Check	ACH	Weber Human Services	Claim: WHS0000042025	-546.02
03/24/2025	Check	ACH	Weber Human Services	Claim: WHS0000042025	-14,610.59
03/28/2025	Bill Payment (Check)	ACH	Mylar Law, PC	Invoices 01695, 01696, 01697	-36,253.66

Utah Counties Indemnity Pool

Transaction Detail by Account

February 20 - April 17, 2025

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
03/28/2025	Bill Payment (Check)	ACH	Dentons Durham Jones & Pinegar	Invoices 975238, 975240, 975241, 975242, 975245, 975248, 975249, 975251, 975254, 975258, 975259, 975260	-48,749.58
03/28/2025	Check	BILLPAY	Enterprise Rent-A-Car Company of UT, LLC	Claim: WCP0000012025	-372.40
03/28/2025	Check	ACH	Weber-Morgan Health Department	Claim: WMH0000132025	-317.50
03/28/2025	Check	BILLPAY	Enterprise Rent-A-Car Company of UT, LLC	Claim: WCP0000012025	-446.88
04/07/2025	Bill Payment (Check)	ACH	Suitter Axland	Invoices 4557, 4558, 4559	-17,495.45
04/07/2025	Check	ACH	Washington County	Claim: WAS0000042025	-2,757.13
04/07/2025	Bill Payment (Check)	ACH	Mylar Law, PC	Invoice 01699	-7,499.00
04/07/2025	Bill Payment (Check)	ACH	Kunz PC	Invoices 237, 238, 239, 240, 241, 242, 243, 244, 245	-14,576.25
04/07/2025	Check	ACH	Weber Human Services	Claim: WHS0000012024	-1,000.00
04/07/2025	Check	ACH	Valenzuela Flooring	Claim WEB0006272024	-2,037.75
04/11/2025	Check	ACH	Washington County	Claim: WAS0000092025	-3,131.45
04/11/2025	Bill Payment (Check)	ACH	Mylar Law, PC	Invoice 01702	-70,462.77
04/11/2025	Check	ACH	Davis County	Claim: DAV0000012025	-2,346.58
Total for 500-000000-10010100 ZionsMLC					\$ - 585,880.73
500-000000-10010100 ZionsMLE					
02/24/2025	Check	ACH	Bob Stevenson	BS Mileage	-35.00
02/24/2025	Check	ACH	Public Employees Health Program	Account: AC-0000002101 (MAR)	-11,738.66
02/24/2025	Check	ACH	Christopher Crockett	CC Mileage	-64.40
02/24/2025	Check	ACH	Davis County	KS Mileage	-36.40
02/24/2025	Check	ACH	Lee Perry	LP Mileage	-86.80
02/24/2025	Check	BILLPAY	Mike Wilkins	MW Mileage	-254.80
02/24/2025	Check	ACH	Marla Young	MY Mileage	-93.80
02/24/2025	Check	BILLPAY	Rich County	SW Mileage	-193.20
02/24/2025	Check	ACH	Public Employees Health Program	Invoice 0124138193	-299.73
02/24/2025	Check	ACH	Sevier County	CB Mileage	-420.00
02/24/2025	Bill Payment (Check)	ACH	Strong & Hanni	Invoices 378922, 381180	-2,943.00
02/28/2025	Payroll Check	DD	Marty L. Stevens	Pay Period: 02/16/2025-02/28/2025	-2,448.99
02/28/2025	Payroll Check	DD	Alyssa Michale	Pay Period: 02/16/2025-02/28/2025	-1,467.82
02/28/2025	Payroll Check	DD	Danielle Davis	Pay Period: 02/16/2025-02/28/2025	-1,970.38
02/28/2025	Payroll Check	DD	Lance Welch	Pay Period: 02/16/2025-02/28/2025	-3,339.67
02/28/2025	Payroll Check	DD	Johnnie R. Miller	Pay Period: 02/16/2025-02/28/2025	-4,958.60
02/28/2025	Payroll Check	DD	Johnnie R. Miller	Pay Period: 02/16/2025-02/28/2025	-2,000.00
02/28/2025	Check	ACH	PEHP-LTD	Agency: 1076	-219.54
02/28/2025	Tax Payment		IRS	Tax Payment for Period: 02/26/2025-02/28/2025 EFT ACKNOWLEDGEMENT NUMBER: 270545943973123	-6,282.58
02/28/2025	Tax Payment		UT State Tax Commission	Tax Payment for Period: 02/01/2025-02/28/2025 e-Check Payment confirmation number: 1-005-171-008	-2,012.28
02/28/2025	Check	ONLINE	Utah Retirement Systems	Confirmation: 02263147442	-11,268.23
02/28/2025	Check	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-1,100.28
02/28/2025	Bill Payment (Check)	ONLINE	US Bank	Confirmation number: 474-111941-25	-1,040.02
03/07/2025	Bill Payment (Check)	ACH	Whitney Advertising & Design, Inc.	Invoice 29858	-1,549.95
03/07/2025	Bill Payment (Check)	BILLPAY	MicroNiche, Inc.	Invoice B25-10197	-300.00

Utah Counties Indemnity Pool

Transaction Detail by Account

February 20 - April 17, 2025

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
03/07/2025	Bill Payment (Check)	ACH	Kunz PC	Invoice 220	-2,061.00
03/14/2025	Payroll Check	DD	Johnnie R. Miller	Pay Period: 03/01/2025-03/15/2025	-4,958.59
03/14/2025	Payroll Check	DD	Johnnie R. Miller	Pay Period: 03/01/2025-03/15/2025	-2,000.00
03/14/2025	Tax Payment		IRS	Tax Payment for Period: 03/12/2025-03/14/2025 EFT ACKNOWLEDGEMENT NUMBER: 270547385221357	-6,282.58
03/14/2025	Payroll Check	DD	Lance Welch	Pay Period: 03/01/2025-03/15/2025	-3,339.67
03/14/2025	Payroll Check	DD	Danielle Davis	Pay Period: 03/01/2025-03/15/2025	-1,970.39
03/14/2025	Payroll Check	DD	Marty L. Stevens	Pay Period: 03/01/2025-03/15/2025	-2,448.99
03/14/2025	Payroll Check	DD	Alyssa Michale	Pay Period: 03/01/2025-03/15/2025	-1,467.82
03/24/2025	Bill Payment (Check)	ACH	Strong & Hanni	Invoices 382052, 384351	-5,632.28
03/24/2025	Check	ACH	Public Employees Health Program	Invoice 0124145248	-299.73
03/24/2025	Bill Payment (Check)	ACH	Utah Safety Council	Invoice 41133	-6,500.00
03/28/2025	Check	ACH	Public Employees Health Program	Account: AC-0000002101 (APR)	-11,738.66
03/28/2025	Check	ACH	Johnnie R. Miller	JM Expense Reimbursement (FEB)	-176.88
03/28/2025	Check	ACH	Johnnie R. Miller	JM Expense Reimbursement (JAN)	-385.44
03/28/2025	Check	ONLINE	Utah Retirement Systems	Confirmation: 032532563512	-11,392.48
03/28/2025	Check	ACH	PEHP-LTD	Agency: 1076	-223.31
03/31/2025	Payroll Check	DD	Danielle Davis	Pay Period: 03/16/2025-03/31/2025	-2,157.21
03/31/2025	Tax Payment		IRS	Tax Payment for Period: 03/29/2025-03/31/2025 EFT ACKNOWLEDGEMENT NUMBER: 270549080393086	-6,479.65
03/31/2025	Bill Payment (Check)	ONLINE	US Bank	Confirmation: 474-169657-25	-1,779.58
03/31/2025	Check	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-1,100.28
03/31/2025	Tax Payment		UT State Tax Commission	Tax Payment for Period: 03/01/2025-03/31/2025 e-Check Payment confirmation number: 1-***-***-216	-2,052.36
03/31/2025	Payroll Check	DD	Marty L. Stevens	Pay Period: 03/16/2025-03/31/2025	-2,715.48
03/31/2025	Payroll Check	DD	Johnnie R. Miller	Pay Period: 03/16/2025-03/31/2025	-2,000.00
03/31/2025	Payroll Check	DD	Johnnie R. Miller	Pay Period: 03/16/2025-03/31/2025	-4,958.59
03/31/2025	Payroll Check	DD	Alyssa Michale	Pay Period: 03/16/2025-03/31/2025	-1,630.72
03/31/2025	Payroll Check	DD	Lance Welch	Pay Period: 03/16/2025-03/31/2025	-3,339.67
04/07/2025	Check	ACH	Johnnie R. Miller	JM Expense Reimbursement (MAR)	-184.14
04/07/2025	Bill Payment (Check)	ACH	HCA Asset Management LLC	Invoice 25-2069	-82,440.00
04/07/2025	Bill Payment (Check)	BILLPAY	MicroNiche, Inc.	Invoice B25-10267	-300.00
04/11/2025	Bill Payment (Check)	ACH	State of Utah Mail	Invoice 25L6439690	-72.45
04/15/2025	Payroll Check	DD	Johnnie R. Miller	Pay Period: 04/01/2025-04/15/2025	-2,000.00
04/15/2025	Payroll Check	DD	Marty L. Stevens	Pay Period: 04/01/2025-04/15/2025	-2,715.48
04/15/2025	Tax Payment		IRS	Tax Payment for Period: 04/12/2025-04/15/2025 EFT ACKNOWLEDGEMENT NUMBER: 270550593332152	-6,479.61
04/15/2025	Payroll Check	DD	Danielle Davis	Pay Period: 04/01/2025-04/15/2025	-2,157.23
04/15/2025	Payroll Check	DD	Alyssa Michale	Pay Period: 04/01/2025-04/15/2025	-1,602.78
04/15/2025	Payroll Check	DD	Lance Welch	Pay Period: 04/01/2025-04/15/2025	-3,339.67
04/15/2025	Payroll Check	DD	Johnnie R. Miller	Pay Period: 04/01/2025-04/15/2025	-4,958.60
Total for 500-000000-10010100 ZionsMLE					\$ - 251,465.45

Fraud Risk Assessment

INSTRUCTIONS:

- Reference the *Fraud Risk Assessment Implementation Guide* to determine which of the following recommended measures have been implemented.
- Indicate successful implementation by marking “Yes” on each of the questions in the table. Partial points may not be earned on any individual question.
- Total the points of the questions marked “Yes” and enter the total on the “Total Points Earned” line.
- Based on the points earned, circle/highlight the risk level on the “Risk Level” line.
- Enter on the lines indicated the entity name, fiscal year for which the Fraud Risk Assessment was completed, and date the Fraud Risk Assessment was completed.
- Print CAO and CFO names on the lines indicated, then have the CAO and CFO provide required signatures on the lines indicated.

Fraud Risk Assessment

Continued

*Total Points Earned: 355 /395 *Risk Level: Very Low Low Moderate High Very High

	Yes	Pts
1. Does the entity have adequate basic separation of duties or mitigating controls as outlined in the attached Basic Separation of Duties Questionnaire?	Yes	200
2. Does the entity have governing body adopted written policies in the following areas:		
a. Conflict of interest?	Yes	5
b. Procurement?	Yes	5
c. Ethical behavior?	Yes	5
d. Reporting fraud and abuse?	Yes	5
e. Travel?	Yes	5
f. Credit/Purchasing cards (where applicable)?	Yes	5
g. Personal use of entity assets?	Yes	5
h. IT and computer security?	Yes	5
i. Cash receipting and deposits?	Yes	5
3. Does the entity have a licensed or certified (CPA, CGFM, CMA, CIA, CFE, CGAP, CPFO) expert as part of its management team?	No	20
a. Do any members of the management team have at least a bachelor's degree in accounting?	Yes	10
4. Are employees and elected officials required to annually commit in writing to abide by a statement of ethical behavior?	No	20
5. Have all governing body members completed entity specific (District Board Member Training for local/special service districts & interlocal entities, Introductory Training for Municipal Officials for cities & towns, etc.) online training (training.auditor.utah.gov) within four years of term appointment/election date?	Yes	20
6. Regardless of license or formal education, does at least one member of the management team receive at least 40 hours of formal training related to accounting, budgeting, or other financial areas each year?	Yes	20
7. Does the entity have or promote a fraud hotline?	Yes	20
8. Does the entity have a formal internal audit function?	Yes	20
9. Does the entity have a formal audit committee?	Yes	20

*Entity Name: Utah Counties Indemnity Pool

*Completed for Fiscal Year Ending: 2025 *Completion Date: 04/17/2025

*CAO Name: **Johnnie Miller** *CFO Name: **Michael Wilkins**

*CAO Signature: _____ *CFO Signature: _____

*Required

Basic Separation of Duties

See the following page for instructions and definitions.

	Yes	No	MC*	N/A
1. Does the entity have a board chair, clerk, and treasurer who are three separate people?	Yes			
2. Are all the people who are able to receive cash or check payments different from all of the people who are able to make general ledger entries?	Yes			
3. Are all the people who are able to collect cash or check payments different from all the people who are able to adjust customer accounts? If no customer accounts, check "N/A".	Yes			
4. Are all the people who have access to blank checks different from those who are authorized signers?	Yes			
5. Does someone other than the clerk and treasurer reconcile all bank accounts OR are original bank statements reviewed by a person other than the clerk to detect unauthorized disbursements?	Yes			
6. Does someone other than the clerk review periodic reports of all general ledger accounts to identify unauthorized payments recorded in those accounts?	Yes			
7. Are original credit/purchase card statements received directly from the card company by someone other than the card holder? If no credit/purchase cards, check "N/A".	Yes			
8. Does someone other than the credit/purchase card holder ensure that all card purchases are supported with receipts or other supporting documentation? If no credit/purchase cards, check "N/A".	Yes			
9. Does someone who is not a subordinate of the credit/purchase card holder review all card purchases for appropriateness (including the chief administrative officer and board members if they have a card)? If no credit/purchase cards, check "N/A".	Yes			
10. Does the person who authorizes payment for goods or services, who is not the clerk, verify the receipt of goods or services?	Yes			
11. Does someone authorize payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A".	Yes			
12. Does someone review all payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A".	Yes			

* MC = Mitigating Control

Basic Separation of Duties

Continued

Instructions: Answer questions 1-12 on the Basic Separation of Duties Questionnaire using the definitions provided below.

☺ If all of the questions were answered “Yes” or “No” with mitigating controls (“MC”) in place, or “N/A,” the entity has achieved adequate basic separation of duties. Question 1 of the Fraud Risk Assessment Questionnaire will be answered “Yes.” 200 points will be awarded for question 1 of the Fraud Risk Assessment Questionnaire.

☹ If any of the questions were answered “No,” and mitigating controls are not in place, the entity has not achieved adequate basic separation of duties. Question 1 of the Fraud Risk Assessment Questionnaire will remain blank. 0 points will be awarded for question 1 of the Fraud Risk Assessment Questionnaire.

Definitions:

Board Chair is the elected or appointed chairperson of an entity’s governing body, e.g. Mayor, Commissioner, Councilmember or Trustee. The official title will vary depending on the entity type and form of government.

Clerk is the bookkeeper for the entity, e.g. Controller, Accountant, Auditor or Finance Director. Though the title for this position may vary, they validate payment requests, ensure compliance with policy and budgetary restrictions, prepare checks, and record all financial transactions.

Chief Administrative Officer (CAO) is the person who directs the day-to-day operations of the entity. The CAO of most cities and towns is the mayor, except where the city has a city manager. The CAO of most local and special districts is the board chair, except where the district has an appointed director. In school districts, the CAO is the superintendent. In counties, the CAO is the commission or council chair, except where there is an elected or appointed manager or executive.

General Ledger is a general term for accounting books. A general ledger contains all financial transactions of an organization and may include sub-ledgers that are more detailed. A general ledger may be electronic or paper based. Financial records such as invoices, purchase orders, or depreciation schedules are not part of the general ledger, but rather support the transaction in the general ledger.

Mitigating Controls are systems or procedures that effectively mitigate a risk in lieu of separation of duties.

Original Bank Statement means a document that has been received directly from the bank. Direct receipt of the document could mean having the statement 1) mailed to an address or PO Box separate from the entity’s place of business, 2) remain in an unopened envelope at the entity offices, or 3) electronically downloaded from the bank website by the intended recipient. The key risk is that a treasurer or clerk who is intending to conceal an unauthorized transaction may be able to physically or electronically alter the statement before the independent reviewer sees it.

Treasurer is the custodian of all cash accounts and is responsible for overseeing the receipt of all payments made to the entity. A treasurer is always an authorized signer of all entity checks and is responsible for ensuring cash balances are adequate to cover all payments issued by the entity.

UTAH COUNTIES INDEMNITY POOL



FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2024

UTAH COUNTIES INDEMNITY POOL

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Independent Auditor's Report

The Board of Directors
Utah Counties Indemnity Pool
Murray, Utah

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Utah Counties Indemnity Pool (UCIP), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise UCIP'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 of UCIP, as of December 31, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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 Utah Counties Indemnity Pool's ability to continue as a going concern for twelve months beyond the financial statement date, including 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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 UCIP'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 UCIP'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 other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2025, on our consideration of UCIP's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. 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 UCIP's internal control over financial reporting and compliance.



Larson & Company, PC
Spanish Fork, Utah

April 15, 2025

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
Year ended December 31, 2024**

In conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, the management of the Utah Counties Indemnity Pool (the Pool or UCIP) presents this Management's Discussion and Analysis for the readers of UCIP's financial statements. Our intent is to provide a narrative overview and analysis of the financial activities of UCIP for the fiscal year ended December 31, 2024. Readers are encouraged to consider this information in conjunction with the financial statements, notes to the financial statements and required supplementary information included in the independent auditor's report.

FINANCIAL STATEMENTS PROVIDED

Included in the independent auditor's report are the basic financial statements required under the GASB standards including:

- Statements of Net Position—accounts for all assets, deferred outflows or resources, liabilities and deferred inflows of resources of UCIP as of December 31, 2024, showing the balance of net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) as of that date.
- Statements of Revenues, Expenses, and Changes in Net Position—accounts for all revenue and expenses accrued for the fiscal period, with calculation of the change in net position (revenue minus expenses) for the period. Expenses are classified as Operating Expenses (primarily consisting of expected losses to be paid and the cost of excess insurance covering catastrophic losses) and Administrative Expenses (primarily consisting of staff salaries and benefits and office operations). Expenses are further categorized to provide a level of detail appropriate for general management overview and control.
- Statements of Cash Flows—accounts for all revenues and expenses received or paid during the fiscal period with a calculation of net increase in cash and cash equivalents (revenue minus expenses) and total cash and cash equivalents at the end of the period. This statement provides a contrasting view of the revenues and expenses from the Statement of Revenues, Expenses, and Changes in Net Position as it accounts for revenues and expenses that were actually received or paid during the period, regardless of when the revenue was earned or due, or when the expense was accrued or invoiced.

BASIS OF ACCOUNTING METHODS

Financial statements provided in this report are reported using the Governmental Accounting Standards Board (GASB) basis of accounting. Traditional insurance companies often utilize statutory accounting methods in development of their financial statements that differ significantly from GASB accounting methods. Attempts to perform simple comparisons or benchmark analysis of a commercial carrier's financial reports and the financial reports contained here will likely yield distorted results.

CONDENSED FINANCIAL INFORMATION

The following Condensed Financial Statements are meant to provide a summary view of the audited financial statements as support for comments and analysis of the financial condition of UCIP offered by management in this letter.

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
Year ended December 31, 2024**

Assets and Liabilities

Current and other assets increased \$6,364,668 at year end 2024 compared to the prior year end. Current and other assets include short term investments of \$2,972,865. Long term investments decreased \$897,740 for the same period. Capital contributions increased \$1,188,655 from the prior year end. Capital assets decreased \$827. Deferred outflows of resources in the amount of \$253,274 in the year 2024 and \$210,223 in prior year 2023 are reflected as a result of the implementation of GASB 68. Deferred outflows related to pensions increased \$43,051. Total assets increased \$6,697,807 as of December 31, 2024 over the prior year.

Total liabilities at year end 2024 increased \$2,593,262 from the prior year end. This increase was primarily the result of an increase in contributions paid in advance and reserve for losses and loss adjustment expense. Noncurrent liabilities in the year 2024 and 2023 are reflected as a result of the implementation of GASB 68, Accounting and Financial Reporting for Pensions. The statement requires employers providing defined benefit pensions through pension plans administered as trusts, to recognize their long-term obligation for those benefits as a liability. The Pool provides a defined pension plan to certain employees through the Utah Retirement Systems (URS) and therefore, the Pool has recorded a noncurrent liability of \$128,418 in 2024 and \$78,229 in 2023. Inflows related to pensions amounted to \$1,989 in 2024.

In 2024 and 2023, net position increased \$4,104,544 and increased by \$830,356, respectively during the fiscal years then ended.

The condensed statements of net assets for the years ended 2024, 2023, and 2022 with comparative information for 2024 and 2023 are shown as follows:

	2024	2023	Net Change	2022
Assets:				
Current and other assets	\$ 24,242,849	\$ 17,878,181	\$ 6,364,668	\$ 15,153,946
Long Term Investments	1,245,810	2,143,550	(897,740)	2,703,549
Capital Contributions	4,158,933	2,970,278	1,188,655	2,515,498
Capital assets	-	827	(827)	2,058
Outflows related to pensions	253,274	210,223	43,051	152,113
Total assets	<u>\$ 29,900,866</u>	<u>\$ 23,203,059</u>	<u>\$ 6,697,807</u>	<u>\$ 20,527,164</u>
Liabilities:				
Current and other liabilities	\$ 2,785,159	\$ 1,220,645	\$ 1,564,514	\$ 714,822
Reserve for losses and loss adjustment	10,851,490	9,874,164	977,326	8,252,577
Noncurrent liabilities	128,418	78,229	50,189	-
Inflows related to pensions	1,989	756	1,233	360,855
Total liabilities	<u>13,767,056</u>	<u>11,173,794</u>	<u>2,593,262</u>	<u>9,328,254</u>
Net position:				
Invested in capital assets	-	827	(827)	529,241
Unrestricted	16,133,810	12,028,438	4,105,371	10,669,669
Total net position	<u>16,133,810</u>	<u>12,029,265</u>	<u>4,104,544</u>	<u>11,198,910</u>
Total liabilities and net position	<u>\$ 29,900,866</u>	<u>\$ 23,203,059</u>	<u>\$ 6,697,807</u>	<u>\$ 20,527,164</u>

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
Year ended December 31, 2024**

Operating Revenue and Expense

Revenue from contributions increased \$1,491,052 for a total of \$10,552,351 in 2024. This increase is attributed to an increase in member exposures and increased rates applicable to reinsured layers. Other income increased \$7,224 primarily due to refunds and rebates received in 2024. Operating expenses decreased \$953,011 primarily due to the decrease in loss and loss adjustment expenses and administration costs.

The condensed statements of operating revenue and expense for the years ended 2024, 2023 and 2022 with comparative information for 2024 and 2023 are shown as follows:

	2024	2023	Net Change	2022
Operating revenue:				
Contributions	\$ 10,552,351	\$ 9,061,299	\$ 1,491,052	\$ 7,930,441
Investment income	1,205,703	1,015,500	190,203	307,703
Other income	15,992	8,767	7,224	63,236
Total operating revenues	<u>\$ 11,774,045</u>	<u>\$ 10,085,566</u>	<u>\$ 1,688,479</u>	<u>\$ 8,301,380</u>
Operating expenses:				
Loss and loss adjustment expenses	\$ 3,712,889	\$ 5,390,564	\$ (1,677,675)	\$ 1,659,690
Reinsurance coverage	3,875,625	3,098,312	777,313	2,518,914
Administration	1,207,762	1,260,411	(52,649)	991,179
Total operating expenses	<u>8,796,276</u>	<u>9,749,286</u>	<u>(953,011)</u>	<u>5,169,783</u>
Net operating income	<u>2,977,771</u>	<u>336,281</u>	<u>2,641,490</u>	<u>3,131,597</u>
Fair value equity/investment	1,126,775	494,075	632,700	(1,145,907)
Change in net position	<u><u>\$ 4,104,545</u></u>	<u><u>\$ 830,356</u></u>	<u><u>\$ 3,274,190</u></u>	<u><u>\$ 1,985,690</u></u>

Investments

As a governmental subdivision regulated by the Money Management Council (MMC), UCIP invests the majority of funds in the Public Treasurers' Investment Fund (PTIF). Utilizing this "safe harbor" for compliance with the Money Management Act also provides UCIP significant liquidity and protection of capital in its invested assets. In 2017, UCIP created a new restricted account in the PTIF to comply with the MMC's Rule 4 for Interlocal Agencies providing crime insurance. \$125,000 equals 50% of the per occurrence limit of crime coverage.

In 2011, UCIP moved \$2,000,000 of invested funds and an additional \$1,000,000 in 2022 to Zions Capital Advisors in anticipation of increasing investment rates. In 2024, UCIP moved all invested funds managed by Zions Capital Advisors to be managed by Raymond James and Associates. In 2024 and 2023, rates continue to outperform the PTIF rates. For the purpose of the condensed statements of cash and cash equivalents and investments, investments—U.S. government securities include the Pool's total short-term investments and long term investments combined.

UCIP is a member of County Reinsurance Limited (CRL), a property and liability reinsurance pool of county-based pools across the United States structured as a captive reinsurance company domiciled in Vermont. UCIP has equity ownership in CRL.

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
Year ended December 31, 2024**

The condensed statements of cash and cash equivalents and investments for the years ended 2024, 2023 and 2022 with comparative information for 2024 and 2023 are shown as follows:

	2024	2023	Net Change	2022
Cash and cash equivalents:				
Cash on deposit	\$ 48,882	\$ 67,919	\$ (19,037)	\$ 54,554
Public Treasurers' Investment Fund	18,421,294	15,057,956	3,363,338	13,156,418
Zions Capital Advisors	-	464,196	(464,196)	159,850
Total cash and cash equivalents	18,470,177	15,590,072	2,880,106	13,370,822
Investments and capital contributions:				
Investments - U.S. government securities	4,218,675	3,550,741	667,934	3,647,687
Equity in County Reinsurance Limited	4,158,933	2,970,278	1,188,655	2,515,498
Total investments	8,377,608	6,521,019	1,856,589	6,163,185
Total cash and cash equivalents and investments	\$ 26,847,785	\$ 22,111,091	\$ 4,736,695	\$ 19,534,007

Financial Position

The Net Asset Management Policy was adopted by the Board to actively manage UCIP's net position between 50-250% of annual revenue. The Policy provides that when net position exceeds 250% of annual revenue, the Board shall issue dividends unless the Board has specific needs for such surplus as described in the Net Asset Management Policy. Dividends may be issued as Experience Dividends, Equity Dividends and/or Member in Good Standing Dividends based on the UCIP Dividend Policy. Based on the 2024 member contributions of \$10,552,351, the surplus (net position) to contributions (revenue) ratio at year end 2024 was within the Net Asset Management Policy and industry standards.

The condensed statements of changes in net position for the years ended 2024, 2023, and 2022 with comparative information for 2024 and 2023 are shown as follows:

	2024	2023	Net Change	2022
Revenues and expenses:				
Revenues	\$ 12,900,820	\$ 10,579,641	\$ 2,321,179	\$ 7,155,473
Expenses	8,796,276	9,749,285	(953,010)	5,169,783
Net income (loss)	4,104,544	830,356	3,274,189	1,985,690
Net position, beginning of year	\$ 12,029,266	\$ 11,198,910	830,356	9,213,220
Net position, end of year	\$ 16,133,810	\$ 12,029,266	\$ 4,104,544	\$ 11,198,910

BUDGET

Revenue

Actual 2024 revenues were \$2,351,841 more than budgeted primarily due to the increase in investment income and fair value equity.

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
Year ended December 31, 2024**

Losses and Reinsurance Expenses

Actual loss and loss adjustment expense was \$1,037,111 less than the budget due to an overestimation of loss and adjustment expense. Actual reinsurance expense was \$299,375 less than the budget due to an overestimation of liability and property reinsurance premiums.

Administrative Expenses

Management closely monitored budgeted administrative expenses of \$1,336,000 and was able to operate with actual expenses of \$1,207,762.

MARKET TRENDS IN 2024

Management anticipates continued limited competitive pressure due to hardening market conditions, particularly in the property lines of coverage. UCIP has already seen an increase in new membership applications as a result of increased pricing in the market. UCIP will look to strengthen its new member underwriting procedures to assure new membership growth does not negatively impact underwriting results.

Property

As the property reinsurance market has recently experienced the worst loss years in history back to back, property reinsurance markets have been reducing capacity and raising rates significantly. UCIP's participation in County Reinsurance Limited (CRL), a captive insurer owned by county pools across the US has provided UCIP with significant buffering from the changes in the marketplace. UCIP became a founding member of CRL's Property Plus program in 2019, which allows CRL and its property program members to take risk on a layer of reinsurance at a level that should provide underwriting revenue while reducing reinsurance premiums.

Liability

Carriers continue to increase liability premiums into 2024, particularly related to Law Enforcement Liability and Cyber Liability. As the liability market increases premiums to improve their combined ratios to attract investors, they will also have to deal with reduced capacity and increased premiums from the liability reinsurance market. This continuing "hardening" of the market will relieve some competitive pressure, but will also create increased reinsurance costs. UCIP's participation in CRL will relieve some of the market pressure other insurers will feel in 2024. UCIP has already seen an increase in new member applications as special service districts receive renewal quotes from traditional insurers with reduced coverage, increased deductibles and increased premiums.

Questions concerning any of the information in this report, or any other matters related to UCIP's budget and finances should be addressed to the Chief Executive Officer, Utah Counties Indemnity Pool, 5397 S Vine, Murray, UT 84107.

UTAH COUNTIES INDEMNITY POOL
STATEMENT of NET POSITION
For the Year Ended December 31, 2024

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	<u>2024</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 18,470,177
Short-term investments	2,972,865
Accounts receivable	2,000,000
Prepaid expenses	799,806
TOTAL CURRENT ASSETS	<u>24,242,849</u>
 LONG TERM INVESTMENTS	 1,245,810
 CAPITAL CONTRIBUTIONS	 4,158,933
 PROPERTY AND EQUIPMENT	 -
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>253,274</u>
TOTAL ASSETS AND	
DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 29,900,866</u></u>
 LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Reserves for losses and loss adjustment expenses	\$ 10,851,490
Accrued expenses	326,677
Contributions paid in advance	2,458,482
TOTAL CURRENT LIABILITIES	<u>13,636,649</u>
 NONCURRENT LIABILITIES	
Net pension liability	128,418
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>1,989</u>
TOTAL LIABILITIES AND	
DEFERRED INFLOWS OF RESOURCES	13,767,056
 NET POSITION	
Net investment in capital assets	-
Unrestricted	16,133,810
TOTAL NET POSITION	<u>16,133,810</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS	
OF RESOURCES AND NET POSITION	<u><u>\$ 29,900,866</u></u>

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

UTAH COUNTIES INDEMNITY POOL
STATEMENTS of REVENUES, EXPENSES, and CHANGES in NET POSITION
For the Year Ended December 31, 2024

	<u>2024</u>
OPERATING INCOME	
Contributions	\$ 10,552,351
Investment Income	1,205,703
Other Income	<u>15,992</u>
TOTAL OPERATING INCOME	11,774,045
UNDERWRITING EXPENSES	
Losses and Loss Adjustment Expenses	3,712,889
Reinsurance Coverage	<u>3,875,625</u>
TOTAL UNDERWRITING EXPENSES	7,588,513
ADMINISTRATION EXPENSES	
Directors	47,480
Depreciation	827
Risk Management	30,578
Public Relations	33,963
Office	95,930
Financial/Professional	104,729
Personnel	<u>894,255</u>
TOTAL ADMINISTRATION EXPENSES	1,207,761
TOTAL OPERATING EXPENSES	<u>8,796,275</u>
NET OPERATING INCOME	2,977,771
OTHER INCOME/(EXPENSES)	
Change in Fair Value Investments	9,734
Change in Fair Value Equity	<u>1,117,041</u>
TOTAL OTHER EXPENSES	<u>1,126,775</u>
CHANGE IN NET POSITION	4,104,545
NET POSITION AT BEGINNING OF YEAR	<u>12,029,265</u>
NET POSITION AT END OF YEAR	<u><u>\$ 16,133,810</u></u>

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

UTAH COUNTIES INDEMNITY POOL
STATEMENT of CASH FLOWS
For the Year Ended December 31, 2024

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	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Contributions collected	\$ 14,121,487
Other fees collected	15,992
Reinsurance paid	(3,801,227)
Losses and loss expenses paid	(2,735,563)
Cash paid to employees	(897,220)
Other administrative expenses paid	(312,680)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>6,390,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(3,609,075)
Investment income	98,394
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	<u>(3,510,681)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,880,106
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>15,590,071</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 18,470,177</u></u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net position	\$ 2,977,771
Adjustments to reconcile change in net position to net cash flows used by operating activities	
Depreciation	827
Interest on investments	(1,205,703)
Net outflows of resources relating to pension	8,371
Accounts receivable	1,993,285
Prepaid expenses	74,398
Reserves for loss and loss adjustment expenses	977,326
Accrued expenses	(11,337)
Contributions paid in advance	1,575,851
Total adjustments	<u>3,413,018</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 6,390,787</u></u>

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Utah Counties Indemnity Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. In January 2012, the Pool was renamed the Utah Counties Indemnity Pool. The Pool is a non-profit Interlocal entity formed under Section 11-13-101 et. seq. *Utah Code Annotated, 1953* as amended, operated as a joint liability reserve fund under Section 63G-7-703 and 801 for counties who enter into the Interlocal Agreement that creates UCIP. The Pool is referred to as a “public agency insurance mutual” under the insurance statutes of the State of Utah, Section 31A-1-103(7). All of the Pool’s business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Pool has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments, GASB Statement No. 37, Basic Financial Statement and Management’s Discussion and Analysis for State and Local Governments: Omnibus, and GASB Statement No. 38, Certain Financial Statement Note Disclosures. The Pool has also adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 72, Fair Value Measurement and Application. With the implementation of these statements, the Pool has prepared required supplementary information titled “Management’s Discussion and Analysis” which precedes the basic financial statements, has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net position as net invested in capital assets and unrestricted, has prepared the statements of cash flows on the direct method, and provided additional schedules to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. The following is a summary of the more significant policies.

Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Specifically, the Pool's reserves for losses and loss adjustment expenses are subject to change and actual results could differ from those estimates.

Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as accrued expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less when purchased to be cash equivalents. Therefore, the investments in the Utah Public Treasurers' Fund (PTIF) and cash on deposit are considered to be cash equivalents.

Investments

Investments are comprised of various U.S. Government securities and certificates of deposit. Investments in U.S. Government securities as of December 31, 2024 consist of held-to-maturity securities. Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

Investment Valuation

The Pool categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value:

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Paid in Advance

Contributions paid by members prior to January 1 of the next calendar year are considered to be deferred until January 1 and are reported as liabilities in the statement of net assets.

Ancillary Coverages

The Pool assists members in placing coverage for exposures not included in the coverage addendum, i.e., aircraft hull, airport liability, bonds, builder's risk, excess privacy or security event (cyber) liability, and workers compensation. The Pool does not receive any fees on monies collected for member coverage placement.

Contributions

Contributions are assessed in December and due and collectable annually on January 1.

Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$5,000. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from three to five years. Depreciation expense for the year ended December 31, 2024 amounted to \$827.

Net Asset Management

To assure that the Pool's assets are adequate without holding excessive net assets, the Pool manages net asset levels between 100% and 200% of annual revenue. Net assets should be controlled within a minimum of 50% and a maximum of 250% of annual revenue. The Pool utilizes a Rate Stabilization Fund and a Dividend Plan to manage net assets.

The Rate Stabilization Fund is utilized to designate surplus to fund unexpected increases in expenses, which necessitate increases in rates short term to allow rate increases to be made incrementally, or to negate temporary rate increases. The Rate Stabilization Fund is a Board-designated portion of unrestricted net assets to be deducted from the Total Net Assets (referred to as Unrestricted Net Position on the financial statements) when determining net assets available for payment of dividends to members and, as required by GASB, is reported as a designation only in the notes to the financial statements. The balance in the Rate Stabilization Fund as of December 31, 2024 was \$830,000. The Dividend Plan is utilized by the Board to return excess net assets to members.

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Management (Continued)

The Net Asset Management Plan indicates net assets should not exceed 250% of contributions unless the Pool has specific needs for such surplus, which may include the following: expectation of new membership; development of a new line of coverage; development of new or expanded coverage; change or restructure of reinsurance program specifically the Pool's self-insured retention; or development of new or expanded services.

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) including additions to and deductions from URS's fiduciary net position, have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Pool reports 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 Pool reports 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 inflow of resources (revenue) until that time.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount actuarially determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. The liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided.

The Pool's actuary provides a range of estimates of the reserves for losses and loss adjustment expenses at three levels of confidence: low (50% confidence), expected (66% confidence) and high (80% confidence). Accounting standards require the Pool to book the "expected" level of reserves on their financial statements, and does not allow for the Board to designate or delineate any other amount in the range on the financial statements.

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves for Losses and Loss Adjustment Expenses (Continued)

In consideration of the Board's duty to protect public funds and the inability of the Pool to assess members if reserves are not adequate, the Board prefers to reserve for claims with greater confidence than the 66% "expected" level.

To accomplish this, while complying with audit standards, the Board has adopted as part of their Net Asset Management Plan a Claims Deterioration Fund, an amount voluntarily designated by the Board as Net Assets to be deducted from Total Net Assets (referred to as Unrestricted Net Position on the financial statements) when determining Net Assets available for payment of dividends to members.

In 2013, the Board approved designating \$430,000 into the Claim Deterioration Fund to assure these additional funds are available if the "expected" claim reserves are ultimately found to be inadequate to pay all liabilities of the Pool. The Board believes managing Net Assets in this manner protects members from large rate increases in the event claims experience does deteriorate. In 2020, the Board approved designating an additional \$230,000 into the Claim Deterioration Fund. The balance in the Claims Deterioration Fund as of December 31, 2024 was \$660,000.

Subsequent Events

Management of the Pool has evaluated subsequent events through the date of the audit report, which is also the date the financial statements were available to be issued.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Listed below is a summary of the cash and investment portfolios as of December 31, 2024. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statutes including the State Money Management Act.

Cash and Cash Equivalents

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is \$48,882 as of December 31, 2024. The corresponding bank balance of the deposits was \$69,242 as of December 31, 2024.

All of the Pool's cash on deposit bank accounts are noninterest-bearing. All noninterest-bearing and other depositors' accounts will be aggregated and insured up to the standard maximum deposit insurance amount of \$250,000 for each deposit insurance ownership category.

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities.

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash and Cash Equivalents (continued)

The PTIF is similar in nature to a money market fund but the PTIF is subject to oversight by the State Money Management Council and all investments in PTIF are considered to be in compliance with the State Money Management Act.

The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years.

The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an entity's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah.

Zions Capital Advisors (ZCA) is an investment advisory firm certified by the State Money Management Council and all investments with ZCA are in compliance with the State Money Management Act. The maximum final maturity of any security invested in by ZCA is limited to three years. ZCA investments are not insured or otherwise guaranteed.

In 2024, UCIP moved all invested funds managed by Zions Capital Advisors to be managed by Raymond James and Associates.

Raymond James and Associates (RJA) is an investment advisory firm certified by the State Money Management Council and all investments with RJA are in compliance with the State Money Management Act. The maximum final maturity of any security invested in by RJA is limited to ten years. RJA investments are not insured or otherwise guaranteed.

As of December 31, 2024, the Pool's cash and cash equivalents and investments included the following:

	2024	2023
Cash on deposit	\$ 48,882	\$ 67,919
Public Treasurers' Investment Fund	18,421,294	15,057,956
Zions Capital Advisors	-	1,871,387
Total cash and cash equivalents	<u>18,470,177</u>	<u>16,997,263</u>
Investments - debt securities	4,218,675	2,143,550
Equity in County Reinsurance Limited	<u>4,158,933</u>	<u>2,970,278</u>
Total investments	<u>8,377,608</u>	<u>5,113,828</u>
Total cash and cash equivalents and investments	<u><u>\$ 26,847,785</u></u>	<u><u>\$ 22,111,092</u></u>

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Pool's bank balances did not exceed FDIC coverage as of December 31, 2024.

Investments and Capital Contributions

The Pool records its investments in U.S. Government Securities at market value. The Pool records capital contributions to County Reinsurance Limited (CRL) using the equity method of accounting. Under the equity method, the Pool recognizes its proportionate share of the net earnings or losses of CRL, which represents its share of the undistributed earnings or losses of CRL. Equity in CRL is confirmed annually. All other investments are through the Public Treasurers' Investment Fund (PTIF).

As of December 31, 2024, the differences between book value and fair value, of the Pool's investments, are as follows:

	Cost	Fair Value Gains	Fair Value Losses	Fair Value	Statement Value
Securities	\$ 3,899,722	\$ 42,538	\$ (32,805)	\$ 3,909,455	\$ 3,909,455
Equity	3,041,892	965,917	151,124	4,158,933	4,158,933
Total investments	<u>\$ 6,941,614</u>	<u>\$ 1,008,455</u>	<u>\$ 118,319</u>	<u>\$ 8,068,388</u>	<u>\$ 8,068,388</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Pool's policy for managing interest rate risk is to comply with the State Money Management Act. The 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 of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. The Pool manages its exposure to declines in fair value by investing in the Public Treasurers' Investment Fund (PTIF) and other securities and by adhering to the Act.

As of December 31, 2024, the Pool's term to maturity of investment are as follows:

Investment Type	Carrying Amount and Fair Value	Investment Maturities (in years)	
		Less than 1	1-5
Debt securities:			
Corporate bonds	\$3,909,455.26	\$2,663,645.38	\$1,245,809.88
Mortgage backed securities	-	-	-
Total debt securities	<u>3,909,455</u>	<u>2,663,645</u>	<u>1,245,810</u>

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2024, the Pool's investments' fair value measurements are as:

Asset class:	Total	Level 1	Level 2	Level 3
Debt securities:				
Corporate bonds	\$ 3,909,455	\$ 3,909,455	\$ -	\$ -
Mortgage backed securities	-	-	-	-
Money market funds	309,220	-	309,220	-
Public Treasurers Investment Fund	18,421,294	-	18,421,294	-
Total	\$ 22,639,969	\$ 3,909,455	\$ 18,730,515	\$ -

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Pool's policy for limiting the credit risk of investments is to comply with the State Money Management Act.

Investments are categorized into these three categories of credit risk:

- Category One Insured or registered, or securities held by the Pool or its agent in the Pool's name.
- Category Two Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Pool's name.
- Category Three Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, not in the Pool's name.

As of December 31, 2024, investments in debt securities in the amount of \$4,218,675 are considered to be Category Three securities. As of December 31, 2024, Public Treasurers' Investment Fund (PTIF) investments, including cash held for reinvestment and equity in County Reinsurance Limited (CRL), in the total amount of \$22,850,227, are uncategorized investments or equity. The amount of uncategorized PTIF investments, restricted by the Money Management Council's Rule Four of the Money Management Act, is \$125,000.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 3 INVESTMENT INCOME AND EQUITY

As of December 31, 2024, investment income and equity of the Pool is comprised of the following:

	<u>2024</u>	<u>2023</u>
Investment income and equity:		
Bonds	\$ 189,135	\$ 173,329
Equity	1,188,655	454,780
Cash	1,005,795	842,143
Total investment income	<u>\$ 2,383,585</u>	<u>\$ 1,470,253</u>
Cash received:		
Cash	\$ 1,005,795	\$ 842,143
Total cash received	<u>1,005,795</u>	<u>842,143</u>
Noncash adjustments:		
Equity	1,188,655	454,780
Bonds	9,734	39,295
Change in accrued interest	146,411	141,306
Amortization	32,990	(7,272)
Total noncash adjustments	<u>1,377,790</u>	<u>628,109</u>
Total investment income	<u>\$ 2,383,585</u>	<u>\$ 1,470,253</u>

NOTE 4 INTEREST RATE

The interest rate for assets held with the Utah Public Treasurers' Investment Fund (PTIF) was 4.7359 percent as of December 31, 2024.

NOTE 5 CAPITAL ASSETS

The capital assets and related accumulated depreciation of the Pool are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets exempt from depreciation:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets exempt from depreciation, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Office furniture and equipment	61,840	-	-	61,840
Total capital assets, being depreciated	<u>61,840</u>	<u>-</u>	<u>-</u>	<u>61,840</u>
Less accumulated depreciation for:				
Office furniture and equipment	(61,013)	(827)	-	(61,840)
Total accumulated depreciation	<u>(61,013)</u>	<u>(827)</u>	<u>-</u>	<u>(61,840)</u>
Total capital assets being depreciated, net	<u>827</u>	<u>(827)</u>	<u>-</u>	<u>(0)</u>
Total capital assets, net	<u>\$ 827</u>	<u>\$ (827)</u>	<u>-</u>	<u>\$ -</u>

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024**

NOTE 6 REINSURANCE

Effective 2003, the Pool has purchased only specific excess coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention as of the month ending December 2024. The liability agreement was amended to be excess of a \$350,000 self-insured retention beginning July 1, 2024. The agreement also provides for property insurance in excess of a \$250,000 self-insured retention as of the month ending June 2023. The property agreement was amended to be excess of a \$500,000 self-insured retention beginning July 1, 2023. Crime insurance is excess of a \$250,000 self-insured retention.

Estimated claims loss liabilities of the Pool are stated net of estimated losses applicable to reinsurance coverage ceded to other insurance companies of \$2,233,255 as of December 31, 2024. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Effective 2021, the Pool contributed \$500,000 to take risk on a layer of property reinsurance at a level that should provide underwriting revenue while reducing reinsurance premiums. In 2022, the Pool contributed an additional \$500,000. Equity from underwriting revenue, for the layer of property reinsurance, increased \$1,037,531 as of December 31, 2024.

Unsecured Reinsurance Recoverables

There are no letters of credit, trust agreements or funds withheld on reinsurance recoverables. The amount of \$1,749,241, as of December 31, 2024, exceeds three percent of the Pool's surplus and is considered unsecured recoverables on known claims.

The Pool collected \$2,000,000 from its liability reinsurer on January 29, 2025, on an invoice submitted prior to December 31, 2024.

Reinsurance Recoverable in Dispute

As of December 31, 2024, the Pool does not have any disputed balances or uncollectible funds.

NOTE 7 RETIREMENT PLANS

Pension Plans

Plan Description. Eligible plan participants are provided with pensions through the Utah Retirement Systems. 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.

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024**

NOTE 7 RETIREMENT PLANS (CONTINUED)

Pension Plans (continued)

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature.

The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. Utah Retirement Systems 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.

Utah Retirement Systems issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E 200 S, Salt Lake City, UT 84102 or visiting the website: www.urs.org/general/publications. **Benefits Provided.** Utah Retirement Systems provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage 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 4.0%
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 Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2024 are as follows:

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 7 RETIREMENT PLANS (CONTINUED)

Pension Plans (continued)

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)
Noncontributory System											
15 Local Government	-	16.97	-	111	0.70	15.19	-	211	-	5.19	10.00

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

For fiscal year ended December 31, 2024, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 63,388	\$ -
Tier 2 Public Employees System	12,211	56
Tier 2 DC Only System	8,586	-
Total Contributions	\$ 84,185	\$ 56

Contributions reported are the Utah Retirement Systems 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 Resources Related to Pensions.

As of December 31, 2024, the Utah Counties Indemnity Pool reports a net pension asset of \$0 and a net pension liability of \$128,418.

Measurement Date: December 31, 2023

System	Net Pension Liability	Net Pension Asset	Proportionate Share	Proportionate Share December 31, 2022	Change (Decrease)/Increase
Noncontributory System	\$ 122,805	\$ -	0.0529430%	0.0453451%	0.0075979%
Tier 2 Public Employees System	\$ 5,613	\$ -	0.0028839%	0.0005178%	0.2366100%
	<u>\$ 128,418</u>	<u>\$ -</u>			

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

For the year ended December 31, 2024, the Pool recognized pension expense of \$92,501.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 7 RETIREMENT PLANS (CONTINUED)

Pension Plans (continued)

At December 31, 2024, the Pool 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	\$ 87,787	\$ 92
Changes in assumptions	40,064	4
Net difference between projected and actual earnings on pension plan investments	40,569	-
Changes in proportion and differences between contributions and proportionate share of contributions	670	1,893
Contributions subsequent to the measurement date	84,185	-
	<u>\$ 253,274</u>	<u>\$ 1,989</u>

\$84,185 reported as deferred outflows of resources related to pensions results from contributions made by the Pool prior to fiscal year end, but subsequent to the measurement date of December 31, 2023.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 53,296
2025	\$ 50,830
2026	\$ 76,350
2027	\$ (16,378)
2028	\$ 537
Thereafter	\$ 2,466

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources.

For the year ended December 31, 2024, the Pool recognized pension expense of \$85,192.

At December 31, 2024, the Pool reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following:

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 7 RETIREMENT PLANS (CONTINUED)

Pension Plans (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85,989	\$ -
Changes in assumptions	36,851	-
Net difference between projected and actual earnings on pension plan investments	39,935	-
Changes in proportion and differences between contributions and proportionate share of contributions	111	1,690
Contributions subsequent to the measurement date	63,388	-
	<u>\$ 226,274</u>	<u>\$ 1,690</u>

\$63,388 reported as deferred outflows of resources related to pensions results from contributions made by the Pool prior to fiscal year end, but subsequent to the measurement date of December 31, 2023.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 52,789
2025	\$ 50,099
2026	\$ 75,081
2027	\$ (16,773)
2028	\$ -
Thereafter	\$ -

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

For the year ended December 31, 2024, the Pool recognized pension expense of \$7,308.

As of December 31, 2024, the Pool reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following:

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 7 RETIREMENT PLANS (CONTINUED)

Pension Plans (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,798	\$ 92
Changes in assumptions	3,213	4
Net difference between projected and actual earnings on pension plan investments	634	-
Changes in proportion and differences between contributions and proportionate share of contributions	559	203
Contributions subsequent to the measurement date	20,796	-
	<u>\$ 27,000</u>	<u>\$ 299</u>

\$20,796 reported as deferred outflows of resources related to pensions results from contributions made by the Pool prior to fiscal year end, but subsequent to the measurement date of December 31, 2023.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 507
2025	\$ 730
2026	\$ 1,269
2027	\$ 395
2028	\$ 537
Thereafter	\$ 2,466

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

Inflation	2.50 percent
Salary Increases	3.5 - 9.5 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, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale 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.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 7 RETIREMENT PLANS (CONTINUED)

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

Pension Plans (continued)

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity securities	35.00%	6.87%	2.40%
Debt securities	20.00%	1.54%	0.31%
Real assets	18.00%	5.43%	0.98%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	3.86%	0.58%
Cash and equivalents	0.00%	0.24%	0.00%
Totals	100.00%		5.45%
	Inflation		2.50%
	Expected arithmetic nominal return		7.95%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Utah Retirement Systems 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

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 7 RETIREMENT PLANS (CONTINUED)

Pension Plans (continued)

liability calculated using the discount rate of 6.85 percent, 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 one percentage point lower (5.85 percent) or one percentage point higher (7.85 percent) than the current rate:

System	1% Decrease or 5.85%	Discount Rate of 6.85%	1% Increase or 7.85%
Noncontributory System	\$ 637,350	122,805	(308,092)
Tier 2 Public Employees System	\$ 19,286	5,613	(4,990)
Total	\$ 656,636	128,418	(313,082)

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

UTAH COUNTIES INDEMNITY POOL participates in the following Defined Contribution Savings Plans with Utah Retirement

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

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

	2024	2023	2022
<i>401(k) Plan</i>			
Employer Contributions	\$ 36,338	22,501	15,537
Employee Contributions	\$ 24,182	60,042	50,714
<i>457 Plan</i>			
Employer Contributions	\$ -	-	-
Employee Contributions	\$ 200	300	-
<i>Roth IRA Plan</i>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 200	300	-

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 7 RETIREMENT PLANS (CONTINUED)

Employer Participating Retirement Plans

The Pool contributes an amount equal to the amount contributed by the employee into participating retirement plans, not to exceed five percent of the employee's eligible salary

Employer Participating Retirement Plans (continued)

and wages. Administered by the Utah Retirement Systems, the total retirement expense for the 401(k) plan for the Pool as of December 31, 2024, 2023, and 2022 was \$36,338, \$22,501, and \$15,537. Administered by the Nationwide Retirement Solutions, the total retirement expense for the 457(b) plan for the Pool as of December 31, 2024, 2023, and 2022 was \$8,226, \$17,825, and \$15,968.

NOTE 8 UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to covered events of prior years has increased by \$977,326 in 2024 as a result of re-estimation of unpaid losses and loss adjustment expenses.

This change is the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

As of December 31, 2024, unpaid claims, losses and loss adjustment expenses of the Pool are as follows:

	<u>2024</u>
Beginning balance	\$ 9,874,164
Incurred loss:	
Current year	4,173,325
Prior years	<u>(191,606)</u>
Change in total incurred	<u>3,981,719</u>
Paid:	
Current year	\$990,634
Prior years	<u>2,013,759</u>
Total paid	<u>3,004,393</u>
Balance at December 31	<u><u>\$ 10,851,490</u></u>

NOTE 9 CONTINGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

UTAH COUNTIES INDEMNITY POOL

Schedule of Ten-Year Claims Development Information

For the Year Ended December 31, 2024

The following table illustrates how the Pool's earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Pool as of the end of each of the past ten years. The rows of the table are defined as follows: (1) This line shows each fiscal year's net earned premiums, other operating revenues and interest income. (2) This line shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims. (3) This line shows incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred. (4) This section of ten rows shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of ten rows shows how each policy year's net incurred claims increased or decreased as of the end of the successive years: this annual estimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known. (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and show whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

	Fiscal and Policy Year Ended (in Thousands of Dollars)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
(1) Earned premiums, other operating revenues and investment revenues, net of reinsurance	3,789	4,584	4,804	4,807	5,406	5,181	5,253	5,782	6,987	7,898
(2) Unallocated expense	-	-	-	-	-	-	-	-	-	-
(3) Estimated incurred claims and expenses, end of policy year:	3,066	3,273	3,554	3,337	3,608	4,517	3,116	3,335	4,494	4,173
(4) Net paid (cumulative) as of:										
End of policy year	894	833	793	910	824	1,149	685	831	1,139	990
One year later	1,017	1,045	1,291	1,215	1,697	2,190	903	1,369	1,888	-
Two years later	1,125	1,336	1,678	1,321	1,965	2,620	1,187	1,733	-	-
Three years later	1,275	1,756	2,427	1,686	2,327	3,061	1,219	-	-	-
Four years later	1,443	1,972	2,618	1,878	2,506	3,476	-	-	-	-
Five years later	1,676	2,039	2,704	2,002	2,752	-	-	-	-	-
Six years later	1,682	2,076	2,792	2,050	-	-	-	-	-	-
Seven years later	1,701	2,090	2,926	-	-	-	-	-	-	-
Eight years later	1,734	2,093	-	-	-	-	-	-	-	-
Nine years later	1,754	-	-	-	-	-	-	-	-	-
Ten years later	-	-	-	-	-	-	-	-	-	-
Eleven years later	-	-	-	-	-	-	-	-	-	-
Twelve years later	-	-	-	-	-	-	-	-	-	-
Thirteen years later	-	-	-	-	-	-	-	-	-	-
(5) Reestimated net incurred claims and expenses:										
End of policy year	3,066	3,273	3,554	3,337	3,608	4,517	3,116	3,335	4,494	4,173
One year later	2,781	4,002	4,050	2,983	3,824	5,073	2,539	3,194	4,727	-
Two years later	2,200	3,619	3,669	2,456	3,945	4,282	2,249	3,281	-	-
Three years later	1,775	2,788	3,588	2,424	3,393	4,555	1,976	-	-	-
Four years later	1,778	2,307	3,290	2,459	3,425	4,607	-	-	-	-
Five years later	1,762	2,276	3,212	2,435	3,409	-	-	-	-	-
Six years later	1,749	2,076	3,153	2,432	-	-	-	-	-	-
Seven years later	1,743	2,223	3,063	-	-	-	-	-	-	-
Eight years later	1,757	2,108	-	-	-	-	-	-	-	-
Nine years later	1,760	-	-	-	-	-	-	-	-	-
Ten years later	-	-	-	-	-	-	-	-	-	-
Eleven years later	-	-	-	-	-	-	-	-	-	-
Twelve years later	-	-	-	-	-	-	-	-	-	-
Thirteen years later	-	-	-	-	-	-	-	-	-	-
(6) Increase (decrease) in estimated net incurred claims and expenses from end of policy year	(1,306)	(1,165)	(491)	(905)	(199)	90	(1,140)	(54)	233	-

Measurement Date of December 31, 2023
For the Year Ended December 31, 2024
Last 10 Fiscal Years*

*In accordance with paragraph 81a of GASB Statement No. 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset).

UTAH COUNTIES INDEMNITY POOL

Schedule of Contributions

(Utah Retirement Systems)

For the Year Ended December 31, 2024

Last 10 Fiscal Years**

Schedule of Contributions

	As of Fiscal year ended December 31,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System	2015	\$ 68,175	\$ 38,175	\$ -	\$ 388,378	18.47%
	2016	64,862	64,862	-	351,178	18.47%
	2017	63,310	63,310	-	342,770	18.47%
	2018	66,600	66,600	-	360,584	18.47%
	2019	71,733	71,733	-	388,378	18.47%
	2020	76,405	76,405	-	413,670	18.47%
	2021	80,479	80,479	-	435,731	18.47%
	2022	84,808	84,808	-	465,903	18.20%
	2023	100,727	100,727	-	560,529	17.97%
	2024	63,388	63,388	-	362,319	17.50%
Tier 2 Public Employees System*	2015	\$ 3,600	\$ 3,600	\$ -	\$ 24,123	14.92%
	2016	5,402	5,402	-	36,228	14.91%
	2017	4,846	4,846	-	32,392	14.96%
	2018	5,832	5,832	-	37,995	15.35%
	2019	6,736	6,736	-	43,178	15.60%
	2020	7,402	7,402	-	47,055	15.73%
	2021	7,105	7,105	-	44,610	15.93%
	2022	1,859	1,859	-	11,571	16.07%
	2023	11,937	11,937	-	74,558	16.01%
	2024	12,211	12,211	-	76,678	15.92%
Only System*	2015	\$ 1,071	\$ 1,071	\$ -	\$ 16,010	6.69%
	2016	3,297	3,297	-	49,281	6.69%
	2017	1,071	1,071	-	16,010	6.69%
	2018	3,297	3,297	-	49,281	6.69%
	2019	3,434	3,434	-	51,325	6.69%
	2020	3,528	3,528	-	52,738	6.69%
	2021	3,587	3,587	-	53,620	6.69%
	2022	3,864	3,864	-	60,094	6.43%
	2023	4,300	4,300	-	69,471	6.19%
	2024	8,586	8,586	-	156,316	5.49%

*Contributions in Tier2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created July 1, 2011.

** Paragraph 81.b 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 that the board-certified rate due to rounding and other administrative practices.

UTAH COUNTIES INDEMNITY POOL
Notes to the Required Supplementary Information
(Utah Retirement Systems)
For the Year Ended December 31, 2024

Changes in Assumptions:

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

OTHER REPORTS

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

The Board of Directors
Utah Counties Indemnity Pool
Murray, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Utah Counties Indemnity Pool (UCIP), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the UCIP's basic financial statements, and have issued our report thereon dated April 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UCIP'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 UCIP's internal control. Accordingly, we do not express an opinion on the effectiveness of UCIP'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 UCIP'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether UCIP'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 UCIP'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.

A handwritten signature in cursive script that reads "Larson & Company, PC".

Larson & Company, PC
Spanish Fork, Utah

April 15, 2025



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

The Board of Directors
Utah Counties Indemnity Pool
Murray, Utah

Report on Compliance

We have audited Utah Counties Indemnity Pool's (UCIP) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended December 31, 2024.

State compliance requirements were tested for the year ended December 31, 2024 in the following areas:

Budgetary Compliance	Cash Management	Open and Public Meetings Act
Fund Balance	Utah Retirement System	
Fraud Risk Assessment	Public Treasurer's Bond	

Opinion on Compliance

In our opinion, Utah Counties Indemnity Pool complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2024.

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 Audit Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of UCIP 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 UCIP'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 UCIP'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 UCIP'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 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 UCIP'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 Utah Counties Indemnity Pool'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 Utah Counties Indemnity Pool'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 Utah Counties Indemnity Pool's internal control over compliance. Accordingly, no such opinion is expressed.

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 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 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.

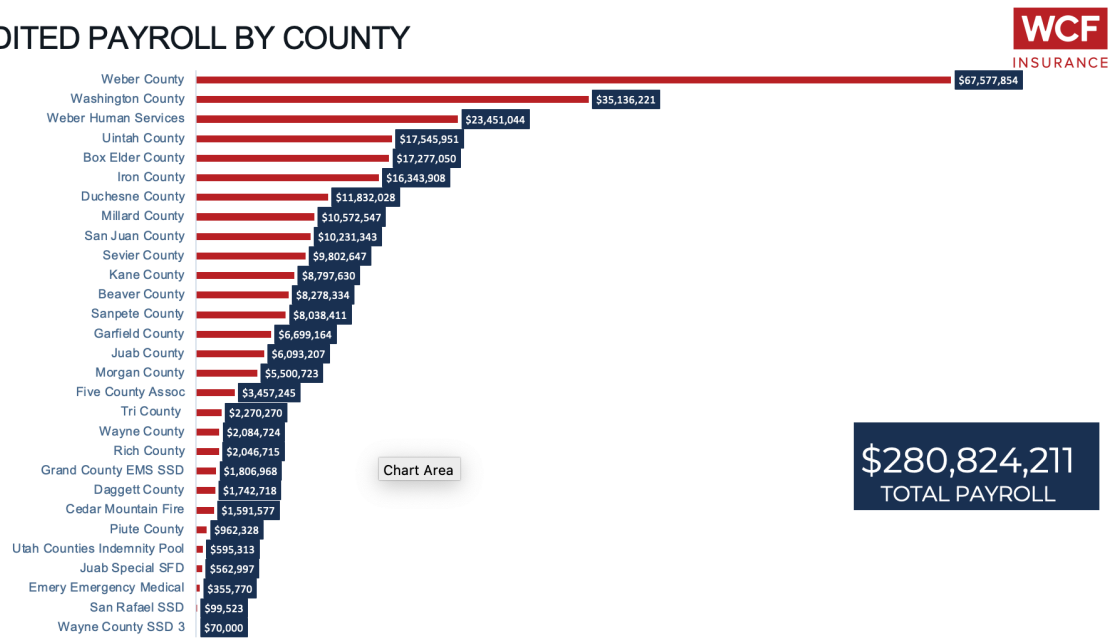
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Larson & Company, PC".

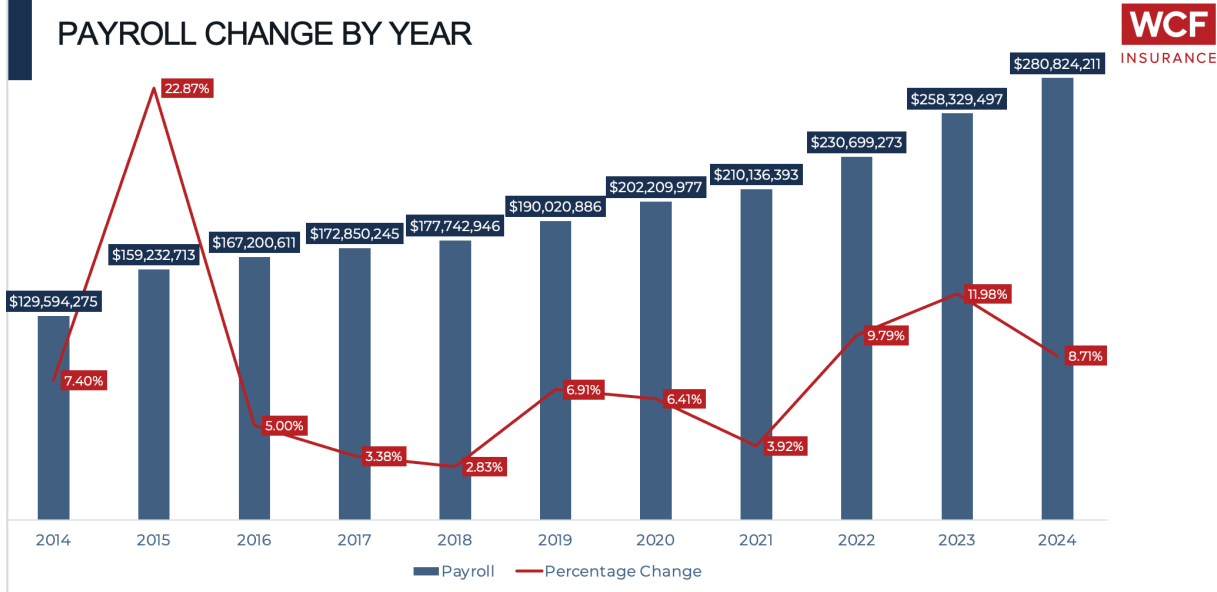
Larson & Company, PC
Spanish Fork, Utah

April 15, 2025

AUDITED PAYROLL BY COUNTY



PAYROLL CHANGE BY YEAR



AUDITED PREMIUM BY COUNTY

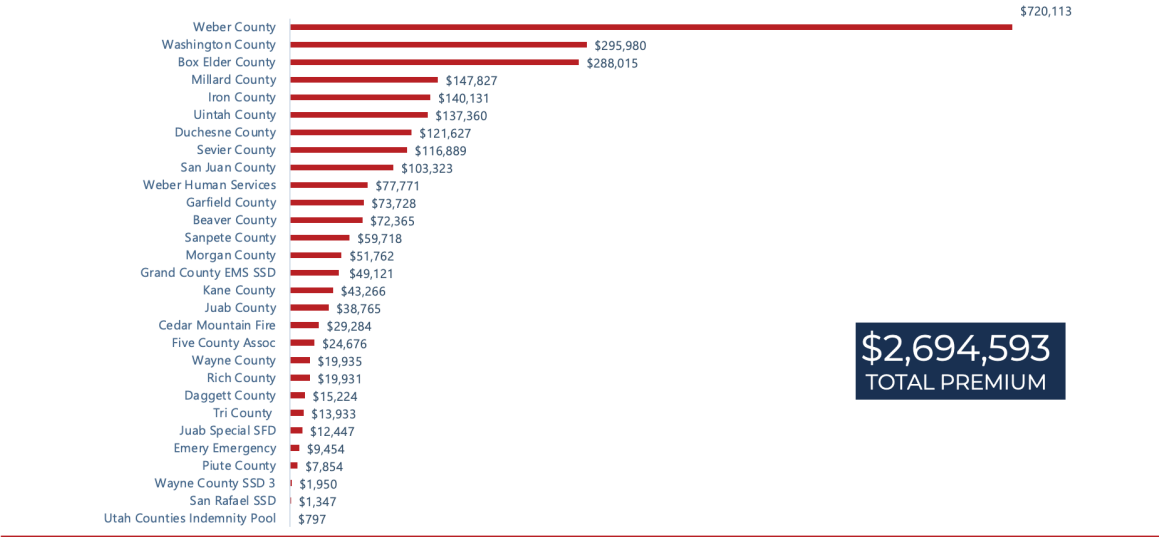
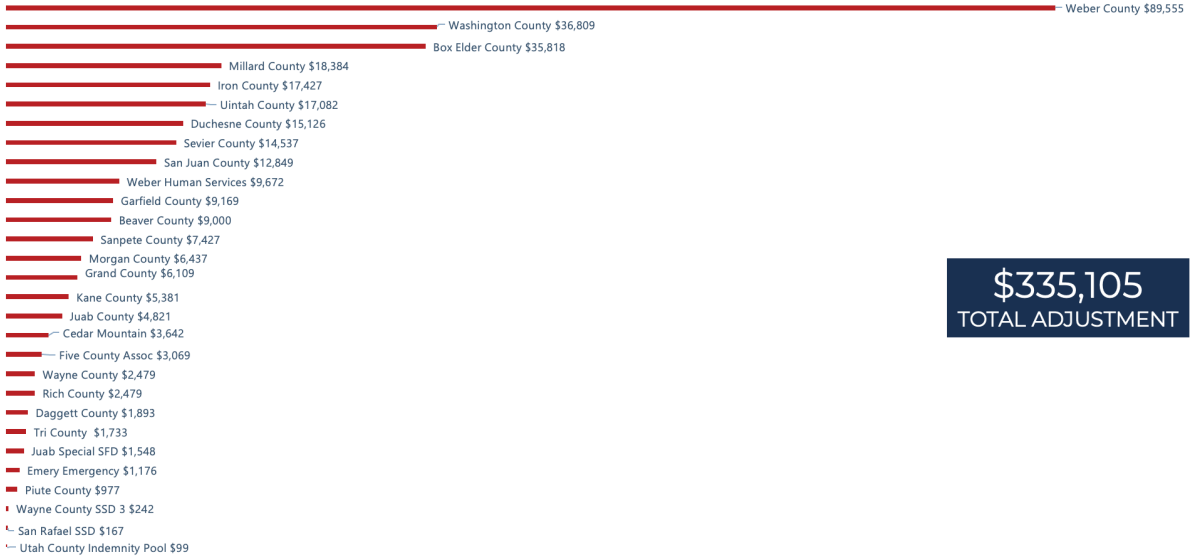
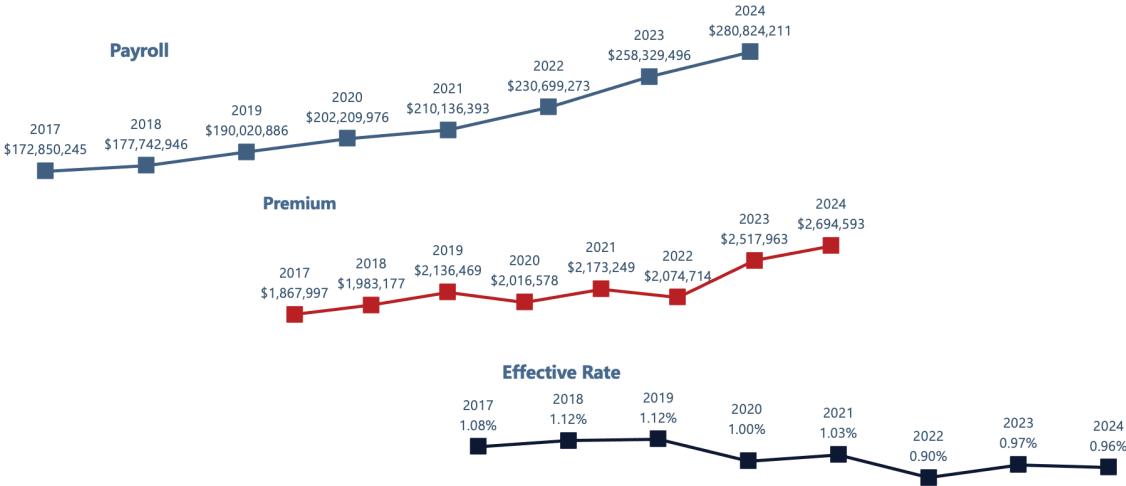


Chart Area

PREMIUM ADJUSTMENT BY COUNTY



PREMIUM AND PAYROLL BY YEAR



SUMMARY



- Final audited payroll is \$280.8 million, up about 8.7% from last year.
- Overall, payroll was underestimated by about \$38.4 million.
- Final audited premium is \$2,694,593.
- The audit adjustment is \$335,105.
- Audited payroll by class code was confirmed by all counties.

2024 WCF AUDIT AND ADJUSTMENTS

Policy Number	Member	Invoiced Amount	Audited Premium	Adjustment
1636903	Beaver	59,978	72,365	12,387
1636916	Box Elder	263,705	288,015	24,310
1636961	Daggett	19,128	15,224	(3,904)
1147164	Duchesne	99,598	121,627	22,029
1637029	Garfield	58,328	73,728	15,400
1637032	Iron	119,779	140,131	20,352
1637045	Juab	25,819	38,765	12,946
1638174	Kane	46,410	43,266	(3,144)
2118987	Millard	145,019	147,827	2,808
1637061	Morgan	36,318	51,762	15,444
1637074	Piute	6,926	7,854	928
1637090	Rich	11,573	19,931	8,358
1637133	San Juan	87,963	103,323	15,360
1637117	Sanpete	54,011	59,718	5,707
1637104	Sevier	107,423	116,889	9,466
1637191	Uintah	115,511	137,360	21,849
1637234	Washington	258,056	295,980	37,924
1637247	Wayne	13,795	19,935	6,140
2053567	Weber	600,480	720,113	119,633
1147164	FCAOG	24,237	24,692	455
4005014	JFD	5,505	12,447	6,942
4032064	TCHD	14,978	13,933	(1,045)
2440767	UCIP	965	797	(168)
4008989	WSSD3	1,106	1,950	844
4050936	SRSSD	2,298	1,347	(951)
4053120	CMFPD	37,819	29,284	(8,535)
4012479	GEMS	65,350	49,121	(16,229)
1809439	WHS	68,133	77,771	9,638
4073569	EEMSSD	9,292	9,454	162

INVOICED TOTAL	\$	2,359,503
AUDITED PREMIUM TOTAL	\$	2,694,609
ADJUSTMENT TOTAL	\$	335,106

2024 Member Estimated Payroll vs Audited

Policy Number	Member	Estimated Payroll	Audited Payroll	Difference
1636903	Beaver	6,998,269	8,278,334	1,280,065
1636916	Box Elder	15,776,631	17,277,050	1,500,419
1636961	Daggett	2,171,100	1,742,718	(428,382)
1147164	Duchesne	9,785,547	11,832,028	2,046,481
1637029	Garfield	5,330,087	6,699,164	1,369,077
1637032	Iron	14,310,113	16,343,908	2,033,795
1637045	Juab	4,787,911	6,093,207	1,305,296
1638174	Kane	8,531,442	8,797,630	266,188
2118987	Millard	10,561,490	10,572,547	11,057
1637061	Morgan	3,594,347	5,500,723	1,906,376
1637074	Piute	797,940	962,328	164,388
1637090	Rich	1,192,900	2,046,715	853,815
1637133	San Juan	8,195,798	10,231,344	2,035,546
1637117	Sanpete	7,136,159	8,038,411	902,252
1637104	Sevier	9,162,960	9,802,647	639,687
1637191	Uintah	14,901,184	17,545,951	2,644,767
1637234	Washington	28,124,646	35,136,221	7,011,575
1637247	Wayne	1,760,000	2,084,724	324,724
2053567	Weber	56,033,245	67,577,854	11,544,609
1147164	FCAOG	3,358,103	3,457,245	99,142
4005014	JFD	352,033	562,997	210,964
2440767	UCIP	794,000	595,313	(198,687)
4008989	WSSD3	37,000	70,000	33,000
4050936	SRSSD	180,000	99,523	(80,477)
4053120	CMFPD	2,245,000	1,591,577	(653,423)
4012479	GEMS	2,398,200	1,806,968	(591,232)
1809439	WHS	21,183,136	23,451,044	2,267,908
4032064	TCHD	2,254,474	2,270,270	15,796
4073569	EEMSSD	370,000	355,770	(14,230)

Utah Counties Indemnity Pool

FINANCIAL STATEMENTS

Quarter Ending March 31, 2025

Utah Counties Indemnity Pool

First Quarter 2025 Financial Statements

To the Board of Directors:

I have compiled the accompanying, in-house prepared, unaudited account balances arising from cash transactions and from accrual transactions of the Utah Counties Indemnity Pool as of March 31, 2025 to the basic financial statements.

Danielle Davis

Accounting Specialist

801-307-2113

ddavis@ucip.utah.gov

Reviewed this _____ day of _____, 2025

By: _____

UTAH COUNTIES INDEMNITY POOL
STATEMENT of NET POSITION
For the Quarter Ended March 31, 2025

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	<u>Mar 31, 2025</u>	<u>Dec 31, 2024</u>	<u>Mar 31, 2024</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 25,898,510	\$ 18,470,177	22,692,241
Short-term investments	3,232,806	2,972,865	1,299,989
Accounts receivable	1,414	2,000,000	6,430
Prepaid expenses	<u>2,013,687</u>	<u>799,806</u>	<u>2,101,210</u>
TOTAL CURRENT ASSETS	31,146,417	24,242,849	26,099,870
 LONG TERM INVESTMENTS	 1,051,622	 1,245,810	 1,701,503
 CAPITAL CONTRIBUTIONS	 4,321,511	 4,158,933	 2,970,278
 PROPERTY AND EQUIPMENT	 -	 -	 519
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>253,274</u>	<u>253,274</u>	<u>210,223</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 36,772,824</u>	<u>\$ 29,900,866</u>	<u>\$ 30,982,393</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Reserves for losses and loss adjustment expenses	\$ 10,851,490	\$ 10,851,490	\$ 9,874,164
Accrued expenses	158,797	326,677	164,610
Contributions paid in advance	<u>8,263,579</u>	<u>2,458,482</u>	<u>7,914,199</u>
TOTAL CURRENT LIABILITIES	19,273,865	13,636,649	17,952,973
 NONCURRENT LIABILITIES			
Net pension liability	128,418	128,418	78,229
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>1,989</u>	<u>1,989</u>	<u>756</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	19,404,272	13,767,056	18,031,958
 NET POSITION			
Net investment in capital assets	-	-	827
Unrestricted	<u>17,368,552</u>	<u>16,133,810</u>	<u>12,949,608</u>
TOTAL NET POSITION	<u>17,368,552</u>	<u>16,133,810</u>	<u>12,950,435</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 36,772,824</u>	<u>\$ 29,900,866</u>	<u>\$ 30,982,393</u>

UTAH COUNTIES INDEMNITY POOL
STATEMENTS of REVENUES, EXPENSES, and CHANGES in NET POSITION
Quarter Ended March 31, 2025

	<u>Mar 31, 2025</u>	<u>Budget</u>	<u>Over Budget</u>	<u>% of Budget</u>
OPERATING INCOME				
Contributions	\$ 2,755,062	11,016,742	(8,261,680)	25%
Investment Income	317,580	-	317,580	
Other Income	452	-	452	
TOTAL OPERATING INCOME	<u>3,073,093</u>	<u>11,016,742</u>	<u>(7,943,649)</u>	<u>28%</u>
UNDERWRITING EXPENSES				
Losses and Loss Adjustment Expenses	687,801	5,300,000	(4,612,199)	13%
Reinsurance Coverage	894,095	3,925,000	(3,030,906)	23%
TOTAL UNDERWRITING EXPENSES	<u>1,581,896</u>	<u>9,225,000</u>	<u>(7,643,104)</u>	<u>17%</u>
ADMINISTRATION EXPENSES				
Directors	2,373	55,000	(52,627)	4%
Depreciation	-	1,000	(1,000)	0%
Risk Management	17,995	80,000	(62,005)	22%
Public Relations	1,550	45,000	(43,450)	3%
Office	17,044	110,000	(92,956)	15%
Financial/ Professional Services	8,000	135,000	(127,000)	6%
Personnel	223,834	865,000	(641,166)	26%
TOTAL ADMINISTRATION EXPENSES	<u>270,795</u>	<u>1,291,000</u>	<u>(1,020,205)</u>	<u>21%</u>
TOTAL OPERATING EXPENSES	<u>1,852,691</u>			
NET OPERATING INCOME	<u>1,220,402</u>			
OTHER INCOME (EXPENSES)				
Change in Fair Value Investments	14,340			
Change in Fair Value Equity	-			
TOTAL OTHER EXPENSES	<u>14,340</u>			
CHANGE IN NET POSITION	1,234,742			
NET POSITION AT BEGINNING OF YEAR	<u>16,133,810</u>			
NET POSITION AT END OF QUARTER	<u>\$ 17,368,552</u>			

UTAH COUNTIES INDEMNITY POOL
STATEMENT of CASH FLOWS
For the Quarter Ended March 31, 2025

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	<u>2024</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions collected	\$ 6,561,573	\$ 14,121,487
Other fees collected	452	15,992
Reinsurance paid	(2,107,976)	(3,801,227)
Losses and loss expenses paid	(687,801)	(2,735,563)
Cash paid to employees	(391,714)	(897,220)
Other administrative expenses paid	(46,961)	(312,680)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>3,327,573</u>	<u>6,390,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	3,768,841	(3,609,075)
Investment income	331,919	98,394
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	<u>4,100,760</u>	<u>(3,510,680)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,428,333	2,880,106
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>18,470,177</u>	<u>15,590,071</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 25,898,510</u>	<u>\$ 18,470,177</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net position	\$ 1,234,742	\$ 2,977,770
Adjustments to reconcile change in net position to net cash flows used by operating activities		
Depreciation	-	827
Interest on investments	(331,919)	(1,205,703)
Net outflows of resources relating to pension	-	8,371
Accounts receivable	(1,998,586)	1,993,285
Prepaid expenses	(1,213,881)	74,398
Reserves for loss and loss adjustment expenses	-	977,326
Accrued expenses	(167,882)	(11,337)
Contributions paid in advance	5,805,097	1,575,851
Total adjustments	<u>2,092,828</u>	<u>3,413,018</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,327,573</u>	<u>\$ 6,390,787</u>

Utah Retirement Systems
Final Condensed Retirement Contribution Rates as a Percentage of Salary and Wages
Fiscal Year July 1, 2025 - June 30, 2026

	Tier 1 DB System				Tier 1 Post Retired				Tier 2 - DB Hybrid System				Tier 2 - DC Plan				
	Contribution Reporting Fields				Post Retired		Post Retired		Contribution Reporting Fields				Contribution Reporting Fields				
	Tier 1 2025-2026 RATES				Employment after 6/30/2010 - NO 401(k) Amortization of UAAI**	Employment before 7/1/2010	Optional 401(k) Cap	Tier 2 2025-2026 RATES				Tier 2 2025-2026 RATES					
	Employee	Employer	TOTAL					Tier 2 Fund	Employee	Employer	401(k)	TOTAL	Tier 2 Fund	Employee	Employer	401(k)	TOTAL
Public Employees																	
Contributory Retirement System																	
11- Local Government	6.00	11.96	17.96	5.87	12.09			111	0.81	15.95	0.00	16.76	211	0.00	5.95	10.00	15.95
12- State and School ¹	6.00	16.70	22.70	11.25	11.45												
17- Higher Education	6.00	17.70	23.70	12.25	11.45												
Public Employees																	
Noncontributory Retirement System																	
15- Local Government	-	15.97	15.97	4.11	11.86			111	0.81	14.19	0.00	15.00	211	0.00	4.19	10.00	14.19
16- State and School ¹	-	21.19	21.19 *	8.94	12.25			112	0.81	19.02	0.00	19.83	212	0.00	9.02	10.00	19.02
18- Higher Education	-	22.19	22.19 *	9.94	12.25			117	0.81	20.02	0.00	20.83	217	0.00	10.02	10.00	20.02
Public Safety																	
Contributory Retirement System																	
Division A																	
23- Other Division A With 2.5% COLA	12.29	22.29	34.58	11.27	23.31			122	4.73	25.35	0.00	30.08	222	0.00	11.35	14.00	25.35
Public Safety																	
Noncontributory Retirement System																	
Division A																	
42- State With 4% COLA	-	40.35	40.35	17.46	22.89			122	4.73	31.54	0.00	36.27	222	0.00	17.54	14.00	31.54
43- Other Division A With 2.5% COLA	-	33.04	33.04	10.75	22.29			122	4.73	24.83	0.00	29.56	222	0.00	10.83	14.00	24.83
75- Other Division A With 4% COLA	-	34.71	34.71	11.91	22.80			122	4.73	25.99	0.00	30.72	222	0.00	11.99	14.00	25.99
48- Bountiful With 2.5% COLA	-	50.38	50.38	26.89	23.49			122	4.73	40.97	0.00	45.70	222	0.00	26.97	14.00	40.97
Division B																	
44- Salt Lake City With 2.5% COLA	-	46.71	46.71	24.20	22.51			122	4.73	38.28	0.00	43.01	222	0.00	24.28	14.00	38.28
45- Ogden With 2.5% COLA	-	48.72	48.72	26.30	22.42			122	4.73	40.38	0.00	45.11	222	0.00	26.38	14.00	40.38
46- Provo With 2.5% COLA	-	42.23	42.23	19.61	22.62			122	4.73	33.69	0.00	38.42	222	0.00	19.69	14.00	33.69
47- Logan With 2.5% COLA	-	40.97	40.97	18.37	22.60			122	4.73	32.45	0.00	37.18	222	0.00	18.45	14.00	32.45
49- Other Division B With 2.5% COLA	-	32.57	32.57	9.95	22.62			122	4.73	24.03	0.00	28.76	222	0.00	10.03	14.00	24.03
76- Other Division B With 4% COLA	-	35.97	35.97	12.94	23.03			122	4.73	27.02	0.00	31.75	222	0.00	13.02	14.00	27.02
Firefighters' Retirement System																	
Division A																	
31- Division A	15.05	1.61	16.66	-	16.66			132	4.73	14.08	0.00	18.81	232	0.00	0.08	14.00	14.08
Division B																	
32- Division B	16.71	2.34	19.05	-	19.05			132	4.73	14.08	0.00	18.81	232	0.00	0.08	14.00	14.08
Judges' Retirement System																	
37- Judges' Noncontributory	-	46.05	46.05														

* Does not include the required 1.5% 401(k) contribution.

** Unfunded Actuarial Accrued Liability

1 Public School Districts and Charter School rates are effective September 1, 2025 - August 31, 2026

BYLAWS OF THE UTAH COUNTIES INDEMNITY POOL

These Amended Bylaws are adopted by the Board of Directors of the Utah Counties Indemnity Pool (“Pool”) in accordance with the Interlocal Cooperation Agreement entered into by the Members of the Pool, each of which hereby agrees to abide by the terms and conditions of these Amended Bylaws and all actions taken pursuant hereto.

ARTICLE 1. Authority.

- 1.1 These Bylaws are amended pursuant to the provisions of the Amended Interlocal Cooperation Agreement.
- 1.2 These Bylaws may be amended and shall continue in effect until amended as provided herein.
- 1.3 The Pool shall have all powers necessary or desirable to achieve the purposes of the Pool as set forth in the Agreement and these Bylaws.

ARTICLE 2. Definitions.

As used in these Bylaws, the following terms shall have the meaning hereinafter set out:

- 2.1 **Agreement or Amended Agreement.** The Amended Interlocal Cooperation Agreement for Utah Counties Indemnity Pool.
- 2.2 **Alternate Representative.** An individual authorized by a Member to vote in place of the Member’s Representative if the Member’s Representative is unable to vote.
- 2.3 **Board of Directors or Board.** The Board of Directors of the Utah Counties Indemnity Pool.
- 2.4 **Board Meeting.** A meeting of the Board of Directors where a quorum is present and for which proper notice has been provided in accordance with Utah law.
- 2.5 **Bylaws or Amended Bylaws.** The Amended Bylaws of the Utah Counties Indemnity Pool.
- 2.6 **Code, Statute or Utah Law.** The Utah Code, including Utah Code Ann. Titles 11, 63G and 31A, as amended from time to time.
- 2.7 **County or Counties.** One or more of the twenty-nine counties of the State of Utah.
- 2.8 **County Related Entity.** A political subdivision of the State of Utah which is an eligible Member under 4.3 of these Bylaws that provides services similar to those provided by Utah counties, or which provides a service to Utah counties.
- 2.9 **Chief Executive Officer.** The person designated by the Board of Directors as Chief Executive Officer of the Utah Counties Indemnity Pool.

- 2.10 **Director.** An individual Member of the UCIP Board of Directors.
- 2.11 **Elected or Appointed Official.** An individual elected or appointed to an office and currently serving in such office of a Member. For purposes of nominations and elections to the UCIP Board of Directors, Elected Official also means an official elect who has been elected to an office but has not yet taken office, or a candidate for an office running unopposed after the date for candidates to file for election has passed but before the canvass of election results.
- 2.12 **Member or Members.** A county or county related entity that is a party to the Amended Interlocal Cooperation Agreement.
- 2.13 **Membership Meeting.** A meeting of the Members of the Utah Counties Indemnity Pool where a quorum is present and for which proper notice has been provided in accordance with the Agreement and Bylaws.
- 2.10 **Officer or Officers.** The President, Vice-President, or Secretary-Treasurer elected in accordance with these Amended Bylaws.
- 2.11 **Pool.** Utah Counties Indemnity Pool, an Interlocal entity.
- 2.12 **Representative.** The person designated pursuant to Article 4.7(b) of these Bylaws to be a Member's official representative for the purposes of representing the Member by casting the Member's vote at a Membership Meeting.
- 2.13 **Risk Coordinator.** The person designated pursuant to Article 4.7(j) of these Bylaws to be a Member's primary contact with the Pool.
- 2.14 **Sponsoring Member.** A UCIP Member which is a County that sponsors the membership of a county related entity pursuant to Article 4.3(a)iii of these Bylaws.
- 2.15 **Surplus.** The amount shown as Net Position on the audited financial statements of the Pool.
- ~~2.16 **Director.** A natural person elected or appointed in accordance with the Agreement to a Director position on the Board.~~

ARTICLE 3. Purpose.

- 3.1 The Pool is formed, financed, organized, and shall operate in accordance with the Agreement and the provisions of these Bylaws.

ARTICLE 4. Members.

- 4.1 Membership in the Pool is limited to Utah counties and county related entities that properly enter into the Agreement.

- 4.2 Counties and county related entities, including former Members, may be admitted to the Pool after its formation only upon approval of the Board and subject to the conditions set out in the Agreement, these Bylaws and such additional conditions as the Board may, from time to time, require.
- 4.3 County related entities may participate in UCIP as a separate Member pursuant to the following:
- (a) To be eligible as a separate UCIP Member a county related entity must:
 - i. have statutory authority to enter into an Interlocal Agreement;
 - ii. be able to meet the Member obligations enumerated in the UCIP Interlocal Agreement and Bylaws;
 - iii. be sponsored by a participating Member County by resolution of the Member's governing body; and
 - iv. provide services which are beneficial to the sponsoring Member County or county government generally.
 - (b) In addition to the requirements of eligibility under 4.3(a):
 - i. A county related entity that is an Interlocal Agency must be organized and operated pursuant to Title 11, Chapter 13 of the Utah Code, and the Sponsoring Member must be a Member of the Interlocal Agency;
 - ii. A county related entity that is a Special Service District must be organized and operated pursuant to Title 17D, Chapter 1 of the Utah Code;
 - iii. A county related entity that is a Local Building Authority or Municipal Building Authority must be organized and operated pursuant to Title 17D, Chapter 2 of the Utah Code;
 - iv. A county related entity that is a Conservation District must be organized and operated pursuant to Title 17D, Chapter 3 of the Utah Code;
 - v. A county related entity that is a Local or Special District must be organized and operated pursuant to Title 17B of the Utah Code, and all Members of the Board of the Local or Special District must be appointed by the governing body of the Sponsoring Member.
 - vi. A county related entity that is a Recreation Board must be organized and operated pursuant to Title 11, Chapter 2 of the Utah Code;
 - vii. A county related entity that is a Community Development or Renewal Agency must be organized and operated pursuant to Title 17C, Chapter 1 of the Utah Code; or
 - viii. A county related entity that is a County Health District or multi-county Health District must be organized pursuant to Title 26A of the Utah Code;

4.4 Members shall be classified as one of the following Member types:

- (a) Equity Member; and
- (b) Non-equity Member.

Equity Members shall be included in the calculation of equity as described in the Agreement and these Bylaws. Non-equity Members shall not be included in calculations of, nor shall they have any ownership interest in, the Member equity of the Pool. Non-equity Members do not have a right to distributions of dividends, however Non-equity Member status does not restrict those Members from being included in distribution of dividends approved by the Board of Directors, and any dividend paid to a Non-equity Member shall be at the Board's sole discretion.

4.5 Members shall also be classified as either:

- (a) Voting; or
- (b) Non-voting Members.

Members, which are counties, shall be voting Members. Members, which are not counties, shall be non-voting Members.

4.6 Members shall meet at least once annually. A Membership Meeting may be called by the Board or President pursuant to a procedure to be established by the Board, or upon written request executed by at least 30 percent of the Members.

- (a) Notice of any Membership Meeting shall be mailed to each Member at least 15 days in advance.
- (b) The President, Vice President, or Secretary-Treasurer of the Board shall preside at the Membership Meeting or the President's designee if no other Officer is present at the meeting.
- (c) A majority of the voting Members shall constitute a quorum to do business.
- (d) Proxy voting shall not be allowed.
- (e) Each Member shall be entitled to one vote on each issue before the membership at any Membership Meeting, to be cast by its Representative or Alternate Representative if the Representative is unable to vote. The Representative and Alternate Representative shall be designated by the Member in accordance with Article 4.7(b) of the Bylaws.
- (f) The location of Membership Meetings will be as determined from time to time by the Board.

4.7 Members shall have the obligation to:

- (a) Pay promptly all contributions and other payments to the Pool at such times and in such amounts as shall be established in accordance with these Bylaws. Annual contributions are due on or before the first day of January of the applicable fund year. Members making payments for annual contributions, or portions thereof, postmarked after January 31 shall be charged interest calculated daily at two percent above the rate that the Pool would have earned if the contributions had been deposited with the Public Treasurers Investment Fund (PTIF), subject to a \$10.00 minimum late fee. All other contributions are due 30 days after the invoice date. Members making payments, or portions thereof, postmarked 30 days after the invoice date shall be charged interest calculated daily at two percent above the rate that the Pool would have earned if the contributions had been deposited with the Public Treasurers Investment Fund (PTIF), subject to a \$10.00 minimum late fee.
- (b) Designate in writing a Representative and one or more Alternate Representatives for the Membership Meetings. Each Representative and Alternate Representative must be an elected or appointed officer or employee of a Member and must be appointed by majority vote of the governing body or by the county executive or county mayor of the Member to be the Member's official Representative for the purposes of casting the Member's vote at a Membership Meeting. An Alternate Representative may exercise all the powers of a Representative during a Membership Meeting, in the absence of the Representative.
- (c) Allow the Pool, its Chief Executive Officer, agents, contractors, employees and officers reasonable access to all facilities and records of the Member as required for the administration of the Pool and implementation of the Agreement, the Bylaws and policies of the Board.
- (d) Cooperate fully with the Pool's attorneys, its Chief Executive Officer, and any other agent, contractor, employee or officer of the Pool in activities relating to the purposes and powers of the Pool.
- (e) Provide information requested by the Pool, its Chief Executive Officer, and any other agent, contractor, employee or officer of the Pool, as reasonably required for the administration of the Pool.
- (f) Allow the Pool attorneys and others designated by the Pool, to represent the Member in the investigation, settlement and litigation of any claim within the scope of loss protection furnished by or through the Pool and also to deny coverage for any claims settled by a Member or for any monies paid by a Member toward claims without the prior written approval of the Pool.
- (g) Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board.
- (h) Report to the Pool, in the form and within the time required by the Board, all incidents or occurrences that could reasonably be expected to result in a covered claim to the Pool under the Coverage Addendum.
- (i) Report to the Pool, in the form and within the time required by the Board, the addition of new programs, facilities and exposures or the significant reduction or expansion of existing

programs and facilities covered under the Coverage Addendum of these Bylaws.

- (j) Designate a Risk Coordinator who shall act as the Member's primary contact with the Pool.
- (k) Act in a manner that is consistent with the Pool's shared goals. The Pool is a cooperative endeavor based on mutual advantage. It is a failure of this obligation when a Member intentionally acts in ways detrimental to the Pool's shared goals, or jeopardized the Pool's shared assets or obligations, or otherwise harms the shared interests of the Pool and its Members.

ARTICLE 5. Board of Directors.

5.1 The Board shall:

- (a) Perform all duties required by Utah law, the Agreement, and these Bylaws.
- (b) Obtain and provide to Members at least annually an audit of the finances of the Pool performed by an independent certified public accountant. Providing Members access to the audit of finances of the Pool on the Pool's website or the Utah Office of State Auditor's website meets the Board's duty to provide the audit to Members.
- (c) Provide for at least quarterly financial statements to account for income, expenses, assets and liabilities of the Pool.
- (d) Provide at least annually for an actuarial review of the Pool's liabilities for losses and loss adjustment expenses.
- (e) Adopt a budget annually and report the budget to the Members. Providing Members access to the budget on the Pool's website or the Utah Office of State Auditor website meets the Board's duty to provide the budget to Members.
- (f) Require that fidelity bonds or appropriate crime insurance, in an amount to be determined by the Board and in compliance with rules adopted by the Money Management Council, be in effect for employees of the Pool, and every other person having access to monies of the Pool.
- (g) Appoint an Audit Committee to review the financial statements, actuarial analysis, make reports to the Board on the financial affairs of the Pool, and make an annual report to the Members regarding the financial affairs of the Pool.
- (h) Appoint a Nominating Committee to solicit nominations for available elected Director positions. Any elected official of a Member or any Director may nominate eligible persons to run for available elected Director positions. Nominations will be received at the Pool office no later than 30 days prior to the meeting at which the election is scheduled. The Pool will verify that each nominee is willing to serve if elected before forwarding the nominations to the Nominating Committee. The Nominating Committee shall review the nominations and select by a majority decision not more than three names to be placed on the ballot for each available elected Director position. A person may not be nominated and placed on the ballot for more than one available elected Director position. In the event that

no nominations are timely received for one or more available elected Director positions, the President of the Board of Directors can solicit nominations from the floor on the following conditions:

- i. The nominee is eligible to serve as a Director in accordance with Section 5 of the Agreement; and
 - ii. The nominee, if present, expresses a willingness to serve, or, if not present, the Pool has verified that the nominee has expressed a willingness to serve.
- (i) Adopt and maintain an investment policy as an addendum to these Bylaws to state the manner in which funds of the Pool may be invested.
 - (j) Adopt and maintain a Coverage Addendum as an addendum to these Bylaws to state the manner and extent to which Members will be indemnified from the assets of the Pool.
 - (k) Exercise their responsibility to the Pool and Member counties in the following way:
 - i. First, to the mission of the Pool, to maintain financial and managerial integrity, and to serve all counties fairly;
 - ii. Second, to express the needs and concerns of the county(ies) that Board Members represents.

5.2 Directors will be reimbursed for reasonable and approved expenses incurred in attending Board meetings and in otherwise carrying out their responsibilities in accordance with the Reimbursement Policy adopted by the Board. UCIP will reimburse Directors for in-state travel by private vehicle at the rate allowed by the UCIP Board Reimbursement Policy at the time of travel, as well as for lodging and meals at the rates allowed by the UCIP Board Reimbursement Policy at the time of travel. For Directors attending out-of-state conferences and business meetings as approved by the Board, UCIP will directly pay the registration, airfare and lodging expenses for the dates of the conference or meeting and up to two travel days for Directors arranging travel through the UCIP office. Directors will be paid per diem for out-of-state meals and incidental expenses for each day of the training and travel day(s) pursuant to the rates allowed by the UCIP Board Reimbursement Policy. Directors will also be compensated for necessary transportation expenses between the airport and lodging. Receipts for airfare, lodging and necessary transportation, paid by the Director, are required for reimbursement. A written statement by the Director will be required in place of a lost receipt. Reimbursement is made based on the least expensive reasonable method of travel. Expenses for guests who accompany Directors to UCIP meetings or to approved out-of-state training are the responsibility of the Director. UCIP will invoice Directors for any guest expenses paid by UCIP. However, there will be no charge for guests attending business meals hosted by and at the invitation of the Chief Executive Officer. Requests for reimbursement shall be submitted within 60 days of completion of a trip.

5.3 Directors will be elected in accordance with Section 5 of the Agreement. Notwithstanding Article 4.6(e) only Members of the class of county which a Director will represent may vote for Directors nominated to serve pursuant to Section 5.1(d) through (g) of the

Agreement. Election of Directors shall be conducted by written secret vote. A simple majority of those voting in the election will determine the nominee elected to the position. In the event of a tie vote, a coin flip will be conducted to determine the outcome of the election. The Director conducting the coin flip will determine which candidate will be considered “heads” prior to flipping the coin.

ARTICLE 6. Officers, Meetings, Procedures.

- 6.1 The principal offices of the Board shall be: president, vice-president and secretary-treasurer. The principal offices shall be held by three separate natural persons. Officers shall be elected by and from among the Directors, at the first Board meeting following each annual meeting of the Members. The Board shall establish the powers and duties of each officer, consistent with these Bylaws, and the Agreement. All Members of the Board shall have full voting rights. The president shall preside over meetings of the Board and of the Members and shall perform such other duties as may be prescribed from time to time by the Board and the Members. The vice-president shall exercise the powers of the president in the absence of the president, and the secretary-treasurer shall exercise the powers of the president in the absence of the president and vice-president.
- 6.2 The Board shall fix the date, time and place of regular meetings that are scheduled in advance over the course of a year. Meetings may be called by the president, or by any five Members of the Board, by written notice mailed at least ten days in advance to all Directors or by unanimously executed waiver of notice. Emergency meetings of the Board may be held to consider matters of an emergency or urgent nature, after an attempt has been made to notify all Board Members and a majority votes in the affirmative to hold the meeting. Notice, including public notice, of all meetings and the agenda shall comply with applicable laws of the State of Utah.
- 6.3 Seven Directors shall constitute a quorum to do business. All actions of the Board shall require a quorum and a majority vote of the Directors present, except where a different vote is required by the Agreement or these Bylaws.
- 6.4 The Board shall adopt such policies and procedures as it deems necessary, required or desirable for the conduct of its business.
- 6.5 Any or all Directors may participate in any meeting of the Board by means of an electronic meeting as defined in laws of the State of Utah, and in accordance with the Board's Electronic Meeting Policy. Participation by such means shall constitute presence at the meeting.
- 6.6 The Board shall establish its own rules of order that are not in conflict with the laws of the State of Utah, the Agreement, and other specific provisions of these Bylaws.
- 6.7 A Director's position may be declared vacant by official action of the Board of Directors when the Director has accumulated two consecutive unexcused absences at duly called meetings for which the Director has received notification. Excused absences will be granted only with advance notice received by the UCIP offices or a Member of the Board of Directors prior to the Board meeting and approved by formal action of the Board.

ARTICLE 7. Financing.

- 7.1 All monies of the Pool, and earnings thereon, shall be held in the name of and for the use and benefit of the Pool.
- 7.2 The Board shall establish Member contributions pursuant to guidelines established by the Board from time to time.
- 7.3 Surplus of the Pool shall be attributable to the Members as equity. Equity in the Pool shall be used to satisfy the surplus requirements established by the Board and any applicable regulation, and next to repay any outstanding debentures after which refund of surplus in the form of dividends to Members may be considered. Any refund of surplus monies shall be consistent with policies adopted by the Board.
- 7.4 Investments of monies of the Pool shall be limited to those investments permitted by the State Money Management Act, Utah Code Ann. §51-7-1 et seq. (2002), as amended.
- 7.5 Member's equity in UCIP shall be calculated as follows:
 - (a) The ratio of each Member's contributions to the total contributions shall be computed for each fund year.
 - (b) The Member's contribution ratio shall be multiplied by the total surplus, (less any borrowed surplus), attributable to a fund year as stated in the most recent monthly financial statement. A Member's total equity will be the sum of the yearly amounts for each fund year for which that Member was a participating Member in UCIP.
 - (c) In the event that the surplus amount is a negative number, a member's equity will be decreased using the same method of calculation as above.
 - (d) In the event of a termination of membership, the terminated Member shall lose and have no claim to any equity in UCIP. The equity formerly attributed to that Member for each fund year shall be allocated to the remaining counties who were Members during that fund year.
 - (e) The Board of Directors in its sole discretion shall determine if and when equity is distributed.
- 7.6 The fiscal year shall be the calendar year.

ARTICLE 8. Withdrawal and Termination.

- 8.1 Any Member may withdraw from a joint purchase program, or terminate its membership in the Pool in accordance with the Agreement.
- 8.2 Withdrawal or termination from the Property and Liability program shall be considered termination of membership.

ARTICLE 9. Involuntary Termination of Membership.

- 9.1 The Board may terminate a Member that fails to pay a contribution due the Pool within sixty days of the due date unless time for payment is extended by the Board and payment is made within the extended period. A notice of failure to pay a contribution due the Pool shall be mailed to the Member at least 30 days prior to the date of termination. Coverage and payment of claims shall terminate effective the first date for which the unpaid contribution was calculated. If the unpaid contribution is additional contribution resulting from an audit, coverage and payment of claims shall terminate effective on a date calculated on a pro-rata basis of the unpaid contribution to the contribution paid for the audit period. Any membership in the Pool may be terminated under this paragraph by majority vote of the Board.
- 9.2 Any membership in the Pool may be terminated by a three-fourths vote of the Board for failure of a Member to carry out any other obligation of the Member.
- 9.3 Any termination under 9.2 will be subject to the following:
 - (a) The Member shall receive written notice from the Board of the alleged failure and shall be given not less than 30 days in which to correct the alleged failure, along with notice that termination of membership could result if the failure is not corrected.
 - (b) The Member may request a hearing before the Board prior to the termination. The request shall be made in writing to the Board at least ten business days before the end of the period given by the Board to correct the alleged failure. The Board shall present the case for termination of membership at the hearing and the affected Member may present its case. A Board Member of the affected Member shall not be counted in determining a quorum or the number of votes required, nor shall the Board Member representative of such Member be entitled to vote on the termination.
 - (c) If a request for hearing is not received pursuant to Article 9.3(b) of the Bylaws and if the failure is not corrected within the time required by the Board's notice, or any extension of such time as the Board may grant, the Board may terminate the membership.
 - (d) The Board shall provide the Member at least ten days prior written notice of the time and place of any requested hearing, and the proposed termination of membership may not take effect until such time after the conclusion of any hearing as the Board may set.
- 9.4 Termination of membership shall be in addition to any other remedy that may exist.
- 9.5 A Member shall lose all voting rights and any claim of title or interest to any asset of the Pool upon involuntary termination of its membership to the same extent as if the termination were voluntary. The coverage and payment of claims after the effective date of a Member's termination shall be consistent with the Agreement and these Bylaws.
- 9.6 Notwithstanding Article 9.6 an involuntarily terminated Member may have its equity interest restored by majority vote of the Board if the Member is approved for membership within 12 months of the termination.

ARTICLE 10. Dissolution and Disposition of Property.

- 10.1 The Pool may be dissolved by the Members as provided in the Agreement. In the event of voluntary dissolution of the Pool, the assets of the Pool not used or needed for the purposes of the Pool, including its contractual obligations, shall be distributed, as determined by the Board, only to Utah counties which are Members of the Pool at the time of dissolution. The Members of the Pool at the time the vote is held to dissolve the Pool shall continue to be considered Members of the Pool until the final disposition of property and dissolution of the Pool is complete.
- 10.2 Upon partial or complete dissolution of the Pool by the Members in accordance with the Agreement, the Board shall determine, consistent with these Bylaws, all other matters relating to the disposition of property and dissolution of the Pool by a two-thirds vote of all Directors.
- 10.3 The Board shall serve as Directors for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Pool. Any vacancy in the position of an elected Director after disposition of the Pool has begun may be filled by majority vote of the remaining Directors until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy for the unexpired term.

ARTICLE 11. Liability of Board, Officers and Employees.

- 11.1 It is the intent of the Pool to provide the broadest possible immunity from personal liability to each Director, officer, and employee of the Pool allowed by applicable laws of the State of Utah including, but not limited to, the Governmental Immunity Act, the Corporations Code and the Insurance Code, as amended from time to time. The Pool shall defend and indemnify the Directors, officers and employees of the Pool against any and all expense, including attorney fees and liability expenses, sustained by them or any of them in connection with any suit or suits which may be brought against them involving or pertaining to any of their acts or duties to the fullest extent allowed by the laws of the State of Utah. The Pool shall purchase liability or other appropriate insurance or coverage as a Member of UCIP providing coverage for the Directors, officers and employees of the Pool. Nothing herein shall be deemed to prevent compromises of any litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

ARTICLE 12. Mandatory Pre-Litigation Mediation.

- 12.1 To the extent permitted by any applicable reinsurance or excess insurance, if the Board or its authorized representative and a Member disagree on whether a loss is covered through the Pool or on the amount of a covered loss, the Board or its authorized representative or the Member may not file litigation until they have submitted to mediation as follows:
 - (a) Any claim brought against the Pool by a Member must fully comply with the Utah Governmental Immunity Act.
 - (b) The Board or its authorized representative and the Member shall agree on the selection of

the mediator. If the parties cannot agree within 30 days, the Board shall select the mediator.

- (c) If mediation does not result in an agreement between the parties, the Board or its authorized representative and the Member can move forward to litigate the issue in accordance with Utah law and rules of procedure.
- (d) Each party will pay the attorney's fees and expenses they incur and share the expenses of the mediator equally.

ARTICLE 13. General Provisions.

- 13.1 The laws of Utah shall govern the interpretation and performance of these Bylaws.
- 13.2 In the event that any portion of these Bylaws is held invalid or unenforceable, such invalidity or unenforceability shall not affect other portions, and these Bylaws are expressly declared to be severable.
- 13.3 These Bylaws do not relieve any Member of any obligation or responsibility imposed upon it by law except to the extent that actual and timely performance thereof by the Pool satisfies such obligation or responsibility.
- 13.4 All moneys received by the Pool are public funds, including earned interest, derived from its Members, which are counties and county related entities within the State of Utah.
- 13.5 It is the intention of the Members that the Pool and any income of the Pool not be subject to taxation. The Board and the Members shall cooperate in such respects, including amending these Bylaws, as reasonably necessary to establish and maintain the non-taxable status of the Pool.
- 13.6 Except as permitted in these Bylaws, the Agreement and amendments thereto, neither the Board nor any other person or entity is authorized to incur liabilities or obligations or enter into contracts on behalf of the Members.
- 13.7 In the event of the payment of any loss by the Pool under the Agreement, the Pool shall be subrogated to the extent of such payments to all the rights of the Member against any other person or other entity legally responsible for damages for such loss, and in such event the Member agrees to render all reasonable assistance to effect recovery.

ARTICLE 14. Conflict of Interest and Disclosure.

- 14.1 Directors and the Chief Executive Officer shall not request, receive, or accept a gift or loan for themselves or another if:
 - (a) It tends to influence the Director or the Chief Executive Officer in the discharge of his or her official acts as a Director or Chief Executive Officer; or
 - (b) She/he within two years has been involved in any official act directly affecting the donor or lender or knows that he/she will be involved in any official act directly affecting the donor or lender in connection with his or her membership on the Board or as the Chief

Executive Officer.

- 14.2 The prohibition set forth in Section 14.1 above shall not apply to:
- (a) An occasional nonpecuniary gift, insignificant in value; or
 - (b) An award publicly presented in recognition of public service; or
 - (c) A commercially reasonable loan made in the ordinary course of business by an institution authorized by the laws of the state to engage in the business of making loans; or
 - (d) A political campaign contribution, provided that such gift or loan is actually used in a political campaign and is subject to Utah law regarding such gift or loans.
- 14.3 Directors shall disqualify themselves from participating in any official action of the Board that affects a business in which that Director has a financial interest as defined in Sections 67-16-8 and 67-16-9 Utah Code Annotated 1953 as amended.
- 14.4 Directors shall not acquire a financial interest at a time when they believe or have reason to believe that it will be directly affected by their official action on the Board.
- 14.5 Directors and the Chief Executive Officer shall not use or divulge to any person confidential information acquired by virtue of their membership on, or participation with, the Board for their or another's private gain. Confidential information for the purpose of this paragraph shall be defined as all information disclosed or discussed in any meeting of the Board which is confidential under law, statute or practice and which is otherwise not available to the public.
- 14.6 The Chief Executive Officer of the Pool and each Director shall complete a disclosure form provided by the Pool during January of each fund year, at such time a new conflict arises or at the first meeting attended by a new CEO or Director. That completed form shall affirm the person's awareness of this bylaw requirement and make all required disclosures.
- 14.7 The information on the disclosures, except for the valuations attributed to the reported interests, shall be made available by the Secretary-Treasurer of the Board for inspection by any UCIP Member county representative. The valuation shall be confidential for all purposes except for proceedings for violation of the disclosure requirement of these Bylaws.

ARTICLE 15. Conflict of Interest of Defense Counsel.

- 15.1 Defense Assistance provided to Members by the Pool under the Bylaws Coverage Addendum shall be provided by attorneys listed on the UCIP Defense Attorney list recommended by the Litigation Management Committee and approved by the Board of Directors.
- 15.2 As the UCIP defense counsel is provided to assist the County Attorney in fulfilling their statutory obligation to defend officers and employees of the county under U.C.A. 63G-7-902 and 17-18a-5-501, UCIP defense counsel must be approved by the Member County Attorney.

If the Member County Attorney waives the use of UCIP defense counsel by not approving defense counsel selected by UCIP from the UCIP Defense Attorney list, UCIP will owe no obligation to provide defense counsel to the Member or any of its officers or employees.

- 15.3 Attorneys listed on the UCIP Defense Attorney list shall not represent or consult with any plaintiff in any civil action in which any defendant is a UCIP Member.
- 15.4 Attorneys employed by, or associated with, law firms listed on the UCIP Defense Attorney List shall not represent or consult with any party in a civil action adverse to any person or entity covered by UCIP.
- 15.5 Attorneys employed by, or associated with, law firms listed on the UCIP Defense Attorney List shall not represent or consult with any defendant in a criminal action prosecuted by the County Attorney’s Office of any Member County.
- 15.6 Attorneys listed on the UCIP Defense Attorney List shall not represent or consult with any elected official or employee of any Member county in their official or individual capacity without the express consent of UCIP. Attorneys listed on the UCIP Defense Attorney List shall agree that such consent may place them in a conflict of interest position which would exclude them from consideration of being assigned as defense counsel on actions filed against the elected official or the Member with which they serve.
- 15.7 Conflicts as described above may be waived only after full disclosure to, and written agreement of, the involved Member and UCIP.

ARTICLE 16. Effective Date and Term.

- 16.1 The effective date of these Bylaws is June 9, 2023 and shall remain in effect until amended by the UCIP Board of Directors in accordance with the Interlocal Agreement.

Dated this 19 day of December, 2024

By: Bruce Adams

Print Name: Bruce Adams

Title: President

ATTEST:

By: Michael W. Wilkins

Print Name: Michael Wilkins

Title: Secretary/Treasurer

Date: 12/19/2024

UTAH COUNTIES INDEMNITY POOL FINANCE—EMPLOYEE REIMBURSEMENT POLICY

SECTION A EFFECTIVE DATE AND FREQUENCY OF REVIEW

1. The effective date of this policy is August 18, 2016.
2. This policy should be reviewed annually, but not less than every three years by the Board of Directors.
3. This policy should also be reviewed at any time that changes to laws or rules governing reimbursement of employees of interlocal agencies are amended or recommendations are made by the UCIP CEO, which would require review and update to this policy.
4. Failure to review this policy in the frequency stated shall not nullify, void, limit or waive this policy or any action taken under this policy.
5. This policy is considered to be amended at the time any new federal or state law becomes effective which conflicts with this policy, but only to the extent necessary to come into compliance with new law.

SECTION B PURPOSE

1. This policy defines the reimbursement policy and procedures for UCIP employees to assure proper oversight of public funds.

SECTION C AUTHORITY

1. The Board has authority to adopt this policy under the UCIP Interlocal Agreement and Bylaws.

SECTION D APPLICABILITY AND SCOPE

1. This policy applies to all employees.
2. This policy is for all approved UCIP business travel.

SECTION E DEFINITIONS

1. Board: the Board of Directors of the Utah Counties Indemnity Pool.
2. CEO: Chief Executive Officer of the Utah Counties Indemnity Pool.
3. Expense: a legitimate business Expense incurred while on approved UCIP business including approved UCIP business travel.

4. Director: a member of the Board of Directors of the Utah Counties Indemnity Pool.
5. Home: either the Traveler's actual home, or their office, depending on where the Traveler departs from or returns to.
6. Original Receipt or Original Invoice: a hardcopy receipt or invoice received directly from the vendor at the time of purchase and includes any faxed or scanned receipt or invoice received directly from a vendor.
7. Traveler: a UCIP employee traveling on approved UCIP business.
8. UCIP: the Utah Counties Indemnity Pool.
9. GSA: US General Services Administration.

SECTION F POLICY STATEMENTS

1. UCIP will pay or reimburse employees for Expenses associated with approved UCIP business in accordance with this Finance—Employee Reimbursement Policy adopted by the Board of Directors.
2. The rates identified in this policy are meant to follow, in general, the maximum rates published by the GSA. The Board may adopt rates other than the GSA rate at their discretion by amendment to this policy.
3. Use of the UCIP business credit card is the preferred method of payment for all UCIP travel expenses. This policy provides for reimbursement of business expenses incurred by employees when the business credit card is unavailable for use.

SECTION G PROCEDURES AND RESPONSIBILITIES

1. Travelers must provide an Original Receipt or an Original Invoice for all travel Expenses to be reimbursed. If a receipt is not provided to the employee or the receipt is lost, the employee shall provide a signed written statement of the Expense to the Accounting Specialist, with approval of the CEO.
2. The Traveler is responsible for any tax consequences associated with this reimbursement policy.

SECTION H TRANSPORTATION POLICY

1. Commercial Airline Travel.
 - a. Reservations for travel should be made through a designee of the CEO in an effort to determine the least expensive air fare available at the time reservations are made. Where

special and reduced fares are available, they may be secured with approval of the Accounting Specialist.

- b. Travelers making their own travel arrangements should consider making reservations far enough in advance and flying during off-peak times of the week to qualify for discount fares, if possible. If a Traveler has made alternate travel arrangements using a UCIP business credit card, which resulted in a higher cost to UCIP, without the approval of the CEO, the Traveler must reimburse UCIP for the additional cost. If a Traveler makes and pays for their own travel arrangements a copy of the Traveler's itinerary must be attached to the Travel Reimbursement Request.
 - c. Priority seating charges will not be reimbursed. Exceptions may be allowed for unusual circumstances when approved by the CEO prior to the trip.
 - d. Only one change fee per trip will be reimbursed by UCIP. An explanation for any additional changes or any other exception to this policy must be given and approved by the CEO.
 - e. Travelers will be reimbursed for mileage to and from the airport, or mileage to and from the airport for someone to drop off and pick up the Traveler (two trips).
 - f. Travelers will be reimbursed for long-term parking or away-from-the-airport parking.
2. Discounts, Credits and Special Coupons.
- a. Personal airline frequent flyer programs and hotel frequent lodging programs, credit card programs and any other programs which give a Traveler on UCIP business credit for miles/hours flown, or nights lodged shall be considered the property of the Traveler.
 - b. A Traveler may utilize such credits while travelling on approved UCIP business; however, the Traveler will not be reimbursed for the credits.
 - c. Discounts, credits, miles, special coupons or other benefits earned on a UCIP credit card or bank card as a result of employee travel shall be considered the property of UCIP and may not be used by employees for personal use.
3. Privately Owned Vehicles.
- a. Employees using a privately owned vehicle for approved UCIP business travel will be reimbursed at the published GSA mileage rate.
 - b. ~~Only one person in a vehicle may receive the reimbursement, regardless of the number of people in the vehicle.~~

~~e.b.~~ Employees who receive an automobile allowance will be reimbursed at the GSA rate minus four cents per mile.

~~d.c.~~ Employees who chose to use a private vehicle when they have the option of riding with an employee who receives an automobile allowance will be reimbursed at the GSA rate minus four cents per mile.

~~e.~~ ~~Employees using privately owned vehicles on approved UCIP business will be reimbursed at the GSA mileage rate.~~

~~f.d.~~ When one or more employees are planning to attend the same meeting, travel in privately owned vehicles will be approved only for the number of vehicles sufficient to transport those attending at the discretion of the CEO.

~~g.e.~~ Employees who chose to use a privately owned vehicle when they have the option of riding with another employee attending the same meeting will not be reimbursed unless preapproved by the CEO.

~~h.f.~~ Only one person in a vehicle may receive the reimbursement, regardless of the number of people in the vehicle.

4. Mileage Computation/Parking.

- a. Mileage reimbursement will be computed based on the most economical (fastest or shortest) route.
- b. Vicinity and/or local travel made during a UCIP business trip should be recorded separately from mileage between points of travel. Personal travel such as to restaurants, movies, etc. is not reimbursable.
- c. If the Traveler uses a privately owned vehicle on approved UCIP business and is reimbursed for mileage, parking charges may be reimbursed at actual cost.

5. Insurance on Privately Owned Vehicles.

- a. The reimbursement rate includes an amount for the cost of insurance of a privately owned vehicle.
- b. Physical damage to a Traveler's privately owned vehicle is the responsibility of that individual or his/her insurance company. However, if the vehicle was being used on approved UCIP business travel at the time of the accident, the Traveler may be reimbursed their deductible up to \$500.
- c. An automobile liability claim arising during approved UCIP business travel against a Traveler is the responsibility of that individual or his/her insurance company. However, if

the claim is in excess of the limits carried by the Traveler on their personal auto policy, a claim should be filed with UCIP.

6. Driving a Privately Owned Vehicle Instead of Using Commercial Airline.
 - a. A Traveler may drive a privately owned vehicle instead of flying if pre-approved by the CEO.
 - b. A Traveler may be reimbursed for meals, lodging and incidental Expenses (such as toll fees, parking fees, etc.) for a reasonable amount of travel time. However, if the total cost of the trip exceeds the equivalent cost of the airline trip the Traveler will be reimbursed the amount of the equivalent airline trip only.
 - c. The Traveler may be required to submit a schedule comparing the cost of driving with the cost of flying for the CEO to make a determination on approval. The schedule should show that the total cost of the trip driving compared to the total cost of the trip flying. The comparison should show the lowest airfare within 30 days prior to the departure date (15 to 30-day advance reservation), round trip mileage from home base to the airport, airport parking at the current long-term parking rate, and the cost of a shuttle, taxi or rental car.
7. Rental Vehicle Reimbursement.
 - a. Rental car use for approved UCIP business travel must be preapproved by the CEO. Rental car use, related to commercial airline travel, will be reimbursed the lesser of the total cost of rental or the cost of shuttle, taxi or other transportation options.
 - b. Rental car use, not related to commercial airline travel, will be reimbursed the lesser of the total cost of rental or the equivalent mileage reimbursement for privately owned vehicle use.
 - c. If the cost of a rental car for instate travel exceeds the cost of equivalent mileage reimbursement for personal vehicle use, the employee will be reimbursed the amount of the equivalent personal vehicle use reimbursement only.
8. Rental Vehicle Procedures.
 - a. Use of a rental vehicle for UCIP business must be approved by the CEO prior to rental.
 - b. Whenever possible Travelers should use a ride hailing service (Shuttle Service, Taxi, Uber, Lyft...) for out of state transportation. Travelers should only rent vehicles when a ride hailing service is not available or is impractical. If a rental vehicle is being used to allow for the Traveler's personal use during a trip, or for a trip where the Traveler does not want to use their own private vehicle, the Traveler should rent the vehicle as a personal rental and the Traveler will be reimbursed for mileage only, as if they had used their personal vehicle.

- c. ~~When Travelers rent vehicles to be used for approved UCIP business the rental vehicle will be rented in their own names~~ should be reserved by a designee of the CEO using the State contract rental program and paid using the UCIP business credit card to secure the most favorable pricing and automatic insurance coverage.
- a.d. ~~If circumstances require a Traveler to rent a vehicle without adequate time for the rental to be made by the CEO's designee, after receiving authorization from the CEO the Traveler should rent the vehicle using the State contract rental program. The Traveler will be reimbursed the actual rental cost based on this policy and fuel purchases for the rental, after providing receipts.~~
- b.e. ~~Travelers should purchase a~~ All insurance offered by the rental company ~~should be purchased to reduce the risk of loss to UCIP.~~
- e.f. ~~The Traveler will be reimbursed the actual rate charged by the rental agency~~ All rentals ~~should be made~~ for a standard mid-sized car. Upgrades in size or model will not be reimbursed unless approved by the CEO due to unusual circumstance.
- g. Employees with UCIP business credit cards may use the card to purchase fuel for rental vehicle. ~~Travelers without a UCIP business credit card will be reimbursed for fuel purchases based on receipts provided.~~
- d.h. ~~Travelers that have family or friends travel with them on UCIP business should use their personal vehicle or may rent a vehicle which will be treated as if it is the Traveler's personal vehicle. The Traveler will be reimbursed based on actual business miles only, and the Traveler is responsible for insuring the rental vehicle.~~

SECTION I LODGING POLICY

1. Conference Hotel Lodging.
 - a. To assure that the business credit card is appropriately charged, a designee of the CEO will reserve conference hotel lodging for employees.
 - b. If special accommodations are needed, the Traveler should coordinate with the designee of the CEO to make reservations for the conference hotel lodging.
 - c. Additional costs for special accommodations and incidental room charges are not reimbursable to the Traveler.
2. Non-Conference Hotel Lodging.
 - a. To assure that the business credit card is appropriately charged, a designee of the CEO will reserve non-conference hotel lodging for employees. In the event the non-conference hotel charges the Traveler for lodging, instead of the business credit card, UCIP will

reimburse the actual cost per night for single occupancy plus tax and any mandatory fees charged by the hotel not to exceed the GSA per diem lodging rate for the location.

- b. If lodging is not available at the allowable GSA rate in the area the Traveler needs to stay, at a hotel approved by the CEO, the Traveler will be reimbursed at the actual rate booked plus tax and any mandatory fees charged by the hotel if the business credit card is not charged.
 - c. If a Traveler chooses to stay at a non-conference hotel other than one booked by a designee of the CEO, that costs more than the GSA rate, the Traveler will only be reimbursed the for the GSA rate.
 - d. Employees traveling less than 50 miles in excess of their normal office commute are not entitled to lodging reimbursement without preapproval of the CEO.
 - e. When UCIP pays for a person to travel to Utah for UCIP business, reimbursement will be made on the same basis as for an employee.
 - f. Exceptions will be allowed for unusual circumstances when approved by the CEO prior to the trip.
 - g. When lodging is required, Travelers should stay at the lodging facility nearest to the meeting/training/work location in order to minimize transportation costs.
3. Lodging Other Than A Motel/Hotel.
- a. Travelers that stay with friends or relatives at a private residence rather than a motel/hotel will be reimbursed at the GSA per diem lodging rate with no receipts required.
 - b. Travelers that use personal campers or trailer homes instead of staying in a motel/hotel will be reimbursed at the GSA per diem lodging rate, or the cost of the RV site rental, whichever is less, with ~~no appropriate~~ receipts ~~required~~.

SECTION J MEAL POLICY

- 1. Meals will be reimbursed based on the GSA meals and incidental Expense rates for the location. The allowance rates include tax, tips, and other Expenses associated with the meals.
- 2. When UCIP pays for a person to travel to Utah, the Traveler may be reimbursed up to the GSA meals and incidental Expense rates for the location.
- 3. Exceptions may be allowed for unusual circumstances when approved by the CEO prior to the trip.

4. Reimbursement is for the Traveler only. If more than the Traveler's meal is charged on a receipt, this must be deducted to reflect the Traveler's costs only.
5. Actual meal cost includes tax and reasonable tip.
6. Alcoholic beverages are not reimbursable.
7. Complimentary meals will not be reimbursed or paid a per diem when meals are included in the conference registration costs or when complimentary hot meals are provided by a hotel, motel, vendor and/or association.
8. Allowance Computation.
 - a. Breakfast will be reimbursed if travel begins prior to 6:00 a.m. Lunch will be reimbursed if travel begins prior to 10:00 a.m. and extends to 2:00 p.m. Dinner will be reimbursed if travel extends beyond 6:00 p.m.
 - b. The day travel begins the meal reimbursement the Traveler is entitled to is determined by the time of day needed to leave home to arrive at a reasonable time.
 - c. The day the travel ends the meal reimbursement the Traveler is entitled to is determined by the time of day the Traveler would return home by traveling at a reasonable time.
 - d. Tips and tax on meals are included in the per diem amount.
9. A Traveler to a foreign country may choose to accept the GSA per diem rate for the location of travel or be reimbursed the actual meal cost, with original receipts, not to exceed the GSA meal and incidental Expense rate for their location as of the date of travel.
10. Reimbursement is for the Traveler only.
11. If more than the Traveler's meal is charged on a receipt, this must be deducted to reflect the Traveler's costs only.
12. Actual meal cost includes tax and tip.
13. Alcoholic beverages are not reimbursable.

SECTION K ADDITIONAL REIMBURSABLE EXPENSES POLICY

1. Gratuities/tips are included as part of the GSA meals and incidental Expense rate.
2. Ground transportation Expense for all official business use of taxi, bus, and other ground transportation will be reimbursed at actual cost.

3. Parking Expense.
 - a. If the Traveler uses a privately owned vehicle or rental vehicle on approved UCIP business and is reimbursed for mileage, parking charges will be reimbursed at actual Expense.
 - b. Hotel parking will be reimbursed at actual Expense if it is not included on the hotel bill, in which case it will be reimbursed as lodging Expense.
4. Registration fees for conferences or courses should be paid in advance by ~~the Accounting Specialist~~ designee of the CEO. If the Traveler must pay the registration when they arrive, the Traveler may use a UCIP business credit card if one is issued to them or may be reimbursed the registration at actual Expense.
5. Any other additional Expenses must be approved for reimbursement by the CEO.
6. Documentation for Additional Expenses.
 - a. Original receipts should be provided whenever possible. If a receipt is not provided to the employee or the receipt is lost, the employee shall provide a signed written statement of the Expense to the Accounting Specialist.
 - b. Receipts are not required for Expenses paid as a per diem.
7. If a third party will reimburse travel related Expenses of an employee that travels on UCIP time or for approved UCIP business, the Traveler may seek reimbursement from UCIP and assist with UCIP's reimbursement by the third party.
 - a. This option should be used if the third-party reimbursement is less than what would be allowed by this policy.
 - b. Employee must provide UCIP all documentation required by the third party for reimbursement.
8. If a third party will reimburse the travel related Expenses of an employee that travels on UCIP time or for approved UCIP business, the employee may seek direct reimbursement from the third party.
 - a. If the employee is reimbursed directly from the third party, documentation of such reimbursement must be provided to the Accounting Specialist to assure there has been no duplication of reimbursement, and to retain for audit purposes.
 - b. In these instances, the maximum that the employee may be reimbursed for meals without tax consequence is the GSA meal and incidental rate for the location.

- c. If the amount reimbursed by the third party is greater than allowed by this policy, the employee is responsible for any tax liabilities for the excess amounts.
- 9. If an employee receives reimbursement from a third party for Expenses that have been reimbursed by UCIP under this policy, the employee must deposit the total third-party reimbursement with the Accounting Specialist.
- 10. If unique circumstances may prevent a Traveler from following this policy, a request for an exception may be made to the CEO.

SECTION L ADVANCES POLICY

- 1. Advances for meals and incidentals are available at the discretion of the CEO.
- 2. If the Traveler has changes to their travel and are not eligible for reimbursement in the amount of the advance, the amount in excess of the advance will be deducted from other reimbursable Expenses submitted for the trip, or on future Expense statements at the discretion of the CEO.
- 3. Any exception to this policy must be approved in writing by the CEO.
- 4. If an advance has been made that was in excess of the actual Expense, and the excess amount may not be recoverable for any reason, the CEO shall notify the Board of Directors at their next meeting of such circumstance.

SECTION M REVISION HISTORY

- 1. Adopted: August 18, 2016
- 2. Revised: February 16, 2017
- 3. Revised: August 17, 2017
- 4. Revised: August 22, 2018
- 5. Revised: October 24, 2019
- 6. Revised: June 18, 2021
- 7. Revised: July 1, 2022
- 8. Revised: October 25, 2023
- 9. Revised: February 15, 2024

9-10. Revised: April 17, 2025

AGENDA

Utah Counties Indemnity Pool Board of Directors Meeting

Thursday, June 19, 2025 12:30 p.m.
UAC/UCIP Offices 5397 S Vine St Murray UT

1:00 Convene Meeting, Welcome, Pledge of Allegiance, Prayer William Cox

ITEM ACTION

1.	Review/Approve Rules of Order and Procedure Amendments	Johnnie Miller
2.	Review/Excuse Board Members Absent	William Cox
3.	Review/Approve April 17, 2025 Meeting Minutes	Michael Wilkins
4.	Ratification/Approval of Payments and Credit Card Transactions	Michael Wilkins
5.	Review/Approve Member Equity and Loss Ratios	Johnnie Miller
6.	Review/Approve 2025 Member Appraisals and Cost Index Factor	Johnnie Miller
7.	Review/Approve 2026 Preliminary Budget	Johnnie Miller
8.	Ratification/Approval of Authority Delegated to the CEO Policy	Johnnie Miller
9.	Review/Approve GRAMA Policy Amendments	Johnnie Miller
10.	Review/Approve Internal Accounting Controls Policy	Johnnie Miller
11.	Review/Approve Net Asset Management Policy	Johnnie Miller
12.	Review/Approve Procurement Policy	Johnnie Miller
13.	Review/Approve Board Reimbursement Policy	Johnnie Miller
14.	Review/Approve Underwriting Policy	Johnnie Miller
15.	Review/Approve Coverage Addendum Amendments	Johnnie Miller
16.	Review/Approve Bylaws Amendments	Johnnie Miller
17.	Review/Approve Eighth Amended Interlocal Agreement	Johnnie Miller
18.	Review/Approve Underwriting Policy Amendments	Johnnie Miller
19.	Review/Approve Member Equity/Historical Loss Ratios	Johnnie Miller
20.	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	William Cox
21.	Action on Personnel Matters	Craig Blake
22.	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	William Cox
23.	Action on Litigation Matters	Christopher Crockett

AGENDA

INFORMATION

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|-----|---|----------------|
| 24. | Appraisal Report | Johnnie Miller |
| 25. | Chief Executive Officer's Report | Johnnie Miller |
| 26. | Calendar Items | Aly Michale |
| 27. | Other Reports: Draft August Agenda/October Meeting Date | William Cox |