WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT
(A Component Unit of Davis County)

FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT
TABLE OF CONTENTS

CERTIFIED PUBLIC ACCOUNTANTS
Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

INDEPENDENT AUDITOR'S REPORT

To the Administrative Control Board
Wasatch Integrated Waste Management District
Layton, Utah

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Wasatch Integrated Waste Management District (the District), component unit of Davis County, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial statements of the District, as of June 30, 2023 and 2022, and the respective changes in net position, and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information related to pensions, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 of 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 November 1, 2023 on our consideration of the District's internal control over financial reporting and on our tests of compliance with certain provisions of laws and regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

K&C, CPAs

K&C, Certified Public Accountants
Salt Lake City, Utah
November 1, 2023

WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS

As Management of Wasatch Integrated Waste Management District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the attached report.

MISSION

Provide sustainable, cost-effective, and environmentally sound solid waste management.

Guiding Principles:

- Maintain fiscal integrity with minimal financial risk. Consider long-term effects and life cycle costs. Maximize the value of assets.
- Recognize waste as a resource through reuse, reduction, recycling, and the production of fuels and energy, when financially viable. Manage waste destined for disposal with state-of-the-art landfill resources, operations, and long-term care.
- Make well-informed decisions based upon sound scientific and business judgment and ethical business practices.
- Aggressively pursue best available demonstrated technologies that minimize the volume and toxicity of wastes and protect the environment for future generations.
- Promote public education and awareness of effective and efficient municipal solid waste management practices.

OVERVIEW OF THE DISTRICT

The District was established on September 24, 1984, by Resolution No. 84-200 adopted by the Board of County Commissioners of Davis County, Utah (the "County"), pursuant to the provisions of the Utah Special Services District Act, Title 17A, Chapter 2, Part 13, Utah Code Annotated 1953, as amended (the "Special Service District Act"). Under the Special Service District Act, the District constitutes a separate body politic and corporate and a quasi-municipal public corporation distinct from each county or municipality in which the District is located. Following the establishment of the District, in accordance with the provisions of the Special Service District Act, the governing body, of each of the cities now included within the boundaries of the District, adopted a resolution electing to be included within the District.

The District was formed in 1984 as the Davis County Solid Waste Management and Energy Recovery Special Service District. In the mid-1990s the District created a dba name of Wasatch Energy Systems. On July 1, 2004 the District legally changed its name to Wasatch Integrated Waste Management District.

The boundaries of the District include all of the municipalities in Davis County (other than the City of Bountiful), the unincorporated areas of Davis County, Morgan City and the unincorporated areas of Morgan County, Utah. The District's present boundaries encompass an area of approximately 268 square miles with an estimated population of 379,942 persons.

The Utah Special Service District Act, as applied to the District, provides that the Board of County Commissioners of Davis County shall control, and have supervisory authority over all activities of the District, but that the Board of Davis County Commissioners may delegate to an administrative control board the governance of the District and the exercise of certain powers of the District under the Special Service District Act. Pursuant to Resolution No. 84-200 and Resolution No 87-130, adopted by the Board of Davis County Commissioners (collectively, the "County Resolution"), the governance and the exercise of the powers of the District were delegated to the Administrative Control Board.

The Administrative Control Board is presently composed of nineteen members; including the three Davis County Commissioners and one member from each of the sixteen other political subdivisions of the State of Utah that are included within the District. Each member of the Administrative Control Board is appointed by the Governing body of the member's respective political subdivision for a four-year term. As of June 30, 2023 members of the Administrative Control Board are:

Board Member	Position	Representing
Bob Stevenson	Commissioner	Davis County
Lorene Kamalu	Commissioner	Davis County
Randy Elliott	Commissioner	Davis County
Clark Wilkinson	Mayor	Centerville City
Tim Roper	Council Member	Clearfield City
Brandon Stanger	Mayor	Clinton City
Brett Anderson	Mayor	Farmington City
John Pohlman	Mayor	Fruit Heights City
Tamara Tran	Mayor	Kaysville City
Joy Petro	Mayor	Layton City
Tony London	Council Member	Morgan City
Mike Newton	Commissioner	Morgan County
Brian Horrocks	Mayor	North Salt Lake City
Rodney Westbroek	Mayor	South Weber City
Chad Bangerter	Council Member	Sunset City
Jordan Savage	Council Member	Syracuse City
James Bruhn	Council Member	West Bountiful City
Brian Vincent	Mayor	West Point City
Wally Larrabee	Council Member	Woods Cross City

The Administrative Control Board annually elects an executive committee including: Chairman, Vice Chairman and Secretary. As of June 30, 2023 members of the executive committee are:

Joy Petro	Board Chair
Clark Wilkinson	Vice-Chair
Brian Vincent	Secretary

Daily operations of the District are supervised by the Executive Director, Nathan Rich, who is appointed by and serves at the pleasure of the Administrative Control Board. District Staff consisted of 66 full time employees and 4 part-time employees on June 30, 2023.

Operations

The primary components of the solid waste disposal system operated by the District are the Davis Material Recovery and Transfer Facility and the Davis Landfill. Other important components of the integrated system, which are located at the Davis Landfill, include a green waste recycling facility, landfill thrift store, household hazardous waste drop-off facility, landfill gas to energy facility, maintenance shop, and the District administrative offices.

Davis Material Recovery and Transfer Facility

The Davis Material Recovery and Transfer Facility and Education Center are located at 3404 North 650 East in Layton, Utah. Operations at the Davis Material Recovery and Transfer Facility began in May 2020. The facility provides for 1) the transfer of waste (residue) into large transfer trailers for transportation and disposal at a regional landfill, thereby, extending the usable life of the Davis Landfill 2) the processing of comingled recyclable materials for the recovery of salable recyclables which currently include cardboard, steel cans, aluminum cans, plastics #1 (HDPE), and plastics #2 (PET) and, 3) the processing of comingled recyclable materials for the recovery of materials suitable for use as engineered fuel.

During May of 2023 the District brought the over-the-road transfer hauling operations in house with the purchase of approximately $1.3 million in assets from a private contractor no longer willing to provide the service. In 2022 the District transferred approximately 112,000 tons of MSW from the transfer station to the Tekoi landfill. Transfer operations are planned to increase over the next few years in order to extend the useful life of the Davis Landfill.

Davis Landfill

The Davis Landfill and administrative offices are located at 1997 East 3500 North in Layton, Utah. The historic landfill (unlined) cell began accepting waste in about 1952 and was permanently closed in 1999. The historic landfill cell does not have a bottom liner component or leachate recovery system. The first phase of the new (lined) landfill cell was constructed in 1998 to meet Federal Standards under the Resource Conservation and Recovery Act (RCRA) Subtitle D and includes an engineered bottom liner and leachate collection system. As of June 30, 2023, the landfill had remaining capacity of 5,448,216 cubic yards of MSW which is estimated to last 18 years at the current waste placement rate. The life of the Davis Landfill is currently being extended by diverting a portion of incoming waste to the Davis Material Recovery and Transfer Facility for transfer to a regional landfill for disposal. Approximately 54 acres of land, adjacent to the Davis Landfill, was purchased in December 2012 to serve as a buffer between landfill operations and the surrounding residential community.

Bayview Landfill

On October 11, 2016 Wasatch participated in the joint purchase of the Bayview Landfill by the Northern Utah Environmental Resource Agency (NUERA). The Bayview Landfill, located near Elberta, Utah has many years of capacity and will be operated as a municipally owned regional landfill providing an option for long term disposal capacity for the participating entities which include Wasatch, Trans-Jordan Cities, North Pointe Solid Waste Special Service District, and South Utah Valley Solid Waste District. The Bayview Landfill is a fully lined facility located on over 640 acres of land leased from the State Institutional Trust Land Administration. The landfill is expected to serve the participating communities for over 80 years.

Green Waste Recycling Facility

The Green Waste Recycling Facility is located at the Davis Landfill and was first operated in 2002. Recycling consists of processing of vegetative wastes to produce wood chip, mulch, and compost products which are available to the public for sale at modest prices. The District has implemented a program for the curbside collection of green waste which is delivered to the Green Waste Recycling Facility. Currently the cities of Centerville, Fruit Heights, Kaysville, Sunset, Syracuse, West Point, and Woods Cross, are providing service for curbside collection of green waste. Active composting is achieved using an Aerated Static Pile (ASP) composting system which was completed in June 2013. The purchase of a larger windrow turner during 2017 effectively increased the capacity of the composting facility by allowing for the use of larger windrows.

Citizen Drop-off Facility

The citizen drop-off facility at the landfill was completed in June 2006 and provides a clean safe location where self-haul customers may drop off waste without having to enter the landfill cell. Waste is dropped on a large concrete pad. Landfill personnel then haul waste into the landfill for disposal. Recycling opportunities are also provided as part of the citizen drop off facility.

Landfill Thrift Store

The landfill thrift store opened in 2015 and was operated in partnership with the Pioneer Adult Rehabilitation Center (PARC) until October 2018 when the District assumed operation of the facility. Usable items are separated from incoming waste at the landfill and delivered to the landfill thrift store where they are sold to the public. The landfill thrift store also accepts donations of usable items. This facility provides for the reuse of items and materials and diverts materials from the landfill.

Household Hazardous Waste and Electronic Waste Recycling Facilities

The household hazardous waste and electronic waste recycling facilities are co-located at the landfill thrift store and provide a place for residents of the District to dispose of household quantities of potentially hazardous waste at no charge. Services provided include (1) recycling of electronic waste, used oil, batteries and antifreeze, (2) product reuse, and (3) proper disposal for potentially hazardous materials generated by households within the District service area.

Landfill Gas to Energy Facility

During 2004 the District installed equipment at the Davis Landfill to compress and ship landfill gas, via pipeline, to HAFB for use in generating electricity. In January 2005 the project came online and started putting waste gas, produced from decaying garbage, to beneficial use while reducing air pollution. The project was completed in partnership with HAFB, the U.S. Department of Energy, and the Utah Energy Office. This was the first operational landfill gas to energy project completed in the State of Utah. In March 2008 HAFB installed an additional generator, increasing capacity from 1.2 megawatts to 2.2 megawatts of renewable electricity (power for about 1500 homes). Flexible membrane has been installed as a temporary cover over all currently inactive areas of the lined landfill to improve landfill gas capture and control odor.

Other Considerations

During the 2019 Fiscal Year, the District issued $17,725,000 in solid waste management revenue bonds, payable over a 20 year period, to finance construction of the Davis Material Recovery and Transfer Facility. The Series 2019 Solid Waste Management Revenue Bonds have been rated “AA” from S&P Global Ratings (“S&P”). The District increased the household use fee by two dollars per can, per month, in order to support financing and construction of the new facilities.

FINANCIAL HIGHLIGHTS

2023 Results

- The assets and deferred outflows of the District exceeded liabilities and deferred inflows at the close of the most recent fiscal year by $54,918,091 (net position). Of the total $54,918,091 of net position, $36,330,652 (66%) is related to investment in capital assets, net of related debt (net investment in capital assets). See additional detail on the Statement of Net Position (page 12).
- The District's total net position increased by $765,401. Total revenue increased $147,020 resulting from an increase in tipping fees and but was largely offset by a reduction of $561,808 in energy sales, recycling, and other revenues. Expenses decreased overall by $1,199,029 which are made up largely of decreased in the landfill closure and post-closure adjustment of $2,136,521, and decreases in waste disposal and transportation of $312,658, and increase in all other expense areas. The largest increase in costs related to personnel, professional services, and utilities and telephone expenses.
- At the close of the current fiscal year the District's combined ending cash and investments were $25,558,030 which was an increase of $1,210,888 from the prior year primarily due to interest earnings of $941,263, and the results of operations.
- The District's total liabilities increased by $228,951 during the most recent fiscal year. The key factors being an increase in accounts payable of $507,457, an increase in net pension liability of $478,496, offset by a decrease in bonds payable of $814,007.

2022 Results

- The assets and deferred outflows of the District exceeded liabilities and deferred inflows at the close of the most recent fiscal year by $54,152,690 (net position). Of the total $54,152,690 of net position, $36,067,160 (67%) is related to investment in capital assets, net of related debt (net investment in capital assets). See additional detail on the Statement of Net Position (page 12).
- The District's total net position decreased by $1,357,637. Total revenue increased $2,105,694 resulting from an increase in tipping fees and an increase in the sale of recovered recyclables but was largely offset by a $723,692 increase in labor costs and $934,347 increase in waste transport and disposal costs. The decrease in net position was primarily due to an increase of $2,707,098 to landfill closure and post closure expense resulting from an increase in closure cost estimates and the completion of Stage C closure at the Davis Landfill. Also, Phase IV of the lined landfill was substantially completed during fiscal year 2022. Fiscal year 2022 costs, including retainage, associated with Phase IV were $2,450,502.
- The District experienced an increase in operating expenses of $4,767,775 over the previous year primarily due to a $723,692 increase in labor costs resulting from operating the second shift at the Material Recovery Facility for a full year, a $934,347 increase in waste transportation and disposal costs from transferring additional waste to a regional landfill to extend the life of the Davis Landfill, and a $2,707,098 increase to the closure and post closure expense.
- At the close of the current fiscal year the District's combined ending cash and investments were $24,347,142 which was a decrease of $2,124,844 from the prior year primarily due to capital expenditures including fiscal year 2022 costs of $2,450,502 associated with Phase IV, which includes retainage. Also, there were costs associated with Stage C Landfill Closure in fiscal year 2022 of $1,628,467, which also includes retainage.
- The District's total liabilities increased by $1,117,397 during the most recent fiscal year. The key factors being a increase in accounts payable of $309,836, retainage payable of $192,921, and an increase in landfill closure and post closure liability of $1,493,221 resulting from an increase in closure cost estimates.

OVERVIEW OF FINANCIAL STATEMENTS

The District's financial statements consist of:

- **The Statement of Net Position** presents information on all of the District's assets, deferred outflow of resources, liabilities and deferred inflows of resources. The difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- **The Statement of Revenues, Expenditures, and Changes in Net Position** presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving raise to the change occurred, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected fees charged and earned but unused vacation leave).
- **The Statement of Cash Flows** presents the activities of the District on a cash-received and cash paid basis. This statement shows how cash was spent and reconciles the change in the cash accounts for the District from the prior year to the current year.
- **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.
- **Other information** – In addition to the basic financial statements and accompanying notes, this report presents certain supplementary information concerning closure and post-closure care requirements for the landfill and energy recovery facility.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $54,918,091 at the close of the most recent fiscal year.

The largest portion of the District's net position $36,330,651 (66%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment). The District uses these capital assets to provide services to its customers.

The following tables summarize information presented in the financial statements:

Wasatch Integrated Waste Management District's Net Position

	2023	2022	2021
Current and other assets	$ 27,794,531	$ 28,144,679	$ 28,272,119
Capital assets, net	53,340,314	53,890,829	53,328,251
Total Assets	81,134,845	82,035,508	81,600,370
Deferred outflows of resources	938,402	776,616	491,049
Current and other liabilities	2,803,256	2,310,427	1,720,302
Long-term liabilities outstanding	24,338,581	24,602,459	24,075,187
Total Liabilities	27,141,837	26,912,886	25,795,489
Deferered inflows of resources	13,319	1,746,548	785,602
Net investment in capital assets	36,330,652	36,067,160	34,663,417
Restricted	550,538	-	263,320
Unrestricted	18,036,901	18,085,530	20,583,591
Total Net Position	$ 54,918,091	$ 54,152,690	$ 55,510,328

Wasatch Integrated Waste Management District's Change in Net Position

	2023	2022	2021
Operating revenue	$ 19,686,563	$ 19,539,543	$ 17,433,849
Less: Operating expenses	19,439,968	20,638,997	15,871,222
Net operating income	246,595	(1,099,454)	1,562,627
Non operating revenues (expenses)	518,806	(258,184)	(415,070)
Change in position	765,401	(1,357,638)	1,147,557
Net Position - beginning of year	54,152,690	55,510,328	54,362,771
Net Position - end of year	$ 54,918,091	$ 54,152,690	$ 55,510,328

Revenues

The District revenues are generated from user fees and energy sales. No tax dollars are used in financing District operations. The District collects a monthly container fee for residential household (automated side-load) containers and commercial (automated side-load) containers. A tipping fee is charged for all other waste received. A summary of the District's Revenues are:

	2023	%	2022	%	2021	%
Operating revenues:						
Tipping fees	$ 18,000,781	87%	$ 17,291,953	87%	$ 11,450,326	92%
Energy sales	143,347	1%	326,602	2%	253,272	2%
Recycling	1,509,041	7%	1,812,808	9%	346,090	3%
Other	33,394	0%	108,180	1%	143,002	1%
Total operating revenue	19,686,563	95%	19,539,543	99%	12,192,690	98%
Non operating revenues	1,079,263	5%	275,294	1%	187,874	2%
Total revenues	$ 20,765,826	100%	$ 19,814,837	100%	$ 12,380,564	100%

Capital Assets

Below is a summary of the District's capital asset activity:

	June 30, 2023	June 30, 2022	Increase (Decrease)	June 30, 2021	Increase (Decrease)
Land	$ 11,882,395	$ 11,882,395	$ -	$ 11,882,395	$ -
Capital projects - single items	133,813	24,428	109,385	265,684	(241,256)
Buildings	22,810,025	22,796,878	13,147	22,877,682	(80,804)
Improvements	26,577,782	25,197,251	1,380,531	22,120,449	3,076,802
Mobile equipment	13,287,083	13,557,921	(270,838)	12,719,840	838,081
Trucks and automobiles	3,954,088	2,675,152	1,278,936	2,655,263	19,889
Office furnishings and equipment	561,116	539,155	21,961	575,027	(35,872)
Other equipment	14,419,887	13,896,308	523,579	13,748,707	147,601
Less: Accumulated depreciation	(39,548,213)	(36,678,659)	(2,869,554)	(33,516,796)	(3,161,863)
Total capital assets, net	$ 54,077,976	$ 53,890,829	$ 187,147	$ 53,328,251	$ 562,578

The District's capital asset activity resulted in a net increase of $187,147. This activity included the acquisition of the following major items:

- Rawson Development and/or Recycled Earth Equipment Purchase
- Loader
- Compactor Wheels
- Roll Off Truck
- Roll Off Bins
- Portable Litter Fences
- Temporary Cover
- Litter Fence
- Phase IV Liner
- Fire Rover

Debt Administration

Below is a summary of the District's long-term liability activity:

	June 30, 2023	June 30, 2022	Increase (Decrease)	June 30, 2021	Increase (Decrease)
Revenue Bonds, Series 2019	$ 15,345,000	$ 15,970,000	$ (625,000)	$ 16,565,000	$ (595,000)
Premium on bonds payable	1,664,662	1,853,669	(189,007)	2,099,906	(246,237)
Compensated absences	575,288	467,793	107,495	437,754	30,039
Landfill closure liability	7,200,950	7,174,130	26,820	5,680,909	1,493,221
Net pension liability	478,496	-	478,496	96,715	(96,715)
Total capital assets, net	$ 25,264,396	$ 25,465,592	$ (201,196)	$ 24,880,284	$ 585,308

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District prepared its 2024 budget anticipating minimal growth in households over the next year and tipping fees for commercial MSW to increase from $38 per ton to $42 per ton effective on January 1, 2024. The District will continue to provide excellent customer service by maintaining and expanding District facilities and continually improving customer service facilities. The District will continue to promote an integrated waste management system for the handling of waste in the District that includes material recovery for recycling, engineered fuel, modern landfill technology, recycling, reuse, and composting. The 2024 budget also includes estimates of revenue and expenses related to operation of the Landfill, Material Recovery and Transfer Facility.

The District has planned a $6,853,000 capital budget for fiscal year 2024 which includes major items such as a loaders, tailers, transfer trucks, dollies, compactor wheels, compactor rebuild, a dozer, and a GPS for the dozer. Major capital projects planned include MRF upgrades, and a green waste picking station.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Wasatch Integrated Waste Management District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District Executive Director, Nathan Rich, 1997 East 3500 North, Layton, UT 84040.

BASIC FINANCIAL STATEMENTS

WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets:		
Cash and cash equivalents	$ 17,806,540	$ 18,172,344
Accounts receivable less allowance for doubtful accounts	1,765,032	1,951,326
Inventory	340,727	283,311
Prepaid expenses and deposits	130,742	319,989
Restricted cash - debt service	2	-
Total Current Assets	20,043,043	20,726,970
Noncurrent Assets:		
Restricted cash - landfill closure and post-closure escrow	7,751,488	6,174,798
Net pension asset	-	1,242,911
Capital assets, no depreciated	12,016,208	11,906,823
Capital assets, net of accumulated depreciation	41,324,106	41,984,006
Total Noncurrent Assets	61,091,802	61,308,538
Deferred Outflows of Resources		
Deferred outflows of resources relating to pensions	938,402	776,616
Total Assets and Deferred Outflows of Resources	$ 82,073,247	$ 82,812,124
Liabilities		
Current Liabilities:		
Accounts payable	$ 1,289,029	$ 781,572
Accrued interest payable	241,710	252,127
Retainage payable	105,709	200,743
Other accrued liabilities	240,993	212,852
Compensated absences, current portion	265,815	238,133
Bonds payable, current portion	660,000	625,000
Total Current Liabilities	2,803,256	2,310,427
Non-Current Liabilities:		
Landfill closure and post closure care costs	7,200,950	7,174,130
Compensated absences, non-current portion	309,473	229,660
Bonds payable, non-current portion	16,349,662	17,198,669
Net pension liability	478,496	-
Total Long-term Liabilities	24,338,581	24,602,459
Total Liabilities	27,141,837	26,912,886
Deferred Inflows of Resrouces		
Deferred inflows of resources relating to pensions	13,319	1,746,548
Net Position		
Net investment in capital assets	36,330,652	36,067,160
Restricted:		
Closure and post-closure costs	550,538	-
Unrestricted	18,036,901	18,085,530
Total Net Position	54,918,091	54,152,690
Total Liabilities, Deferred Inflows, and Net Position	$ 82,073,247	$ 82,812,124

The accompanying notes are an integral part of this statement.

WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Tipping fees	$ 18,000,781	$ 17,291,953
Energy sales	143,347	326,602
Recycling	1,509,041	1,812,808
Other	33,394	108,180
Total Operating Revenues	19,686,563	19,539,543
Operating Expenses		
Personnel	6,559,274	6,118,628
Waste disposal and transportation	2,961,853	3,274,511
Depreciation and amortization	4,487,948	4,284,774
Maintenance	1,349,221	1,254,886
Supplies	1,214,327	1,147,736
Professional services	495,148	310,403
Utilities and telephone	758,824	563,724
Insurance	111,345	103,355
Environmental testing and permits	164,834	153,900
Training and travel	147,281	143,385
Miscellaneous	200,713	157,974
Landfill closure and post-closure adjustment	989,200	3,125,721
Total Operating Expenses	19,439,968	20,638,997
Net Operating Income	246,595	(1,099,454)
Nonoperating Revenues (Expenses)		
Gain on sale of equipment	138,000	151,500
Interest income	941,263	123,794
Bond fees	(1,500)	(3,500)
Interest expense	(558,957)	(529,978)
Total Nonoperating Revenues (Expenses)	518,806	(258,184)
Change In Net Position	765,401	(1,357,638)
Total Net Position, Beginning of Year	54,152,690	55,510,328
Total Net Position, End of Year	$ 54,918,091	$ 54,152,690

The accompanying notes are an integral part of this statement.

WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Receipts from customers and users	$ 19,872,857	$ 19,067,140
Payments to suppliers	(7,726,638)	(8,714,700)
Payments to employees	(6,597,246)	(6,713,587)
Net Cash From Operating Activities	5,548,973	3,638,853
Cash Flows From Capital and Related Financing Activities		
Proceeds from sale of equipment	-	12,000
Purchase of capital assets	(3,894,467)	(4,514,931)
Principal payments on bond	(625,000)	(595,000)
Payment of bond fees	(1,500)	(3,500)
Interest and finance charges	(758,381)	(786,132)
Net Cash From Capital and Related Financing Activities	(5,279,348)	(5,887,563)
Cash Flows From Investing Activity		
Interest income	941,263	123,794
Net Cash From Investing Activity	941,263	123,794
Net Increase (Decrease) in Cash and Cash Equivalents	1,210,888	(2,124,916)
Cash and Cash Equivalents, Beginning of Year	24,347,142	26,472,058
Cash and Cash Equivalents, End of Year	$ 25,558,030	$ 24,347,142
Reconciliation of Operating Income to Net Cash From Operating Activities:		
Net operating income	$ 246,595	$ (1,099,454)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation expense	4,487,948	4,284,774
Landfill closure and post-closure care costs	26,820	1,493,221
(Increase) Decrease in assets		
Accounts receivable	186,294	(472,403)
Inventory	(57,416)	(86,372)
Prepaid expenses	189,247	(195,790)
Net pension asset	1,242,911	(1,242,911)
Deferred outflows relating to pensions	(161,786)	(285,567)
Increase (Decrease) in liabilities		
Accounts payable	507,457	309,836
Other accrued liabilities	28,141	39,249
Compensated absences	107,495	30,039
Net pension liability	478,496	(96,715)
Deferred inflows relating to pensions	(1,733,229)	960,946
Net Cash From Operating Activities	$ 5,548,973	$ 3,638,853

Summary of Non-cash transactions:
During the year, some assets retired from service were traded in for $138,000 of value on new asset purchases.

The accompanying notes are an integral part of this statement.

WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

Wasatch Integrated Waste Management District (the District) was established on October 13, 1984 by a resolution adopted by the Board of County Commissioners of Davis County, Utah, pursuant to the provisions of the Utah Special Service District Act.

The District was engaged in the operating of a solid waste disposal and resource recovery co-generation facility (the Facility). In the process of burning solid waste, the Facility generated steam which is sold as an energy source to the United States Government (Hill Air Force Base). During fiscal year 2017, the District closed down and disposed of the Facility.

During fiscal year 1987, various cities deeded to the District property on which the District now operates a landfill. The landfill property was deeded without charge to the District. Because the fair market value was not determinable (and is deemed to be minimal), this land has not been reflected in the accompanying financial statements. Land purchased after 1987 is presented on the financial statements.

Summary of Significant Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. Financial reporting is based upon accounting guidance codified by GASB.

The following is a summary of the more significant policies.

Financial Statement Presentation and Basis of Accounting

The District is classified as a proprietary fund type and prepares its financial statements as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private businesses, where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Accordingly, the District's financial statements are presented on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned and expenses are recorded when liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District are tipping fees charged to residents. Operating expenses for the District include the costs of personnel, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of the ability is financial interdependency. Other manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. A second criterion used in evaluating potential component units is the scope of the public service. Application for this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted with the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The District has been determined to be a component unit of Davis County. The County has a minority position in the district's management in that three of the nineteen trustee positions are held by the County Commission. The County is considered to be the primary government for the District because the county was the creating entity and also has the statutory authority of dissolution.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and amounts deposited with State Utah's Public Treasurer's Investment Pool, and are stated at cost which approximates fair value. All such amounts are considered to be cash and cash equivalents for cash flow statement purposes.

Restricted Assets

The District maintains specific deposits held by the Utah Public Treasurer's Investment Pool for safekeeping of funds relating to landfill closure and post-closure escrow. Additionally, the District also held unspent bond proceeds which are restricted for the construction of the new waste transfer and waste sorting facility and a new mixed waste processing facility.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Inventories

Inventories are stated on the first-in/first-out method (FIFO). Inventory items are expensed as used rather than when purchased.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost, which includes capitalization of interest costs on qualifying property. Normal maintenance and repair expenses that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset. The net book value of property sold or otherwise disposed of is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included as non-operating revenues or expenses.

Depreciation of property and equipment was computed using the straight-line method over the following estimated useful lives:

Buildings	15-30 years
Pollution control equipment	20 years
Improvements and landscaping	15-30 years
Computer equipment	3-5 years
Heavy mobile equipment	3-15 years
Other equipment	3-20 years

Vacation and Other Compensated Absences

District employees who regularly work at least 30 hours per week are entitled to certain compensated absences based on their length of employment. Forty-five days (360 hours) of vacation can be carried over to the next year. Personal leave is not accrued or carried over from year to year. The District has no post-retirement (health and life) insurance benefits.

Budgetary Accounting

The District adopts an annual budget, which is maintained on an accrual basis. All annual appropriations lapse at fiscal year-end.

Allowance for Doubtful Accounts

The District has set up an allowance for doubtful accounts for receivable of tipping fees of $10,000.

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then.

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

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Pensions

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

Estimates and Assumptions

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

Comparative Data and Reclassifications

Comparative date for the prior year have been presented in certain section of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 CASH AND CASH EQUIVALENTS

The District's deposit and investment policy is to follow the Utah Money Management Act. The District follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and investment transactions. This law requires the depositing of District funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the state commissioner of financial institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)

The following is a summary of the District's cash and investments as of June 30:

	2023 Carrying Amount	2022 Carrying Amount
Utah Public Treasurer's Investment Pool	$ 24,226,771	$ 24,116,889
Petty cash and cash drawers	2,700	2,700
Cash in bank	1,328,559	227,553
Total Cash and Cash Equivalents	$ 25,558,030	$ 24,347,142
As reported on the Statement of net position:		
Cash and cash equivalents	$ 17,806,540	$ 18,172,344
Restricted cash and cash equivalents:		
Landfill closure and post-closure care escrow	7,751,488	6,174,798
Debt service	2	-
Total Cash and Investments	$ 25,558,030	$ 24,347,142

The District's cash and cash equivalents, and investments are exposed to certain risks as outlined below:

Custodial credit risk – deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. As of June 30, 2023 and 2022, the carrying amount of the District's deposits was $1,328,559 and $227,553, respectively. The balance per the bank statement as of June 30, 2023 and 2022 was $1,537,736 and $624,644, respectively. Deposits are not collateralized nor are they required to be by state statute. However, the State Commissioner of Financial Institutions monitors financial institutions and establishes limits for the deposits of public money at individual financial institutions, and the District follows these recommendations. Of the amounts held in deposit at June 30, 2023 and 2022, $1,037,736 and $124,644, respectively, was uninsured and uncollateralized.

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligation of the U.S. Treasury and U.S. government-sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

NOTE 2 CASH AND INVESTMENTS (Continued)

The district is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), and external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. Twice a year at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair valuation factor. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. The District's investment in the PTIF has no custodial credit risk. Additional information is available from the Utah State Treasurer's Office.

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average to Maturity (2)
Cash on Hand	$ 2,700	$ 2,700	N/A	N/A
Cash on Deposit	1,328,559	1,328,559	N/A	N/A
	$ 1,331,259	$ 1,331,259		
Investments (3):				
Utah State Treasurer's Investment Pool	$ 16,476,519	$ 16,475,281	N/A	64.2
Restricted Cash				
Utah State Treasurer's Investment Pool	7,752,073	7,751,490	N/A	64.2
Total investments	$ 24,228,592	$ 24,226,771		
Total cash and cash equivalents	$ 25,559,851	$ 25,558,030		
Portfolio weighted average maturity				N/A

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.
(2) Interest Rate Risk is estimated using the weighted average days to maturity.
(3) All investments are considered cash equivalents on the financial statements.

Fair Value of Investments – Governmental accounting standards recognize a three-tiered fair value hierarchy for investments, as follows:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the City has the ability to access. Since valuations are based on quoted process that are readily and regularly available in an active market, valuation of these does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.

- Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include corporate and municipal bonds, and "brokered" or securitized certificates of deposit.

- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

NOTE 2 CASH AND INVESTMENTS (Continued)

At June 30, 2023, the District is only invested in the PTIF which is considered a Level 2 investment. The fair value of the PTIF investments approximates the value of its pool shares. Investments in the PTIF are considered cash and cash equivalents for financial statement reporting purposes.

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The District manages its exposure by investing mainly in the PTIF and by adhering to the 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.

Maturities and fair values of the District's investments are noted in the previous table. The fair value of the District's investment in the PTIF is $24,228,592 with a carrying value of $24,226,771.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District only invests in the Utah Public Treasurer's Investment Fund. As of June 30, 2023, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase. The District's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

NOTE 3 CAPITAL ASSETS

The following summarizes the District's capital asset activity for the years ended June 30, 2023, and 2022:

	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets not being depreciated				
Land	$ 11,882,395	$ -	$ -	$ 11,882,395
Capital projects - single items	24,428	3,887,728	(3,778,343)	133,813
Total Capital Assets not being depreciated	11,906,823	3,887,728	(3,778,343)	12,016,208
Capital assets, being depreciated				
Buildings	22,796,878	13,147	-	22,810,025
Improvements	25,197,251	1,380,531	-	26,577,782
Mobile equipment	13,557,921	385,100	(655,938)	13,287,083
Trucks and automobiles	2,675,152	1,468,023	(189,087)	3,954,088
Office furnishings and equipment	539,155	31,711	(9,750)	561,116
Other equipment	13,896,308	549,536	(25,957)	14,419,887
Total Capital Assets, being depreciated	78,662,665	3,828,048	(880,732)	81,609,981
Less accumulated depreciation	(36,678,659)	(3,750,286)	880,732	(39,548,213)
Capital Assets, being depreciated, net	41,984,006	77,762	-	42,061,768
Property and Equipment, Net	$ 53,890,829	$ 3,965,490	$ (3,778,343)	$ 54,077,976

	June 30, 2021	Additions	Deletions	June 30, 2022
Capital assets not being depreciated				
Land	$ 11,882,395	$ -	$ -	$ 11,882,395
Capital projects - single items	265,684	4,743,961	(4,985,217)	24,428
Total Capital Assets not being depreciated	12,148,079	4,743,961	(4,985,217)	11,906,823
Capital assets, being depreciated				
Buildings	22,877,682	71,371	(152,175)	22,796,878
Improvements	22,120,449	3,084,804	(8,002)	25,197,251
Mobile equipment	12,719,840	1,658,076	(819,995)	13,557,921
Trucks and automobiles	2,655,263	19,889	-	2,675,152
Office furnishings and equipment	575,027	31,676	(67,548)	539,155
Other equipment	13,748,707	230,177	(82,576)	13,896,308
Total Capital Assets, being depreciated	74,696,968	5,095,993	(1,130,296)	78,662,665
Less accumulated depreciation	(33,516,796)	(4,284,774)	1,122,911	(36,678,659)
Capital Assets, being depreciated, net	41,180,172	811,219	(7,385)	41,984,006
Property and Equipment, Net	$ 53,328,251	$ 5,555,180	$ (4,992,602)	$ 53,890,829

NOTE 4 RISK MANAGEMENT

The District is exposed to various risks of loss including third party claims, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Real property and vehicles are insured through a third-party insurance provider. Settled claims have not exceeded the District's insurance coverage for any of the past five years.

NOTE 5 PENSION PLAN

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:

Defined Benefit Plans

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

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

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

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 East 200 South Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

NOTE 5 PENSION PLAN (Continued)

Summary of Benefits by System

Benefits provided: URS 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 percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year all years	Up to 2.5%

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

<u>Contribution Rate Summary</u>

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 June 30, 2023 are as follows:

	Employee	Employer	Employer 401(k)
Contributory System			
111 - Local Governmental Div - Tier 2	N/A	16.07%	0.18%
Noncontributory System			
15 - Local Governmental Div - Tier 1	N/A	17.97%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.19%	10.00%

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

NOTE 5 PENSION PLAN (Continued)

For fiscal year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Nonconbtributory system	$ 248,085	N/A
Tier 2 Public Employees System	368,181	-
Tier 2 DC Only System	8,107	N/A
Total Contributions	$ 624,373	$ -

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

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

At June 30, 2023, we reported a net pension asset of $0 and a net pension liability of $478,496.

	(Measurement Date): December 31, 2022			December 31, 2021	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	Change (Decrease)
Noncontributory System	$ -	$ 367,903	0.2148029%	0.2094089%	0.0053940%
Tier 2 Public Employees System	-	110,593	0.1015644%	0.1030252%	-0.0014608%
	$ -	$ 478,496			

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

For the year ended June 30, 2023, we recognized pension expense of $450,600.

NOTE 5 PENSION PLAN (Continued)

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 162,141	$ 4,388
Changes in assumptions	96,198	1,750
Net difference between projected and actual earnings on pension plan investments	287,260	-
Changes in proportion and differences between contributions and proportionate share of contributions	87,560	7,181
Contributions subsequent to the measurement date	305,243	-
Total	$ 938,402	$ 13,319

$305,243 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	$ 5,351
2024	30,490
2025	119,057
2026	413,287
2027	9,968
Thereafter	41,687

NOTE 5 PENSION PLAN (Continued)

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

For the year ended June 30, 2023, we recognized pension expense of $238,242.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 124,787	$ -
Changes in assumptions	60,294	1,469
Net difference between projected and actual earnings on pension plan investments	242,673	-
Changes in proportion and differences between contributions and proportionate share of contributions	59,300	-
Contributions subsequent to the measurement date	116,144	-
Total	$ 603,198	$ 1,469

$116,144 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	$ (1,337)
2024	16,778
2025	97,472
2026	372,672
2027	-
Thereafter	-

NOTE 5 PENSION PLAN (Continued)

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

For the year ended June 30, 2023, we recognized pension expense of $212,358.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 37,354	$ 4,388
Changes in assumptions	35,904	281
Net difference between projected and actual earnings on pension plan investments	44,587	-
Changes in proportion and differences between contributions and proportionate share of contributions	28,260	7,181
Contributions subsequent to the measurement date	189,099	-
Total	$ 335,204	$ 11,850

$189,099 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	$ 6,688
2024	13,712
2025	21,585
2026	40,615
2027	9,968
Thereafter	41,687

NOTE 5 PENSION PLAN (Continued)

Actuarial Assumptions

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

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

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

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

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

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	35.00%	6.58%	2.30%
Debt securities	20.00%	1.08%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	0.00%	-0.11%	0.00%
Totals	100.00%		5.17%
	Inflation		2.50%
	Expected arithmetic nominal return		7.67%

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.

NOTE 5 PENSION PLAN (Continued)

Discount Rate

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

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

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	$ 2,318,651	$ 367,903	$ (1,262,049)
Tier 2 Public Employees System	483,230	110,593	(176,477)
Total	$ 2,801,881	$ 478,496	$ (1,438,526)

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

Wasatch Integrated Waste Management participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

NOTE 5 PENSION PLAN (Continued)

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

Plan	2023	2022	2021
401(k) Plan			
Employer Contributions	$ 187,025	$ 180,239	$ 135,477
Employee Contributions	171,511	150,641	122,347
457 Plan			
Employer Contributions	$ -	$ -	$ -
Employee Contributions	44,554	45,299	20,814
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ 6,655	$ 7,762	$ 5,612
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ -	$ 25	$ 130

NOTE 6 CLOSURE AND POST-CLOSURE CARE COSTS

The District is required by the State and Federal Law to provide both closure and post-closure care of the landfill facility and energy recovery facility. Closure costs that will be realized by the District when the landfill is no longer accepting waste include engineering and construction of a final cover system. Post-closure care costs include: site inspection, record keeping, groundwater monitoring, gas monitoring, and systems maintenance. Post-closure care of the closed facility is required for a minimum of 30 years.

The District is required by State and Federal Law to establish financial assurance sufficient to assure adequate closure, post-closure care, and corrective action, if required, of the facility by compliance with one or more financial assurance mechanisms acceptable to, and approved by, the Executive Secretary of the Utah State Division of Solid and Hazardous Waste. The District currently provides financial assurance through the Local Government Financial Test UACR315-309-3(7) and a trust fund UACR315-309-4. The financial assurance mechanism is designed to provide for closure of the largest area of the facility ever requiring final cover at any one time during the active life of the landfill as specified in UACR315-309-2(3).

NOTE 6 CLOSURE AND POST-CLOSURE CARE COSTS (Continued)

The District accounts for closure and post-closure care costs in accordance with Statement 18 of the Government Accounting Standards Board. Statement 18 requires reporting a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. At the Statement of Net Position date of June 30, 2023:

	2023
Closure and post-closure liability	$ 7,200,950
Estimated total closure and post-closure care costs remaining to be recognized	$ 6,276,481
Percentage of active landfill used to date	60.6%
Estimated remaining landfill life, in years	18

The District's estimates of closure and post-closure care costs are based on assumptions which are affected by such things as inflation, types of technology and the related costs, and applicable laws or regulations, all of which are subject to change. As a result, actual results could differ from those estimates.

NOTE 7 LONG-TERM DEBT

Below is a summary of the District's long-term obligations as of June 30, 2023:

	June 30, 2022	Additions	Deletions	June 30, 2023	Due within one year
Revenue Bonds, Series 2019	$ 15,970,000	$ -	$ (625,000)	$ 15,345,000	$ 660,000
Landfill closure liability	7,174,130	-	-	7,200,950	-
Compensated absences	467,793	107,495	-	575,288	265,815
Net pension liability	-	478,496	-	478,496	-
Premium on Bonds Payable	1,853,669	-	(189,007)	1,664,662	-
Total long-term obligations	$ 25,465,592	$ 585,991	$ (814,007)	$ 25,264,396	$ 925,815

The net pension liability is more fully discussed in Note 6. The landfill closure liability is more fully discussed in Note 7.

Solid Waste Management Revenue Bonds, Series 2019

In March 2019, the District issued $17,725,000 of Solid Waste Management Revenue Bonds, Series 2019. The issuance resulted in a premium of $2,506,297. The Bonds mature in 2039 and carry an interest rate of 5.000% each year except 2035 which carry an interest rate of 3.125%. Interest payments are due each March 1st and September 1st, with principal payments due each March 1st. Payments begin on September 1, 2019. The Series 2019 bonds are secured by a pledge of the revenues generated from the District's operations.

NOTE 7 LONG-TERM DEBT (Continued)

Significant events of default consist of (a) failure to make the due and punctual payments of the bond principal, (b) failure to make installment of interest payments, (c) failure to observe any covenants, agreements, or conditions contained in the resolution of bond issuance, and failure to remedy the same for a period of 60 days, and (d) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. Upon the occurrence of an event of default, the maturity of the Bonds may be accelerated and become due and payable immediately.

Below is the maturity schedule of the Series 2019 Bonds:

Year Ended June 30,	Principal	Interest	Total
2024	$ 660,000	$ 725,131	$ 1,385,131
2025	690,000	692,131	1,382,131
2026	725,000	657,631	1,382,631
2027	760,000	621,381	1,381,381
2028	800,000	583,381	1,383,381
2029-2033	4,635,000	2,275,906	6,910,906
2034-2038	5,760,000	1,152,913	6,912,913
2039	1,315,000	65,750	1,380,750
Totals	$ 15,345,000	$ 6,774,225	$ 22,119,225

NOTE 8 PARTICIPATION IN NORTHERN UTAH ENVIRONMENTAL RESOURCE AGENCY

During fiscal year 2017, the District became a member of the Northern Utah Environmental Resource Agency (NUERA). The purpose of NUERA, among other things, is to explore options for solid waste disposal and solid waste management. Within that scope, NUERA purchased a solid waste landfill and equipment. The District's contribution for that purchase was $1,562,500. Participation in the purchase of the solid waste landfill and equipment allows the District access to use that landfill in its efforts to provide waste management to the residents of Davis County and the surrounding area.

NOTE 9 IMPLEMENTATON OF NEW STANDARD

During fiscal year 2023, the District implemented Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements.* GASB Statement No. 96 establishes requirements for accounting for such arrangements similar to those implemented with GASB 87, *Leases.* The District would be required to report a long-term liability for any such arrangements, and a right-to-use asset. The liability would be amortized as payments are made, and the right-to-use asset would amortize over the life of the arrangement. The District evaluated all subscriptions in use and determined that none met the requirements to be reported as a subscription-based information technology arrangement, and therefore, none are reported, and no adjustments to the financial statements were necessary.

REQUIRED SUPPLEMENTARY INFORMATION

WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
Measurement Date December 31
June 30, 2023
Last 10 Fiscal Years*

For the year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Noncontributory Retirements System					
2022	0.2148029%	$ 367,903	$ 1,547,180	23.78%	97.50%
2021	0.2094089%	(1,199,307)	1,416,495	-84.67%	108.7%
2020	0.1714648%	87,952	1,330,164	6.61%	99.2%
2019	0.1538051%	579,671	1,244,261	46.59%	93.7%
2018	0.1668616%	1,228,723	1,388,223	88.51%	87.0%
2017	0.2496354%	1,093,727	2,041,808	53.57%	91.9%
2016	0.3403374%	2,185,383	2,838,210	77.00%	87.3%
2015	0.3559117%	2,013,922	2,973,360	67.73%	87.8%
2014	0.3649307%	1,584,615	3,067,508	51.66%	90.2%
Tier 2 Public Employees Retirement System					
2022	0.1015644%	$ 110,593	$ 2,216,834	4.99%	92.30%
2021	0.1030252%	(43,604)	1,912,222	-2.28%	103.8%
2020	0.0609311%	8,764	973,172	0.90%	98.3%
2019	0.0458702%	10,317	637,438	1.62%	96.5%
2018	0.0403751%	17,292	472,759	3.66%	90.8%
2017	0.0691251%	6,095	679,340	0.90%	97.4%
2016	0.0886394%	9,888	726,912	1.36%	95.1%
2015	0.0659891%	(144)	426,358	-0.03%	100.2%
2014	0.0575852%	(1,745)	282,777	-0.62%	103.5%

** This schedule will be built out prospectively to show a 10-year history.*

WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
Last 10 Fiscal Years

As of fiscal year ended June 30,	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					
2023	$ 248,085	$ 248,085	$ -	$ 1,437,003	17.26%
2022	269,236	269,236	-	1,484,981	18.13%
2021	256,160	256,160	-	1,388,829	18.44%
2020	230,843	230,843	-	1,251,432	18.45%
2019	245,955	245,955	-	1,332,609	18.46%
2018	255,899	255,899	-	1,386,772	18.45%
2017	500,097	500,097	-	2,709,147	18.46%
2016	539,305	539,305	-	2,921,826	18.46%
2015	567,020	567,020	-	3,072,519	18.45%
2014	515,530	515,530	-	2,983,035	17.28%
Tier 2 Public Employees System*					
2023	$ 368,181	$ 368,181	$ -	$ 2,299,696	16.01%
2022	335,170	335,170	-	2,086,391	16.06%
2021	231,844	231,844	-	1,467,706	15.80%
2020	116,677	116,677	-	745,067	15.66%
2019	81,292	81,292	-	523,112	15.54%
2018	74,849	74,849	-	495,360	15.11%
2017	126,573	126,573	-	848,915	14.91%
2016	81,940	81,940	-	551,648	14.85%
2015	53,414	53,414	-	358,621	14.89%
2014	32,664	32,664	-	233,479	13.99%
Tier 2 Public Employees DC Only System*					
2023	$ 8,107	$ 8,107	$ -	$ 130,962	6.19%
2022	8,698	8,698	-	129,671	6.71%
2021	6,784	6,784	-	100,125	6.78%
2020	4,082	4,082	-	60,103	6.79%
2019	5,194	5,194	-	77,643	6.69%
2018	4,623	4,623	-	69,109	6.69%
2017	8,254	8,254	-	123,374	6.69%
2016	8,312	8,312	-	124,250	6.69%
2015	9,737	9,737	-	144,896	6.72%
2014	5,870	5,870	-	105,192	5.58%

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

WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For Year Ended June 30, 2023

Changes in Assumptions

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

SUPPLEMENTAL REPORTS

CERTIFIED PUBLIC ACCOUNTANTS
Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

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*

To the Administrative Control Board
Wasatch Integrated Waste Management District
Layton, 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wasatch Integrated Waste Management District (the District), component unit of Davis County, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

K&C, CPAs

K&C, Certified Public Accountants
Salt Lake City, Utah
November 1, 2023

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Salt Lake City, Utah 84119

K&C
CERTIFIED PUBLIC ACCOUNTANTS
Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

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

To the Administrative Control Board
Wasatch Integrated Waste Management District
Layton, Utah

Report On Compliance

We have audited Wasatch Integrated Waste Management District's (the District) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2023.

State compliance requirements were tested for the year ended June 30, 2023 in the following areas:

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Governmental Fees
- Cash Management
- Open and Public Meetings Act

Opinion on Compliance

In our opinion, Wasatch Integrated Waste Management District, complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 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 District'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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide* but not for the purpose of expressing an opinion on the effectiveness of District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general 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 *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

K&C, CPAs

K&C, Certified Public Accountants
Salt Lake City, Utah
November 1, 2023