

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2019 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” herein.

The 2019 Bonds are designated “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the deductibility of a financial institution’s interest expense allocable to tax-exempt interest. See “TAX MATTERS” herein.



\$8,025,000

Magna Water District, Utah

General Obligation Bonds, Series 2019

The \$8,025,000 General Obligation Bonds, Series 2019, are issued by the District as fully-registered bonds and will be initially issued in book-entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2019 Bonds.

Principal of and interest on the 2019 Bonds (interest payable June 1 and December 1 of each year, commencing December 1, 2019) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See “THE 2019 BONDS—Book-Entry System” herein.

The 2019 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See “THE 2019 BONDS—Redemption Provisions” herein.

The 2019 Bonds will be general obligations of the District payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the District, fully sufficient to pay the 2019 Bonds as to both principal and interest.

Dated: Date of Delivery¹

Due: June 1, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2019 Bonds.

The 2019 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on August 29, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT) to Piper Jaffray & Co., Minneapolis, Minnesota, at a “true interest rate” of 2.045%.

Zions Public Finance, Inc., Salt Lake City, Utah, acted as Municipal Advisor.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.

This OFFICIAL STATEMENT is dated August 29, 2019 and the information contained herein speaks only as of that date.

¹ The anticipated date of delivery is Thursday, September 12, 2019.

Magna Water District, Utah

\$8,025,000

General Obligation Bonds, Series 2019

Dated: Date of Delivery¹

Due: June 1, as shown below

\$7,115,000 Serial Bonds

Due June 1	CUSIP® 559315	Principal Amount	Interest Rate	Yield
2020.....	BR6	\$260,000	5.00 %	1.05%
2021.....	BS4	275,000	5.00	1.08
2022.....	BT2	285,000	5.00	1.11
2023.....	BU9	300,000	5.00	1.13
2024.....	BV7	320,000	5.00	1.16
2025.....	BW5	335,000	5.00	1.20
2026.....	BX3	350,000	5.00	1.30
2027.....	BY1	370,000	5.00	1.40
2028.....	BZ8	390,000	5.00	1.50
2029.....	CA2	410,000	5.00	1.60
2030.....	CB0	425,000	3.00	1.70 ^c
2031.....	CC8	440,000	3.00	1.80 ^c
2034.....	CF1	465,000	2.00	2.10
2035.....	CG9	475,000	2.125	2.15
2036.....	CH7	485,000	2.125	2.20
2037.....	CJ3	500,000	2.125	2.25
2038.....	CK0	510,000	2.25	2.30
2039.....	CL8	520,000	2.25	2.35

\$910,000 2.00% Term Bond due June 1, 2033—Price 100.0% (CUSIP® 559315 CE4)

¹ The anticipated date of delivery is Thursday, September 12, 2019.

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^c Priced to par call on June 1, 2029.

Table Of Contents

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Debt Service Schedule Of Outstanding Water	
Public Sale/Electronic Bid.....	1	Revenue Bonds By Fiscal Year.....	18
The District.....	1	Overlapping And Underlying General	
The 2019 Bonds.....	2	Obligation Debt.....	19
Security	2	Debt Ratios Regarding General Obligation Debt ...	20
Authority And Purpose.....	2	General Obligation Legal Debt Limit And	
Redemption Provisions.....	2	Additional Debt Incurring Capacity	20
Registration, Denominations, Manner Of Payment ..	2	No Defaulted Obligations	20
Tax-Exempt Status Of The 2019 Bonds;		FINANCIAL INFORMATION REGARDING	
Qualified Tax-Exempt Obligations.....	3	MAGNA WATER DISTRICT, UTAH	21
Professional Services	3	Fund Structure; Accounting Basis.....	21
Conditions Of Delivery, Anticipated Date,		Budgets And Appropriation Process Accounting ...	21
Manner, And Place Of Delivery	4	Financial Controls	21
Continuing Disclosure Undertaking	4	Five-Year Financial Summaries.....	22
Basic Documentation.....	4	Ad Valorem Tax Levy And Collection	25
Contact Persons	4	Public Hearing On Certain Tax Increases	26
SECURITY AND SOURCES OF PAYMENT.....	4	Property Tax Matters	26
CONTINUING DISCLOSURE UNDERTAKING	5	Historical Ad Valorem Tax Rates.....	27
Continuing Disclosure Undertaking		Taxable, Fair Market And Market Value	
For 2019 Bonds	5	Of Property.....	28
THE 2019 BONDS.....	5	Historical Summaries Of Taxable Value	
General	5	Of Property.....	28
Sources And Uses Of Funds	6	Tax Collection Record.....	29
Redemption Provisions.....	6	Some Of The Largest Taxpayers	29
Registration And Transfer; Record Date	7	LEGAL MATTERS	30
Book-Entry System.....	8	Absence Of Litigation Concerning	
Debt Service On The 2019 Bonds	8	The 2019 Bonds	30
MAGNA WATER DISTRICT, UTAH.....	9	General	30
General	9	TAX MATTERS	30
The Water And Sewer System.....	10	Opinion Of Bond Counsel	31
Form Of Government	10	Other Tax Consequences	31
Employee Workforce And Retirement System;		MISCELLANEOUS.....	32
Other Post-Employment Benefits	10	Bond Rating.....	32
Risk Management	11	Municipal Advisor.....	33
Investment Of Funds	11	Independent Auditors	33
DEMOGRAPHIC INFORMATION REGARDING		Additional Information	33
SALT LAKE COUNTY	12	APPENDIX A—FINANCIAL STATEMENTS OF	
Population.....	12	MAGNA WATER DISTRICT, UTAH FOR	
Employment, Income, Construction And Sales		FISCAL YEAR 2018.....	A-1
Taxes Within Salt Lake County And The State		APPENDIX B—PROPOSED FORM OF OPINION	
Of Utah.....	13	OF BOND COUNSEL.....	B-1
Largest Employers	15	APPENDIX C—PROPOSED FORM OF CONTINU-	
DEBT STRUCTURE OF MAGNA WATER		ING DISCLOSURE UNDERTAKING	C-1
DISTRICT, UTAH.....	16	APPENDIX D—BOOK-ENTRY SYSTEM	D-1
Outstanding General Obligation Bonded			
Indebtedness.....	16		
Outstanding Revenue Bond Indebtedness	16		
Future Issuance Of Debt	16		
Other Financial Considerations	16		
Debt Service Schedule Of Outstanding General			
Obligation Bonds By Fiscal Year.....	17		

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the 2019 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by Magna Water District, Utah (the “District”); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Zions Bancorporation, National Association, Salt Lake City, Utah (as Paying Agent); the successful bidder(s); or any other entity. All other information contained herein has been obtained from the District, The Depository Trust Company, New York, New York, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2019 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the District, since the date hereof.

The 2019 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

The yields/prices at which the 2019 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2019 Bonds to dealers and others. In connection with the offering of the 2019 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2019 Bonds. Such transactions may include overallocments in connection with the purchase of 2019 Bonds, the purchase of 2019 Bonds to stabilize their market price and the purchase of 2019 Bonds to cover the successful bidders’ short positions. Such transactions, if commenced, may be discontinued at any time.

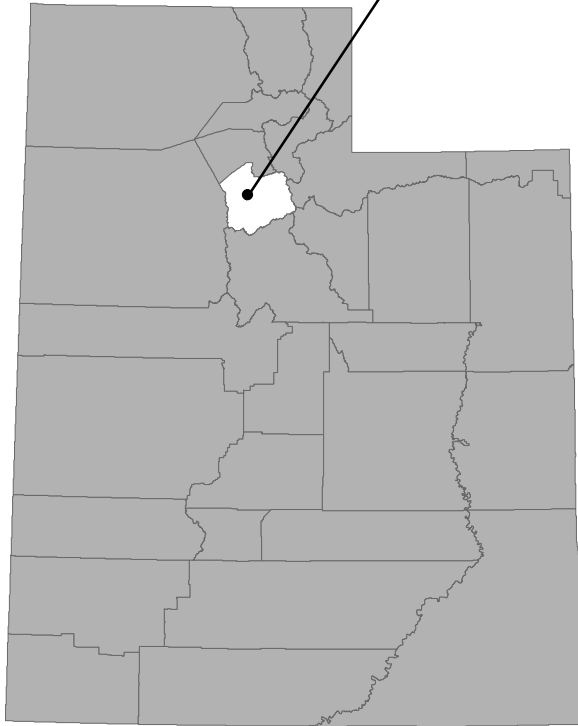
Forward-Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT may constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “forecast,” “expect,” “estimate,” “budget” or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.***

The CUSIP® (Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the District does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2019 Bonds because of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2019 Bonds.

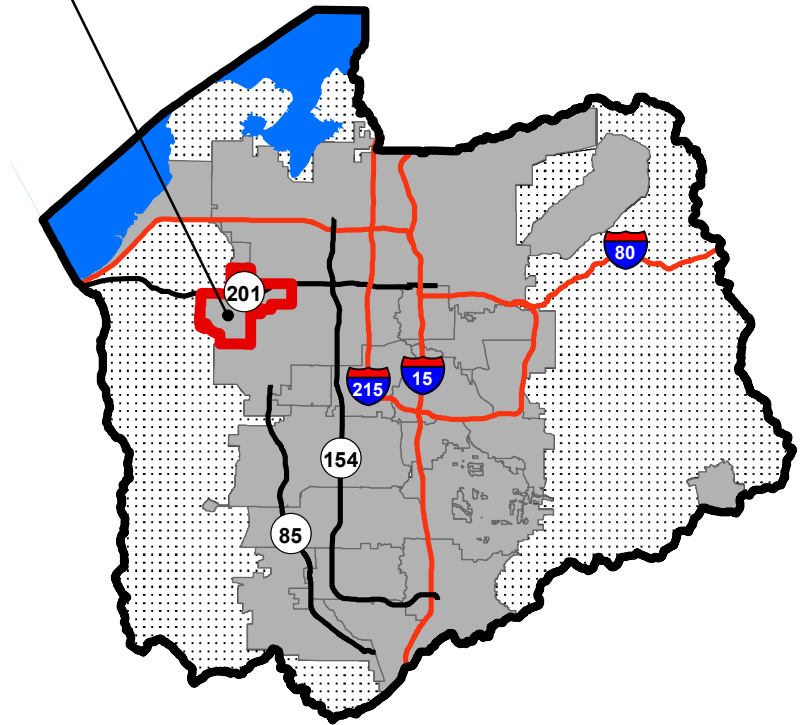
The information available on certain websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided relating to the offering of the 2019 Bonds and is not a part of this OFFICIAL STATEMENT.

Magna Water District

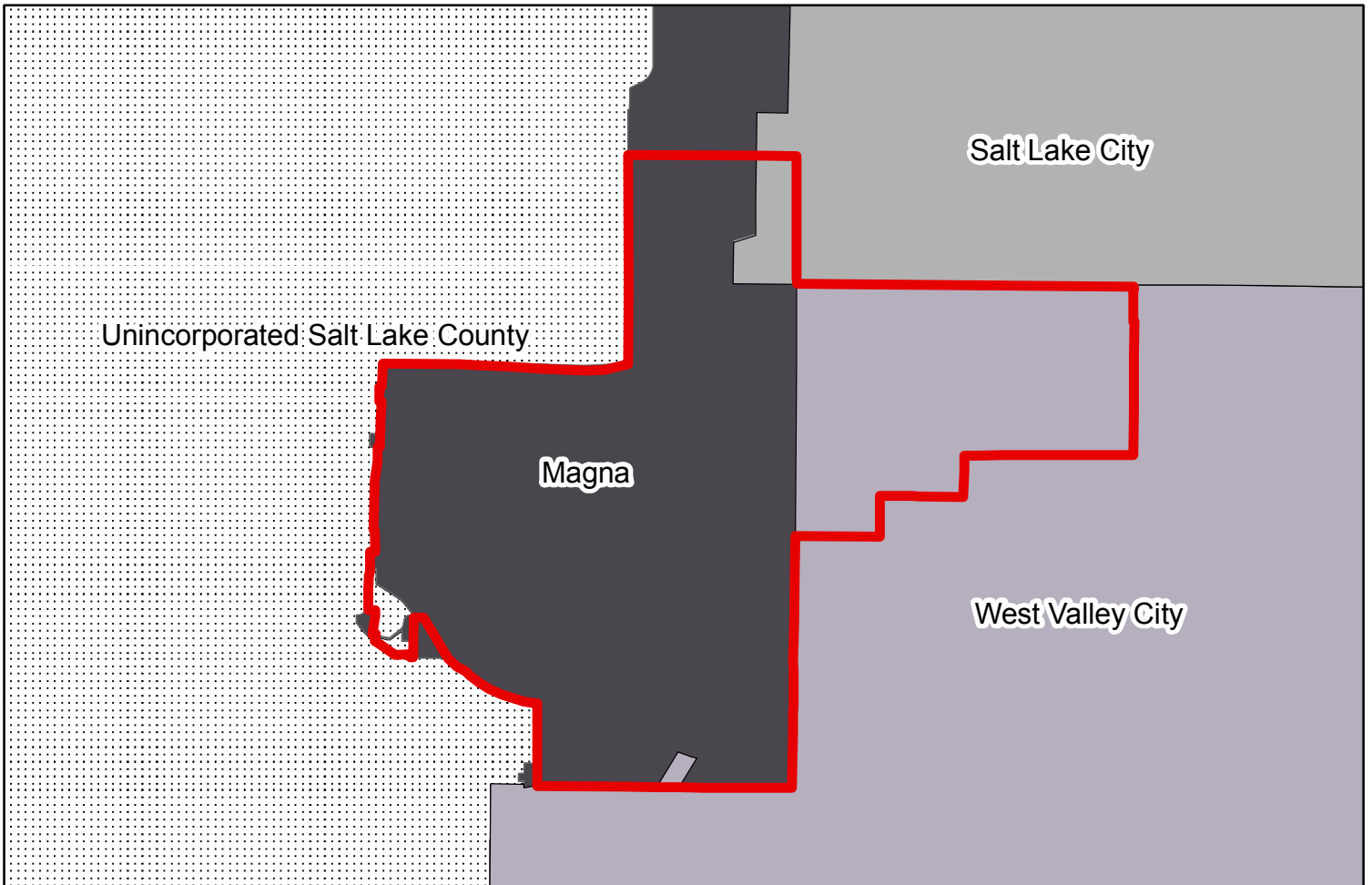
Salt Lake County



Magna Water District



Magna Water District



OFFICIAL STATEMENT RELATED TO

\$8,025,000

Magna Water District, Utah

General Obligation Bonds, Series 2019

INTRODUCTION

This introduction is only a brief description of the 2019 Bonds, as hereinafter defined, the security and source of payment for the 2019 Bonds and certain information regarding Magna Water District, Utah (the “District”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—FINANCIAL STATEMENTS OF MAGNA WATER DISTRICT, UTAH FOR FISCAL YEAR 2018;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING;” and “APPENDIX D—BOOK-ENTRY SYSTEM.”

When used herein the terms “Fiscal Year[s] 20YY” or “Fiscal Year[s] End[ed][ing] December 31, 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. When used herein the terms “Calendar Year[s] 20YY”; “Calendar Year[s] End[ed][ing] December 31, 20YY”; or “Tax Year 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the Resolution (as hereinafter defined).

Public Sale/Electronic Bid

The 2019 Bonds were awarded pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on August 29, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT) to Piper Jaffray & Co., Minneapolis, Minnesota, at a “true interest rate” of 2.045%.

The 2019 Bonds may be offered and sold to certain dealers (including dealers depositing the 2019 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside cover page of the OFFICIAL STATEMENT and such public offering prices may be changed from time to time.

The District

The District was formed by a resolution of the Board of Commissioners of Salt Lake County (the “County”) in 1949. It is the mission of the District to provide culinary and secondary water and sewer service to all properties located within the boundaries of the District. The District distributes water to approximately 10,049 residential equivalent connections with an estimated 2018 population of the area served by the District of 31,649. The District also provides sewage collection and treatment services to its service area. The District’s service area covers approximately nine square miles and includes Magna Township, western areas of West Valley City, and a corner of southwest Salt Lake City, all located in the State of Utah (the “State”).

The 2019 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the District of its \$8,025,000, General Obligation Bonds, Series 2019 (the “2019 Bonds” or the “2019 Bond”), initially issued in book–entry form.

Security

The 2019 Bonds will be general obligations of the District payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all of the taxable property in the District, fully sufficient to pay the 2019 Bonds as to both principal and interest. See “SECURITY AND SOURCES OF PAYMENT” and “FINANCIAL INFORMATION REGARDING MAGNA WATER DISTRICT, UTAH—Ad Valorem Tax Levy And Collection” below.

Authority And Purpose

Authority. The 2019 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Local Government Bonding Act”), Utah Code Annotated 1953, as amended (the “Utah Code”); the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code; and (ii) the resolution of the District adopted July 11, 2019 (the “Resolution”), which provides for the issuance of the 2019 Bonds; and (iii) other applicable provisions of law.

The 2019 Bonds were authorized at a special bond election held for that purpose on November 8, 2016 (the “2016 Bond Election”). The proposition submitted to the voters of the District was as follows:

Shall Magna Water District, Utah, be authorized to issue General Obligation Bonds in an amount not to exceed Twenty–Two Million Dollars (\$22,000,000) (the “Bonds”) for the purpose of paying all or a portion of the costs of various capital improvements to its culinary water, secondary water, and wastewater systems, and all related improvements? Said Bonds to mature in not to exceed twenty–four (24) years from the date of issuance of such Bonds.

At the 2016 Bond Election, there were 2,333 votes cast in favor of the issuance of bonds and 1,775 votes cast against the issuance of bonds, for a total vote count of 4,108, with approximately 56.8% in favor of the issuance of bonds. The 2019 Bonds are the second block and final block of bonds to be issued from the 2016 Bond Election.

Purpose. The 2019 Bonds are being issued to fund various projects, including a new pump station, booster station, water storage tank, and other capital improvements as set forth in the 2016 Bond Election proposition and to pay certain costs of issuance. See “THE 2019 BONDS—Sources And Uses Of Funds” below.

Redemption Provisions

The 2019 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See “THE 2019 BONDS—Redemption Provisions” below.

Registration, Denominations, Manner Of Payment

The 2019 Bonds are issuable only as fully–registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2019 Bonds. Purchases of 2019 Bonds will be made in book–entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC’s Direct Participants (as defined herein). Beneficial Owners (as defined herein) of the 2019 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2019 Bonds. “Direct

Participants,” “Indirect Participants” and “Beneficial Owners” are defined in “APPENDIX D—BOOK—ENTRY SYSTEM.”

Principal of and interest on the 2019 Bonds (interest payable June 1 and December 1 of each year, commencing December 1, 2019) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah as paying agent (the “Paying Agent”) for the 2019 Bonds, to the registered owners of the 2019 Bonds. So long as Cede & Co. is the registered owner of the 2019 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2019 Bonds, as described in “APPENDIX D—BOOK—ENTRY SYSTEM.”

So long as DTC or its nominee is the registered owner of the 2019 Bonds, neither the District nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2019 Bonds. Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2019 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2019 Bonds.

Tax-Exempt Status Of The 2019 Bonds; Qualified Tax-Exempt Obligations

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the District, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2019 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” below. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the 2019 Bonds.

Qualified Tax-Exempt Obligations. The 2019 Bonds are designated as qualified tax-exempt obligations under Section 265(b)(3) Code, relating to the deductibility of a financial institution’s interest expenses allocable to tax-exempt interest.

Professional Services

In connection with the issuance of the 2019 Bonds, the following have served the District in the capacity indicated.

Bond Registrar and Paying Agent

Zions Bancorporation, National Association
Corporate Trust Department
One S Main St 12th Fl
Salt Lake City UT 84133
801.844.7529 | f 855.547.5428
linda.anderson@zionsbank.com

Bond Counsel

Gilmore & Bell, P.C.
15 W S Temple Ste 1450
Salt Lake City UT 84101
801.258.7277 | f 801.364.5032
rlarsen@gilmorebell.com

Municipal Advisor

Zions Public Finance, Inc.
One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484
alex.buxton@zionsbancorp.com

Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery

The 2019 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality of the 2019 Bonds by Gilmore & Bell, P.C., Bond Counsel, and certain other conditions. Certain legal matters will be passed on to the District by Smith Hartvigsen, PLLC, General Counsel to the District. It is expected that the 2019 Bonds, in book-entry form, will be available for delivery to DTC or its agent, on or about Thursday, September 12, 2019.

Continuing Disclosure Undertaking

The District will enter a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2019 Bonds. For a detailed discussion of this undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date and the information contained herein is subject to change. Brief descriptions of the District, the 2019 Bonds, and the Resolution are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution are qualified in their entirety by reference to such document and references herein to the 2019 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. The “basic documentation” which includes the Resolution, the closing documents and other documentation, authorizing the issuance of the 2019 Bonds and establishing the rights and responsibilities of the District and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

Contact Persons

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah (the “Municipal Advisor”) to the District:

Alex Buxton, Vice President, alex.buxton@zionsbancorp.com

Cara Bertot, Vice President, cara.bertot@zionsbancorp.com

Zions Public Finance Inc
One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact persons for the District concerning the 2019 Bonds are:

Terry L. Pollock, General Manager/Chief Executive Officer, terry@magnawater.com

LeIsle Fitzgerald, Controller, leisle@magnawater.com

Magna Water District
8885 W 3500 S
Magna UT 84044
801.250.2118 | f 801.250.1452

SECURITY AND SOURCES OF PAYMENT

The 2019 Bonds are general obligations of the District payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the District, fully sufficient to pay the 2019 Bonds as to both principal and interest.

See “FINANCIAL INFORMATION REGARDING MAGNA WATER DISTRICT, UTAH—Ad Valorem Tax Levy And Collection” and “—Property Tax Matters” below.

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2019 Bonds

The District will enter into a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2019 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the form of Disclosure Undertaking in “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

During the five years prior to the date of this OFFICIAL STATEMENT, the District has not failed to comply in all material respects with its prior undertakings pursuant to the Rule.

Based on prior disclosure undertakings the District submits to EMMA its audited financial statements for the Fiscal Year ending December 31 (the “financial statements”) and other operating and financial information on or before July 31 (not more than seven months from the end of the Fiscal Year). The District will submit the Fiscal Year 2019 financial statements and other operating and financial information for the 2019 Bonds on or before July 31, 2020, and annually thereafter on or before each July 31.

A failure by the District to comply with the Disclosure Undertaking will not constitute a default under the Resolution and the Beneficial Owners of the 2019 Bonds are limited to the remedies described in the Disclosure Undertaking. A failure by the District to comply with the annual disclosure requirements of the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2019 Bonds in the secondary market. Consequently, such a failure may adversely affect the marketability and liquidity of the 2019 Bonds and their market price.

THE 2019 BONDS

General

The 2019 Bonds will be dated the date of their original issuance and delivery¹ (the “Dated Date”) and will mature on June 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2019 Bonds will bear interest from their Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2019 Bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2019. Interest on the 2019 Bonds will be computed on the basis of a 360-day year comprised of 12, 30-day months. Zions Bancorporation, National Association, Salt Lake City, Utah is the Bond Registrar (the initial “Bond Registrar”) and Paying Agent for the 2019 Bonds under the Resolution.

¹ The anticipated date of delivery is Thursday, September 12, 2019.

The 2019 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

The 2019 Bonds are being issued within the constitutional debt limit imposed on counties in the State. See “DEBT STRUCTURE OF MAGNA WATER DISTRICT, UTAH—General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” below.

Sources And Uses Of Funds

The proceeds from the sale of the 2019 Bonds are estimated to be applied as set forth below:

Sources of Funds:

Par amount of 2019 Bonds.....	\$8,025,000.00
Original issue premium.....	<u>736,378.75</u>
Total	<u>\$8,761,378.75</u>

Uses of Funds:

Deposit to 2019 Construction Account.....	\$8,552,195.35
Costs of Issuance (1).....	106,000.00
Underwriter’s discount.....	69,505.00
Original issue discount.....	<u>33,678.40</u>
Total	<u>\$8,761,378.75</u>

- (1) Includes legal fees, Municipal Advisor fees, rating agency fees, Bond Registrar and Paying Agent fees, rounding amounts and other miscellaneous costs of issuance.

Redemption Provisions

Optional Redemption. The 2019 Bonds maturing on or after June 1, 2030, will be subject to optional redemption at the option of the District on June 1, 2029, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the District, and at random within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 days’ prior written notice, at a redemption price equal to 100% of the principal amount of the 2019 Bonds to be redeemed, plus accrued interest thereon to the redemption date

Mandatory Sinking Fund Redemption. The 2019 Bonds maturing on June 1, 2033 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption on the dates and in the principal amounts as follows:

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
June 1, 2032	\$450,000
June 1, 2033 (Final Maturity)	<u>460,000</u>
Total	<u>\$910,000</u>

Upon redemption of any 2019 Bonds maturing on June 1, 2033 other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for such 2019 Bonds maturing on June 1, 2033, in such order of mandatory sinking fund redemption date as shall be directed by the District.

Selection for Redemption. If less than all 2019 Bonds of any maturity are to be redeemed, the 2019 Bonds or portion of 2019 Bonds of such maturity to be redeemed will be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. The portion of any registered

2019 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such 2019 Bonds for redemption, the Trustee will treat each such 2019 Bond as representing that number of 2019 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2019 Bond by \$5,000.

Notice of Redemption. Notice of redemption shall be given by the Bond Registrar by first class mail, not less than 30 nor more than 60 days prior to the redemption date, to the owner, as of the Record Date (as defined hereinafter), of each 2019 Bond which is subject to redemption, at the address of such owner as it appears on the registration books of the District kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption shall state the redemption date, the place of redemption, the redemption price and, if less than all of the 2019 Bonds are to be redeemed, the respective principal amounts to be redeemed, and shall also state that the interest on the 2019 Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2019 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2019 Bonds to be redeemed and that if such moneys have not been so received the notice will be of no force or effect and the District will not be required to redeem such 2019 Bonds. If that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Bond Registrar will within a reasonable time thereafter give notice, in the way the notice of redemption was given, that such moneys were not so received. Any such notice mailed will be conclusively presumed to have been duly given, whether the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2019 Bond will not affect the validity of the proceedings for redemption with respect to any other 2019 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar to EMMA as provided in the Resolution, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Resolution.

For so long as a book-entry system is in effect with respect to the 2019 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2019 Bonds. See "THE 2019 BONDS—Book-Entry System" below.

Registration And Transfer; Record Date

Registration and Transfer. In the event the book-entry system is discontinued, any 2019 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner's duly authorized attorney, upon surrender of such 2019 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any 2019 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully-registered 2019 Bond or 2019 Bonds of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the District, for a like aggregate principal amount.

The 2019 Bonds may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of fully-registered 2019 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2019 Bonds, the Bond Registrar will require the payment by the registered owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 2019 Bonds.

Record Date. “Record Date” means (i) with respect to each interest payment date, the day that is 15 days preceding such interest payment date, and (ii) with respect to any redemption of any 2019 Bond such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption. The Bond Registrar will not be required to transfer or exchange any 2019 Bond (a) after the Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2019 Bond.

The District, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2019 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for receiving payment of, or on account of, the principal or redemption price thereof (on the 2019 Bonds) and interest due thereon and for all other purposes whatsoever.

Book–Entry System

DTC will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully–registered 2019 Bond certificate will be issued for each maturity of the 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX D—BOOK–ENTRY SYSTEM” for a more detailed discussion of the book–entry system and DTC.

Debt Service On The 2019 Bonds

<u>Payment Date</u>	<u>The 2019 Bonds</u>		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal</u>	<u>Interest</u>		
December 1, 2019.....	\$ 0.00	\$ 59,776.67	\$ 59,776.67	\$ 59,776.67
June 1, 2020.....	260,000.00	136,200.00	396,200.00	
December 1, 2020.....	0.00	129,700.00	129,700.00	525,900.00
June 1, 2021.....	275,000.00	129,700.00	404,700.00	
December 1, 2021.....	0.00	122,825.00	122,825.00	527,525.00
June 1, 2022.....	285,000.00	122,825.00	407,825.00	
December 1, 2022.....	0.00	115,700.00	115,700.00	523,525.00
June 1, 2023.....	300,000.00	115,700.00	415,700.00	
December 1, 2023.....	0.00	108,200.00	108,200.00	523,900.00
June 1, 2024.....	320,000.00	108,200.00	428,200.00	
December 1, 2024.....	0.00	100,200.00	100,200.00	528,400.00
June 1, 2025.....	335,000.00	100,200.00	435,200.00	
December 1, 2025.....	0.00	91,825.00	91,825.00	527,025.00
June 1, 2026.....	350,000.00	91,825.00	441,825.00	
December 1, 2026.....	0.00	83,075.00	83,075.00	524,900.00
June 1, 2027.....	370,000.00	83,075.00	453,075.00	
December 1, 2027.....	0.00	73,825.00	73,825.00	526,900.00
June 1, 2028.....	390,000.00	73,825.00	463,825.00	
December 1, 2028.....	0.00	64,075.00	64,075.00	527,900.00
June 1, 2029.....	410,000.00	64,075.00	474,075.00	
December 1, 2029.....	0.00	53,825.00	53,825.00	527,900.00
June 1, 2030.....	425,000.00	53,825.00	478,825.00	
December 1, 2030.....	0.00	47,450.00	47,450.00	526,275.00
June 1, 2031.....	440,000.00	47,450.00	487,450.00	
December 1, 2031.....	0.00	40,850.00	40,850.00	528,300.00

Debt Service On The 2019 Bonds—continued

Payment Date	The 2019 Bonds		Period Total	Fiscal Total
	Principal	Interest		
June 1, 2032.....	\$ 450,000.00 (1)	\$ 40,850.00	\$ 490,850.00	
December 1, 2032.....	0.00	36,350.00	36,350.00	\$527,200.00
June 1, 2033.....	460,000.00 (1)	36,350.00	496,350.00	
December 1, 2033.....	0.00	31,750.00	31,750.00	528,100.00
June 1, 2034.....	465,000.00	31,750.00	496,750.00	
December 1, 2034.....	0.00	27,100.00	27,100.00	523,850.00
June 1, 2035.....	475,000.00	27,100.00	502,100.00	
December 1, 2035.....	0.00	22,053.13	22,053.13	524,153.13
June 1, 2036.....	485,000.00	22,053.13	507,053.13	
December 1, 2036.....	0.00	16,900.00	16,900.00	523,953.13
June 1, 2037.....	500,000.00	16,900.00	516,900.00	
December 1, 2037.....	0.00	11,587.50	11,587.50	528,487.50
June 1, 2038.....	510,000.00	11,587.50	521,587.50	
December 1, 2038.....	0.00	5,850.00	5,850.00	527,437.50
June 1, 2039.....	<u>520,000.00</u>	<u>5,850.00</u>	<u>525,850.00</u>	525,850.00
Totals.....	<u>\$8,025,000.00</u>	<u>\$2,562,257.93</u>	<u>\$10,587,257.93</u>	

(1) Mandatory sinking fund principal payments from a \$910,000, 2.00% term bond due on June 1, 2033.

MAGNA WATER DISTRICT, UTAH

General

The District was created on July 7, 1949, by the County Commission of the County. The District is located approximately 11 miles west of the center of Salt Lake City, Utah along Interstate 80. The District is a local improvement district operating under Title 17B, Chapter 1 (the “Limited Purpose Local Government Entities–Local Districts Act”), generally, and Title 17B, Chapter 2a, Part 4 (the “Improvement District Act”), specifically, of Utah Code Annotated 1953, as amended, and provides both culinary and secondary irrigation water services and sewage collection and treatment services. As a local improvement district, the District is an independent political subdivision of the State.

Among the powers conferred on a local district under Section 17B–2a–403, an improvement district may: (i) acquire through construction, purchase, gift, or condemnation, or any combination of these methods, and may operate all or any part of a system for the supply, treatment, and distribution of water and/or a system for the collection, treatment, and disposition of sewage; (ii) issue bonds to carry out the purposes of the district; (iii) appropriate or otherwise acquire water and water rights inside or outside its boundaries; (iv) sell water or other services to consumers residing outside its boundaries; (v) enter into a contract with a person for the purchase or sale of water, the use of any facility owned by the person or for the purpose of handling the person's industrial and commercial waste and sewage; (vi) require pretreatment of industrial and commercial waste and sewage; and (vii) impose a penalty or surcharge against a public entity or other person with which the district has entered into a contract for the construction, acquisition, or operation of all or a part of a system for the collection, treatment, and disposal of sewage, if the public entity or other person fails to comply with the provisions of the contract.

The District has the power to cause the levy of taxes on all taxable property in the District for the carrying out of the purposes for which the District was created. Taxes levied by the District for operation and maintenance purposes shall not in any year exceed .000800 of valuation of taxable property in the District. The District may also levy an unlimited tax to pay the principal of and interest on legally issued general obligation bonds.

The Water And Sewer System

It is the mission of the District to provide culinary and secondary water and sewer service to all properties located within the boundaries of the District. Both culinary water and sewer services are District-wide; however, the secondary water services are not. The District anticipates expanding its secondary water services each year, with a full build-out estimated to be 2060 or later. The District distributes water to approximately 10,049 residential equivalent connections in a service area with an estimated population of District of 31,649. The District also provides sewage collection and treatment series to its service area. The culinary water facilities of the District consist of seven reservoirs with a total capacity of 18.5 million gallons, over 136 miles of distribution lines, and ten wells. The District also contracts with the Jordan Valley Water Conservation District to receive an annual supply of 800 acre-feet of water at a constant rate of flow, which it draws from to meet peak demands. The sewer facilities of the District consist of 120 miles of sewer line and 3.3 million gallons per day wastewater treatment plant. The secondary water facilities of the District consist of an open-storage reservoir and over 24 miles of piping serving a portion of the District's several large outdoor water users. The District supplies water to the secondary water system from three shallow wells and from the Utah and Salt Lake Canal.

Form Of Government

The District is governed by a Board of Trustees (the "Board") consisting of three members who are selected pursuant to election for four-year, overlapping terms. A Chairman is elected at the beginning of each year by the Board of Trustees from among the Trustees and presides over all meetings and is a voting member of the Board of Trustees. The Board of Trustees exercises all powers and duties in the operation of the properties of the District as are ordinarily exercised by the governing body of a political subdivision. The General Manager is appointed by the Board of Trustees. The General Manager serves at the pleasure of the Board of Trustees and may be removed from office with or without cause. The current Board and other officers of the District are as follows:

<u>Office/District</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Current Term</u>
Chairman	Jeff White	6	December 2021
Trustee	Mick Sudbury	14	December 2021
Trustee	Hank Johnson	10	December 2019
General Manager	Terry Pollock	5	Appointed
Controller.....	LeIsle Fitzgerald	23	Appointed
District Engineer.....	Clint Dille	5	Appointed
Water Operations Manager.....	Andrew Hobson	2	Appointed
Wastewater Operations Manager	Steve Williams	41	Appointed

Employee Workforce And Retirement System; Other Post-Employment Benefits

Employee Workforce and Retirement System. The District employs approximately 24 full-time employees. Most full-time District employees are members of the Western Conference of Teamsters Pension Plan (the "Pension Plan"), a defined benefit, multiple employer union plan, under a current collective bargaining agreement (the "Union Contract") covering the period June 1, 2015 to July 31, 2019. As of December 31, 2018, there were 19 employees participating in the plan. District contributions to the Pension Plan were \$227,391, \$207,315, and \$210,274 for 2018, 2017, and 2016, respectively.

The District provides retirement, disability and death benefits to non-union employees through its own single-employer defined benefit plan (the "Plan"), administered by APA Benefits, Inc. The contribution requirements of plan members and the District are established and may be amended by the Board. No contributions are required from plan members. The District is required to contribute at an actuarially determined

rate. As of December 31, 2018, there were five active participants. Contributions by the District during Fiscal Years 2018, 2017, and 2016 were \$143,000, \$120,419, and \$188,030, respectively.

See “APPENDIX A—FINANCIAL STATEMENTS OF MAGNA WATER DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Financial Statements—5. Union Employees Pension Plan” (audit page 21) and “—6. Non-Union Employees Pension Plan,” (audit page 21).

Other Post-Employment Benefits. In accordance with the Union Contract, the District contributes to the Utah-Idaho Teamsters Security Fund, which provides post-retirement healthcare benefits to all eligible retired employees. District contributions to said fund were \$26,240 for Fiscal Year 2018.

The District also provides a lifetime healthcare insurance for eligible non-union retirees and their spouses through the District’s group health insurance plan. It also provides life and long-term care insurance for eligible retirees through age 75. Benefit provisions are established by the Board. For Fiscal Year 2018, the District had set aside \$1,391,015 for such benefits.

For a detailed discussion regarding the District’s Other Post-Employment Benefits, see “APPENDIX A—FINANCIAL STATEMENTS OF MAGNA WATER DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Financial Statements—7. Union Employees Other Post-Employment Benefits” (audit page 25) and “—8. Non-Union Employees Other Post-Employment Benefits,” (audit page 25).

Risk Management

The District is exposed to various risks to loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District insures with a commercial insurance company. The District believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the District provides. The District reviews these policies and updates them on an annual basis. See “APPENDIX A—FINANCIAL STATEMENTS OF MAGNA WATER DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to the Basic Financial Statements—Note 10. Risk Management” (audit page 28).

Investment Of Funds

The State Money Management Act. The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the “Money Management Act”), governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, obligations of the State and political subdivisions of the State, U.S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the “Money Management Council”) to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The District is currently complying with all provisions of the Money Management Act for all District operating funds.

The Utah Public Treasurers’ Investment Fund. A significant portion of District funds are invested in the Utah Public Treasurers Investment Fund (“PTIF”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate

notes, obligations of the U.S. Treasury, and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer's safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor. The PTIF is not rated.

See "APPENDIX A—FINANCIAL STATEMENTS OF MAGNA WATER DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to the Basic Financial Statements—Note 2. Cash and Cash Equivalents" (audit page 15).

Investment of 2019 Bond Proceeds. The proceeds of the 2019 Bonds will be held by the District and invested to be readily available. 2019 Bond proceeds may also be invested in the PTIF or other investments authorized under the Money Management Act.

DEMOGRAPHIC INFORMATION REGARDING SALT LAKE COUNTY

The following demographic information is provided solely as background information regarding the County, the general area in which the District is located. The County is the economic and population center of the State.

Population

The District's service area covers approximately nine square miles and includes Magna Township, western areas of West Valley City, and a corner of southwest Salt Lake City, all located within the County. The estimated current population of the area served by the District is 31,649.

	<u>County</u>	<u>% Change From Prior Period</u>	<u>State of Utah</u>	<u>% Change From Prior Period</u>
2018 Estimate (1)	1,152,633	11.9%	3,161,105	14.4%
2010 Census	1,029,655	14.6	2,763,885	23.8
2000 Census	898,387	23.7	2,233,169	29.6
1990 Census	725,956	17.3	1,722,850	17.9
1980 Census	619,066	35.0	1,461,037	37.9
1970 Census	458,607	19.7	1,059,273	18.9
1960 Census	383,035	39.3	890,627	29.3
1950 Census	274,895	29.9	688,862	25.2
1940 Census	211,623	9.0	550,310	8.4
1930 Census	194,102	21.9	507,847	13.0
1920 Census	159,282	21.2	449,396	20.4

(1) U.S. Bureau of the Census estimates for July 1, 2018. Percentage change is calculated from the 2010 Census.

(Source: U.S. Department of Commerce, Bureau of the Census.)

Employment, Income, Construction, and Sales Taxes Within Salt Lake County and the State of Utah

Labor Force, Nonfarm Jobs and Wages within Salt Lake County

	Calendar Year (1)						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017-18	2016-17	2015-16	2014-15	2013-14
Civilian labor force.....	620,909	615,007	601,889	585,345	575,348	569,638	1.0	2.2	2.8	1.7	1.0
Employed persons.....	602,123	595,884	582,791	565,532	554,142	544,635	1.0	2.2	3.1	2.1	1.7
Unemployed persons.....	18,786	19,123	19,098	19,813	21,206	25,003	(1.8)	0.1	(3.6)	(6.6)	(15.2)
Total private sector (average).....	612,635	595,855	595,855	581,825	565,635	540,662	2.8	0.0	2.4	2.9	4.6
Agriculture, forestry, fishing and hunting.....	250	220	220	214	192	179	13.6	0.0	2.8	11.5	7.3
Mining.....	2,853	2,704	2,704	2,428	2,696	2,948	5.5	0.0	11.4	(9.9)	(8.5)
Utilities.....	1,530	1,470	1,470	1,439	1,532	1,483	4.1	0.0	2.2	(6.1)	3.3
Construction.....	40,072	38,050	38,050	35,777	33,452	31,621	5.3	0.0	6.4	7.0	5.8
Manufacturing.....	56,670	55,973	55,973	54,492	53,357	52,468	1.2	0.0	2.7	2.1	1.7
Wholesale trade.....	32,116	32,285	32,285	32,050	31,414	30,538	(0.5)	0.0	0.7	2.0	2.9
Retail trade.....	73,998	72,156	72,156	71,791	69,427	67,280	2.6	0.0	0.5	3.4	3.2
Transportation and warehousing.....	35,630	33,012	33,012	31,579	30,334	28,319	7.9	0.0	4.5	4.1	7.1
Information.....	20,031	20,200	20,200	18,888	17,959	18,154	(0.8)	0.0	6.9	5.2	(1.1)
Finance and insurance.....	47,619	46,313	46,313	45,194	43,228	40,888	2.8	0.0	2.5	4.5	5.7
Real estate, rental and leasing.....	11,125	10,660	10,660	10,250	9,840	9,609	4.4	0.0	4.0	4.2	2.4
Professional, scientific, and technical services.....	56,608	52,861	52,861	51,656	49,355	46,708	7.1	0.0	2.3	4.7	5.7
Management of companies and enterprises.....	15,883	16,493	16,493	16,263	16,622	16,559	(3.7)	0.0	1.4	(2.2)	0.4
Admin., support, waste mgmt., remediation.....	53,267	52,748	52,748	52,777	50,397	48,327	1.0	0.0	(0.1)	4.7	4.3
Education services.....	15,512	14,889	14,889	13,975	13,016	12,215	4.2	0.0	6.5	7.4	6.6
Health care and social assistance.....	67,046	66,255	66,255	64,613	62,061	59,778	1.2	0.0	2.5	4.1	3.8
Arts, entertainment and recreation.....	9,497	9,313	9,313	8,806	7,751	7,430	2.0	0.0	5.8	13.6	4.3
Accommodation and food services.....	51,342	49,477	49,477	48,772	47,803	46,218	3.8	0.0	1.4	2.0	3.4
Other services.....	21,780	21,287	21,287	21,018	20,758	20,066	2.3	0.0	1.3	1.3	3.4
Unclassified establishments.....	59	6	6	59	105	56	883.3	0.0	(89.8)	(43.8)	87.5
Total public sector (average).....	105,383	104,593	104,593	102,621	100,193	98,849	0.8	0.0	1.9	2.4	1.4
Federal.....	11,323	11,368	11,368	11,433	11,115	10,374	(0.4)	0.0	(0.6)	2.9	7.1
State.....	48,683	47,719	47,719	46,631	45,306	44,389	2.0	0.0	2.3	2.9	2.1
Local.....	45,377	45,507	45,507	44,557	43,771	44,086	(0.3)	0.0	2.1	1.8	(0.7)
Total payroll (in millions)..... \$	38,876	\$ 36,455	\$ 36,455	\$ 34,599	\$ 32,692	\$ 30,472	6.6	0.0	5.4	5.8	7.3
Average monthly wage..... \$	4,512	\$ 4,337	\$ 4,337	\$ 4,211	\$ 4,120	\$ 3,971	4.0	0.0	3.0	2.2	3.8
Average employment.....	718,017	700,449	700,449	684,639	661,297	639,511	2.5	0.0	2.3	3.5	3.4
Establishments.....	45,902	43,798	43,798	42,813	41,519	40,022	4.8	0.0	2.3	3.1	3.7

(1) Source: Utah Department of Workforce Services.

Employment, Income, Construction, and Sales Taxes Within Salt Lake County and the State of Utah—continued

Personal Income; Per Capital Personal Income; Median Household Income within Salt Lake County and the State of Utah (1)

	Calendar Year						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016–17	2015–16	2014–15	2013–14	2012–13
Total Personal Income (in \$1,000's):											
Salt Lake County.....	\$ 56,152,594	\$ 53,755,259	\$ 51,301,827	\$ 47,637,422	\$ 45,096,302	\$ 43,816,498	4.5	4.8	7.7	5.6	2.9
State of Utah.....	134,803,819	128,407,025	121,876,444	113,230,001	106,612,905	103,227,839	5.0	5.4	7.6	6.2	3.3
Total Per Capita Personal Income:											
Salt Lake County.....	49,445	47,937	46,453	43,653	41,724	41,162	3.1	3.2	6.4	4.6	1.4
State of Utah.....	43,459	42,176	40,831	38,531	36,764	36,167	3.0	3.3	6.0	4.8	1.7
Median Household Income:											
Salt Lake County.....	71,396	68,404	65,549	62,536	61,716	58,743	4.4	4.4	4.8	1.3	5.1
State of Utah.....	68,395	65,931	62,961	60,943	59,715	57,067	3.7	4.7	3.3	2.1	4.6

Construction within Salt Lake County (2)

	Calendar Year						% change from prior year				
	2019 (3)	2018	2017	2016	2015	2014	2018–19	2017–18	2016–17	2015–16	2014–15
Number new dwelling units.....	2,195	8,150	6,585	8,328	6,077	6,529	(27.1)	23.8	(20.9)	37.0	(6.9)
New (in \$1,000's):											
Residential value.....	\$ 411,291.5	\$ 1,467,556.3	\$ 1,262,359.7	\$ 1,406,216.3	\$ 1,045,161.9	\$ 994,854.6	(22.2)	16.3	(10.2)	34.5	5.1
Non-residential value.....	304,096.9	941,422.0	978,634.5	803,698.8	602,618.7	518,005.1	27.1	(3.8)	21.8	33.4	16.3
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	30,149.3	88,952.6	86,352.0	106,592.6	83,964.0	95,237.0	(1.6)	3.0	(19.0)	27.0	(11.8)
Non-residential value.....	181,178.9	503,313.8	544,895.4	950,431.8	364,698.7	421,514.1	19.1	(7.6)	(42.7)	160.6	(13.5)
Total construction value (in \$1,000's).....	\$ 926,716.6	\$ 3,001,244.7	\$ 2,872,241.6	\$ 3,266,939.5	\$ 2,096,443.3	\$ 2,029,610.8	(2.5)	4.5	(12.1)	55.8	3.3

Sales Taxes Within Salt Lake County and the State of Utah (4)

	Calendar Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017–18	2016–17	2015–16	2014–15	2013–14
Gross Taxable Sales (in \$1,000's):											
Salt Lake County.....	\$ 28,855,617	\$ 27,084,521	\$ 25,415,491	\$ 24,256,515	\$ 22,940,973	\$ 21,986,133	6.5	6.6	4.8	5.7	4.3
State of Utah.....	64,982,524	61,031,692	56,502,434	53,933,277	51,709,163	49,404,046	6.5	8.0	4.8	4.3	4.7
	Fiscal Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017–18	2016–17	2015–16	2014–15	2013–14
Local Sales and Use Tax Distribution:											
Salt Lake County (and all cities).....	\$248,453,077	\$230,302,588	\$220,401,770	\$211,079,080	\$200,829,369	\$195,073,246	7.9	4.5	4.4	5.1	3.0

(1) Source: U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.

(2) Source: University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database.

(3) Information as of April 2019 only; % change from prior year compared to April 2018.

(4) Source: Utah State Tax Commission.

Largest Employers

The County is the business and financial center for many of the major businesses and industries in the State. Major employers (over 2,000 employees) in the County area include:

<u>Employer (Location)</u>	<u>Business Category</u>	<u>Range of Number of Employees</u>
University of Utah (county-wide)	Higher education, health care	20,000+
Intermountain Health Care Center (county-wide)	Health care and social assistance	15,000–20,000
State of Utah (county-wide)	All services	10,000–20,000
Granite School District (county-wide)	Education services	7,000–10,000
Jordan School District (county-wide)	Education services	5,000–7,000
Salt Lake County (county-wide)	County administration	5,000–7,000
Wal Mart (county-wide)	Retail trade	5,000–7,000
Canyons School District (county-wide)	Education services	4,000–5,000
Delta Airlines (Salt Lake)	Transportation and warehousing	4,000–5,000
Smiths (county-wide)	Retail trade	4,000–5,000
Associated Reg. & University Patholo (Salt Lake)	Health care and social assistance	3,000–4,000
C.R. England Inc. (Salt Lake)	Transportation and warehousing	3,000–4,000
Department of Veterans Affairs (Salt Lake)	Health care and social assistance	3,000–4,000
Discover Products (Salt Lake)	Finance and insurance	3,000–4,000
Fidelity Brokerage Services LLC (Salt Lake)	Finance and insurance	3,000–4,000
Goldman Sachs and Co. (Salt Lake)	Finance and insurance	3,000–4,000
L3 Communications Corp. (Salt Lake)	Manufacturing	3,000–4,000
Merit Medical (South Jordan)	Manufacturing	3,000–4,000
Salt Lake City School District (Salt Lake)	Education services	3,000–4,000
U. S. Postal Service (county-wide)	Transportation and warehousing	3,000–4,000
Zions Bancorporation (county-wide)	Finance and insurance	3,000–4,000
Becton, Dickinson and Company (Sandy)	Manufacturing	2,000–3,000
Cellco	Administrative	2,000–3,000
Harmons (county-wide)	Retail trade	2,000–3,000
Jet Blue Airways (Salt Lake)	Administration	2,000–3,000
Kennecott Utah Copper (county-wide)	Mining; manufacturing	2,000–3,000
Salt Lake Community College (county-wide)	Education services	2,000–3,000
Select Health, Inc. (county-wide)	Finance and insurance	2,000–3,000
Skywest Airlines (Salt Lake)	Transportation and warehousing	2,000–3,000
Snowbird Operations LLC (Salt Lake)	Accommodations and food services	2,000–3,000
United Parcel Service (Salt Lake)	Transportation and warehousing	2,000–3,000
Utah Transit Authority (Salt Lake)	Transportation and warehousing	2,000–3,000
Wells Fargo Bank/Advisors (county-wide)	Finance and insurance	2,000–3,000

(Source: Utah Department of Workforce Services. Updated information as of December 2018.)

Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Salt Lake County</u>	<u>State of Utah</u>	<u>United States</u>
2019 (1).....	2.7%	2.9%	3.6%
2018	3.0	3.1	3.9
2017	3.1	3.2	4.4
2016	3.2	3.4	4.9
2015	3.4	3.6	5.3
2014	3.7	3.8	6.2

(1) Preliminary, subject to change. As of April 2019 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

DEBT STRUCTURE OF MAGNA WATER DISTRICT, UTAH

Outstanding General Obligation Bonded Indebtedness

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2019 (a)	Water system facilities	\$ 8,025,000	June 1, 2039	\$ 8,025,000
2017	Water system facilities	13,975,000	June 1, 2037	13,495,000
2013	Refunding	8,245,000	June 1, 2029	<u>5,755,000</u>
Total.....				<u>\$27,275,000</u>

(a) For purposes of this OFFICIAL STATEMENT the 2019 Bonds will be considered issued and outstanding.

(1) Rated “AA” by S&P Global Ratings (“S&P”).

(Source: The Municipal Advisor.)

Outstanding Revenue Bond Indebtedness

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2007C (1)	Water facilities	\$7,100,000	January 1, 2039	\$5,075,000
2003 (2)	Water facilities	1,175,000	September 1, 2028	<u>496,695</u>
Total.....				<u>\$5,571,695</u>

(1) Not rated; no rating applied for. Purchased by the State of Utah at a 1.50% annual interest rate.

(2) Not rated; no rating applied for. Purchased by the State of Utah at a 1.00% annual interest rate.

(Source: The Municipal Advisor.)

Future Issuance Of Debt

Other than the issuance of the 2019 Bonds (and any refunding opportunities), the District does not anticipate the issuance of any other general obligation debt within the next three years.

Other Financial Considerations

Capital Leases. The District has a capital lease outstanding for the acquisition of various vehicles. As of Fiscal Year 2018, the present value of the minimum lease payments of the District’s capital lease totals \$337,605, with annual payments scheduled through Fiscal Year 2022. See “APPENDIX A—FINANCIAL STATEMENTS OF MAGNA WATER DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Financial Statements—4. Long Term Obligations—Capital Leases” (audit page 21).

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Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year

Fiscal Year Ending December 31	Series 2019 \$8,025,000		Series 2017 \$13,975,000		Series 2013 \$8,245,000		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2018.....	\$ 0	\$ 0	\$ 480,000	\$ 466,463	\$ 550,000	\$ 153,463	\$ 1,030,000	\$ 619,925	\$ 1,649,925
2019.....	0	59,777	500,000	446,863	555,000	142,413	1,055,000	649,052	1,704,052
2020.....	260,000	265,900	520,000	426,463	570,000	131,163	1,350,000	823,525	2,173,525
2021.....	275,000	252,525	540,000	405,263	580,000	118,938	1,395,000	776,725	2,171,725
2022.....	285,000	238,525	565,000	383,163	595,000	105,347	1,445,000	727,034	2,172,034
2023.....	300,000	223,900	585,000	360,163	605,000	90,719	1,490,000	674,781	2,164,781
2024.....	320,000	208,400	610,000	336,263	625,000	74,953	1,555,000	619,616	2,174,616
2025.....	335,000	192,025	635,000	311,363	640,000	57,150	1,610,000	560,538	2,170,538
2026.....	350,000	174,900	660,000	285,463	660,000	37,650	1,670,000	498,013	2,168,013
2027.....	370,000	156,900	690,000	258,463	300,000	23,250	1,360,000	438,613	1,798,613
2028.....	390,000	137,900	715,000	233,938	310,000	14,100	1,415,000	385,938	1,800,938
2029.....	410,000	117,900	735,000	212,188	315,000	4,725	1,460,000	334,813	1,794,813
2030.....	425,000	101,275	755,000	189,838	—	—	1,180,000	291,113	1,471,113
2031.....	440,000	88,300	780,000	166,813	—	—	1,220,000	255,113	1,475,113
2032.....	450,000 (1)	77,200	805,000	143,038	—	—	1,255,000	220,238	1,475,238
2033.....	460,000 (1)	68,100	830,000	119,031	—	—	1,290,000	187,131	1,477,131
2034.....	465,000	58,850	850,000	94,350	—	—	1,315,000	153,200	1,468,200
2035.....	475,000	49,153	880,000	68,400	—	—	1,355,000	117,553	1,472,553
2036.....	485,000	38,953	905,000	41,625	—	—	1,390,000	80,578	1,470,578
2037.....	500,000	28,488	935,000	14,025	—	—	1,435,000	42,513	1,477,513
2038.....	510,000	17,438	—	—	—	—	510,000	17,438	527,438
2039.....	520,000	5,850	—	—	—	—	520,000	5,850	525,850
Totals.....	<u>\$ 8,025,000</u>	<u>\$ 2,562,258</u>	<u>\$ 13,975,000</u>	<u>\$ 4,963,169</u>	<u>\$ 6,305,000</u>	<u>\$ 953,869</u>	<u>\$ 28,305,000</u>	<u>\$ 8,479,295</u>	<u>\$ 36,784,295</u>

(1) Mandatory sinking fund principal payments from a \$910,000 2.00% term bond due June 1, 2033.

(Source: Municipal Advisor.)

Debt Service Schedule Of Outstanding Revenue Bonds By Fiscal Year

Fiscal Year Ending December 31	Series 2007C \$7,100,000		Series 2003 \$1,175,000		Series 1997A (1) \$1,000,000		Totals		
							Total	Total	Total Debt
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Service
2018.....	\$ 213,000	\$ 82,560	\$ 47,954	\$ 5,446	\$ 65,000	\$ 1,905	\$ 325,954	\$ 89,911	\$ 415,865
2019.....	216,000	79,365	48,434	4,967	—	—	264,434	84,332	348,765
2020.....	219,000	76,125	48,917	4,483	—	—	267,917	80,608	348,525
2021.....	223,000	72,840	49,407	3,993	—	—	272,407	76,833	349,240
2022.....	226,000	69,495	49,901	3,499	—	—	275,901	72,994	348,895
2023.....	230,000	66,105	50,400	3,000	—	—	280,400	69,105	349,505
2024.....	233,000	62,655	50,904	2,496	—	—	283,904	65,151	349,055
2025.....	236,000	59,160	51,413	1,987	—	—	287,413	61,147	348,560
2026.....	240,000	55,620	51,927	1,473	—	—	291,927	57,093	349,020
2027.....	244,000	52,020	52,446	954	—	—	296,446	52,974	349,420
2028.....	247,000	48,360	42,948	429	—	—	289,948	48,789	338,738
2029.....	251,000	44,655	—	—	—	—	251,000	44,655	295,655
2030.....	255,000	40,890	—	—	—	—	255,000	40,890	295,890
2031.....	259,000	37,065	—	—	—	—	259,000	37,065	296,065
2032.....	262,000	33,180	—	—	—	—	262,000	33,180	295,180
2033.....	266,000	29,250	—	—	—	—	266,000	29,250	295,250
2034.....	270,000	25,260	—	—	—	—	270,000	25,260	295,260
2035.....	274,000	21,210	—	—	—	—	274,000	21,210	295,210
2036.....	279,000	17,100	—	—	—	—	279,000	17,100	296,100
2037.....	283,000	12,915	—	—	—	—	283,000	12,915	295,915
2038.....	287,000	8,870	—	—	—	—	287,000	8,870	295,870
2039.....	291,000	4,365	—	—	—	—	291,000	4,365	295,365
Totals.....	<u>\$ 5,504,000</u>	<u>\$ 999,065</u>	<u>\$ 544,649</u>	<u>\$ 32,730</u>	<u>\$ 65,000</u>	<u>\$ 1,905</u>	<u>\$ 6,113,649</u>	<u>\$ 1,033,699</u>	<u>\$ 7,147,348</u>

(1) This bond issued is included in this table because final principal and interest payments occurred in Fiscal Year 2018.

(Source: Municipal Advisor.)

Overlapping And Underlying General Obligation Debt

<u>Taxing Entity</u>	<u>2019 Taxable Value (1)</u>	<u>District's Portion of Tax- able Value</u>	<u>District's Per- centage</u>	<u>Entity's General Obligation Debt</u>	<u>District's Portion of G.O. Debt</u>
<i>Overlapping:</i>					
State of Utah	\$315,430,304,180	\$1,636,292,736	0.5%	\$2,003,625,000	\$10,018,125
CUWCD (2)	185,917,515,467	1,636,292,736	0.9	193,540,000	1,741,860
Salt Lake County	119,387,677,100	1,636,292,736	1.4	147,075,000	2,059,050
Granite School District (3)	31,913,668,162	1,636,292,736	5.1	187,980,000	<u>9,586,980</u>
Total overlapping					<u>23,406,015</u>
<i>Underlying:</i>					
Salt Lake City	31,260,214,697	62,520,429	0.2	98,860,000	197,720
Salt Lake City School District	31,220,631,712	62,441,263	0.2	28,050,000	<u>56,100</u>
Total underlying					<u>253,820</u>
Total overlapping and underlying general obligation debt					<u>\$23,659,835</u>
Total overlapping general obligation debt (excluding the State) (4)					\$13,387,890
Total <i>direct</i> general obligation bonded indebtedness					<u>27,275,000</u>
Total <i>direct and overlapping</i> general obligation debt (excluding the State)					<u>\$40,662,890</u>

This table excludes any additional principal amounts attributable to unamortized original issue bond premium.

- (1) *Preliminary; subject to change.* Taxable value used in this table excludes the taxable value used to determine uniform fees on tangible personal property.
- (2) Central Utah Water Conservancy District ("CUWCD") outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on CUWCD's general obligation bonds are paid from revenues from the sale of water.
- (3) Most of the school district lies within the boundaries of the District, for purposes of this table the school district will be considered as overlapping debt.
- (4) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of its general obligation bonds.

(Source: Municipal Advisor.)

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Debt Ratios Regarding General Obligation Debt

	To 2019 Est. Taxable Value (1)	To 2019 Est. Market Value (2)	To 2018 Population Estimate Per Capita (3)
<i>Direct</i> general obligation debt.....	1.67%	1.06%	\$ 862
<i>Direct and overlapping</i> general obligation debt	2.49	1.58	1,285

(1) Based on an estimated 2019 Taxable Value of \$1,636,292,736, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(2) Based on an estimated 2019 Market Value of \$2,568,207,678, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(3) Based on 2018 population estimate of 31,649 by the District.

(Source: Municipal Advisor.)

See “FINANCIAL INFORMATION REGARDING MAGNA WATER DISTRICT, UTAH—Property Tax Matters—Uniform Fees” and “—Taxable, Fair Market And Market Value Of Property” below.

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

The general obligation indebtedness of the District is limited by State law to 2.4% of the fair market value of taxable property in the District. The debt limit and additional debt incurring capacity of the District shown below are based on the estimated fair market value for 2018 and the calculated valuation from 2018 uniform fees, and are calculated as follows:

2018 “Fair Market Value”	\$2,258,685,598
2018 valuation from Uniform Fees (1)	<u>11,971,966</u>
2018 “Fair Market Value for Debt Incurring Capacity”	<u>\$2,270,657,564</u>
“Fair Market Value for Debt Incurring Capacity” times 2.4% equals (the “Debt Limit”) ...	\$54,495,782
Less: currently outstanding general obligation debt (2).....	<u>(28,273,400)</u>
Additional debt incurring capacity.....	<u>\$26,222,382</u>

(1) For debt incurring capacity only, in computing the fair market value of taxable property in the District, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the District.

(2) For accounting purposes, the net unamortized bond premium was \$998,400 (as of December 31, 2018), and together with current outstanding direct general obligation debt of \$27,275,000, results in total outstanding net direct debt of \$28,273,400.

(Source: Municipal Advisor.)

No Defaulted Obligations

The District has never failed to pay principal of and interest on any of its financial obligations when due.

FINANCIAL INFORMATION REGARDING MAGNA WATER DISTRICT, UTAH

Fund Structure; Accounting Basis

The District prepares its financial statements based on proprietary fund accounting. All assets, liabilities and equity are recorded on the District's balance sheet using full accrual accounting. All capital assets, including infrastructure, are capitalized and depreciated. Equity is comprised of net assets.

In proprietary funds, revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred.

Budgets And Appropriation Process Accounting

The budget and appropriation process of the District is governed by the fiscal procedures for local districts set forth in Title 17B, Chapter 1, Part 6, of Utah Code (the "Fiscal Procedures Act"). Pursuant to the Fiscal Procedures Act, the budget officer of the District is required to prepare budgets for the proprietary fund. The budget is to provide a complete financial plan for the budget (ensuing fiscal) year. The budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures.

On or before November 1 of each year, the budget officer is required to submit to the Board the tentative budget for the fiscal year commencing January 1. Various actual and estimated budget data are required to be set forth in the tentative budget. The budget officer may revise the budget requests submitted by the heads of District departments but must file these submissions with the Board together with the tentative budget. The budget officer is required to estimate in the tentative budget the available revenue from non-property tax sources and the revenue from general property taxes. The tentative budget is then tentatively adopted by the Board, with any amendments or revisions that the Board deems advisable prior to the public hearing on the tentative budget. If the tax rate in the proposed budget exceeds the "certified tax rate," the Board shall comply with the Property Tax Act in adopting the budget. See "Public Hearing On Certain Tax Increases" below. After public notice and hearing the tentative budget is adopted by the Board, subject to further amendment or revisions by the Board prior to adoption of the final budget.

On or before December 31 in each year, the final budget is adopted by the Board. The adopted final budget is subject to amendment by the Board during the fiscal year. Public notice and hearing are not required in order to amend the budget unless revenues are increased.

The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the Board for the succeeding tax year. See "Ad Valorem Tax Levy And Collection" below for a description of certain matters relating to the District's ability to levy and collect general property taxes and the procedures applicable to such levy and collection.

Adoption of Ad Valorem Tax Levy. The governing body of each taxing entity shall, before June 22 of each year, adopt a proposed, or, if the tax rate is not more than the certified tax rate, a final, tax rate for the taxing entity. The governing body shall report the rate and levy, and any other information prescribed by rules of the county commission for the preparation, review, and certification of the rate, to the county auditor of the county in which the taxing entity is located.

Financial Controls

The District utilizes a computerized financial accounting system which includes a system of budgetary controls. State law requires budgets to be controlled by individual departments, but the District has also empowered the General Manager to maintain control by major categories within departments. These controls are such that a requisition will not be entered into the purchasing system unless the appropriated funds are

available. The General Manager checks for sufficient funds again prior to the purchase order being issued and again before the payment check is issued. Voucher payments are also controlled by the General Manager for sufficient appropriations.

Five-Year Financial Summaries

The summaries contained herein were extracted from the Districts audited financial statements reports. The summaries themselves have not been audited. See “APPENDIX A—FINANCIAL STATEMENTS OF MAGNA WATER DISTRICT, UTAH FOR FISCAL YEAR 2018.”

The District’s annual financial report for Fiscal Year 2019 must be completed under State law by June 30, 2020.

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Magna Water District, Utah

Statement Of Net Position

(This summary has not been audited)

	As of December 31				
	2018	2017	2016	2015	2014
Assets and deferred outflows of resources					
Assets					
Current assets					
Cash and cash equivalents.....	\$ 16,268,080	\$ 12,386,187	\$ 12,683,738	\$ 13,456,692	\$ 16,151,375
Receivables					
Customers (less allowance for uncollectible).....	748,898	800,087	676,158	597,985	571,733
Other.....	385,183	294,779	287,815	339,702	289,826
Property tax.....	72,399	36,770	47,094	48,395	88,906
Inventories.....	334,958	299,769	481,284	490,376	374,892
Prepaid expenses.....	23,071	14,327	17,242	12,596	104,579
Total current assets.....	17,832,589	13,831,919	14,193,331	14,945,746	17,581,311
Noncurrent assets					
Restricted cash and cash equivalents.....	19,620,794	24,333,491	10,022,742	11,219,202	8,184,552
Capital assets					
Capital assets being depreciated (net accumulated).....	49,786,015	52,112,321	47,983,250	47,030,060	48,352,599
Capital assets not being depreciated.....	11,699,729	5,020,724	6,892,389	5,989,427	2,318,678
Total capital assets.....	61,485,744	57,133,045	54,875,639	53,019,487	50,671,277
Water rights and shares held for sale.....	40,284	48,609	50,208	68,198	76,791
Total noncurrent assets.....	81,146,822	81,515,145	64,948,589	64,306,887	58,932,620
Total assets.....	98,979,411	95,347,064	79,141,920	79,252,633	76,513,931
Deferred outflows of resources					
Assumption changes related to pensions.....	363,656	533,464	359,317	389,168	—
Total assets and deferred outflows related to pensions...	\$ 99,343,067	\$ 95,880,528	\$ 79,501,237	\$ 79,641,801	\$ 76,513,931
Liabilities, deferred inflows of resources and net position					
Liabilities					
Current liabilities					
Accounts payable.....	\$ 1,987,992	\$ 1,000,873	\$ 589,163	\$ 860,154	\$ 456,496
General obligation bonds payable—current.....	1,055,000	1,030,000	1,061,000	1,342,000	1,322,000
Accrued liabilities.....	371,413	416,092	287,760	546,372	737,099
Deferred revenue.....	353,143	238,713	221,863	124,897	57,936
Retainage payable.....	300,587	57,660	159,609	81,386	—
Revenue bonds payable—current.....	216,000	278,000	273,000	268,000	263,000
Accrued interest payable.....	133,691	141,617	108,557	115,628	124,933
Compensated absences.....	63,517	72,936	59,955	49,942	48,730
Capital lease obligations—current.....	66,852	48,179	62,845	48,409	72,005
Water Resource loan payable—current.....	48,433	47,954	47,479	47,009	46,543
Total current liabilities.....	4,596,628	3,332,024	2,871,231	3,483,797	3,128,742
Noncurrent liabilities					
General obligation bonds payable.....	19,193,400	20,308,866	6,525,956	7,603,953	8,962,950
Revenue bonds payable.....	5,075,000	5,291,000	5,569,000	5,842,000	6,110,000
Net other postemployment benefits obligation.....	1,140,565	1,385,434	1,234,689	792,609	635,046
Water Resource loan payable.....	448,262	496,694	544,648	592,127	639,136
Net pension liability.....	411,774	385,770	202,866	341,382	—
Capital lease obligations.....	215,429	210,546	130,386	193,232	127,757
Total noncurrent liabilities.....	26,484,430	28,078,310	14,207,545	15,365,303	16,474,889
Total liabilities.....	31,081,058	31,410,334	17,078,776	18,849,100	19,603,631
Deferred inflows of resources					
Changes to earnings on pension plan investments.....	—	—	—	89,188	—
Net position					
Net invested in capital assets.....	48,641,094	43,975,299	42,312,245	39,081,024	33,127,886
Unrestricted.....	13,774,434	10,772,557	13,036,762	12,401,556	15,929,462
Restricted for					
Capital projects.....	5,209,951	8,995,108	6,347,250	8,495,004	7,097,143
Debt service.....	636,530	727,230	726,204	725,929	755,809
Total net position.....	68,262,009	64,470,194	62,422,461	60,703,513	56,910,300
Total liabilities, net position and deferred inflows of resources.....	\$ 99,343,067	\$ 95,880,528	\$ 79,501,237	\$ 79,641,801	\$ 76,513,931

(Source: Information extracted from the District's audited financial statements. Compiled by Zions Public Finance, Inc.)

Magna Water District, Utah

Statement of Revenues, Expenses and Changes in Net Position

(This summary has not been audited)

	Fiscal Year Ended December 31				
	2018	2017	2016	2015	2014
Operating revenues					
Water sales.....	\$ 4,178,221	\$ 3,768,512	\$ 3,526,952	\$ 3,133,906	\$ 3,015,307
Sewer service charges.....	3,344,500	3,051,351	2,762,599	2,431,783	2,256,985
Connection fees and other income.....	497,550	366,101	343,914	303,085	265,260
Total operating revenues.....	<u>8,020,271</u>	<u>7,185,964</u>	<u>6,633,465</u>	<u>5,868,774</u>	<u>5,537,552</u>
Operating expenses					
Depreciation and amortization.....	3,094,816	3,055,593	3,012,787	2,929,705	2,884,414
Salaries and benefits.....	3,057,304	2,992,533	2,928,279	2,711,178	2,945,516
Materials and supplies.....	1,265,410	1,303,597	1,126,350	1,095,182	1,020,687
Utilities.....	683,508	741,856	644,153	555,226	561,089
Other operating expenses.....	620,482	511,010	487,770	407,061	398,330
Contractual services.....	551,471	318,774	568,732	593,993	583,687
Lease expense.....	15,970	17,426	10,774	17,398	22,796
Total operating expenses.....	<u>9,288,961</u>	<u>8,940,789</u>	<u>8,778,845</u>	<u>8,309,743</u>	<u>8,416,519</u>
Operating income (loss).....	<u>(1,268,690)</u>	<u>(1,754,825)</u>	<u>(2,145,380)</u>	<u>(2,440,969)</u>	<u>(2,878,967)</u>
Non-operating revenues (expenses)					
Property tax revenue.....	3,270,568	2,857,052	2,492,552	2,927,851	2,671,810
Interest income.....	664,251	275,773	203,821	130,569	99,437
Impact fees.....	440,450	378,975	930,770	1,603,347	503,017
Other non-operating income.....	213,301	206,701	—	831,150	831,150
Non-resident fee in lieu of property taxes.....	53,707	53,707	115,463	45,902	45,902
Gain (loss) on sale of assets.....	321,092	22	22,515	78,113	49,593
Debt issuance costs.....	—	(103,913)	—	—	(44,902)
Interest expense.....	(650,099)	(362,899)	(266,603)	(287,192)	(316,837)
Total non-operating revenues (expenses).....	<u>4,313,270</u>	<u>3,305,418</u>	<u>3,498,518</u>	<u>5,329,740</u>	<u>3,839,170</u>
Income (loss) before capital contributions.....	<u>3,044,580</u>	<u>1,550,593</u>	<u>1,353,138</u>	<u>2,888,771</u>	<u>960,203</u>
Contributed lines, water shares and easements.....	453,401	497,140	365,810	955,643	39,020
Change in net position.....	<u>3,497,981</u>	<u>2,047,733</u>	<u>1,718,948</u>	<u>3,844,414</u>	<u>999,223</u>
Net position at beginning of year.....	64,764,028	62,422,461	60,703,513	56,910,300	55,911,077
Adjustments.....	—	—	—	(51,201)	—
Net position at beginning of year (as restated).....	<u>64,764,028</u>	<u>62,422,461</u>	<u>60,703,513</u>	<u>56,859,099</u>	<u>55,911,077</u>
Net position at end of year.....	<u>\$ 68,262,009</u>	<u>\$ 64,470,194</u>	<u>\$ 62,422,461</u>	<u>\$ 60,703,513</u>	<u>\$ 56,910,300</u>

(Source: Information extracted from the District's audited financial statements. Compiled by Zions Public Finance, Inc.)

Ad Valorem Tax Levy And Collection

The Utah State Tax Commission (the “State Tax Commission”) must assess all centrally–assessed property (as defined under “Property Tax Matters” below) by May 1 of each year. County assessors must assess all locally–assessed property (as defined under “Property Tax Matters” below) before May 22 of each year. The State Tax Commission apportions the value of centrally–assessed property to the various taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate before June 22; provided if the governing body has not received the taxing entity’s certified tax rate at least seven days prior to June 22, the governing body of the taxing entity must, no later than 14 days after receiving the certified tax rate from the county auditor, adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate. County auditors must forward to the State Tax Commission a statement prepared by the legislative body of each taxing entity showing the amount and purpose of each levy. Upon determination by the State Tax Commission that the tax levies comply with applicable law and do not exceed maximum permitted rates, the State Tax Commission notifies county auditors to implement the levies. If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum levy permitted by law, notify the taxing entity that the rate has been lowered and notify the county auditor (of the county in which the taxing entity is located) to implement the rate established by the State Tax Commission.

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for the purpose of contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally–assessed property or any county showing reasonable cause, may, on or before the later of August 1 or a day within 90 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to contest the assessment of centrally–assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post–hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. On or before November 1, each county treasurer furnishes each taxpayer a notice containing, among other things, the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.

Without an extension by a County legislative body, taxes are due November 30 (and if a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10 whichever is greater (delinquent taxes paid on or before January 31 immediately following the delinquency date the penalty is 1% of the amount of the delinquent tax or \$10 whichever is greater). Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (said interest may not be less than 7% nor more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

The process described above changes if a county or other taxing entity proposes a tax rate more than the certified tax rate (as described under “Public Hearing On Certain Tax Increases” below). If such an increase is proposed, the taxing entity must adopt a proposed tax rate before June 22. In addition, the county auditor must include certain information in the notices to be mailed by July 22, as described above, including information concerning the tax impact of the proposed increase on the property and the time and place of the public hearing described in “Public Hearing On Certain Tax Increases” below. In most cases, notice of the public hearing must also be advertised by publication. After the public hearing is held, the taxing entity may adopt a resolution levying a tax more than the certified tax rate. A resolution levying a tax more than the certified tax rate must be forwarded to the county auditor by August 17. The final tax notice is then mailed by November 1.

Public Hearing On Certain Tax Increases

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so (by resolution) only after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of eligible new growth. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

Among other requirements, on or before July 22 of the year in which such an increase is proposed, the county auditor must mail to all property owners a notice of the public hearing. In most cases, the taxing entity must advertise the notice of public hearing by publication in a newspaper. Such notices must state, among other things, the value of the property, the time and place of the public hearing, and the tax impact of the proposed increase.

Property Tax Matters

The Property Tax Act provides that all taxable property is required to be assessed and taxed at a uniform and equal rate based on its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Pursuant to an exemption for residential property provided for under the Property Tax Act and Article XIII of the State Constitution, the “fair market value” of residential property is reduced by 45%. The residential exemption is limited to one acre of land per residential unit and to one primary residence per household, except that an owner of multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally-assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal resources and (v) mines, mining claims and appurtenant machinery, facilities and improvements. All other taxable property (“locally-assessed property”) is required to be assessed by the county assessor of the county in which such locally-assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data by using a State mandated mass appraisal system and must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation or accepted practice, to determine the “fair market value” of taxable property.

Uniform Fees. An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft and property subject to a fixed age-based fee. Motor vehicles weighing 12,000 pounds or less and certain other vehicles are subject to an age-based fee that is due each time the vehicle is registered. The revenues collected from the various uniform fees are distributed by the county to the taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property is distributed.

Historical Ad Valorem Tax Rates

The maximum rate of levy applicable to the District for operations and maintenance as authorized by Utah State law is .000800 per dollar of taxable value of taxable property within the District. *The District may levy an unlimited tax levy to pay the principal of and interest on legally issued general obligation bonds.*

	Maximum Limit	Tax Rate (Calendar Year)				
		2019*	2018	2017	2016	2015
Operations and main- tenance (1)000800	.000800	.000667	.000767	.000806	.000885
General obligation bonds	unlimited	.001260	.001417	.001521	.001246	.001712
Total levy002060	.002084	.002288	.002052	.002597

* Preliminary; subject to change.

(1) Utah law allows the District to exceed the maximum tax rate if reduced property tax values result in lower property tax revenues.

(Source: For reports of the Utah State Tax Commission, compiled by the Municipal Advisor.)

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Taxable, Fair Market And Market Value Of Property

Calendar Year	Taxable Value (1)	% Change Over Prior Year	Fair Market/ Market Value (2)	% Change Over Prior Year
2019 *	\$ 1,636,292,736	12.9	\$ 2,568,207,678	13.7
2018	1,449,810,155	11.4	2,258,685,598	11.1
2017	1,301,716,775	16.5	2,032,863,925	15.9
2016	1,117,018,954	14.2	1,754,071,683	14.3
2015	978,264,935	7.4	1,534,956,157	7.1

* Preliminary; subject to change. Fair Market/Market Value calculated by the Municipal Advisor.

- (1) Taxable valuation includes redevelopment agency valuation. The estimated redevelopment agency valuation for Calendar Year 2018 was approximately \$132.3 million; for Calendar Year 2017 was approximately \$145.5 million; for Calendar Year 2016 was approximately \$67.8 million; for Calendar Year 2015 was approximately \$24.2 million; and for Calendar Year 2014 was approximately \$11.4 million.
- (2) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. Does not include market valuation for SCME.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

Historical Summaries Of Taxable Values Of Property

	Calendar Year					
	2019		2018	2017	2016	2015
	Taxable Value*	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission (centrally assessed)						
Total centrally assessed.....	\$ 79,475,089	4.9 %	\$ 84,640,544	\$ 70,339,789	\$ 67,263,177	\$ 68,006,483
Set by County Assessor (locally assessed)						
Real property (land and buildings)						
Primary residential.....	1,135,000,000	69.4	984,618,391	889,468,837	774,316,337	675,895,716
Secondary residential.....	22,500,000	1.4	21,244,740	22,521,130	20,956,930	18,224,240
Commercial and industrial.....	362,488,000	22.2	322,501,270	282,644,790	227,766,870	187,422,220
FAA (greenbelt).....	745,000	0.0	725,750	809,670	0	0
Unimproved non FAA (vacant)....	0	0.0	0	0	605,520	612,290
Agricultural.....	165,737	0.0	160,550	131,780	130,010	139,190
Total real property.....	1,520,898,737	92.9	1,329,250,701	1,195,576,207	1,023,775,667	882,293,656
Personal property						
Primary mobile homes.....	4,007,151	0.2	4,007,151	4,155,457	4,303,665	4,504,666
Secondary mobile homes.....	198,769	0.0	198,769	77,194	73,574	142,862
Other business.....	31,712,990	1.9	31,712,990	31,568,128	21,602,871	23,317,268
SCME.....	0	0.0	0	0	0	0
Total personal property.....	35,918,910	2.2	35,918,910	35,800,779	25,980,110	27,964,796
Total locally assessed.....	1,556,817,647	95.1	1,365,169,611	1,231,376,986	1,049,755,777	910,258,452
Total taxable value.....	\$ 1,636,292,736	100.0 %	\$ 1,449,810,155	\$ 1,301,716,775	\$ 1,117,018,954	\$ 978,264,935

* Preliminary; subject to change.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

Tax Collection Record

Ad valorem property taxes are due on November 30th of each year.

(1) Tax Year End 12/31	(2) Total Taxes Levied	(3) Trea- surer's Relief	Net Taxes Assessed	Current Col- lections	(4) Deliq., Personal Property and Miscel- leous Col- lections	Total Col- lections	% of Current Collec- tions to Net Taxes Assessed	% of Total Collec- tions to Net Taxes Assessed
2018	\$3,028,746	\$32,879	\$2,995,867	\$2,944,838	\$ 82,511	\$3,027,349	98.3%	101.1%
2017	2,972,193	32,036	2,940,157	2,882,577	62,903	2,945,480	98.0	100.2
2016	2,306,280	27,359	2,278,921	2,213,788	79,448	2,293,236	97.1	100.6
2015	2,545,140	30,707	2,514,433	2,442,821	308,569	2,751,390	97.2	109.4
2014	2,517,487	30,988	2,486,499	2,409,267	94,988	2,504,255	96.9	100.7

(1) Excludes redevelopment agencies valuation.

(2) Treasurer's Relief includes abatements established by statute to low-income, elderly and for hardship situations. These Treasurer's Relief items are levied against the property but are never collected and paid to the entity.

(3) Delinquent Collections include interest, sales of real and personal property, and miscellaneous delinquent collections.

(4) In addition to the Total Collections indicated above, the District also collected Uniform Fees (fees-in-lieu payments) for tax year 2018 of \$179,579; for tax year 2017 of \$191,290; for tax year 2016 of \$166,647; for tax year 2015 of \$187,501; and for tax year 2014 of \$186,068; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

(Source: Tax collections reports from the Utah State Tax Commission, compiled by the Municipal Advisor.)

Some Of The Largest Taxpayers

The 10 largest ad valorem property taxpayers for Fiscal Year 2018 (Calendar Year 2018) is as follows:

Taxpayer	Type of Business	2018 Taxable Value (1)	% of the District's 2018 Tax Value
Kennecott Utah Copper Corp.	Mining	\$ 51,777,296	3.6%
CR Sagegate Communities, LLC.....	Residential property	32,574,685	2.2
Oquirrh Hills Apartments LLC	Residential property	24,441,945	1.7
Pacificorp	Electric utility	15,385,465	1.1
Elk Run Apartments.....	Residential property	13,329,195	0.9
Questar Gas.....	Natural gas utility	12,067,811	0.8
Arbor Park Associates LC	Real estate development	11,829,811	0.8
Magna Henry LLC.....	Residential property	9,123,100	0.6
Winco Foods, LLC.....	Grocery store	8,938,700	0.6
Alliant Techsystems, Inc.....	Engineering company	7,290,600	0.5
Totals		<u>\$186,757,997</u>	12.9%

(1) Taxable Value used in this table *excludes* the taxable value used to determine Uniform Fees on tangible personal property. See "Taxable, Fair Market And Market Value Of Property" above.

(Source: Reports from Salt Lake County Information Systems and Salt Lake County Auditor, compiled by the Municipal Advisor.)

LEGAL MATTERS

Absence Of Litigation Concerning The 2019 Bonds

A non-litigation certificate issued by Smith Hartvigsen PLLC, counsel to the District, dated the delivery date of the 2019 Bonds, will be provided stating, among other things, that to the best of such firm's knowledge, after due inquiry, no action, suit, proceeding, inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, has been served on the District or is threatened, challenging the creation, organization, or existence of the District or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale, or delivery of the 2019 Bonds or for the purpose of restraining or enjoining the levy and collection of taxes or assessments by the District, or directly or indirectly contesting or affecting the proceedings or the authority by which the Bonds are issued or the validity of the Bonds or the issuance thereof.

General

Certain legal matters incident to the authorization, issuance and sale of the 2019 Bonds are subject to the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel to the District. Certain legal matters will be passed upon for the District by Smith Hartvigsen PLLC, counsel to the District. The approving opinion of Bond Counsel will be delivered with the 2019 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in "APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL" of this OFFICIAL STATEMENT will be made available upon request from the contact persons as indicated under "INTRODUCTION—Contact Persons" above.

Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness, or sufficiency of the OFFICIAL STATEMENT or other offering material relating to the 2019 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this OFFICIAL STATEMENT.

The various legal opinions to be delivered concurrently with the delivery of the 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the 2019 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the 2019 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the 2019 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the 2019 Bonds.

Opinion Of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the District, under the law currently existing as of the issue date of the 2019 Bonds:

Federal Tax Exemption. The interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the 2019 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Qualified Tax-Exempt Obligations. The 2019 Bonds are “qualified tax-exempt obligations” under the Code and therefor the interest expense of a financial institution will not be subject to allocation to the interest on the 2019 Bonds under Section 265(b) of the Code (but the interest on the 2019 Bonds will be subject to treatment as a financial institution preference item under Section 291 of the Code).

State of Utah Tax Exemption. The interest on the 2019 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel’s opinions are provided as of the date of the original issue of the 2019 Bonds, subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be satisfied subsequent to the issuance of the 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2019 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2019 Bonds.

No Other Opinion. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the 2019 Bonds, except as expressly provided herein. Purchasers of the 2019 Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the 2019 Bonds, including the possible application of state, local, foreign and other tax laws.

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a 2019 Bond over its issue price. The issue price of a 2019 Bond is generally the first price at which a substantial amount of the 2019A Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a 2019 Bond during any accrual period generally equals (1) the issue price of that 2019 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2019 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that 2019 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that 2019 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a 2019 Bond over its stated redemption price at maturity. The issue price of a 2019 Bond is generally the first price at which a substantial amount of the 2019 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the 2019 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s

basis in the 2019 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2019 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a 2019 Bond, an owner of the 2019 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the 2019 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the 2019 Bond. To the extent a 2019 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the 2019 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the 2019 Bonds, and to the proceeds paid on the sale of the 2019 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the 2019 Bonds should be aware that ownership of the 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2019 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2019 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the 2019 Bonds, including the possible application of state, local, foreign and other tax laws.

MISCELLANEOUS

Bond Rating

As of the date of this OFFICIAL STATEMENT, the 2019 Bonds have been rated "AA" by S&P. An explanation of this rating may be obtained from S&P. The District has not directly applied to Moody's Investors Service or Fitch Ratings for a rating on the 2019 Bonds.

Such rating does not constitute a recommendation by the rating agency to buy, sell or hold the 2019 Bonds. Such rating reflects only the views of S&P, and any desired explanation of the significance of such rating should be obtained from the rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

Any explanation of the significance of this outstanding rating may only be obtained from the rating service furnishing the same. There is no assurance that the rating given the outstanding general obligation bonds will continue for any given period or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2019 Bonds.

Municipal Advisor

The District has entered into an agreement with the Municipal Advisor where under the Municipal Advisor provides financial recommendations and guidance to the District with respect to preparation for sale of the 2019 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2019 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the District, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors

The basic financial statements and required supplementary information of the District as of December 31, 2018 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Keddington & Christensen, LLC, Salt Lake City, Utah (“Keddington & Christensen”), as stated in their report in “APPENDIX A—FINANCIAL STATEMENTS OF MAGNA WATER DISTRICT, UTAH FOR FISCAL YEAR 2018” (audit page 1). Keddington & Christensen have not been engaged to perform and has not performed, since the date of their report included in the Fiscal Year 2018 financial statements, any procedures on the financial statements addressed in the Fiscal Year 2018 financial statements.

Keddington & Christensen have not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon their non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

Additional Information

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs and laws of the State, court decisions and the Resolution, do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions and the Resolution for full and complete statements of their respective provisions.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact.

The appendices attached hereto are an integral part of this OFFICIAL STATEMENT and should be read in conjunction with the foregoing material.

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the District.

Magna Water District, Utah

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APPENDIX A

FINANCIAL STATEMENTS OF MAGNA WATER DISTRICT, UTAH FOR FISCAL YEAR 2018

The Financial Statements for Fiscal Year 2018 is contained herein. Copies of current and prior financial reports are available upon request from the District's contact person as indicated under "INTRODUCTION—Contact Persons" above.

The District's financial statements for Fiscal Year 2019 must be completed under State law by June 30, 2020.

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MAGNA WATER DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2018

MAGNA WATER DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management Discussion and Analysis	3
Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	10
Statement of Cash Flows	11
Notes to Financial Statements	13
Required Supplemental Information:	
Schedules of Changes in Net Pension Liability and Related Ratios.....	30
Statement of Required Employer Contribution	31
Notes to the Required Supplemental Information	31
Other Supplemental Information:	
Schedule of Revenues, Expenses, and Changes in Net Position	32
Schedule of Revenues, Expenses, and Changes in Net Position – Compared to Budget	34

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Magna Water District
Magna, Utah

Report on Financial Statements

We have audited the accompanying financial statements of Magna Water District (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Magna Water District, as of December 31, 2018, and the changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements. The schedule of revenues, expenses, and changes in net position and the schedule of revenues, expenses, and changes in net position – compared with budget, listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of revenues, expenses, and changes in net position and the schedule of revenues, expenses, and changes in net position – compared with budget are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses, and changes in net position and the schedule of revenues, expenses, and changes in net position – compared with budget are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

Keddington & Christensen, LLC
Salt Lake City, Utah
July 30, 2019

MAGNA WATER DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

As management of Magna Water District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2018.

Financial Highlights

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$68,030,009 (net position). Of this amount, \$13,774,434 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.

The District's total net position increased by \$3,791,815. This increase is reflective of the District's proactive practices in upgrading, replacing, and adding facility infrastructure. The capital assets increased by \$4.3 million, a 7.6% from 2017, totaling approximately \$61.5 million. The operating revenue also increased by \$834,307 an 11.6% increase, this is most likely a result of a small rate increase in the base rate and the 4-tiered rate structure in water and a small increase in the sewer base rate. The District has also experienced additional growth in 2018 compared to 2017 causing additional services revenue. Part of the increase in the net position is due from the non-operating revenue, which totals approximately \$1.2 million in 2018, an increase of 31.6% from 2017. The operating expenses increased by a small percentage of 5.3% from 2017. Expenses were maintained due to the District's proactive measures for maintenance rather than reactive, which is typically less expensive. Management and Staff of the District are mindful of maintaining costs and make every effort to control costs when possible.

The District's total long-term debt decreased by \$1,611,728 during the current fiscal year, as represented in Note 4 to the financial statements. Primarily the decrease is due to the principle payments being made during the year. However, a new actuary of the District's OPEB plan produced a lower net OPEB obligation of \$244,869.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The statement of revenues and expenses 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 rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes earned and not received and unused sick leave for employees).

The District maintains one type of proprietary fund, an enterprise fund. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

MAGNA WATER DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budget and actual amounts.

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 exceeded liabilities by \$68,262,009 at the close of the most recent fiscal year.

By far the largest portion of the District's net position (71%) reflects its investment in capital assets (e.g., land, buildings, pipelines, machinery, and equipment); net of any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 37,493,667	\$ 38,214,019
Capital assets	<u>61,485,744</u>	<u>57,133,045</u>
Total Assets	<u>98,979,411</u>	<u>95,347,064</u>
Deferred outflow of resources	<u>363,656</u>	<u>533,464</u>
Long-term liabilities outstanding	27,870,715	29,482,443
Other liabilities	<u>3,210,343</u>	<u>1,927,891</u>
Total Liabilities	<u>31,081,058</u>	<u>31,410,334</u>
Net investment in capital assets	48,641,094	43,975,299
Restricted	5,846,481	9,722,338
Unrestricted	<u>13,774,434</u>	<u>10,772,557</u>
Total Net Position	<u>\$ 68,262,009</u>	<u>\$ 64,470,194</u>

The restricted portion of the District's net position (\$5,846,481) represents resources that are subject to external restrictions on how they may be used. There is an unrestricted fund balance amount of \$13,774,434.

There was a decrease of \$3,875,857 in restricted net position reported by the District. This resulted primarily from the District having funds restricted in 2017 that in 2018 became unrestricted due to the District paying off a bond which had bonding requirements over those funds. Now the bond is paid in full, the funds are no longer restricted.

The District's net position increased by \$3,791,815 during the current fiscal year, as the District's operating and nonoperating revenues exceeded expenses for the year. As noted earlier, factors contributing to the increase in net position include investment in capital assets, increase in operating revenues and impact fees collected by new subdivisions, and contributed water and sewer lines by contractors.

**MAGNA WATER DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 8,020,271	\$ 7,185,964
Non-operating revenues	<u>4,963,369</u>	<u>3,772,230</u>
Total Revenues	<u>12,983,640</u>	<u>10,958,194</u>
Depreciation and amortization expense	3,094,816	3,055,593
Other operating expenses	6,194,145	5,885,196
Non-operating expenses	<u>650,099</u>	<u>466,812</u>
Total Expenses	<u>9,939,060</u>	<u>9,407,601</u>
Income before capital contributions	3,044,580	1,550,593
Capital contributions	<u>453,401</u>	<u>497,140</u>
Change in Net Position	3,497,981	2,047,733
Total Net Position, Beginning of Year	<u>64,764,028</u>	<u>62,422,461</u>
Total Net Position, End of Year	<u>\$ 68,262,009</u>	<u>\$ 64,470,194</u>

Major sources of revenue for the District consist of charges for services, property taxes, impact fees collected from new subdivisions, and other non-operating revenues. These sources account for approximately 97% of the District's revenues before capital contributions.

Total operating revenues increased by approximately 11.6% from the prior year, while total expenses also increased by approximately 5.3%, leading to an increase in income before capital contributions in 2018 as compared to the previous year. The capital contributions slightly decreased in 2018 as compared to 2017 due to a decrease of development accepted and closed out. While there is substantial growth within the District occurring, the District does not recognize the developments until the projects are complete and final, therefore, depending on the status of the project the District may show the actual growth 2 – 3 years after which the development is complete. The increase in operating revenue is primarily due to adopted rate increases. The increase in expenses is primarily due to increases in salaries and benefits, depreciation, and various other miscellaneous operational expenses.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets as of December 31, 2018 amounts to \$61,485,744 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, wells and springs, supply and transmission mains for water distribution and sewer collection, construction in progress, plant and sewer systems, and machinery and equipment. The total increase in the District's investment in capital assets for the current fiscal year was approximately 7.6%.

**MAGNA WATER DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

	2018	2017
Land	\$ 1,854,730	\$ 1,868,730
Buildings and improvements	4,046,861	4,528,845
Water system	50,032,317	49,877,360
Secondary system	6,420,054	6,251,693
Sewer treatment plant	24,789,825	24,745,267
Sewage collection lines	9,581,904	9,451,249
Machinery and equipment	2,711,111	2,624,295
Water rights and easements	640,102	608,645
Construction in progress	9,204,899	2,543,349
Total Capital Assets	109,281,803	102,499,433
Less accumulated depreciation	(47,796,059)	(45,366,388)
Total Capital Assets, net of depreciation	<u>\$ 61,485,744</u>	<u>\$ 57,133,045</u>

Additional information on the District's capital assets can be found in Note 3 to the financial statements.

Long-term debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$27,870,715. Of this amount, \$5,291,000 is outstanding as revenue bond debt, \$496,695 relates to amounts outstanding on a water resource loan, \$20,248,400 is outstanding as general obligation bond debt, and \$258,725 relates to amounts outstanding on capital leases. Pursuant to a new GASB Ruling, the District also now recognizes a long-term debt for OPEB Obligations in the amount of \$1,385,434, and a debt for pension liability in the amount of \$385,770.

	2018	2017
General obligation bonds	\$ 20,248,400	\$ 21,338,866
Revenue bonds	5,291,000	5,569,000
Water resource loan	496,695	544,648
Capital lease	282,281	258,725
Net OPEB obligations	1,140,565	1,385,434
Net Pension Liability	411,774	385,770
Total	<u>\$ 27,870,715</u>	<u>\$ 29,482,443</u>

Additional information of the District's long-term debt can be found in Note 4 to the financial statements.

Reserve Funds

The District held \$591,470 in reserve and replacement funds at the end of the current fiscal year, which are mandated by the District's revenue bonds.

Reserve and Fee Structure

In 2012, the District began to update its Impact Fee Facilities Plan (the Plan) to evaluate the capital facility and revenue needs of the water, sewer, and secondary systems in order to continue to service the District's growth. The Plan looks at the condition of the District through the projected year of 2030. The District adopted the Impact Fee Facility Plan, an Impact Fee Analysis, and an Impact Fee Enactment in September of 2013. The enactment adopted increased the impact fee for the water, sewer, and secondary water system. The District evaluated the revenue requirements of the District and subsequently adopted a rate increase effective January 1, 2014. The rates are planned to increase in small increments through 2019.

MAGNA WATER DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Planned Future Capital Improvements

The District has many construction plans for their facilities within the next three years. The District has been in construction of a brine line to transfer waste brine from the water treatment facility directly to the Wastewater Treatment Plant effluent; the project is nearly 98% complete and has expended \$2.5 million on the brine line. An upgrade to the booster pump station on 8000 west has been in construction for the culinary water system and to allow extra capacity to add a secondary water pump station in the same facility when needed in the future. The booster station upgrade is near completion with a contract of approximately \$1.3 million. A future secondary reservoir site is being studied to build another reservoir for the future. There has been an engineering contract executed to begin engineering on the future secondary water reservoir in the amount of \$142,000 with Epic Engineering, there has been approximately \$113,000 of that contract expended at the end of the 2018 fiscal year. The District is in the construction of upgrading the wastewater treatment plant due to the implementation of new federal regulations. A construction contract has been executed in the amount of \$14.7 million for construction costs. An engineering contract has also been executed for approximately \$1,120,662. There is also a contract for materials testing on the wastewater treatment plant project of \$57,111.

Several existing culinary and collection pipelines, old and in need of upsizing and repairs are being replaced with new piping and upgraded.

Each year, including the past couple of years the District is maintaining and lining the manholes to restore and increase the life of the manhole which is a preventative maintenance measure.

The District is still in the process of seeking funding to extend the secondary system, in addition to that, the District established a subsidy fee that is charged to each culinary water customer that will be collected and set aside for the secondary water system expansion. In 2019 the Board of Trustees made the decision to cease charging this subsidy fee. The District will no longer be collecting this fee beginning 01/01/2019.

As always, the Board of Trustees, the Management Team, and Staff do their best to satisfy our customers and to improve our system. The District follows a master plan that is reviewed each year. The District is in the process of upgrading the master plan. The final plan is scheduled to be completed in 2019. The District has contracted in 2019 with Bowen Collins Associates to complete the plan for approximately \$99,000.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Magna Water District, Attention: District Manager, PO Box 303, Magna, Utah 84044.

BASIC FINANCIAL STATEMENTS

**MAGNA WATER DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

Assets

Current Assets:

Cash and cash equivalents	\$ 16,268,080
Receivables:	
Property tax	72,399
Customers, net	748,898
Other	385,183
Prepaid expenses	23,071
Inventories	<u>334,958</u>

Total Current Assets	<u><u>17,832,589</u></u>
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Noncurrent Assets:

Restricted cash and cash equivalents	19,620,794
Capital Assets:	
Capital assets not being depreciated	11,699,729
Capital assets being depreciated, net of accumulated depreciation	<u>49,786,015</u>
Total Capital Assets, net of accumulated depreciation	<u>61,485,744</u>

Water rights and shares held for sale	<u>40,284</u>
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Total Noncurrent Assets	<u><u>81,146,822</u></u>
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Total Assets	<u><u><u>98,979,411</u></u></u>
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Deferred Outflow of Resources

Assumption changes related to Pensions	<u>363,656</u>
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Total Deferred Outflow of Resources	<u><u><u>\$ 363,656</u></u></u>
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The accompanying notes are an integral part of these financial statements.

MAGNA WATER DISTRICT
STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2018

Liabilities

Current Liabilities:

Accounts payable	\$ 1,987,992
Accrued liabilities	371,413
Compensated absences	63,517
Retainage payable	300,587
Deferred revenue	353,143
Accrued Interest payable	133,691
Capital lease obligations - current	66,852
General obligation bonds payable - current	1,055,000
Revenue bonds payable - current	216,000
Water Resource loan payable - current	48,433

Total Current Liabilities	4,596,628
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Noncurrent Liabilities:

Net other postemployment benefits obligation	1,140,565
Capital lease obligations	215,429
General obligation bonds payable	19,193,400
Revenue bonds payable	5,075,000
Water Resource loan payable	448,262
Net Pension Liability	411,774

Total Noncurrent Liabilities	26,484,430
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Total Liabilities	31,081,058
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Net Position

Net investment in capital assets	48,641,094
Restricted:	
Debt service	636,530
Capital projects	5,209,951
Unrestricted	13,774,434

Total Net Position	\$ 68,262,009
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The accompanying notes are an integral part of these financial statements.

MAGNA WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

Operating Revenues:	
Water sales	\$ 4,178,221
Sewer service charges	3,344,500
Connection fees and other income	<u>497,550</u>
Total Operating Revenues	<u>8,020,271</u>
Operating Expenses:	
Salaries and benefits	3,057,304
Contractual services	551,471
Materials and supplies	1,265,410
Utilities	683,508
Depreciation and amortization	3,094,816
Lease expense	15,970
Other operating expenses	<u>620,482</u>
Total Operating Expenses	<u>9,288,961</u>
Operating Income (Loss)	<u>(1,268,690)</u>
Nonoperating Revenues (Expenses):	
Property tax revenue	3,270,568
Non-resident fee in lieu of property tax	53,707
Impact fees	440,450
Gain (loss) on sale of assets	321,092
Other non-operating income	213,301
Interest income	664,251
Interest expense	<u>(650,099)</u>
Total Nonoperating Revenues (Expenses)	<u>4,313,270</u>
Income Before Capital Contributions	<u>3,044,580</u>
Capital Contributions	<u>453,401</u>
Change In Net Position	3,497,981
Total Net Position, Beginning of Year as restated	<u>64,764,028</u>
Total Net Position, End of Year	<u><u>\$ 68,262,009</u></u>

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

**MAGNA WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Cash Flows From Operating Activities	
Receipts from customers and users	\$ 8,095,486
Payments to suppliers	(1,504,405)
Payments to employees	<u>(3,254,402)</u>
Net Cash From Operating Activities	<u>3,336,679</u>
Cash Flows From Noncapital Financing Activities	
Property tax collected for maintenance and operations	<u>1,439,136</u>
Net Cash From Noncapital Financing Activities	<u>1,439,136</u>
Cash Flows From Capital and Related Financing Activities	
Receipts from impact fees	440,450
Property tax collected for debt service	1,795,803
Fee in lieu of property tax	53,707
Proceeds from capital lease	337,605
Proceeds from capital debt	-
Purchases and construction of capital assets	(7,279,380)
Principal paid on capital debt	(1,355,953)
Payments on capital lease	(314,049)
Interest paid on capital debt	(717,763)
Receipts of non-operating revenues	213,301
Proceeds from sale of capital assets	547,084
Payment of debt issuance costs	<u>-</u>
Net Cash From Capital and Related Financing Activities	<u>(6,279,195)</u>
Cash Flows From Investing Activities	
Interest income	664,251
Proceeds from sale of water rights and shares	<u>8,325</u>
Net Cash From Investing Activities	<u>672,576</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(830,804)
Cash and Cash Equivalents, Beginning of Year	<u>36,719,678</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 35,888,874</u></u>

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

**MAGNA WATER DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Reconciliation of Operating Income to Net Cash From Operating Activities:

Operating Income (Loss)	\$ (1,268,690)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation and amortization	3,094,816
Non cash expenses related to OPEB	244,869
Non cash expenses related to pension costs	303,323
Changes in operating assets and liabilities:	
(Increase) Decrease in Current Assets :	
Receivables	(39,215)
Prepaid expenses	(8,744)
Inventories	(35,189)
Prepaid pension costs	-
Increase (Decrease) in Current Liabilities:	
Accounts payable	987,119
Accrued liabilities	(44,679)
Compensated absences	(9,419)
Retainage payable	242,927
Deferred revenue	114,430
Net other postemployment benefits obligation	(244,869)
Net Cash From Operating Activities	<u>\$ 3,336,679</u>

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

MAGNA WATER DISTRICT NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

Magna Water District, Utah (the District) is a local district governed by an elected three member board. Generally accepted accounting principles require that these financial statements present the government and its component units, entities for the government is considered to be financially accountable. The District was created July 7, 1949 by a resolution of the Board of County Commissioners of Salt Lake County. Salt Lake County has no oversight responsibility over the District and the District is not reported as a component unit of Salt Lake County. The District has no blended or discretely presented component units.

Measurement Focus and Basis of Accounting

The District is an enterprise fund, which is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

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

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.

Budgetary Procedures and Budgetary Accounting

Budgetary procedures for the District have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires the legal adoption of a budget for all funds. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting to the budget is the same basis as the financial statements.

A formal budget has been adopted and used as a control device during the year ended December 31, 2018.

The District follows the following procedures in its budgetary process:

1. During November of each year the District adopts a tentative annual budget for the upcoming calendar year.
2. The tentative budget is a public record and is available for the public inspection.
3. At least ten (10) days prior to the second Thursday in December of each year, the District publishes a notice of public hearing for the purpose of adopting a budget on the District's website and on the State's public notice website publicnotice.utah.gov.
4. On the second Thursday in December, the budget is formally adopted after consideration of public comment.

No budget is required to be presented with these financial statements. State law allows the District to amend the proprietary fund budget without public hearing or public notice.

MAGNA WATER DISTRICT NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Statement of Cash Flows

The District considers all highly liquid investments with a maturity of three months or less when purchased to be “cash equivalents”. All restricted and non-restricted cash amounts are considered to be cash and cash equivalents for statement of cash flow purposes.

Allowance for Doubtful Accounts

Accounts receivable are stated net of allowance for doubtful accounts of \$2,975. The allowance for doubtful accounts is based on the District’s prior collection experience.

Inventories

The District maintains inventories of pipe, repair parts, hydrants, and water meters. Inventories are stated at the lower of cost or market using the first in/first out (FIFO) method.

Property and Equipment

Property and equipment include land, buildings and improvements, water and sewer systems, water shares, and machinery and equipment. Property and equipment are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects as constructed. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. No interest was capitalized during the current year.

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

Water utility plant	20 to 50 years
Sewer utility plant	30 to 50 years
Buildings and structures	30 to 40 years
Equipment	3 to 15 years
Furniture and fixtures	5 to 10 years

Employee Benefits and Compensated Absences

The District provides pension, medical, dental, vision, and life insurance to its employees, most of which are negotiated by contract with the Teamsters Union. Employees are also provided paid holidays and vacation pay, which does not accumulate from year to year, but a maximum of 40 hours can be cashed out at the end of each year. Sick leave accumulates at a rate of one-half day per month, can be carried over from year to year without limitation, and is paid out in full upon termination of employment to the extent that an employee is not terminated for cause.

Property Tax Revenues

Property taxes are assessed and become a lien against the property on January 1st. Property taxes become delinquent after November 30th. The District’s tax rate for 2018 was 0.002084 which is comprised of 0.000667 for operations and maintenance, and 0.001417 for debt service. The statutory maximum set by the state for operations and maintenance is 0.000800. There is no statutory maximum for the reduction of general obligation bonds.

MAGNA WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Estimates

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

NOTE 2 CASH AND CASH EQUIVALENTS

Following are the components of the District's cash and investments at December 31, 2018:

Cash and cash equivalents	\$ 16,268,080
Restricted cash and cash equivalents	<u>19,620,794</u>
	<u><u>\$ 35,888,874</u></u>

The District follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) (the Act) in handling its depository and temporary investment transactions. This law requires the deposit of District funds in a "qualified depository." The Act defined 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 Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. However, the District does not have a separate deposit and investment policy that addresses the specific types of deposit and investment risk to which the District is exposed.

Custodial credit risk – deposits is the risk that in event of a bank failure, the District's deposits may not be returned to it. At December 31, 2018, the carrying amount of the District's deposits was \$15,288,117, and the bank balance was \$15,292,984. 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 deposits of public money at individual financial institutions, and the District follows these recommendations. Of the amounts held in deposit at December 31, 2018, \$14,792,984 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 investment in the Utah Public Treasurer's Investment Fund (PTIF) has no custodial credit risk.

Interest Rate Risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District invests in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risks 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 Investment Services or Standard and Poors; banker acceptance obligations 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

MAGNA WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)

variable rate securities rated “A” or higher by two nationally recognized statistical rating organizations as defined by the Act.

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 investment in the PTIF has no concentration of credit risk.

The District invests in the Utah Public Treasurer’s Investment Pool (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer’s Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participants’ share to the total funds in the PTIF based on the participants’ average daily balance. The PTIF allocates income and issues statements on a monthly basis. 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 value valuation factor. Additional information is available from the Utah State Treasurer’s Office.

The District measures its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs

The fair value of PTIF investments is measured using the Level 2 as noted above. Money Market Funds are considered Level 2.

	<u>Carrying Amounts</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating (1)</u>
Cash on hand and on deposit:				
Cash on hand	\$ 1,300	\$ 1,300	N/A	N/A
Cash on deposit	<u>15,288,117</u>	<u>15,288,117</u>	N/A	N/A
Total cash on hand and deposit	<u><u>\$ 15,289,417</u></u>	<u><u>\$ 15,289,417</u></u>		
Investments				
State of Utah Public Treasurer's				
Investment Fund	\$ 20,367,017	\$ 20,361,471	N/A	N/A
Money Market Funds	<u>232,440</u>	<u>232,440</u>		
Total investments	<u><u>\$ 20,599,457</u></u>	<u><u>\$ 20,593,911</u></u>		

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

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 CAPITAL ASSETS

The District depreciates its capital assets using the straight-line method. A summary of the capital asset activity for the year ended December 31, 2018 is as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Capital Assets, not being depreciated:				
Land	\$ 1,868,730	\$ -	\$ (14,000.00)	\$ 1,854,730
Water rights, water shares, and easements	608,645	31,457	-	640,102
Construction in progress	2,543,349	6,685,157	(23,607)	9,204,899
Total Capital Assets, not being depreciated	5,020,724	6,716,614	(37,607)	11,699,731
Capital Assets, being depreciated:				
Buildings and improvements	4,528,845	-	(481,984)	4,046,861
Water system	49,877,360	188,886	(33,929)	50,032,317
Secondary water system	6,251,693	170,959	(2,598)	6,420,054
Sewer treatment plant	24,745,267	44,558	-	24,789,825
Sewage collection lines	9,451,249	130,655	-	9,581,904
Machinery and equipment	2,624,295	509,446	(422,630)	2,711,111
Total Capital Assets, being depreciated	97,478,709	1,044,504	(941,141)	97,582,072
Total Capital Assets	102,499,433	7,761,118	(978,748)	109,281,803
Less Accumulated Depreciation:				
Buildings and improvements	(543,995)	(134,895)	467,395	(211,495)
Water system	(22,569,284)	(1,668,338)	33,929	(24,203,693)
Secondary water system	(1,615,563)	(195,010)	2,508	(1,808,065)
Sewer treatment plant	(13,168,265)	(634,490)	-	(13,802,755)
Sewage collection lines	(6,172,769)	(238,288)	-	(6,411,057)
Machinery and equipment	(1,296,512)	(223,795)	161,313	(1,358,994)
Total Accumulated Depreciation	(45,366,388)	(3,094,816)	665,145	(47,796,059)
Capital Assets, net	\$ 57,133,045	\$ 4,666,302	\$ (313,603)	\$ 61,485,744

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 LONG TERM OBLIGATIONS

The following is a summary of long-term debt obligations of the District for the year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 20,280,000	\$ -	\$ (1,030,000)	\$ 19,250,000	\$ 1,055,000
Premiums	1,058,866	-	(60,466)	998,400	-
Revenue bonds	5,569,000	-	(278,000)	5,291,000	216,000
Total bonds payable	26,907,866	-	(1,368,466)	25,539,400	1,271,000
Water resource loan	544,648	-	(47,953)	496,695	48,433
Capital leases	258,725	337,605	(314,049)	282,281	66,852
Total Long-Term Liabilities	\$ 27,711,239	\$ 337,605	\$ (1,730,468)	\$ 26,318,376	\$ 1,386,285

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds that were issued in prior years with amounts still outstanding as of December 31, 2018 was \$22,220,000.

General Obligation bonds are direct obligation and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

Purpose	Issue Date	Original Borrowing	Interest Rates	Final Maturity	Amount
Refunding	2013	8,245,000	2.00 - 3.00%	2029	\$ 5,755,000
Water treatment facilities	2017	13,975,000	2.00 - 3.00%	2037	13,495,000
					<u>\$ 19,250,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 1,055,000	\$ 589,275	\$ 1,644,275
2020	1,090,000	557,625	1,647,625
2021	1,120,000	524,200	1,644,200
2022	1,160,000	488,509	1,648,509
2023	1,190,000	450,881	1,640,881
2024-2028	5,845,000	1,632,591	7,477,591
2029-2033	4,220,000	835,631	5,055,631
2034-2038	3,570,000	218,400	3,788,400
Total	<u>\$ 19,250,000</u>	<u>\$ 5,297,112</u>	<u>\$ 24,547,112</u>

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 LONG TERM OBLIGATIONS (Continued)

Covenant Requirements

Both the 2013 and the 2017 bond agreements require the District to levy all taxable property, in addition to all other taxes, a direct annual tax sufficient to pay the principal and interest on these bonds.

Revenue Bonds

The District also issues bonds where the District pledges income derived from the acquired or constructed assets to pay debt service. The original amount of revenue bonds issued in prior years with amounts still outstanding as of December 31, 2018 was \$7,100,000. Revenue bonds outstanding at year end are as follows:

Purpose	Issue Date	Original Borrowing	Interest Rates	Final Maturity	Amount
Water treatment plant	2007	7,100,000	1.50%	2039	5,291,000
					<u>\$ 5,291,000</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 216,000	\$ 79,365	\$ 295,365
2020	219,000	76,125	295,125
2021	223,000	72,840	295,840
2022	226,000	69,495	295,495
2023	230,000	66,105	296,105
2024-2028	1,200,000	277,815	1,477,815
2029-2033	1,293,000	185,040	1,478,040
2034-2038	1,393,000	85,155	1,478,155
2039-2043	291,000	4,365	295,365
Total	<u>\$ 5,291,000</u>	<u>\$ 916,305</u>	<u>\$ 6,207,305</u>

Reserve requirements

The District is required to establish reserve accounts to provide for proper service of the 2007 Water Revenue Bonds. Following is a description of these reserve accounts.

The District is required to make monthly contributions to a Reserve Account to be used to pay principal falling due on the 2007 Bonds at any time when there are not sufficient funds to pay the same. Required monthly contributions to this Reserve Account are \$4,935 until the account balance reaches \$296,105. As of December 31, 2018, required reserve fund balances were fully funded.

The District is also required to set aside funds sufficient to cover debt service principal and interest payments for the succeeding year. As of December 31, 2018, required reserve fund balances were fully funded.

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 LONG TERM OBLIGATIONS (Continued)

Required reserve fund balances as of December 31, 2018 are as follows:

	2007 Series	
	Amount Required	Amount on Deposit
Reserve accounts	\$ 296,105	\$ 296,105
Debt service accounts	295,365	295,365
Total reserve requirements	<u>\$ 591,470</u>	<u>\$ 591,470</u>

Water Resource Loan

The District has entered into an agreement with the State of Utah Division of Water Resources (State) for the construction of a secondary water system. The State agreed to advance the District \$1,175,000 at an annual interest rate of 1.00% to fund construction on the project.

Annual debt service requirements to maturity for the Water Resource loan are as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 48,433	\$ 4,967	\$ 53,400
2020	48,917	4,483	53,400
2021	49,407	3,993	53,400
2022	49,901	3,499	53,400
2023	50,400	3,000	53,400
2024-2028	249,638	7,340	256,978
2028	-	0	
Total	<u>496,695</u>	<u>27,283</u>	<u>\$ 523,978</u>

Capital Leases

The District has entered into lease agreements as lessee for financing the acquisition of various vehicles. The leases carry interest rate of 3.620% and maturity dates in 2022. During 2018, the District returned the vehicles from all previous capital leases and then subsequently entered into a new capital lease agreements. These new lease agreement qualify as capital lease for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Total depreciation expense for the leased vehicles was \$17,468 for the year ended December 31, 2018 and is included in depreciation and amortization on the statement of revenues, expenses, and changes in net position. Interest expense related to the leases was \$7,639 for the year ended December 31, 2018.

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 334,305
Less: Accumulated depreciation	<u>(17,468)</u>
Total	<u>\$ 316,837</u>

**MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 4 LONG TERM OBLIGATIONS (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2018, were as follows:

Year Ending December 31,	Payments
2019	\$ 77,070
2020	77,071
2021	77,070
2022	<u>77,071</u>
Total minimum capital lease payments	308,282
Less: amounts representing interest	<u>(26,001)</u>
Present value of net minimum capital lease payments	282,281
Less: current portion	<u>(66,852)</u>
Long-term capital lease obligations	<u><u>\$ 215,429</u></u>

NOTE 5 UNION EMPLOYEES PENSION PLAN

Most full-time District employees are members of the Western Conference Teamsters Pension Plan (the Plan). The Plan is a cost-sharing multiple-employer defined benefit pension plan. The Plan is administered by the Board of Trustees of the Plan, who have authority to amend the benefits provided by the Plan. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. As of December 31, 2018 there were 19 employees participating in the Plan. Participants in the Plan normally must be vested over a five-year period prior to receiving benefits.

The District makes pension contributions to the Plan, on behalf of covered employees at the rate of \$4.75 \$4.90 and \$5.05 an hour for the years ended December 31, 2017, 2018 and 2019. The contribution rates of the district are determined pursuant to a collective-bargaining agreement, covering the period June 1, 2015 through May 31, 2019. The Plan has no minimum contribution requirements. If the District withdraws from the Plan, they will be liable to the Plan in the amount determined under the Plan's Agreement & Declaration of Trust section 10 which can be found at <http://www.wctpension.org/forms-documents-webcasts/plan-documents>.

The WCTPP issues a publicly available financial report which can be obtained at <http://www.wetpension.ort/forms-documents-webcasts/plan-documents>. Additional information regarding the Plan may be obtained by accessing the aforementioned audited financial report.

District contributions to the Plan were \$227,391, \$207,315, and \$210,274, for 2018, 2017, and 2016, respectively. The District did not have any amount due the Plan as of December 31, 2018.

NOTE 6 NON-UNION EMPLOYEES PENSION PLAN

Plan Description. The Magna Water District Defined Benefit Plan (the Plan) is a single-employer defined benefit plan. The Plan's provisions were adopted by a resolution of the Water District's Board of Trustees, which appoints those who serve as trustees of the Plan. Any amendments to the plan are adopted by a resolution of the Water District's Board of Trustees.

MAGNA WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 NON-UNION EMPLOYEES PENSION PLAN (Continued)

Benefits provided. The Plan covers all eligible employees and provides retirement benefits to plan members and their beneficiaries. Eligible employees are the executive employees who do not qualify to participate in the Union Employees Pension Plan described in the previous note. Retirement benefits are as follows:

<u>Years of service required</u>	<u>Age eligibility for benefit</u>	<u>Monthly Benefit amount per year</u>
5 years	Must be age 55 or older	\$204.38 per year of credited service

Participation. As of December 31, 2018, there were 4 active participants, -0- inactive participants and -0- retirees and beneficiaries.

Contributions. Through December 31, 2018 contributions to the Plan were recommended by the annual actuarial report and are approved by the Water District's Board of Trustees. As of January 1, 2014 a contribution bases on a fixed dollar amount was approved by the Water District's Board of Trustees. The dollar amount will be reviewed by the Board of Trustees annually as updated actuarial valuation reports become available. The Board of Trustees approved a contribution of \$188,030 for 2016, \$120,419 for 2017, \$143,000 for 2018, and \$118,000 for 2019 through 2035. This contribution rate is consistent with the Water District's adopted Plan funding policy which is focused on keeping the Plan's funding at 100% within 8 years. Post 2034 contributions are assumed equal to the \$118,000 from the 01/01/2019 plan funding valuation. The actual amount contributed by the employer during the 2018 fiscal year was \$143,000.

Reporting. The Plan issues a publicly available financial report that includes statements and required supplementary information of that plan. This report may be requested from the Water District's Controller's office.

By Mail: Magna Water District
District Controller's Office
8885 West 3500 South
Magna, UT 84044
By Email: leisle@magnawater.com
By Phone: 801-250-2118 ext. 107

Net Pension Liability: At December 31, 2018, the District reported a net pension liability of \$411,774. The net pension liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures.

Deferred outflows of resources and deferred inflows of resources: At December 31, 2018, the District reported deferred outflows of resources and deferred inflows related to pensions from the following sources:

	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>
Differences between expected and actual experience	\$ -	\$ 79,413
Changes of assumptions		254,441
Net difference between projected and actual earnings		29,802
Contributions made subsequent to measurement date		
Total	\$ -	\$ 363,656

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 NON-UNION EMPLOYEES PENSION PLAN (Continued)

Average remaining service as of the beginning of the year is: 10.25

Year ended December 31	Deferred outflows (inflows of resources)
2019	59,368
2020	59,368
2021	59,368
2022	59,368
Thereafter	126,185

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0%
Salary increases	0%
Investment rate of return	5%
Mortality	1994 Group annuity mortality table using blended rate No pre-retirement mortality was used.

Long-term rate of return. The long-term rate of return is selected by the Plan's Pension Committee after a review of expected inflation and long-term real returns, reflecting volatility and correlation. Best estimates of arithmetic real rates of return for major asset class included in the Plan's target asset allocations as of December 31, 2018 are summarized in the table below:

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Return
Cash & Fixed Income	100%	3.00%	3.00%
Mutual Funds	0%	0.00%	0.00%
Total	100%		3.00%
		Inflation	2.00%
		Expected arithmetic nominal return	5.00%

The 5% assumed investment rate of return is comprised of an inflation rate of 2% and a real return of 3%.

Discount rate. The discount rate used to measure the total pension liability was 5%. The projection of cash flows used to determine the discount rate assumed contributions rates as recommended by the District's Pension Committee and approved by the Board of Trustees. Based on the assumptions, the pension plan fiduciary net position was projected to be available to make all projected future benefit payments on current active and inactive participants. 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 following sensitivity analysis assumes rate volatility of plus and minus one percent of the discount rate of 5%.

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 NON-UNION EMPLOYEES PENSION PLAN (Continued)

	1% Decrease 4%	Discount Rate 5%	1% increase 6%
Total pension liability	\$ 1,583,344	\$ 1,449,224	\$ 1,399,692
Fiduciary net position	1,037,450	1,037,450	1,037,450
Net pension liability	545,893	411,774	362,241

Schedule of funding progress. The following tables show the pension plan's funding progress over the past 5 years.

Year ended	Actuarial determined contribution	Actual employer contribution	% of actual to actuarial contribution	Balance net pension obligation/ prepaid
12/31/2018	\$ 110,308	\$ 143,000	129.64%	\$ 32,692
12/31/2017	130,018	120,419	92.62%	(9,599)
12/31/2016	92,570	188,030	203.12%	95,460
12/31/2015	101,980	257,245	252.25%	155,265
12/31/2014	79,336	119,526	150.66%	40,190
12/31/2013	87,908	91,092	103.62%	3,184

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded AAL (UAAL)	Funded ration	Approximate covered payroll	UAAL as a % of covered payroll
12/31/2018	\$ 1,037,450	\$ 1,449,224	\$ 411,774	71.59%	\$ 537,984	76.54%
12/31/2017	\$ 951,912	\$ 1,337,682	\$ 385,770	71.16%	\$ 544,150	70.89%
12/31/2016	\$ 814,575	\$ 1,017,441	\$ 202,866	80.06%	\$ 404,799	50.12%
12/31/2015	\$ 613,688	\$ 955,070	\$ 341,382	64.26%	\$ 407,340	83.81%
12/31/2014	\$ 416,028	\$ 462,164	\$ 46,136	90.02%	\$ 355,160	12.99%
12/31/2013	\$ 455,985	\$ 431,710	\$ (24,275)	105.62%	\$ 368,051	-6.60%

NOTE 7 UNION EMPLOYEES OTHER POSTEMPLOYMENT BENEFITS

In accordance with the Union contract, the District contributes at the rate of \$111.66 per active employee per month to the Utah-Idaho Teamsters Security Fund, which in turn provides post-retirement healthcare benefits to all eligible retired employees. Contributions to the fund amounted to \$26,240 for 2018.

NOTE 8 NON-UNION EMPLOYEES OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The District administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses by purchasing health insurance. It also provides life and long-term care insurance for eligible retirees through age 75. Benefit provisions are established by the Board of Trustees and are defined in the District's Administrative Rules and Regulations. No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement 75. The OPEB Plan does not issue a publicly available financial report.

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 NON-UNION EMPLOYEES OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy. The District contributes 100 percent of the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2018, the District contributed \$33,454 to the OPEB Plan. The OPEB Plan is financed on a pay-as-you-go basis. It is the current policy of the District to set aside funds in a separate interest-bearing account, which is held by the District, in order to help meet, at least partially, the anticipated obligations of the OPEB Plan. As of December 31, 2018, the District had set aside \$1,391,015 for the purpose of funding current and future OPEB obligations. However, as these funds are not held in trust and are unrestricted assets of the District, as no external restriction has been placed upon them, they are not considered assets of the OPEB Plan.

Employees covered by benefit terms. At December 31, 2018 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	5
	<hr/> 7

Schedule of Changes in Total OPEB Liability for the Year Ended December 31, 2018

The components of the Magna Water District's Total OPEB Liability as of December 31, 2018 were as follows:

Total OPEB Liability (TOL)

Service cost at beginning of year	\$ 36,839
Interest on TOL plus service cost, less 1/2 benefit payments	45,580
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<hr/> (33,454)
Net change in Total OPEB Liability	48,965
 Total OPEB Liability - beginning	 <hr/> 1,091,600
Total OPEB Liability - ending	\$ 1,140,565

Schedule of Collective Deferred Inflows and Deferred Outflows for the Year Ended December 31, 2018

The current balances of collective deferred outflows and deferred inflows of resources as of December 31, 2018 were as follows:

	Deferred Outflows of resources	Deferred Outflows of resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	<hr/> -	<hr/> -
	\$ -	\$ -

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 NON-UNION EMPLOYEES OTHER POSTEMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows of resources	Deferred Outflows of resources
2019	\$ -	\$ -
2020	-	-
2021	-	-
2022	-	-
2023	-	-
2024	-	-
2025	-	-
2026	-	-

These schedules are projected and are subject to revision as of December 31, 2019 for experience gains and losses between the valuation date and December 31, 2019; specifically, benefit payments greater than or less than expected, and any required changes in discount rate.

The average of expected remaining service lives was 7.220 as of December 31, 2017 and December 31, 2018 measurement dates.

Schedule of Collective Deferred Inflows and Deferred Outflows for the Year Ended December 31, 2018

The annual OPEB Expense recognized by the District can be calculated as the changes in the amounts reported on the Statement of Net Position that are not attributable to employer contributions. It is the change in Total OPEB Liability minus the changes in deferred outflows plus the changes in deferred inflows plus employer contributions.

The components of the annual OPEB Expense for the District as of December 31, 2018 were as follows:

Total OPEB Liability as of December 31, 2017 (a)	\$ 1,091,600
Total OPEB Liability as of December 31, 2018 (b)	1,140,565
Change in Total OPEB Liability [(b)-(a)]	\$ 48,965
Change in Deferred Outflows	-
Change in Deferred Inflows	-
Employer Contributions*	33,454
OPEB Expense	\$ 82,419

* Actual pay-as-you-go.

Total OPEB Liability

The district's Total OPEB Liability of \$1,140,565 was based on the actuarial valuation as of December 31, 2018 and a measurement date of December 31, 2018. For purposes of implementation of GASB 75, the Total OPEB Liability as of the beginning of 2018, based on the same actuarial valuation but using a measurement date of December 31, 2017, was \$1,091,600. In determining this number, the results of the December 31, 2018 actuarial valuation were rolled back to the December 31, 2017 measurement date using standard actuarial techniques. There were no gains or losses for experience different than assumed or changes in actuarial assumptions for the initial year of implementation, due to use of actual 2018 benefit payments and a single discount rate for the year.

MAGNA WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 NON-UNION EMPLOYEES OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions. The Total OPEB Liability was determine using an actuarial valuation as of December 31,2018, using the following actuarial assumptions:

Inflation	2.25%
Salary increases	3.00%, average, including inflation
Discount rate	4.10%, net of investment expense, including inflation
Healthcare cost trend rates	8.00% for 2018, decreaseing to 5.00% for 2021 and after
Retirees' share of cost	Retirees pay the balance of the premium after District percentage that depends on classification, year of hire, and years of service at retirement.

The discount rate was based on the bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 20147 through 2029, 50% of MP-2016 for years 2030 through 2049. And 20% of MP-2016 for 2050 and thereafter.

All actuarial assumptions used in measuring the Total OPEB Liability are described beginning on page 13 of the actuarial report. The assumptions were based on plan experience through December 31, 2018. The actuarial cost method used for measuring the Total OPEB Liability for purposes of GASB 75 was Entry Age, Level Percent of Pay.

Sensitivity of Total OPEB Liability to changes in the discount rate. The following presents the District's Total OPEB Liability as of December 31, 2018 calculated using the discount rate of 4.10%, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher(5.10%) than the current rate:

	1% Decrease (3.10%)	Current Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	\$ 1,336,479	\$ 1,140,565	\$ 983,163

Sensitivity of the Total OPEB Liability to changes in the healthcare trend rates. The following presents the District's Total OPEB Liability as of December 31, 2018, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower (7.0% grading down to 4.0%) or 1 percentage point higher (9.0% grading down to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Current Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB Liability	\$ 981,313	\$ 1,140,565	\$ 1,341,189

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 DEFINED CONTRIBUTION PLAN

Eligible (non-union) employees of the District may participate in the Magna Water District 401(k) Plan. The 401(k) Plan permits additional matching contributions up to three percent of eligible employee compensation. The District contributed \$15,805, \$15,343, and \$16,455 for the years ended December 31, 2018, 2017, and 2016, respectively.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; and natural disasters for which the District purchased insurance through commercial policies. There were no significant reductions in coverage from the prior year, and there have not been any claims settled in excess of coverage for the past three years.

NOTE 11 COMMITMENTS

The District has entered into an agreement with the Jordan Valley Water Conservancy District to purchase a minimum of 800 acre feet of water annually. During the year ended December 31, 2017 the District purchased 767.05 acre feet, at a cost of \$313,818.

The District has construction commitments outstanding at year end for projects which have been awarded totaling approximately \$14,000,000. As of December 31, 2018, the District had approximately \$12,200,000 remaining to pay on these contracts, for which no liability has been recorded because the contractor(s) have not yet performed the contract(s).


NOTE 12 CONTINGENCIES

Contamination of the groundwater aquifer by perchlorate, a potentially hazardous substance leaked into the groundwater by private industry and the federal government, has been studied and closely monitored by the District and the private industry firm currently involved. The private firm has been paying a portion of the District's costs of these efforts. The District and the firm entered into an agreement in December 2005 concerning the removal of perchlorate from water produced by three of the District's wells. Under the agreement, the firm agreed to pay for a substantial portion of the new treatment facility constructed by the District and for a portion of the operation and maintenance of that facility. The District issued bonds to finance this treatment facility and during 2017 the District received \$-0- (fixed service cost) from the private industrial firm in connection with this agreement, which is reflected as other non-operating income on the statement of revenues, expenses, and changes in net position. The District did not receive any funds for the fixed service costs due to the fact that those payments were for a length of time only, and the last payment for the fixed service costs was received in 2015. The District also accrued as receivable approximately \$213,000 in variable service costs from the private industrial firm in connection with its share of operations and maintenance costs of the facility, which is reflected as other non-operating income on the statement of revenues, expenses, and changes in net position. The agreement that was signed in 2005 has been renewed, having expired in 2015. The new agreement still states that the private industrial firm involved will make operation and maintenance contributions to assist on the ongoing maintenance of the treatment plant. The new agreement, as in the old agreement, has a provision for a partial refund to the firm if future perchlorate standards merit such a refund. There is also a limited waiver of liability for the firm, subject to the terms and conditions of the agreement.

MAGNA WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 PRIOR PERIOD ADJUSTMENTS

In 2018 the District has implemented the Governmental Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the net effect of GASB 75 was \$293,834

	2018
Total Net Position, January 1	\$ 64,470,194
Restatements	
Net effect of implementing GASB 75	<u>293,834</u>
Restated Total Net Position, January 1	 <u><u>\$ 64,764,028</u></u>

REQUIRED SUPPLEMENTAL INFORMATION

MAGNA WATER DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
Years ended December 31, 2018 and four preceding years

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - 10 YEARS

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 45,688	\$ 47,685	\$ 32,718	\$ 34,243	\$ 75,558
Interest on total pension liability	69,169	53,257	49,389	24,820	33,039
Effect on economic/demographic (gains) or losses	(179,274)	(62,648)	(333,724)	65,248	-
Effect of assumption changes and inputs	254,441	281,948	313,988	368,595	-
Benefit payments	(78,482)	-	-	-	(231,637)
Net change in total pension liability	<u>\$ 111,542</u>	<u>\$ 320,242</u>	<u>\$ 62,371</u>	<u>\$ 492,906</u>	<u>\$ (123,040)</u>
Total pension liability, beginning	\$ 1,337,683	\$ 1,017,441	\$ 955,070	\$ 462,164	\$ 585,204
Total pension liability, ending (a)	1,449,225	1,337,683	1,017,441	955,070	462,164
FIDUCIARY NET POSITION					
Employer contributions	\$ 143,000	\$ 120,419	\$ 188,030	\$ 257,245	\$ 119,526
Investment income net of investment expenses	21,020	16,919	12,857	9,629	2,940
Benefit payments	(78,482)	-	-	-	(231,637)
Administrative expenses	-	-	-	-	-
Net change in plan fiduciary net position	<u>\$ 85,538</u>	<u>\$ 137,338</u>	<u>\$ 200,887</u>	<u>\$ 266,874</u>	<u>\$ (109,171)</u>
Fiduciary net position, beginning	\$ 951,913	\$ 814,575	\$ 613,688	\$ 346,814	\$ 455,985
Fiduciary net position, ending (b)	1,037,451	951,913	814,575	613,688	346,814
Net pension liability, ending (a) - (b)	411,774	385,770	202,866	341,382	115,350
Fiduciary net position as a % of total pension liability	71.59%	71.16%	80.06%	64.26%	75.04%
Covered payroll	\$ 537,984	\$ 544,150	\$ 404,799	\$ 407,340	\$ 355,160
Net pension liability as a % of covered payroll	76.54%	70.89%	50.12%	83.81%	32.48%

This schedule is intended to present 10 years of information. Subsequent years will be added as the information becomes available.

MAGNA WATER DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION (Continued)
Years ended December 31, 2009 through 2018

STATEMENT OF REQUIRED EMPLOYER CONTRIBUTION - 10 YEARS

Year	Actuarial determined contribution	Contributions in relation to Actuarial determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of Covered-employee payroll
2018	\$ 110,308	\$ 143,000	\$ (32,692)	\$ 537,984	26.58%
2017	130,018	120,419	9,599	544,150	22.13%
2016	92,570	188,030	(95,460)	404,799	46.45%
2015	101,980	257,245	(155,265)	407,340	63.15%
2014	79,336	119,526	(40,190)	355,160	33.65%
2013	87,908	91,092	(3,184)	368,051	24.75%
2012	93,980	18,778	75,202	354,104	5.30%
2011	93,980	91,092	2,888	353,342	25.78%
2010	92,814	115,793	(22,979)	455,185	25.44%
2009	66,274	91,092	(24,818)	232,081	39.25%

Note 1 - Valuation Date

The valuation date is January 1, 2018. This is the date as of which the actuarial valuation was performed. The Measurement Date is December 31, 2018. This is the date as of which the net pension liability is determined. The Reporting Date is December 31, 2018. This is the employer's fiscal year ending date.

Note 2 - Methods and Assumptions used to determine contribution rates

Actuarial cost method	Entry Age Normal
Asset valuation method	Current Asset Values
Discount rate	5.00%
Expected long-term rate of return on plan assets	5.00%
Projected salary increases incorporated into the calculation	0
Projection inflation rate increases	0
Projected rate of post-retirement benefit cost increases	0
Mortality table	1994 GAM Blended

OTHER SUPPLEMENTAL INFORMATION

**MAGNA WATER DISTRICT
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For The Year Ended December 31, 2018**

Operating Revenues:

Charges for services:

Water sales - culinary	\$ 3,878,771
Water sales - secondary	299,450
Sewer service charges	3,344,500
Connection fees and other income	<u>497,550</u>

Total Operating Revenues	<u>8,020,271</u>
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Operating Expenses:

Salaries and benefits:

Salaries and wages - plant	1,037,324
Salaries and wages - office	698,246
Trustees' salaries	15,000
Payroll taxes and fringe benefits	<u>1,306,734</u>

Total salaries and benfits	<u>3,057,304</u>
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Contractual services:

Legal	112,186
Lobbyist fees	-
Accounting	12,500
Engineering	288,333
Data processing services	40,168
Janitorial	6,700
Lab and testing	83,795
Payroll	<u>7,789</u>

Total contractual services	<u>551,471</u>
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Materials and supplies:

Repairs, maintenance, and supplies	867,035
Office supplies and postage	84,557
Water purchased	<u>313,818</u>

Total materials and supplies	<u>1,265,410</u>
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Utilities:

Electricity and fuel for water production and sewer processing	613,429
Office and general, electricity and fuel	6,967
Telephone and paging	<u>63,112</u>

Total materials and supplies	<u>683,508</u>
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Depreciation and amortization	<u>3,094,816</u>
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**MAGNA WATER DISTRICT
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION (Continued)
For The Year Ended December 31, 2018**

Lease expense	<u>15,970</u>
Other operating expenses:	
Transportation	83,689
Bad debts	16,982
Insurance	125,942
Training	25,672
Miscellaneous	<u>368,197</u>
Total other operating expenses	<u>620,482</u>
Operating Income (Loss)	<u>(1,268,690)</u>
Nonoperating Revenues (Expenses):	
Property tax revenue	3,270,568
Non-resident fee in lieu of property tax	53,707
Impact fees	440,450
Gain (loss) on sale of assets	321,092
Other non-operating income	213,301
Interest income	664,251
Interest expense	(650,099)
Debt issuance costs	<u>-</u>
Total Nonoperating Expenses	<u>4,313,270</u>
Income Before Capital Contributions	3,044,580
Capital Contributions	<u>453,401</u>
Change In Net Position	<u>\$ 3,497,981</u>

MAGNA WATER DISTRICT
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION – COMPARED TO BUDGET
For The Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating Revenues:				
Water sales	\$ 3,860,000	\$ 3,860,000	\$ 4,178,221	\$ 318,221
Sewer service charges	3,125,000	3,342,206	3,344,500	2,294
Connection fees and other income	387,900	387,900	497,550	109,650
Total Operating Revenues	7,372,900	7,590,106	8,020,271	430,165
Operating Expenses:				
Salaries and benefits	2,986,000	2,986,000	3,057,304	(71,304)
Contractual services	411,300	411,300	551,471	(140,171)
Materials and supplies	1,625,300	1,625,300	1,265,410	359,890
Utilities	769,400	769,400	683,508	85,892
Depreciation and amortization	3,440,000	3,440,000	3,094,816	345,184
Lease expense	27,000	27,000	15,970	11,030
Other operating expenses	567,300	567,300	620,482	(53,182)
Total Operating Expenses	9,826,300	9,826,300	9,288,961	537,339
Operating Income (Loss)	(2,453,400)	(2,236,194)	(1,268,690)	(107,174)
Nonoperating Revenues:				
Property tax revenue	2,938,546	2,641,267	3,270,568	629,301
Non-resident fee in lieu of property tax	60,000	60,000	53,707	(6,293)
Impact fees	430,000	470,037	440,450	(29,587)
Gain (loss) on sale of assets	8,500	8,500	321,092	312,592
Other non-operating income	180,000	180,000	213,301	33,301
Intergovernmental revenue	-	-	-	-
Interest income	180,000	180,000	664,251	484,251
Total Nonoperating Revenues	3,797,046	3,539,804	4,963,369	1,423,565
Nonoperating Expenses:				
Interest expense	708,039	708,039	650,099	57,940
Debt issuance costs	-	-	-	-
Total Nonoperating Expenses	708,039	708,039	650,099	57,940
Income Before Capital Contributions	635,607	595,571	3,044,580	1,258,451
Capital Contributions	480,000	520,037	453,401	(66,636)
Change In Net Position	\$ 1,115,607	\$ 1,115,608	\$ 3,497,981	\$ 1,191,815

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2019 Bonds, Gilmore & Bell, P.C., Bond Counsel to the District, proposes to issue their final approving opinion in substantially the following form.

We have acted as bond counsel for Magna Water District, Utah (the “Issuer”), in connection with the issuance by the Issuer of its \$8,025,000 General Obligation Bonds, Series 2019 (the “Bonds”) pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and other applicable provisions of law; (ii) a resolution of the Issuer adopted on July 11, 2019 (the “Resolution”), which provides for the issuance of the Bonds; and (iii) a bond election held within the Issuer on November 8, 2016.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Resolution has been duly adopted by the Issuer and constitutes valid and binding obligations of the Issuer enforceable upon the Issuer.
2. The Bonds are valid and binding general obligations of the Issuer for the payment of which the full faith and credit of the Issuer are pledged and for the payment of which ad valorem taxes may be levied on all taxable property within the boundaries of the Issuer without limit as to rate or amount.
3. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.
4. Interest on the Bonds is exempt from State of Utah individual income taxes.
5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

We express no opinion herein regarding the accuracy, completeness or sufficiency of any offering material relating to the Bonds.

The rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Respectfully submitted,

APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by Magna Water District, Utah (the “Issuer”) in connection with the issuance of the Issuer’s General Obligation Bonds, Series 2019 in the aggregate principal amount of \$8,025,000 (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Issuer adopted on July 11, 2019 (the “Resolution”). The Issuer covenants and agrees as follows:

1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below).

2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and the website address of which is www.msrb.org and www.emma.msrb.org (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the Issuer dated August 29, 2019, relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports. (a) The Issuer shall prepare an Annual Report and shall, or shall cause the Dissemination Agent to, not later than seven (7) months after the end of each fiscal year of the Issuer (presently December 31) commencing with the fiscal year ended December 31, 2019, provide an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than fifteen (15) business days prior to said date, the Issuer shall provide its respective Annual Report to the Dissemination Agent (if other than the Issuer). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the Issuer may be submitted separately from the balance of their Annual Reports.

(b) If the Issuer is unable to provide an Annual report on or after the date required in subsection (a), the Issuer shall send electronic notice to the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the dates for providing the Annual Report of the Issuer, the website address to which the MSRB directs the Annual Report to be submitted; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of the Issuer's annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If the Issuer's audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the information of the type contained in tables in the Official Statement under the headings "DEBT STRUCTURE OF MAGNA WATER DISTRICT, UTAH," "FINANCIAL INFORMATION REGARDING MAGNA WATER DISTRICT, UTAH—Five-Year Financial Summaries," and "—Historical Ad Valorem Tax Rates," "—Taxable, Fair Market and Market Value Of Property," "—Historical Summaries Of Taxable Value Of Property," "—Tax Collection Record," and "—Some Of The Largest Taxpayers."

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such document incorporated by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but not more than ten (10) Business Days after the event:

(i) Principal and interest payment delinquencies;

- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings;
- (ix) Rating changes; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- (ii) Appointment of a successor or additional trustee or the change of the name of a trustee;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Bonds;
- (v) Bond calls;
- (vi) Release, substitution or sale of property securing repayment of the Bonds; or
- (vii) Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bond holders.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under Section 5(b), whether because of a notice from the Paying Agent or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall promptly notify the

Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the Issuer determines that the Listed Event under Section 5(b) would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in an electronic format in a timely manner not more than ten (10) Business Days after the Listed Event. ·

6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the earlier of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, without the consent of the holders of the Bonds, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver does not, in and of itself, cause the undertakings herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Undertaking, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Undertaking shall be an action to compel performance.

11. Duties, Immunities and, Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance

of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence, gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: September 12, 2019.

MAGNA WATER DISTRICT

Chair

ATTEST AND COUNTERSIGN:

Controller

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APPENDIX D

BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at dtcc.com.

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019 Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to

provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2019 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2019 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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