

**WASHINGTON COUNTY
WATER CONSERVANCY DISTRICT**

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1 - 2
MANAGEMENT’S DISCUSSION AND ANALYSIS	3 - 10
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position - Proprietary Fund	17
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	18
Statement of Cash Flows - Proprietary Fund	19
Notes to the Financial Statements	20 - 42
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	43
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Virgin River Program	44
Schedule of the Proportionate Share of the Net Pension Liability	45
Schedule of Contributions	46
Notes to Required Supplementary Information	47
OTHER SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	48
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual - Proprietary Fund	49
Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50 - 51
Independent Auditor’s Report on State Legal Compliance	52 - 53
Schedule of State Findings	54

HAFEN | BUCKNER

Certified Public Accountants

hbeg.com

90 East 200 North
St. George, UT 84770
(435) 673-6167

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Washington County Water
Conservancy District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Washington County Water Conservancy District as of and for the year ended December 31, 2020, 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 statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 basic financial statements are free of 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 District'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 District'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 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 the governmental activities, the business-type activities, and

each major fund of the Washington County Water Conservancy District, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2021 on our consideration of the District's internal control over financial reporting and 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 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.

Hafen Buckner, Everett & Graff, PC

HAFEN, BUCKNER, EVERETT, & GRAFF, PC

August 13, 2021

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Management's Discussion and Analysis

December 31, 2020

This section of Washington County Water Conservancy District's report presents management's discussion and analysis of the District's financial performance during the year ending December 31, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

Financial highlights

- During the year, the District's total net position increased by \$51,753,760 (14.9%).
- The District's total assets and deferred outflows of resources increased by \$42,927,790 (9.6%).
- The District's total long-term liabilities and deferred inflows of resources decreased by \$8,824,970 (-9.0%).
- The District's program revenue increased by \$11,725,413 (27.6%).
- The District's general revenue decreased by \$1,665,738 (-9.4%).
- The District's total expenses increased by \$1,782,478 (10.6%).

Overview of the financial statements

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

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business. These statements include all governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other nonexchange revenue.

The *statement of net position* presents information on all of the assets and liabilities of the District, along with the deferred inflows and outflows of resources, with the differences between the two reported as net position.

The *statement of activities* presents information showing how the net position of the District 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 and earned but unused vacation leave).

Fund financial statements

A *fund* is a group of related accounts that is 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. The funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, the Special Revenue Fund and the Capital Projects Fund; all of which are major funds.

- **General Fund:** The General Fund is the operating fund of the District. Revenues from tax collections are received into this fund. Expenditures include administrative costs. Fund transfers are made from the General Fund to the other funds of the District.
- **Capital Projects Fund:** The Capital Projects Fund administers payments for construction and improvement of capital facilities. Revenue from impact fees are received into the Capital Projects Fund. Funds are also transferred into this fund from the General Fund.
- **Special Revenue Fund:** The Special Revenue Fund receives federal and state funds used for the maintenance and operation of the Virgin River Resource Management and

Recovery Program (VRRMRP). The money in the fund is 50% federal money and 50% state money. The District's portion of maintenance and operation of the VRRMRP is accounted for in the proprietary fund.

Proprietary funds

Proprietary funds include functions and services that are business type activities and include more detailed information than found in the government-wide financial statements. Proprietary funds can be either enterprise funds or internal service funds. The District uses an enterprise fund, the Water Fund, to account for operations where the intent of the governing body is to recover the costs of providing goods or services to the public on a continuing basis primarily through user charges.

Notes to the financial statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District.

Government-wide financial analysis

Net position may serve over time as a useful indicator of a government's financial position. The District's total assets and deferred outflows exceeded liabilities and deferred inflows by \$251,744,317 at the close of the most recent fiscal year.

The following is a summary of the District's net position as of December 31, 2020:

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Current and other assets	\$ 196,432,311	\$ 175,259,158	\$ 86,623,611	\$ 76,438,909
Capital assets, net	74,988,170	59,556,885	130,149,596	133,500,084
Deferred outflows of resources	361,775	483,802	659,379	1,047,214
Total assets and deferred outflows of resources	<u>271,782,256</u>	<u>235,299,845</u>	<u>217,432,586</u>	<u>210,986,207</u>
Current and other liabilities	2,835,753	2,107,782	9,066,303	9,517,974
Long term liabilities	-	-	52,348,662	56,896,320
Deferred inflows of resources	17,202,186	21,179,877	7,817,328	8,393,249
Total liabilities and deferred inflows of resources	<u>20,037,939</u>	<u>23,287,659</u>	<u>69,232,293</u>	<u>74,807,543</u>
Net position:				
Net investment in capital assets	74,988,170	59,556,885	66,094,338	64,269,653
Restricted	158,582,322	136,720,539	62,979,071	60,233,536
Unrestricted	18,173,825	15,734,762	19,126,884	11,675,475
Total net position	<u>\$ 251,744,317</u>	<u>\$ 212,012,186</u>	<u>\$ 148,200,293</u>	<u>\$ 136,178,664</u>

The largest portion of the District's net position (55.4%) represents resources that are subject to external restrictions on how they may be used. The restricted balance is for capital projects and debt service reserve accounts.

An additional portion of the District's net position (35.3%) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment, net of accumulated depreciation), less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding.

An additional portion of the District's net position (9.3%) is unrestricted and will be used to meet the District's obligations to county residents, employees, and creditors.

Changes in net position for the fiscal years ended December 31, 2020 and 2019 are outlined below:

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Program revenue:				
Impact fees	\$ 35,839,360	\$ 27,909,950	\$ -	\$ -
Charges for services	162,561	304,261	17,092,235	13,455,334
Operating grants and contributions	1,062,399	761,597	-	-
Capital grants and contributions	-	-	-	-
General revenue:				
Property taxes	13,444,962	11,980,387	-	-
Other	-	53,002	183,116	(78,092)
Interest earnings	1,854,999	4,077,641	692,637	1,600,308
Operating transfers	(5,548,239)	(4,544,214)	5,548,239	4,544,214
Transfers of capital assets	(1,709,087)	(1,372,970)	1,709,087	1,372,970
Total revenue and transfers	<u>45,106,955</u>	<u>39,169,654</u>	<u>25,225,314</u>	<u>20,894,734</u>
Expenses:				
General government	5,374,824	4,550,435	-	-
Water and power utilities	-	-	11,351,985	10,282,452
Interest on long term debt	-	-	1,851,700	1,963,144
Total expenses	<u>5,374,824</u>	<u>4,550,435</u>	<u>13,203,685</u>	<u>12,245,596</u>
Change in net position	<u>39,732,131</u>	<u>34,619,219</u>	<u>12,021,629</u>	<u>8,649,138</u>
Net position beginning of the year	<u>212,012,186</u>	<u>177,392,967</u>	<u>136,178,664</u>	<u>127,529,526</u>
Net position end of year	<u>\$ 251,744,317</u>	<u>\$ 212,012,186</u>	<u>\$ 148,200,293</u>	<u>\$ 136,178,664</u>

Total net position increased by \$51,753,760 (14.9%) for the year ended December 31, 2020. Key elements of this increase are as follows:

- Impact fee revenue increased by \$7,929,410 (28.4%) resulting primarily from an increase in the construction industry.
- Operating grants and contributions increased by \$300,802 (39.5%). Funds were received from federal and state sources used to fund the Virgin River Program. Grant funds are also received for water conservation programs and other projects.
- Interest earnings decreased \$3,130,313 (-55.1%) due to changes in interest rates and investment balances.
- Total charges for services in both governmental activities and business-type activities increased \$3,495,201 (25.4%). Charges for services were for water and power sales, water development fees, connection fees and other revenue.
- Property taxes increased \$1,464,575 (12.2%).

- Expenses of both governmental and business type activities increased compared to prior year. General government expenses increased by \$824,389 (18.1%). Business type activities expenses increased by \$958,089 (7.8%).

Financial analysis of the District's funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$176,976,083 compared to \$152,572,172 in the prior year. Approximately 10.4% of this total amount, or \$18,393,761 constitutes unrestricted fund balance which is available for spending. The remaining \$158,582,322 of fund balance equals the fund balance in the Capital Projects Fund and is restricted for future projects.

Governmental funds report the differences between their assets and liabilities as fund balance, which is characterized under the following designations: non-spendable, restricted, committed, assigned, and unassigned. Reservations within the non-spendable, restricted, committed, and assigned designations indicate the portion of the District's fund balances that is not available for appropriation. The unrestricted fund balance consists of designated and undesignated portions. Designations reflect the District's self-imposed limitation of the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the General Fund are required by state law to be appropriated in the following year's budget. Fund balances of the Special Revenue Fund and Capital Projects Fund are restricted by state law to be spent for the purposes of the fund and are not available for spending at the District's discretion.

General Fund budgetary highlights

The final appropriations for the General Fund at year-end, including transfers, increased the fund balance by \$2,542,128 to a fund balance of \$18,393,761. Actual revenues of the General Fund were less than budgeted revenues by \$1,166,392. Actual expenditures were \$3,708,519 less than budgeted expenditures, which was primarily the result of spending less than expected on new project development.

Capital assets and debt administration

Capital assets

The Capital Projects Fund is used to account for the costs incurred in acquiring, constructing and repairing facilities within the District.

Capital assets, net of depreciation at December 31, 2020 and 2019 are outlined below:

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Land and water rights	\$ 21,650,764	\$ 20,759,604	\$ 12,272,786	\$ 12,272,786
Buildings, furniture, fixtures, equipment	9,777,543	9,777,543	41,129,457	40,640,429
Dams, pipeline, wells, water tanks, roads	-	-	155,326,344	154,119,682
Project equipment	-	-	1,353,524	1,340,128
Vehicles	603,575	49,888	451,060	655,167
Projects in progress	45,892,193	31,529,408	-	-
Accumulated depreciation	(2,935,905)	(2,559,558)	(80,383,575)	(75,528,108)
Total capital assets, net	<u>\$ 74,988,170</u>	<u>\$ 59,556,885</u>	<u>\$ 130,149,596</u>	<u>\$ 133,500,084</u>

The District began and completed various projects during 2020. Highlights of projects completed in 2020 with corresponding total cost are as follows:

- Ivins Toe Drain: \$310,855
- Quail Creek Water Treatment Plant Fuel Storage & Filling Station: \$517,018
- Sand Hollow Regional Line: \$11,111,459

Projects in progress increased from 2019 to 2020. Highlights of projects in progress as of December 31, 2020 and related costs incurred in 2020 for these projects include:

- Kayenta Booster Pump Station: \$75,338
- Lake Powell Pipeline: \$1,838,797
- Sand Hollow Groundwater Treatment Plant: \$8,480,413
- Sand Hollow Well #11: \$366,356
- Sand Hollow Well #13: \$495,451
- Toquer Reservoir: \$114,789
- Warner Valley Tank: \$3,206,935

Long-term debt

At the end of the current fiscal year the District had total bonded debt outstanding of \$56,726,011. The following is a summary of the District's long-term debt as of December 31, 2020:

	2020	2019
General obligation bonds	\$ -	\$ -
Revenue bonds	56,726,011	61,246,008
Total bonded debt	<u>\$ 56,726,011</u>	<u>\$ 61,246,008</u>

The District made \$4,519,997 of debt repayments. No new debt was issued during the year.

The District's financial outlook continues to remain stable. Fitch Ratings has assigned the District's GO bonds and revenue bonds an AA+ rating. Standard and Poor's rated both the GO bonds and the revenue bonds at AA. Water revenue bonds are payable from net revenues of the District's combined water and hydroelectric system. GO bonds are payable from property taxes.

Requests for information

This financial report is designed to provide a general overview of the Washington County Water Conservancy District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the District at 533 E Waterworks Drive, St. George, UT 84770.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Statement of Net Position

December 31, 2020

	Governmental Activities	Business-type Activities	Totals
Assets:			
Cash & Cash Equivalents	\$ 72,204,152	\$ 21,867,867	\$ 94,072,019
Investments	1,670,000	-	1,670,000
Accounts Receivable	17,290,810	1,718,700	19,009,510
Due from Other Governmental Units	1,924,448	-	1,924,448
Restricted Cash	103,332,241	62,979,071	166,311,312
Other Assets	10,660	57,973	68,633
Capital Assets:			
Land and Water Rights	21,650,764	12,272,786	33,923,550
Projects in Progress	45,892,193	-	45,892,193
Other Capital Assets (net of accumulated depreciation)	7,445,213	117,876,810	125,322,023
Total Assets	271,420,481	216,773,207	488,193,688
Deferred Outflows of Resources:			
Deferred Outflows of Resources Related to Pension	361,775	399,856	761,631
Net Deferred Amounts from Refunding Debt	-	259,523	259,523
Total Deferred Outflows of Resources:	361,775	659,379	1,021,154
Liabilities:			
Accounts Payable	1,827,355	145,183	1,972,538
Accrued Liabilities	464,694	357,147	821,841
Accrued Interest	-	589,441	589,441
Other Current Liabilities	-	14,279	14,279
Unearned Grants	168,783	-	168,783
Unearned Water Payments	-	3,168,518	3,168,518
Net Pension Liability	374,921	414,386	789,307
Long-Term Debt:			
Due within one year	-	4,377,349	4,377,349
Due in more than one year	-	52,348,662	52,348,662
Total Liabilities	2,835,753	61,414,965	64,250,718
Deferred Inflows of Resources:			
Deferred Inflows related to Pension	206,790	228,558	435,348
Debt Issue Premium	-	7,588,770	7,588,770
Unavailable Impact Fee Revenue	16,995,396	-	16,995,396
Total Deferred Inflows of Resources:	17,202,186	7,817,328	25,019,514
Net Position:			
Invested in Capital Assets, net of related debt	74,988,170	66,094,338	141,082,508
Restricted	158,582,322	62,979,071	221,561,393
Unrestricted	18,173,825	19,126,884	37,300,709
Total Net Position	\$ 251,744,317	\$ 148,200,293	\$ 399,944,610

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Statement of Activities

For the Year Ended December 31, 2020

	<u>Program Revenues</u>						<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary Government							
Governmental Activities							
General Government	\$ 5,374,824	\$ 36,001,921	\$ 1,062,399	\$ -	\$ 31,689,496	\$ -	\$ 31,689,496
Total Governmental Activities	<u>5,374,824</u>	<u>36,001,921</u>	<u>1,062,399</u>	<u>-</u>	<u>31,689,496</u>	<u>-</u>	<u>31,689,496</u>
Business-type Activities							
Water and Power Utilities	11,351,985	17,092,235	-	-	-	5,740,250	5,740,250
Interest on long-term debt	1,851,700	-	-	-	-	(1,851,700)	(1,851,700)
Total Business-type Activities	<u>13,203,685</u>	<u>17,092,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,888,550</u>	<u>3,888,550</u>
Total Primary Government	<u>\$ 18,578,509</u>	<u>\$ 53,094,156</u>	<u>\$ 1,062,399</u>	<u>\$ -</u>	<u>31,689,496</u>	<u>3,888,550</u>	<u>35,578,046</u>
General Revenues							
Property Taxes					13,444,962	-	13,444,962
Other					-	183,116	183,116
Interest Earnings					1,854,999	692,637	2,547,636
Transfers In (Out)					(5,548,239)	5,548,239	-
Transfers of Capital Assets					(1,709,087)	1,709,087	-
Total General Revenues and Transfers					<u>8,042,635</u>	<u>8,133,079</u>	<u>16,175,714</u>
Change in Net Position					39,732,131	12,021,629	51,753,760
Net Position at Beginning of Year					<u>212,012,186</u>	<u>136,178,664</u>	<u>348,190,850</u>
Net Position at End of Year					<u>\$ 251,744,317</u>	<u>\$ 148,200,293</u>	<u>\$ 399,944,610</u>

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Balance Sheet
Governmental Funds
December 31, 2020

	Major Funds			Total Governmental Funds
	General Fund	Virgin River Program	Capital Projects Fund	
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 15,288,937	\$ 186,623	\$ 56,728,592	\$ 72,204,152
Investments	1,670,000	-	-	1,670,000
Accounts Receivable	274,580	-	17,016,230	17,290,810
Due from Other Governmental Units	1,924,448	-	-	1,924,448
Other Assets	243	-	10,417	10,660
Total Current Assets	19,158,208	186,623	73,755,239	93,100,070
Restricted Assets:				
Restricted Cash	-	-	103,332,241	103,332,241
TOTAL ASSETS	\$ 19,158,208	\$ 186,623	\$ 177,087,480	\$ 196,432,311
LIABILITIES, DEFERRED INFLOWS & FUND EQUITY				
Current Liabilities:				
Accounts Payable	\$ 343,612	\$ 5,312	\$ 1,478,431	\$ 1,827,355
Accrued Liabilities	420,835	12,528	31,331	464,694
Due to Other Funds	-	-	-	-
Unearned Grants	-	168,783	-	168,783
Total Liabilities	764,447	186,623	1,509,762	2,460,832
Deferred Inflow of Resources:				
Unavailable Impact Fee Revenue	-	-	16,995,396	16,995,396
Fund Equity:				
Restricted	-	-	158,582,322	158,582,322
Unassigned	18,393,761	-	-	18,393,761
Total Fund Equity	18,393,761	-	158,582,322	176,976,083
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND EQUITY	\$ 19,158,208	\$ 186,623	\$ 177,087,480	\$ 196,432,311

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total fund balances for governmental funds		\$ 176,976,083
Total net position reported for governmental activities differs from the statement of net position as follows:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:		
Land & Water Rights	\$ 21,650,764	
Buildings & Improvements	8,972,791	
Furniture & Fixtures	466,031	
Office Equipment	338,721	
Vehicles	603,575	
Projects in Progress	45,892,193	
Accumulated Depreciation	<u>(2,935,905)</u>	
Total Capital Assets		74,988,170
The deferred pension outflows are not considered collectible until after year end and are not reported in the funds.		
		361,775
Pension obligations are not recognized as a liability in the funds as they do not require current financial resources.		
Net Pension Liability		(374,921)
Deferred Inflows of Resources Relating to Pensions		(206,790)
Total net position of governmental activities		<u><u>\$ 251,744,317</u></u>

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2020

	General Fund	Virgin River Program	Capital Projects Fund	Total Governmental Funds
REVENUE:				
Property Taxes	\$ 13,444,962	\$ -	\$ -	\$ 13,444,962
Impact Fees - Current Year	-	-	12,656,807	12,656,807
Impact Fees - Prior Years	-	-	23,182,553	23,182,553
Interest Income	648,681	2,810	1,203,508	1,854,999
Other Income	176,337	1,048,624	-	1,224,961
Total Revenues	14,269,980	1,051,434	37,042,868	52,364,282
EXPENDITURES:				
Capital Expenditures	273,635	-	-	273,635
New Project Development	-	-	17,656,503	17,656,503
Public Education	155,671	35,785	-	191,456
Payroll and Benefits	1,627,798	95,029	434,287	2,157,114
Cloud Seeding	26,381	-	-	26,381
Audit & Accounting	37,490	-	-	37,490
Telephone	25,801	599	-	26,400
Insurance and Bond	5,463	-	-	5,463
Travel & Training	92,898	370	-	93,268
Office	154,194	4,963	-	159,157
Miscellaneous	3,221	-	-	3,221
Legal	530,914	-	-	530,914
Auto Expense	7,154	-	-	7,154
Board Expense	7,000	-	-	7,000
RDA Property Taxes	195,806	-	-	195,806
Engineering & Maintenance	-	38,541	-	38,541
Environmental	-	831,057	-	831,057
Conservation	62,920	-	-	62,920
Extraordinary Repairs & Replacement	-	-	-	-
Utilities	23,045	45,090	-	68,135
Building Maintenance	40,517	-	-	40,517
Total Expenditures	3,269,908	1,051,434	18,090,790	22,412,132
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(8,457,944)	-	2,909,705	(5,548,239)
Long-Term Debt Proceeds	-	-	-	-
Total Other Financing Sources	(8,457,944)	-	2,909,705	(5,548,239)
Net Change in Fund Balances	2,542,128	-	21,861,783	24,403,911
Fund Balance at Beginning of Year	15,851,633	-	136,720,539	152,572,172
FUND BALANCE AT END OF YEAR	\$ 18,393,761	\$ -	\$ 158,582,322	\$ 176,976,083

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Government Funds to the Statement of Activities
 For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds \$ 24,403,911

Amounts reported for governmental activities differs from the statement of activities as follows:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	\$ 17,536,909	
Depreciation	<u>(376,347)</u>	
Total Capital Assets		17,160,562

Expenses related to pension reported in the statement of activities that do not require the use of current financial resources and, therefore, not reported as expenditures in governmental funds. (123,255)

In addition, as governmental funds do not report capital assets, transfers of capital assets (net of related transferred long-term debt) to the enterprise fund are not reported in the governmental fund. The amount during 2020 is: (1,709,087)

Change in net position of governmental activities \$ 39,732,131

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Statement of Net Position--Proprietary Fund

December 31, 2020

With Comparative Totals from December 31, 2019

	<u>2020</u>	<u>2019</u>
ASSETS:		
Current Assets:		
Cash & Cash Equivalents	\$ 21,867,867	\$ 14,239,446
Accounts Receivable	1,718,700	1,910,717
Total Current Assets	<u>23,586,567</u>	<u>16,150,163</u>
Restricted Assets:		
Restricted Cash	62,979,071	60,233,536
Capital Assets:		
Land and Water Rights	12,272,786	12,272,786
Other Capital Assets (net of accumulated depreciation)	117,876,810	121,227,298
Other Assets:		
Other Assets	57,973	55,210
TOTAL ASSETS	<u>216,773,207</u>	<u>209,938,993</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pension	399,856	713,754
Net Deferred Amounts from Refunding Debt	259,523	333,460
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>659,379</u>	<u>1,047,214</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	145,183	186,828
Accrued Liabilities	357,147	314,418
Accrued Interest	589,441	631,850
Other Current Liabilities	14,279	6,279
Current Portion of Long-Term Debt	4,377,349	4,519,997
Total Current Liabilities	<u>5,483,399</u>	<u>5,659,372</u>
Long Term Liabilities:		
Unearned Water Payments	3,168,518	3,256,144
Net Pension Liability	414,386	772,767
Bonds Payable	56,726,011	61,246,008
Less: Current Portion	(4,377,349)	(4,519,997)
Total Long Term Liabilities	<u>55,931,566</u>	<u>60,754,922</u>
TOTAL LIABILITIES	<u>61,414,965</u>	<u>66,414,294</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows related to Pension	228,558	75,366
Debt Issue Premium	7,588,770	8,317,883
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,817,328</u>	<u>8,393,249</u>
NET POSITION:		
Invested in Capital Assets, net of related debt	66,094,338	64,269,653
Restricted	62,979,071	60,233,536
Unrestricted	19,126,884	11,675,475
TOTAL NET POSITION	<u>\$ 148,200,293</u>	<u>\$ 136,178,664</u>

See Notes to Financial Statements

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Fund

For the Year Ended December 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
Power Sales	\$ 735,571	\$ 825,215
Water Sales (net of rebates)	13,536,413	9,827,272
Water Development and Connection Fees	1,722,411	1,541,732
Total Revenues	<u>15,994,395</u>	<u>12,194,219</u>
EXPENSES:		
Depreciation	4,962,639	4,942,558
Operations & Maintenance	2,555,011	1,876,109
Payroll and Benefits	2,628,549	2,348,252
Insurance & Bonds	112,950	107,164
Office Expenses	4,967	2,913
Building Maintenance	27,419	25,709
Utilities	691,204	709,640
Water Fees	232,281	109,636
Telephone	23,890	22,463
Auto Expenses	79,437	93,876
Service Charges	11,100	9,000
Miscellaneous	911	1,200
Travel & Training	21,627	33,932
Total Expenses	<u>11,351,985</u>	<u>10,282,452</u>
Income (Loss) From Operations	<u>4,642,410</u>	<u>1,911,767</u>
OTHER INCOME (EXPENSES):		
Other Income	1,097,840	1,261,115
Gain on Retirement of Capital Assets	183,116	(78,092)
Interest Income	692,637	1,600,308
Interest Expense	(1,851,700)	(1,963,144)
Total Other Income (Expenses)	<u>121,893</u>	<u>820,187</u>
Net Income (Loss)	4,764,303	2,731,954
Net Position at Beginning of Year	136,178,664	127,529,526
Transfers In (Out)	5,548,239	4,544,214
Transfers of Capital Assets	1,709,087	1,372,970
Net Position at End of Year	<u>\$ 148,200,293</u>	<u>\$ 136,178,664</u>

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Statement of Cash Flows

Proprietary Fund

For the Years Ended December 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020	2019
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers and users	\$ 15,798,339	\$ 13,218,779
Payments to suppliers and providers of services	(3,378,081)	(3,668,689)
Payments to employees and for benefits	(3,052,910)	(2,169,816)
Net Cash Provided(Used) by Operating Activities	9,367,348	7,380,274
<u>Cash Flows From Noncapital Financing Activities:</u>		
Debt assistance paid by cities	895,844	1,339,680
Transfers In	8,457,944	8,119,158
Transfers Out	(2,909,705)	(3,574,944)
Net Cash Provided by Noncapital Financing Activities	6,444,083	5,883,894
<u>Cash Flows From Capital and Financing Activities:</u>		
Repayment of bonds	(4,519,997)	(4,349,688)
Interest paid on Capital Debt	(1,851,700)	(2,710,202)
Sale of Capital Assets	241,585	148,350
Acquisition & Construction of Capital Assets	-	(248,963)
Net Cash Used by Capital and Related Financing Activities	(6,130,112)	(7,160,503)
<u>Cash Flows From Investing Activities:</u>		
Interest & Dividends Received	692,637	1,600,308
Net Cash Provided by Investing Activities	692,637	1,600,308
Net Increase (Decrease) in Cash	10,373,956	7,703,973
Cash at Beginning of Year	74,472,982	66,769,009
Cash at End of Year	\$ 84,846,938	\$ 74,472,982
Reconciliation of Operating Income to Net Cash provided by (used in) operating activities:		
Operating Income (Loss)	\$ 4,642,410	\$ 1,911,767
Depreciation	4,962,639	4,942,558
(Increase) Decrease in Accounts Receivable	(265,105)	1,064,576
(Increase) Decrease in Other Assets	(2,763)	(2,662)
(Decrease) Increase in Accounts Payable	(41,645)	(577,177)
(Decrease) Increase in Accrued Liabilities	42,729	(2,230)
Increase (Decrease) in Other Current Liabilities	8,000	1,000
Increase (Decrease) in Unearned Water Payments	(87,626)	(40,016)
Increase (Decrease) in net Pension Assets and Liabilities	108,709	82,458
Net Cash Provided(Used) by Operating Activities	\$ 9,367,348	\$ 7,380,274

Noncash Capital Activities:

During 2020 and 2019, the District transferred \$1,709,087 and \$1,372,970 in completed projects from Projects in Progress in the Capital Projects fund to the Enterprise Fund.

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNT POLICIES

The Washington County Water Conservancy District (the District) prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental entities. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies of the District are described in subsequent sections of this note.

Reporting entity - The District was organized by the 5th Judicial District for Washington County, State of Utah, and the seven board members were appointed by the Washington County Commissioners. The purpose of the District is to provide for water conservation within Washington County. Activities of the District include identification of possible future water storage sites and the purchase and construction of such facilities. The District is an independent reporting entity and is not a component unit of any other government. The Board establishes District policies, approves the budget, is responsible for fiscal matters, is authorized to issue bonds, incur debt, and to levy ad valorem taxes.

All funds, including all financial activities over which the Board has financial accountability, are included in this report. The District's financial reporting entity is comprised of all funds of the District, which constitute the primary government.

In determining the financial reporting entity, the District complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the District is either able to impose its will on the unit or a financial benefit or burden relationship exists. The District has no component units.

Government-wide and fund financial statements - The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for each fund category (governmental and proprietary). Major individual governmental funds are reported as separate columns in the fund financial statements. The District reports the following major governmental funds:

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNT POLICIES - (CONTINUED)

- The *general fund* is the District's main operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- The *capital projects fund* accounts for financial resources to be used for the acquisition and improvement of sites, construction and remodel of major capital facilities.
- The *Virgin River program fund* is a special revenue fund and accounts for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Additionally, the District reports their power and water production, storage and distribution operations as a proprietary fund.

Measurement focus, basis of accounting, and financial statement presentation - The *government-wide and proprietary fund financial statements* are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues include activities that are generated through the sales of water or power while nonoperating revenues include activities that have the characteristics of nonexchange transactions and primarily include payment by cities that are not related to sales and investment earnings. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgements, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Cash, Deposits and Investments - Cash includes demand deposits with banks. Deposits are not collateralized nor are they required to be by State statute. State law requires that the District follow the requirements of the State Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and investment transactions. This law requires the depositing of District

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNT POLICIES - (CONTINUED)

funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Utah State Commissioner of Financial Institutions as meeting the requirements of the Act. The Act also defines the type of investments allowable which include demand deposits and time certificates of deposit of "qualified" depositories of the State of Utah, repurchase agreements with "qualified" depositories, bonds or other evidence of indebtedness of the U.S. Government, investment pools with the Utah State Treasurer, and commercial paper of qualifying companies. Investments are stated at cost.

Capital Assets - Capital assets, which include property, water rights, structures and equipment, are reported in the applicable governmental or business-type activities columns in the government wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Donated fixed assets are valued at their estimated fair value on the date donated. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	10 - 40 years
Water Systems	40 - 50 years
Hydroelectric Plants & Components	35 years
Furniture, Fixtures & Equipment	5 - 15 years

Compensated Absences - The District accrues unpaid annual time off, when earned by the employee. All accrued leave at December 31, 2020 was recorded as a current liability in the General and Proprietary funds.

Long-Term Obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amounts of the debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position Classifications - In the government-wide financial statements, net assets are displayed in three components:

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNT POLICIES - (CONTINUED)

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

Restricted net position - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Unrestricted net position - all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Governmental fund equity is classified as fund balance. Fund balance is displayed in classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority (governing board); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance - amounts that are available for any purpose; these amounts are reported only in the general fund.

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNT POLICIES - (CONTINUED)

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

Budgetary Data - The District adopts an annual budget for governmental and business-type Funds. Once adopted, the budget can be amended by subsequent board action. Budgets are presented on the modified accrual basis of accounting for all governmental funds. The level by which expenditures may not legally exceed appropriations is the total budget of a given fund.

Property Taxes - The property taxes of the District are levied, collected, and distributed by Washington County as required by Utah State law. Utah statutes established the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 22. By July 22, the county auditor is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the county board of equalization between August 8 and August 22 for a revision of the assessed value. Approved changes in assessed value are made by the county auditor by November 1, who also delivers the completed assessment rolls to the county treasurer on that same date. Tax notices have a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at a rate equal to the federal discount rate; the interest period is from January 1 until the date paid. If in May of the fifth year the taxes remain delinquent, the County advertises and sells the property at a tax sale. Therefore, property taxes are ultimately collectible and no allowance for doubtful accounts is considered necessary. As of December 31, 2020, all real property was assessed at \$21,412,668,066.

NOTE 2 - DEPOSITS AND INVESTMENTS

The District pools the cash and cash equivalents of the various funds into a number of demand and interest-bearing accounts in the custody of the District Treasurer.

Custodial Credit Risk-Deposits - The District maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits. No deposits are collateralized and collateralization is not required by state statute.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Custodial Credit Risk-Investments - All investment securities are held in a qualified depository certified by the Commissioner of Financial Institutions as adhering to the rules of the Utah Money Management Council. Investments at December 31, 2020 consisted of the following:

	<u>Carrying Amount</u>	<u>Market Value</u>
Utah Public Treasurer's Investment Fund	\$217,712,523	\$218,547,660
Corporate Bonds	1,670,000	1,670,000
Total Cash Deposits	<u>42,670,808</u>	<u>42,670,808</u>
Total Cash & Investments	<u>\$262,053,331</u>	<u>\$262,888,468</u>

Presented by:

General Fund	\$ 16,958,937
Virgin River Program	186,623
Capital Projects Fund	160,060,833
Enterprise Fund	<u>84,846,938</u>
Total	<u>\$ 262,053,331</u>

The Utah State Treasurer's Office operates the Utah Public Treasurer's Investment Fund (PTIF). Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any gains or losses on investments. The PTIF is available for investment funds administered by any Utah Public Treasurer.

Interest Rate Risk-Investments - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. In addition to demand deposits, the District holds \$1,670,000 in Corporate Bonds listed above that are held by their Trustee.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable of the Enterprise Fund is from power and water sales. The Power Sales (totaling \$735,571) are to Dixie Power REA and Hurricane City, and are made under a contract dated May 10, 1984. The contract specifies that power generated be sold at seven cents per kilowatt hour. Dixie Power REA purchases all power produced by the Quail Creek Hydroelectric plant and Hurricane City purchases all power generated by the Pah Tempe Plant. The water sales (totaling \$13,235,966) arise from individual contracts to various municipalities and others. The Enterprise Fund accounts receivable balance at December 31, 2020 consisted of the following:

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - ACCOUNTS RECEIVABLE - (CONTINUED)

<u>Customer</u>	<u>Amount</u>	<u>Type</u>
Dixie Power	\$ 86,054	Power
Hurricane City	508,746	Power & Water
HVWS	662,291	Water
St. George City	263,047	Water
LaVerkin City	29,386	Water
City of Washington	108,339	Water
Virgin	32,253	Water
Other	<u>28,584</u>	Water
Total	<u>\$1,718,700</u>	

Accounts receivable of the capital projects fund is Impact fees. The District imposes an impact fee at the platting of a subdivision or at the issuing of a building permit, whichever occurs first. The District allows developers of subdivisions to pay cash or enter into a first trust deed for the amount of the impact fee payable when the first of the following occurs: 1) three years after execution of the trust deed note; or 2) the issuance of a building permit; 3) the sale of the lot. The revenue is recognized when the payment is made per the District's revenue recognition policy discussed in note 1.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

The amount due from other governmental units consists of property taxes collected for the District by Washington County but unremitted as of December 31, 2020 as well as uncollected property taxes which are also recorded as deferred revenue.

NOTE 5 - CAPITAL ASSETS

Capital asset activity as of December 31, 2020 consisted of the following:

	<u>12/31/2019</u>				<u>12/31/2020</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u>
Governmental Activities:					
Nondepreciable Capital Assets:					
Land & Water Rights	\$20,759,604	\$ 891,160	\$	\$	\$21,650,764
Projects in Progress	31,529,408	16,078,667	(20,189)	(1,695,692)	45,892,193
Total Nondepreciable Assets	<u>52,289,012</u>	<u>16,969,827</u>	<u>(20,189)</u>	<u>(1,695,692)</u>	<u>67,542,957</u>
Depreciable Capital Assets:					
Buildings & Improvements	8,972,791				8,972,791
Furniture & Fixtures	466,031				466,031
Office Equipment	338,721	13,395		(13,395)	338,721
Vehicles	49,888	553,687			603,575
Total Depreciable Capital Assets	9,827,431	567,082		(13,395)	10,381,118
Accumulated Depreciation	<u>(2,559,558)</u>	<u>(376,347)</u>			<u>(2,935,905)</u>
Depreciable Capital Assets, net	<u>7,267,873</u>	<u>190,735</u>			<u>7,445,213</u>
Capital Assets, net	<u>\$59,556,885</u>	<u>\$17,160,562</u>	<u>\$ (20,189)</u>	<u>\$(1,709,087)</u>	<u>\$74,988,170</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS - (CONTINUED)

Depreciation expense for the year ended December 31, 2020 of \$309,113 was charged to governmental activities.

	12/31/2018				12/31/2020
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u>
Business-type Activities:					
Nondepreciable Capital Assets:					
Land & Water Rights	\$ 12,272,786	\$ _____	\$ _____	\$ _____	\$ 12,272,786
Depreciable Capital Assets:					
Hydroplants	5,651,189				5,651,189
Diversion Dam & Pipeline	14,375,134				14,375,134
Other Equipment	1,340,128			13,395	1,353,524
Roads & Recreation	1,308,643				1,308,643
Vehicles	655,168		(204,108)		451,060
Treatment Plant Maintenance Bldg.	448,950				448,950
Quail Creek Dams	24,753,760				24,753,760
Hurricane Valley Water System	1,271,285				1,271,285
Cottam Well Water System	2,276,231			877,484	3,153,715
Quail Creek Parallel	5,824,613				5,824,613
Kayenta Ence Wells	604,400				604,400
Kolob Reservoir	13,294,301				13,294,301
Washington City System	115,286				115,286
Fairground Water	138,143				138,143
Toquerville Secondary Water System	3,473,732				3,473,732
Webb Hill Fish Barrier	95,584				95,584
Sand Hollow	47,665,620				47,665,620
Leap Creek	323,932				323,932
Drought Mitigation Plan	1,461,868				1,461,868
Ivins-Santa Clara Water System	7,347,120			329,180	7,676,300
Virgin-LaVerkin Water System	1,900,134				1,900,134
Anderson Jet to Harrisburg Line	1,804,267				1,804,267
Virgin River Gorge Fish Barrier	923,170				923,170
Quail Creek By-Pass Line	1,433,249				1,433,249
Dammeron Valley Waste Water Sys	926,662				926,662
Gunlock Filter Station	526,893				526,893
Quail Treatment Plant	34,540,290			489,028	35,029,318
Toquerville Springs Pipeline	1,080,651				1,080,651
Washington Fields Fish Screen	16,605				16,605
Wet Sandy Project	1,357,504				1,357,504
Regional Pipeline	<u>19,820,894</u>				<u>19,820,894</u>
Total Depreciable Capital Assets	196,755,407		(204,108)	1,709,087	198,260,386
Less Accumulated Depreciation	<u>(75,528,108)</u>	<u>(4,962,639)</u>	<u>107,171</u>		<u>(80,383,575)</u>
Depreciable Capital Assets, net	<u>121,227,299</u>	<u>(4,962,639)</u>	<u>(96,937)</u>	<u>1,709,087</u>	<u>117,876,810</u>
Capital Assets, net	<u>\$133,500,085</u>	<u>\$(4,962,639)</u>	<u>\$ (96,937)</u>	<u>\$1,709,087</u>	<u>\$130,149,596</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at December 31, 2020 includes amounts due for various contracts and operating expenses of District.

NOTE 7 - BONDS PAYABLE

During 2000 and 2001, \$6,000,000 in Water Conservancy Revenue bonds were issued by the District to the state of Utah with the proceeds being designated for the Sand Hollow Project. Each principal installment is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer, and at a Redemption Price of 100% plus unpaid interest on any past due principal installment. These bonds are non interest-bearing bonds and mature as follows:

2030	\$ 1,500,000
2031	1,500,000
2032	1,500,000
2033	<u>1,500,000</u>
Total	<u>\$ 6,000,000</u>

On April 23, 2009, the District issued \$9,555,000 in 2009 Revenue Bonds with an average interest rate of 4.023 percent to refund \$9,430,000 of outstanding 2002 A-2 Series Revenue Bonds with an average interest rate of 4.804 percent. The \$9,555,000 in 2009 Revenue Bonds with interest rates that range from 3.00% to 5.25% are payable in semiannual installments including interest on February 1 and August 1 of each year. The remaining debt service is as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Debt Service</u>
2021	\$ 950,000	\$ 78,000	\$ 1,028,000

On March 11, 2004 the Board of Water Resources agreed to purchase \$2,000,000 in District revenue bonds for the District's Gunlock to Santa Clara transmission pipeline project which will be repaid at 2% interest over 25 years. Each series principal installment is subject to repayment and redemption at any time, in whole or in part, at the election of the Issuer at the Redemption Price of 100%, plus accrued interest. The remaining debt service is as follows:

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - BONDS PAYABLE - (CONTINUED)

Year Ending Dec. 31	Principal	Interest	Annual Debt Service
2021	\$ 90,000	\$ 17,520	\$ 107,520
2022	92,000	15,720	107,720
2023	94,000	13,880	107,880
2024	96,000	12,000	108,000
2025	97,000	10,080	107,080
2026	99,000	8,140	107,140
2027	101,000	6,160	107,160
2028	103,000	4,140	107,140
2029	104,000	2,080	106,080
Totals	\$ 876,000	\$ 89,720	\$ 965,720

On February 1, 2011, the District issued \$2,435,000 in Series 2011A Revenue Bonds with an interest rate of 3.25% to finance a portion of the acquisition and construction of certain facilities relating to an existing drinking water treatment plant, including a storage tank, pipeline and other related facilities. The bonds are payable in monthly installments including interest with the debt service as follows:

Year Ending December 31	Principal	Interest	Annual Debt Service
2021	\$ 42,349	\$ 68,111	\$ 110,460
2022	43,746	66,714	110,460
2023	45,189	65,271	110,460
2024	46,680	63,780	110,460
2025	48,220	62,240	110,460
2026	49,811	60,649	110,460
2027	51,454	59,006	110,460
2028	53,151	57,309	110,460
2029	54,905	55,555	110,460
2030	56,716	53,744	110,460
2031	58,587	51,873	110,460
2032	60,520	49,940	110,460
2033	62,516	47,944	110,460
2034	64,578	45,882	110,460
2035	66,709	43,751	110,460
2036 - 2040	368,042	184,259	552,301
2041 - 2045	432,886	119,414	552,300
2046 - 2050	508,952	43,347	552,299
Totals	\$ 2,115,011	\$ 1,198,789	\$ 3,313,800

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - BONDS PAYABLE - (CONTINUED)

Effective February 21, 2012, the District issued \$16,530,000 in Series 2012A Revenue Bonds to refund Bonds issued by St. George City that the District had been paying in connection with the acquisition of the Water Treatment Plant. The Bonds have an average interest rate of 4.16%. The Series 2012A Revenue Bonds with interest rates ranging from 1.5% to 5% and are payable in semiannual installments including interest on April 15 and October 15 of each year. The debt service is as follows:

<u>Year</u> <u>Ending Dec. 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Debt Service</u>
2021	\$ 1,535,000	\$ 388,550	\$ 1,923,550
2022	1,600,000	327,150	1,927,150
2023	1,685,000	247,150	1,932,150
2024	1,770,000	162,900	1,932,900
2025	<u>1,850,000</u>	<u>83,250</u>	<u>1,933,250</u>
Totals	<u>\$ 8,440,000</u>	<u>\$ 1,209,000</u>	<u>\$ 9,649,000</u>

On March 12, 2015, the District issued \$14,205,000 in Series 2015 Revenue Bonds which were issued with a premium of \$2,119,241 and incurred \$109,241 in issuance costs. With transfers of debt service funds of \$403,375, the net proceeds of \$16,620,375 were used to advance refund \$16,215,000 of the 2005B Bonds. Bonds have an average interest rate of 4.16%. The Series 2017 Revenue Bonds with interest rates ranging from 2% to 5% and are payable in semiannual installments including interest on April 1 and October 1 of each year. The debt service of the 2015 Bonds is as follows:

<u>Year</u> <u>Ending Dec. 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Debt Service</u>
2021	\$ 885,000	\$ 435,750	\$ 1,320,750
2022	925,000	391,500	1,316,500
2023	975,000	345,250	1,320,250
2024	1,020,000	296,500	1,316,500
2025	1,070,000	245,500	1,315,500
2026	1,125,000	192,000	1,317,000
2027	1,175,000	147,000	1,322,000
2028	1,225,000	100,000	1,325,000
2029	<u>1,275,000</u>	<u>51,000</u>	<u>1,326,000</u>
Totals	<u>\$9,675,000</u>	<u>\$2,204,500</u>	<u>\$ 11,879,500</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - BONDS PAYABLE - (CONTINUED)

On September 26, 2017, the District issued \$30,920,000 in Series 2017A Revenue and Refunding Bonds which were issued with a premium of \$6,279,447 and incurred \$265,898 in issuance costs. With transfers of debt service funds of \$261,363, the net proceeds of \$37,293,412 were used to advance refund \$11,925,000 of the 2007B Bonds and provide \$25,000,000 for construction costs. The Bonds have an average coupon rate of 4.7%, effective interest rate of 4.771% and mature over 20 years. The Series 2017 Revenue Bonds with interest rates ranging from 2% to 5% and are payable in semiannual installments including interest on April 1 and October 1 of each year. The debt service of the 2017 Bonds is as follows:

<u>Year</u> <u>Ending Dec. 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Debt Service</u>
2021	\$ 825,000	\$ 1,421,000	\$ 2,246,000
2022	865,000	1,379,750	2,244,750
2023	905,000	1,336,500	2,241,500
2024	955,000	1,291,250	2,246,250
2025	1,000,000	1,243,500	2,243,500
2026	1,210,000	1,203,500	2,413,500
2027	1,260,000	1,143,000	2,403,000
2028	1,320,000	1,080,000	2,400,000
2029	1,375,000	1,014,000	2,389,000
2030	1,380,000	945,250	2,325,250
2031	1,450,000	876,250	2,326,250
2032	1,525,000	803,750	2,328,750
2033	1,605,000	727,500	2,332,500
2034	3,005,000	647,250	3,652,250
2035	3,155,000	497,000	3,652,000
2036	3,310,000	339,250	3,649,250
2037	<u>3,475,000</u>	<u>173,750</u>	<u>3,648,750</u>
Totals	<u>\$28,620,000</u>	<u>\$ 16,122,500</u>	<u>\$ 44,742,500</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LONG TERM DEBT

The following is a summary of bond and loan transactions for the District during 2020:

	<u>Balance</u> <u>12/31/2019</u>	<u>New</u> <u>Debt</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2020</u>
Business-type Activities Debt:				
2015 Refunding Bonds	\$ 10,520,000	\$	\$ 845,000	\$ 9,675,000
2012A Series Revenue Bonds	9,920,000		1,480,000	8,440,000
2009B Series Bonds	316,000		316,000	
2000A Series Revenue Bonds	6,000,000			6,000,000
2009 Revenue Refunding Bonds	1,950,000		950,000	1,000,000
2011A Series Bonds	2,156,008		40,997	2,115,011
2017A Rev & Refunding Bonds	29,420,000		800,000	28,620,000
2004 Revenue Bonds	<u>964,000</u>	<u> </u>	<u>90,000</u>	<u>874,000</u>
 Business-type Activities Debt	 <u>\$61,246,008</u>	 <u>\$</u>	 <u>\$4,519,997</u>	 <u>\$ 56,726,011</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LONG TERM DEBT - (CONTINUED)

Total remaining principal and interest debt service by year is as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Debt Service</u>
2021	\$4,377,349	\$ 2,370,931	\$ 6,748,280
2022	3,525,746	2,180,834	5,706,580
2023	3,704,189	2,008,051	5,712,240
2024	3,887,680	1,826,430	5,714,110
2025	4,065,220	1,644,570	5,709,790
2026	2,483,811	1,464,039	3,948,100
2027	2,587,454	1,355,166	3,942,620
2028	2,701,151	1,241,449	3,942,600
2029	2,808,905	1,122,635	3,931,540
2030	2,936,716	998,994	3,935,710
2031	3,008,587	928,123	3,936,710
2032	3,085,520	853,690	3,939,210
2033	3,167,516	775,444	3,942,960
2034	3,069,578	693,132	3,762,710
2035	3,221,709	540,751	3,762,460
2036	3,378,909	380,801	3,759,710
2037	3,546,183	213,027	3,759,210
2038	73,532	36,929	110,461
2039	75,956	34,504	110,460
2040	78,462	31,998	110,460
2041	81,051	29,409	110,460
2042	83,724	26,736	110,460
2043	86,486	23,974	110,460
2044	89,339	21,121	110,460
2045	92,286	18,174	110,460
2046	95,331	15,129	110,460
2047	98,476	11,984	110,460
2048	101,725	8,736	110,461
2049	105,080	5,380	110,460
2050	108,340	2,118	110,458
Totals	<u>\$56,726,011</u>	<u>\$20,864,509</u>	<u>\$77,590,520</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - TAX RATE

The District, in accordance with State Law, is authorized to assess Washington County property owners a tax rate of .001 for the purpose of water conservancy.

NOTE 10 - UNEARNED WATER PAYMENTS

During 1991 the City of St. George exercised the option in its contract with the District that allowed them to prepay 46 years of project water costs for 10,000 acre feet annually of Quail Creek water for \$5,500,000. However, the city will continue to be obligated to pay operation and maintenance costs and repair and replacement fund costs consistent with the remaining terms of the original contract. The \$5,500,000 was recorded as a liability and will be recognized as revenue over the 46-year period on a straight-line basis.

During 2000 the City of Ivins prepaid 50 years of project water costs for 1,000 acre feet annually of Quail Creek water for \$1,000,000 per its contract with the District. The City will be obligated to pay operation and maintenance costs and repair and replacement fund costs consistent with the remaining terms of the contract. The \$1,000,000 was recorded as a liability and will be recognized as revenue over the 50-year period on a straight-line basis.

NOTE 11 - OPERATING TRANSFERS

During 2020 the following transfers were made including transferring of \$754,660 of property taxes and fees in lieu of taxes from the General Fund to the Enterprise Fund for debt service of the General Obligation bonds carried in the Enterprise fund.

	General Fund	Capital Projects Fund	Enterprise Fund
Transfers In	\$	\$7,628,707	\$ 9,103,704
Transfers (Out)	(8,457,944)	(4,719,002)	(3,555,465)
Net	<u>\$ (8,457,944)</u>	<u>\$2,909,705</u>	<u>\$5,548,239</u>

NOTE 12 - EMPLOYEE RETIREMENT BENEFITS

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

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

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

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

Summary of Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or Age Eligible for Benefit	Benefit percentage per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year all years	Up to 2.5%

*with actuarial reductions

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2020 are as follows:

	<u>Employee Paid</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System			
11-Local Governmental Division Tier 1	6.00%	14.46%	N/A
111-Local Governmental Division Tier 2	N/A	15.80%	.89%
Noncontributory System			
15-Local Governmental Division Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%

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

For fiscal year ended December 31, 2020, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$298,386	N/A
Tier 2 Public Employees System	139,633	-
Tier 2 DC Only System	<u>21,731</u>	N/A
Total Contributions	<u>\$459,751</u>	

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

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

At December 31, 2020, we reported a net pension asset of \$0 and a net pension liability of \$789,304.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

	<u>(Measurement Date): December 31, 2019</u>				
	<u>Net Pension</u>	<u>Net Pension</u>	<u>Proportionate</u>	<u>Proportionate</u>	<u>Change</u>
	<u>Asset</u>	<u>Liability</u>	<u>Share</u>	<u>Share</u>	<u>(Decrease)</u>
				<u>Dec. 31, 2018</u>	
Noncontributory System	\$ -	\$ 776,578	0.2060508%	0.01861789%	0.0198719%
Tier 2 Public Employees System	-	12,728	0.0565935%	0.0482961%	0.0082974%
	<u>\$ -</u>	<u>\$ 789,306</u>			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2020, we recognized pension expense of \$667,199.

At December 31, 2020, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 74,200	\$ 15,523
Changes in assumptions	87,684	366
Net difference between projected and actual earnings on pension plan investments	-	402,507
Changes in proportion and differences between contributions and proportionate share of contributions	139,996	16,952
Contributions subsequent to the measurement date	<u>459,751</u>	<u>-</u>
	<u>\$ 761,631</u>	<u>\$ 435,348</u>

\$459,751 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	\$ 47,772
2021	(63,519)
2022	24,637
2023	(151,878)
2024	1,343
Thereafter	8,178

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

For the year ended December 31,2020, we recognized pension expense of \$595,580.

At December 31, 2020, we reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 70,639	\$ 11,155
Changes in assumptions	82,249	-
Net difference between projected and actual earnings on pension plan investments	-	392,723
Changes in proportion and differences between contributions and proportionate share of contributions	129,367	16,952
Contributions subsequent to the measurement date	<u>298,386</u>	<u>-</u>
	<u>\$ 580,642</u>	<u>\$ 420,830</u>

\$298,386 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	\$ 49,070
2021	(62,412)
2022	24,073
2023	(149,306)
2024	-
Thereafter	-

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

For the year ended December 31,2020, we recognized pension expense of \$71,619.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

At December 31, 2020, we reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 3,561	\$ 4,368
Changes in assumptions	5,435	366
Net difference between projected and actual earnings on pension plan investments	-	9,784
Changes in proportion and differences between contributions and proportionate share of contributions	10,629	-
Contributions subsequent to the measurement date	161,364	-
	\$ 180,989	\$ 14,518

\$161,364 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2020	\$ (1,298)
2021	(1,107)
2022	564
2023	(2,572)
2024	1,343
Thereafter	8,178

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

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

Asset class	Target Asset Allocation	Expected Return Arithmetic Basis	
		Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private Equity	9%	9.95%	0.90%
Absolute Return	16%	2.85%	0.46%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95% percent.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.95 percent) or 1 percentage point higher (7.95 percent) than the current rate:

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

	1% Decrease <u>(5.95%)</u>	Discount Rate <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
System			
Noncontributory System	\$ 2,425,525	\$ 776,578	\$ 598,626
Tier 2 Public Employees System	<u>109,762</u>	<u>12,728</u>	<u>(62,261)</u>
Total	<u>\$ 2,535,287</u>	<u>\$ 789,306</u>	<u>\$ 660,887</u>

Pension plan fiduciary net position: Detailed information about the fiduciary net position of the pension plans is available in the separately issued URS financial report.

Defined Contribution Savings Plans

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

The District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems: 401(k) Plan and Roth IRA Plan.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
401(k) Plan			
Employer Contributions	\$322,350	\$258,090	\$214,814
Employee Contributions	\$242,894	\$223,999	\$184,834
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$14,735	\$12,700	\$ 8,160

NOTE 13 - RESTRICTED NET ASSETS

The District determined to set aside funds for future projects. Accordingly, as of December 31, 2020, \$103,332,241 of the Governmental Activities Restricted Net Assets is restricted to be used for new water conservancy projects and \$2,243,778 of Business-type Net Assets is restricted for debt service. In addition, \$20,037,590 of Business-type Net Assets is restricted for Rate Stabilization to be used for debt service and capital asset acquisition in case of insufficient revenues and \$13,421,621 is restricted for Renewal and Replacement required by the Regional Water Supply Agreement.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - LITIGATION

During the ordinary course of its operation, the district is a party to various claims, legal actions and complaints. In the opinion of the District's management and legal counsel, it is not anticipated that these matters have a material financial impact on the District.

NOTE 15 - OTHER COMMITMENTS

The District is obligated at December 31, 2020, under various uncompleted construction contracts as follows:

	Project Authorized	Costs To Date	Costs to Complete
Kayenta Booster Pump Station	\$ 221,780.67	\$ 75,337.51	\$ 146,443.16
Sand Hollow Groundwater Treatment Plan	9,669,645.29	8,480,410.72	1,189,234.57
Sand Hollow Well #7	610,731.16	-	610,731.16
Sand Hollow Well #11	638,056.16	366,356.16	271,700.00
Sand Hollow Well #13	710,572.16	495,450.96	215,121.20
Sand Hollow Well #15	610,731.16	-	610,731.16
Toquer Reservoir	4,250,611.30	114,789.46	4,135,821.84
Warner Valley Tank	6,777,621.73	3,206,935.33	3,570,686.40
	\$ 23,489,749.63	\$ 12,739,280.14	\$ 10,750,469.49

NOTE 16 - WATER TREATMENT PLANT

Effective April 23, 2006, the District assumed the Operational Management of the St. George Treatment Facilities for the benefit of St. George and the District's other Municipal Customers per the agreement with St. George City. The District's Operational Management will include the management, operation, maintenance, repair and replacement of the Treatment Facilities.

The costs associated with the District's Operational Management of the Treatment Facilities shall be paid for by the District. However, the District shall be entitled to fully recover its costs from St. George and the other Municipal Customers. During 2012, as part of the agreement, the District obtained \$16,530,000 in 2012 Water Revenue Refunding Bonds (see Note 7) to refund St. George's Bonds originally obtained to construct the Treatment Facilities. This agreement along with the payoff of the remaining debt service of St. George City's Bonds, the District determined to record the acquisition of the Treatment Plant as it is very unlikely that either party would withdraw from the agreement at this point.

NOTE 17 - SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the world economy is still being significantly affected by a global pandemic called COVID-19. The economic and financial impact of this pandemic on the District is currently unknown.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended December 31, 2020

	Budgeted Amounts Original & Final	Actual	Variance- Favorable/ (Unfavorable)
REVENUE:			
Property Taxes	\$ 14,914,050	\$ 13,444,962	\$ (1,469,088)
Interest Income	193,412	648,681	455,269
Other Income	328,910	176,337	(152,573)
Total Revenues	15,436,372	14,269,980	(1,166,392)
EXPENDITURES:			
Capital Expenditures	764,694	273,635	491,059
New Project Development	1,485,400	-	1,485,400
Public Education	275,877	155,671	120,206
Payroll	2,235,332	1,627,798	607,534
Cloud Seeding	36,523	26,381	10,142
Audit & Accounting	56,429	37,490	18,939
Telephone	42,440	25,801	16,639
Insurance and Bond	22,571	5,463	17,108
Travel & Training	108,699	92,898	15,801
Office	228,115	154,194	73,921
Miscellaneous	60,319	3,221	57,098
Legal	700,000	530,914	169,086
Auto Expense	17,045	7,154	9,891
Board Expense	82,763	7,000	75,763
RDA Property Taxes	308,140	195,806	112,334
Conservation	450,000	62,920	387,080
Utilities	41,381	23,045	18,336
Building Maintenance	62,699	40,517	22,182
Total Expenditures	6,978,427	3,269,908	3,708,519
OTHER FINANCING SOURCES (USES):			
Operating Transfers In (Out)	(8,457,944)	(8,457,944)	-
Bond Proceeds	-	-	-
Total Other Financing Sources	(8,457,944)	(8,457,944)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1	2,542,128	2,542,127
Fund Balance at Beginning of Year	15,851,633	15,851,633	-
FUND BALANCE AT END OF YEAR	\$ 15,851,634	\$ 18,393,761	\$ 2,542,127

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Virgin River Program

For the Year Ended December 31, 2020

	Budgeted Amounts <u>Original & Final</u>	<u>Actual</u>	Variance- Favorable/ <u>(Unfavorable)</u>
REVENUE:			
Property Taxes	\$ -	\$ -	\$ -
Interest Income	3,310	2,810	(500)
Other Income	1,021,962	1,048,624	26,662
Total Revenues	<u>1,025,272</u>	<u>1,051,434</u>	<u>26,162</u>
EXPENDITURES:			
Capital Expenditures	-	-	-
New Project Development	112,551	-	112,551
Public Education	51,140	35,785	15,355
Payroll	112,869	95,029	17,840
Telephone	4,414	599	3,815
Insurance and Bond	-	-	-
Travel & Training	3,480	370	3,110
Office	5,628	4,963	665
Miscellaneous	33	-	33
Legal	-	-	-
Auto Expense	-	-	-
Board Expense	-	-	-
RDA Property Taxes	-	-	-
Operations & Maintenance	47,320	38,541	8,779
Environmental	620,464	831,057	(210,593)
Conservation	-	-	-
Utilities	67,374	45,090	22,284
Building Maintenance	-	-	-
Total Expenditures	<u>1,025,273</u>	<u>1,051,434</u>	<u>(26,161)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In (Out)	-	-	-
Bond Proceeds	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1)	-	1
Fund Balance at Beginning of Year	-	-	-
FUND BALANCE AT END OF YEAR	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 1</u>

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Schedule of the Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2020

Measurement Date December 31, 2019

	2020	2019	2018	2017	2016	2015
<u>Noncontributory System</u>						
Proportion of the net pension liability (asset)	0.2060508%	0.1861890%	0.193596%	0.1891976%	0.0188787%	0.0000%
Proportionate share of the net pension liability (asset)	\$ 776,578	\$ 1,370,970	\$ 848,203	\$ 1,214,880	\$ 106,825	\$ -
Covered employee payroll	\$ 1,671,550	\$ 1,510,243	\$ 1,602,088	\$ 1,623,841	\$ 155,045	\$ -
Proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	46.46%	90.78%	52.94%	74.82%	68.90%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	93.7%	87.0%	91.9%	87.3%	87.8%	0.0%
<u>Contributory System</u>						
Proportion of the net pension liability (asset)	0.0000%	0.0000%	0.0000%	0.7795726%	3.5114195%	3.0997511%
Proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ 26,109	\$ 2,468,017	\$ 894,103
Covered employee payroll	\$ -	\$ 2,776	\$ 9,156	\$ 19,093	\$ 1,397,688	\$ 1,565,148
Proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	136.75%	176.58%	57.1%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%	0.0%	92.9%	85.7%	94.0%
<u>Tier 2 Public System</u>						
Proportion of the net pension liability (asset)	0.056594%	0.048296%	0.044576%	0.0387790%	0.0279640%	0.0337495%
Proportionate share of the net pension liability (asset)	\$ 12,728	\$ 20,684	\$ 3,930	\$ 4,326	\$ (61)	\$ (1,023)
Covered employee payroll	\$ 786,286	\$ 563,442	\$ 436,689	\$ 318,019	\$ 180,667	\$ 165,582
Proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	1.62%	3.67%	0.90%	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	96.5%	90.8%	97.4%	95.1%	100.2%	103.5%

Note:
This schedule will become a 10-year history. The schedule will be built each year since the implementation of GASB 68.
The schedule above is only for the current year.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Schedule of Contributions

December 31, 2020

Last 10 Fiscal Years*

	As of fiscal year ended December 31,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2015	\$ 28,637	\$ 28,637	\$ -	\$ 155,045	18.47%
	2016	299,924	299,924	-	1,623,841	18.47%
	2017	295,906	295,906	-	1,602,088	18.47%
	2018	278,942	278,942	-	1,510,243	18.47%
	2019	312,932	312,932	-	1,694,274	18.47%
	2020	298,386	298,386	-	1,631,848	18.29%
Tier 2 Public Employees System*	2015	\$ 29,897	\$ 29,897	\$ -	\$ 182,633	16.37%
	2016	47,856	47,856	-	320,966	14.91%
	2017	66,509	66,509	-	443,143	15.01%
	2018	86,449	86,449	-	563,442	15.34%
	2019	122,703	122,703	-	786,286	15.61%
	2020	139,633	139,633	-	888,101	15.72%
Tier 2 Public Employees DC Only System*	2015	\$ 1,973	\$ 1,973	\$ -	\$ 24,154	8.17%
	2016	1,866	1,866	-	27,898	6.69%
	2017	6,765	6,765	-	101,119	6.69%
	2018	9,806	9,806	-	146,575	6.69%
	2019	10,660	10,660	-	159,339	6.69%
	2020	21,731	21,731	-	324,823	6.69%

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

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR FISCAL YEAR ENDED DECEMBER 31, 2020

Changes in Assumptions:

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

OTHER

SUPPLEMENTARY

INFORMATION

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and actual - Capital Projects Fund

For the Year Ended December 31, 2020

	Budget	Actual	Variance- Favorable/ (Unfavorable)
REVENUE:			
Property Taxes	\$ -	\$ -	\$ -
Impact Fees - Current Year	16,000,000	12,656,807	(3,343,193)
Impact Fees - Prior Years	-	23,182,553	23,182,553
Interest Income	2,000,000	1,203,508	(796,492)
Other Income	15,915	-	(15,915)
Total Revenues	18,015,915	37,042,868	19,026,953
EXPENDITURES:			
Capital Expenditures	-	-	-
New Project Development	136,003,973	17,656,503	118,347,470
Public Education	-	-	-
Payroll	-	434,287	(434,287)
Cloud Seeding	-	-	-
Audit & Accounting	-	-	-
Telephone	-	-	-
Insurance and Bond	-	-	-
Travel & Training	-	-	-
Office	-	-	-
Miscellaneous	-	-	-
Legal	-	-	-
Auto Expense	-	-	-
Board Expense	-	-	-
RDA Property Taxes	-	-	-
Engineering	-	-	-
Environmental	-	-	-
Conservation	-	-	-
Extraordinary Repairs & Replacement	-	-	-
Utilities	-	-	-
Building Maintenance	-	-	-
Total Expenditures	136,003,973	18,090,790	117,913,183
OTHER FINANCING SOURCES (USES):			
Operating Transfers In (Out)	2,909,705	2,909,705	-
Bond Proceeds	-	-	-
Total Other Financing Sources	2,909,705	2,909,705	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(115,078,353)	21,861,783	136,940,136
Fund Balance at Beginning of Year	136,720,539	136,720,539	-
FUND BALANCE AT END OF YEAR	\$ 21,642,186	\$ 158,582,322	\$ 136,940,136

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Position

Budget and Actual - Proprietary Fund

For the Year Ended December 31, 2020

	Budget	Actual	Variance- Favorable/ (Unfavorable)
OPERATING REVENUES:			
Power Sales	\$ 736,314	\$ 735,571	\$ (743)
Water Sales	10,961,079	13,536,413	2,575,334
Water Availability Fees	1,536,978	1,722,411	185,433
Total Revenues	13,234,371	15,994,395	2,760,024
EXPENSES:			
Depreciation	5,589,331	4,962,639	626,692
Operations & Maintenance	2,712,625	2,555,011	157,614
Payroll and Benefits	2,763,933	2,628,549	135,384
Insurance & Bonds	259,700	112,950	146,750
Office Expenses	22,776	4,967	17,809
Building Maintenance	29,690	27,419	2,271
Utilities	1,038,532	691,204	347,328
Water Fees	164,901	232,281	(67,380)
Telephone	40,805	23,890	16,915
Auto Expenses	523,754	79,437	444,317
Service Charges	482,560	11,100	471,460
Environmental Studies	137,979	-	137,979
Miscellaneous	121,828	911	120,917
Travel & Training	123,725	21,627	102,098
Total Expenses	14,012,139	11,351,985	2,660,154
Income (Loss) From Operations	(777,768)	4,642,410	5,420,178
OTHER INCOME (EXPENSES):			
Other Income	1,367,353	1,097,840	(269,513)
Interest Income	447,742	692,637	244,895
Interest Expense	(2,763,252)	(1,851,700)	911,552
Total Other Income (Expenses)	(948,157)	(61,223)	886,934
Net Income (Loss)	(1,725,925)	4,581,187	6,307,112
Net Position at Beginning of Year	136,178,664	136,178,664	-
Transfers In (Out)	5,548,239	5,548,239	-
Transfers of Capital Assets	-	1,709,087	1,709,087
Net Position at End of Year	\$ 140,000,978	\$ 148,017,177	\$ 8,016,199

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



Certified Public Accountants

hbeg.com

90 East 200 North
St. George, UT 84770
(435) 673-1633

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

To the Board of Trustees
Washington County Water Conservancy District
St. George, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington County Water Conservancy District, as of and for the year ended December 31, 2020, which collectively comprise the District’s basic financial statements and have issued our report thereon dated August 13, 2021.

Internal Control Over Financial Reporting

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

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

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

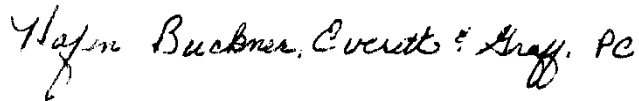
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Hafen, Buckner, Everett, & Graff, PC
August 13, 2021



Certified Public Accountants

hbeg.com

90 East 200 North
St. George, UT 84770
(435) 673-6167

**INDEPENDENT AUDITOR’S REPORT IN ACCORDANCE WITH THE STATE COMPLIANCE
STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE
COMPLIANCE REQUIREMENTS AND INTERNAL CONTROL OVER COMPLIANCE**

To the Board of Trustees
Washington County Water Conservancy District
St. George, Utah

REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS

We have audited the Washington County Water Conservancy District’s (the District) compliance with the applicable general state compliance requirements described in the *State of Utah Legal Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the District for the year ended December 31, 2020.

General state compliance requirements were tested for the year end December 31, 2020 in the following areas:

- * Budgetary Compliance
- * Fund Balance
- * Open and Public Meetings Act
- * Impact Fees
- * Fraud Risk Assessment

Management’s Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditor’s Responsibility

Our responsibility is to express an opinion on the District’s compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the District occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state compliance requirements referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion on Compliance

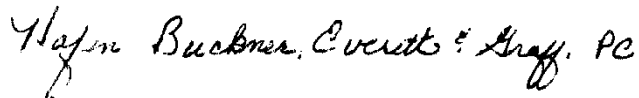
In our opinion, the Washington County Water Conservancy District, complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance with general state compliance requirements and report on the internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this communication is not suitable for any other purpose.



Hafen, Buckner, Everett, & Graff, PC
August 13, 2021

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

2020 Findings:

The Fraud Risk Assessment was not presented in entirety to the Governing Board before the end of the 2020 fiscal year as required by the State of Utah Auditor Alert 2020-01.

The Virgin River Fund's total expenditures was over budget by \$26,161. The original budget should have been amended.

Prior Year Findings:

None