



FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

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**WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
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FINANCIAL SECTION



HINTONBURDICK
CPAs & ADVISORS

Independent Auditors' Report

Board of Trustees
Washington County Water
Conservancy District:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Water Conservancy District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenses, and changes in fund balance and net assets – budget and actual for the capital projects and proprietary funds, as listed in



the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

HintonBurdick, PLLC

St. George, Utah
August 26, 2022

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WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Management's Discussion and Analysis

December 31, 2021

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, 2021. 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 \$55,522,927 (13.9%).
- The District's total assets and deferred outflows of resources increased by \$32,400,575 (6.6%).
- The District's total long-term liabilities and deferred inflows of resources decreased by \$16,663,182 (-21.5%).
- The District's program revenue increased by \$2,647,560 (4.9%).
- The District's general revenue decreased by \$119,588 (-0.9%).
- The District's total expenses decreased by \$1,239,195 (-6.7%).

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 funding for the projects accounted for in this fund is partially federal and partially state funding. 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, 2021 and 2020:

	Governmental activities		Business-type activities		Combined Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current and other assets	\$ 214,441,673	\$ 196,432,311	\$ 95,316,805	\$ 86,623,611	\$ 309,758,478	\$ 283,055,922
Capital assets	59,491,701	74,988,170	151,688,185	130,149,596	211,179,886	205,137,766
Total assets	<u>273,933,374</u>	<u>271,420,481</u>	<u>247,004,990</u>	<u>216,773,207</u>	<u>520,938,364</u>	<u>488,193,688</u>
Deferred outflows of resources	416,431	361,775	260,621	659,379	677,052	1,021,154
Long-term liabilities outstanding	389,431	-	52,588,237	52,348,662	52,977,668	52,348,662
Other liabilities	2,388,599	2,835,753	3,467,565	9,066,303	5,856,164	11,902,056
Total liabilities	<u>2,778,030</u>	<u>2,835,753</u>	<u>56,055,802</u>	<u>61,414,965</u>	<u>58,833,832</u>	<u>64,250,718</u>
Deferred inflows of resources	504,732	17,202,186	7,222,594	7,817,328	7,727,326	25,019,514
Net position:						
Net investment in capital assets	59,491,701	74,988,170	88,907,066	66,094,338	148,398,767	141,082,508
Restricted	211,202,331	158,582,322	64,234,304	62,979,071	275,436,635	221,561,393
Unrestricted	373,011	18,173,825	30,845,845	19,126,884	31,218,856	37,300,709
Total net position	<u>\$ 271,067,043</u>	<u>\$ 251,744,317</u>	<u>\$ 183,987,215</u>	<u>\$ 148,200,293</u>	<u>\$ 455,054,258</u>	<u>\$ 399,944,610</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, 2021 and 2020 are outlined below:

	Governmental activities		Business-type activities		Combined Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,008,283	\$ 162,561	\$ 15,652,035	\$ 17,092,235	\$ 16,660,318	\$ 17,254,796
Operating grants and contributions	2,268,467	1,062,399	-	-	2,268,467	1,062,399
Capital grants and contributions	36,437,955	35,839,360	1,437,375	-	37,875,330	35,839,360
General revenues:						
Taxes	14,792,547	13,444,962	-	-	14,792,547	13,444,962
Interest earnings	777,377	1,854,999	275,768	692,637	1,053,145	2,547,636
Other revenue/(expense)	178,751	-	33,684	183,116	212,434	183,116
Total revenues	<u>55,463,380</u>	<u>52,364,281</u>	<u>17,398,862</u>	<u>17,967,988</u>	<u>72,862,241</u>	<u>70,332,269</u>
Expenses:						
General government	5,985,120	5,374,824	-	-	5,985,120	5,374,824
Water and power utilities	-	-	11,354,194	13,203,685	11,354,194	13,203,685
Total expenses	<u>5,985,120</u>	<u>5,374,824</u>	<u>11,354,194</u>	<u>13,203,685</u>	<u>17,339,314</u>	<u>18,578,509</u>
Increase (Decrease) in net position						
before transfers	49,478,260	46,989,457	6,044,668	4,764,303	55,522,927	51,753,760
Transfers	<u>(29,685,338)</u>	<u>(7,257,326)</u>	<u>29,685,338</u>	<u>7,257,326</u>	<u>1</u>	<u>-</u>
Increase in net position	19,792,922	39,732,131	35,730,006	12,021,629	55,522,928	51,753,760
Net position, beginning	251,744,317	212,012,186	148,200,293	136,178,664	399,944,610	348,190,850
Prior period adjustment	<u>(470,196)</u>	<u>-</u>	<u>56,916</u>	<u>-</u>	<u>(413,280)</u>	<u>-</u>
Net position, ending	<u>\$ 271,067,043</u>	<u>\$ 251,744,317</u>	<u>\$ 183,987,215</u>	<u>\$ 148,200,293</u>	<u>\$ 455,054,258</u>	<u>\$ 399,944,610</u>

Total net position increased by \$55,522,927 (13.9%) for the year ended December 31, 2021. Key elements of this increase are as follows:

- Capital grants and contributions revenue increased by \$2,035,970 (5.7%) resulting primarily from an increase in the construction industry.
- Operating grants and contributions increased by \$1,206,068 (113.5%). 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 \$1,494,491 (-58.7%) due to changes in interest rates and investment balances.
- Total charges for services in both governmental activities and business-type activities decreased \$594,478 (-3.4%). Charges for services were for water and power sales, water development fees, connection fees and other revenue.
- Property taxes increased \$1,347,585 (10.0%).
- Expenses of governmental and business type activities decreased in total compared to prior year. General government expenses increased by \$610,296 (11.4%), but business type activities expenses decreased by \$1,849,491 (-14.0%).

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 \$212,053,074 compared to \$176,976,083 in the prior year. Approximately 2.8% of this total amount, or \$800,000 constitutes unrestricted fund balance which is available for spending. The remaining \$211,253,074 of fund balance is restricted and assigned 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 \$9,720,711 to a fund balance of \$28,386,186. Actual revenues of the General Fund were greater than budgeted revenues by \$2,255,676. Actual expenditures were \$2,447,278 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, 2021 and 2020 are outlined below:

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Land & water rights	\$ 21,683,764	\$ 21,650,764	\$ 12,272,786	\$ 12,272,786
Buildings, improvements, furniture & fixtures	9,450,398	9,777,543	41,129,457	41,129,457
Infrastructure	-	-	180,673,365	155,326,344
Equipment	338,721	-	1,462,645	1,353,524
Vehicles	421,148	603,575	705,690	451,060
Projects in progress	30,921,636	45,892,193	1,195,949	-
Accumulated Depreciation	(3,323,966)	(2,935,905)	(85,751,706)	(80,383,575)
Total Capital Assets, Net	<u>\$ 59,491,701</u>	<u>\$ 74,988,170</u>	<u>\$ 151,688,186</u>	<u>\$ 130,149,596</u>

The District began and completed various projects during 2021. Highlights of projects completed in 2021 with corresponding total cost are as follows:

- Sand Hollow Treatment Plant: \$11,219,321
- Sand Hollow Project: \$13,612,700
- Kayenta Booster Pump Project: \$321,067

Accumulating costs in projects in progress decreased from 2020 to 2021, due to the completion and capitalization of some projects. Highlights of projects in progress as of December 31, 2021 and related costs incurred in 2021 for these projects include:

- Ash Creek Project: \$805,296
- Lake Powell Pipeline: \$2,008,121
- Warner Valley Project: \$3,506,474
- North Leeds Water Replacement: \$528,455

Long-term debt

At the end of the current fiscal year the District had total bonded debt outstanding of \$52,348,866. The following is a summary of the District's long-term debt as of December 31, 2021 and 2020:

	2021	2020
General obligation bonds	\$ -	\$ -
Revenue bonds	<u>52,348,866</u>	<u>56,726,011</u>
	<u>\$ 52,348,866</u>	<u>\$ 56,726,011</u>

The District made \$4,375,145 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.

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FINANCIAL STATEMENTS

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 210,929,190	\$ 28,380,228	\$ 239,309,418
Investments	1,670,000	-	1,670,000
Receivables (net of allowance)	1,791,740	2,654,778	4,446,518
Prepaid items	50,743	47,496	98,239
Restricted cash and cash equivalents	-	64,234,303	64,234,303
Capital assets (net of accumulated depreciation):			
Land	21,683,764	12,272,786	33,956,550
Construction in progress	30,921,636	1,195,949	32,117,585
Buildings and improvements	6,454,584	-	6,454,584
Furniture & equipment	76,319	385,861	462,180
Infrastructure	-	137,279,251	137,279,251
Vehicles	288,473	554,338	842,811
Office equipment	66,925	-	66,925
Total assets	<u>273,933,374</u>	<u>247,004,990</u>	<u>520,938,364</u>
Deferred outflows of resources			
Deferred outflows related to pensions/OPEB	416,431	260,621	677,052
Total deferred outflows of resources	<u>416,431</u>	<u>260,621</u>	<u>677,052</u>
Liabilities			
Accounts payable and other current liabilities	2,388,599	569,612	2,958,211
Unearned revenue	-	2,363,485	2,363,485
Interest payable	-	534,468	534,468
Current portion of long-term liabilities	192,318	3,643,618	3,835,936
Noncurrent liabilities:			
Due in more than one year:			
Due in more than one year	128,212	48,901,498	49,029,710
Net pension/OPEB liability	68,901	43,121	112,022
Total liabilities	<u>2,778,030</u>	<u>56,055,802</u>	<u>58,833,832</u>
Deferred inflows of resources			
Deferred inflows related to pensions/OPEB	504,732	315,883	820,615
Deferred inflows related to bond premiums	-	6,906,711	6,906,711
Total deferred inflows of resources	<u>504,732</u>	<u>7,222,594</u>	<u>7,727,326</u>
Net position			
Net investment in capital assets	59,491,701	88,907,066	148,398,767
Restricted for:			
Water conservancy projects	211,202,331	-	211,202,331
Debt service	-	64,234,304	64,234,304
Unrestricted	373,011	30,845,845	31,218,856
Total net position	<u>\$ 271,067,043</u>	<u>\$ 183,987,215</u>	<u>\$ 455,054,258</u>

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 5,985,120	\$ 1,008,283	\$ 2,268,467	\$ 36,437,955	\$ 33,729,585	\$ -	\$ 33,729,585
Total governmental activities	<u>5,985,120</u>	<u>1,008,283</u>	<u>2,268,467</u>	<u>36,437,955</u>	<u>33,729,585</u>	<u>-</u>	<u>33,729,585</u>
Business-type activities:							
Water and wastewater	11,354,194	15,652,035	-	1,437,375	-	5,735,216	5,735,216
			-	-	-	-	-
Total business-type activities	<u>11,354,194</u>	<u>15,652,035</u>	<u>-</u>	<u>1,437,375</u>	<u>-</u>	<u>5,735,216</u>	<u>5,735,216</u>
Total primary government	<u>\$ 17,339,314</u>	<u>\$ 16,660,318</u>	<u>\$ 2,268,467</u>	<u>\$ 37,875,330</u>			
		General revenues:					
					14,792,547	-	14,792,547
					777,377	275,768	1,053,145
					178,751	33,684	212,434
					(29,685,338)	29,685,338	1
					<u>(13,936,663)</u>	<u>29,994,790</u>	<u>16,058,127</u>
					19,792,922	35,730,006	55,522,928
					251,744,317	148,200,293	399,944,610
					(470,196)	56,916	(413,280)
					<u>\$ 271,067,043</u>	<u>\$ 183,987,215</u>	<u>\$ 455,054,258</u>

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Balance Sheet
Governmental Funds
December 31, 2021

	<u>General Fund</u>	<u>Virgin River Program</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 25,069,322	\$ 1,240,789	\$ 184,619,079	\$ 210,929,190
Investments	1,670,000	-	-	1,670,000
Accounts receivable	67,347	-	7,178	74,525
Due from other government units	1,717,215	-	-	1,717,215
Prepaid expenses	50,743	-	-	50,743
Total current assets	<u>28,574,627</u>	<u>1,240,789</u>	<u>184,626,257</u>	<u>214,441,673</u>
Total assets	<u>\$ 28,574,627</u>	<u>\$ 1,240,789</u>	<u>\$ 184,626,257</u>	<u>\$ 214,441,673</u>
Liabilities				
Accounts payable	\$ 145,568	\$ 1,563	\$ 1,727,434	\$ 1,874,565
Accrued wages and benefits	27,978	11,548	42,518	82,044
Retainage payable	-	-	416,095	416,095
Customer deposits	14,895	-	1,000	15,895
Total liabilities	<u>188,441</u>	<u>13,111</u>	<u>2,187,047</u>	<u>2,388,599</u>
Fund balances				
Nonspendable:				
Prepays	50,743	-	-	50,743
Restricted for:				
Capital projects	-	-	157,672,832	157,672,832
Assigned to:				
Capital projects	27,256,604	-	24,766,378	52,022,982
Public works	278,839	1,227,678	-	1,506,517
Unassigned	800,000	-	-	800,000
Total fund balances	<u>28,386,186</u>	<u>1,227,678</u>	<u>182,439,210</u>	<u>212,053,074</u>
Total liabilities and fund balances	<u>\$ 28,574,627</u>	<u>\$ 1,240,789</u>	<u>\$ 184,626,257</u>	<u>\$ 214,441,673</u>

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021

Total fund balances governmental funds		\$ 212,053,074
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	59,865,449	
Accumulated depreciation	(373,748)	
		59,491,701

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences	(320,530)	
Net pension/OPEB liability	(68,901)	
		(389,431)

Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds:

Deferred outflows	416,431	
Deferred inflows	(504,732)	
		(88,301)

Net position of governmental activities		\$ <u><u>271,067,043</u></u>
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The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Virgin River Program	Capital Projects Fund	Total Governmental Funds
Revenues				
Property tax	\$ 14,792,547	\$ -	\$ -	\$ 14,792,547
Impact fees	-	-	36,437,955	36,437,955
Interest	206,286	1,007	570,084	777,377
Other revenues	814,843	2,850,806	-	3,665,649
Total revenues	<u>15,813,676</u>	<u>2,851,813</u>	<u>37,008,039</u>	<u>55,673,528</u>
Expenditures				
Current:				
Capital expenditures	100,063	138,789	5,649,547	5,888,399
Public education	23,488	36,773	6,940	67,201
Payroll & benefits	2,082,098	104,334	990,624	3,177,056
Cloud seeding	56,762	-	-	56,762
Audit & accounting	51,395	-	-	51,395
Telephone	32,633	418	2,784	35,835
Insurance & bond	309	-	-	309
Travel & training	76,376	1,029	7,469	84,874
Office	78,572	15,464	1,577	95,613
Miscellaneous	5,479	-	134,459	139,938
Legal	763,668	-	1,468,135	2,231,803
Auto expenses	8,416	-	5,100	13,516
Board expenses	7,133	-	-	7,133
RDA property taxes	238,209	-	-	238,209
Engineering & maintenance	138,223	26,251	1,584,658	1,749,132
Environmental	-	1,283,489	-	1,283,489
Conservation	383	-	-	383
Utilities	26,798	17,588	-	44,386
Building maintenance	30,642	-	-	30,642
Total expenditures	<u>3,720,647</u>	<u>1,624,135</u>	<u>9,851,293</u>	<u>15,196,075</u>
Excess of revenues over expenditures	<u>12,093,029</u>	<u>1,227,678</u>	<u>27,156,746</u>	<u>40,477,453</u>
Other financing sources (uses)				
Transfers in	-	-	1,050,038	1,050,038
Transfers out	<u>(2,372,318)</u>	<u>-</u>	<u>(3,999,896)</u>	<u>(6,372,214)</u>
Total other financing sources (uses)	<u>(2,372,318)</u>	<u>-</u>	<u>(2,949,858)</u>	<u>(5,322,176)</u>
Net change in fund balances	9,720,711	1,227,678	24,206,888	35,155,277
Fund balances, beginning of year	18,393,761	-	158,582,322	176,976,083
Prior period adjustment	<u>271,714</u>	<u>-</u>	<u>(350,000)</u>	<u>(78,286)</u>
Fund balances, end of year	<u>\$ 28,386,186</u>	<u>\$ 1,227,678</u>	<u>\$ 182,439,210</u>	<u>\$ 212,053,074</u>

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 35,155,277
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.</p>		
Capital outlay	9,667,310	
Depreciation expense	<u>(372,848)</u>	9,294,462
<p>Governmental funds do not report transfers of capital assets to other funds as revenues or expenditures. However, in the statement of activities, the donation of capital assets is reported as a transfer.</p>		
		(24,360,585)
<p>Governmental funds report the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain on the sale of capital assets is reported net of its net book value.</p>		
		(211,887)
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		(147,079)
<p>Pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.</p>		
Pension/OPEB contributions	467,014	
Pension/OPEB expense	<u>(404,280)</u>	<u>62,734</u>
Change in net position of governmental activities		<u>\$ 19,792,922</u>

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Statement of Net Position
Proprietary Funds
December 31, 2021

	Proprietary Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 28,380,228
Receivables (net of allowance)	2,654,778
Prepaid expenses	47,496
Total current assets	31,082,502
Restricted assets:	
Restricted cash	64,234,303
Total restricted assets	64,234,303
Noncurrent assets:	
Land & water rights	12,272,786
Construction in progress	1,195,949
Infrastructure	221,802,821
Equipment and other capital assets	1,462,645
Vehicles	705,690
Accumulated depreciation	(85,751,706)
Total noncurrent assets	151,688,185
Total assets	247,004,990
Deferred Outflows of Resources	
Deferred outflows related to pensions/OPEB	260,621
Total deferred outflows of resources	260,621
	(continued)

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Statement of Net Position, Continued
Proprietary Funds
December 31, 2021

	Proprietary Fund
Liabilities	
Current liabilities:	
Accounts payable	364,305
Accrued liabilities	205,307
Accrued interest payable	534,468
Current portion of long-term debt	3,643,618
Total current liabilities	4,747,698
Noncurrent liabilities (net of current portion):	
Unearned revenue	2,363,485
Compensated absences	196,454
Bonds payable	52,348,662
Net pension/OPEB liability	43,121
Less current portion	(3,643,618)
Total noncurrent liabilities	51,308,104
Total liabilities	56,055,802
Deferred Inflows of Resources	
Deferred inflows related to pensions	315,883
Debt issue Premium	6,906,711
Total deferred inflows of resources	7,222,594
Net Position	
Net investment in capital assets	88,907,066
Restricted	64,234,304
Unrestricted	30,845,845
Total net position	\$ 183,987,215

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Proprietary Fund
Operating revenues	
Power sales	\$ 576,881
Water sales (net of rebate)	13,566,394
Water development & connection fees	365,424
Other charges and fees	61,640
Total operating revenues	14,570,339
Operating expenses	
Depreciation	5,586,590
Operations & maintenance	790,013
Payroll & benefits	1,964,394
Insurance & bonds	130,871
Office expenses	1,100
Building maintenance	239,131
Utilities	619,742
Telephone	28,667
Auto expenses	48,790
Service charges	117,561
Miscellaneous	197,662
Travel and training	15,746
Total operating expenses	9,740,267
Operating income (loss)	4,830,072
	(Continued)

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position, Continued
Proprietary Funds
For the Year Ended December 31, 2021

	Proprietary Fund
Non-operating revenues (expenses)	
Other income	-
Gain (loss) on sale of capital assets	33,684
Special assessment	1,081,696
Development surcharge	1,437,375
Interest income	275,768
Interest expense	(1,613,927)
Total non-operating revenue (expense)	1,214,596
 Income (loss) before contributions and transfers	 6,044,668
Contributions and transfers:	
Capital Contribution	24,363,161
Transfers in	5,322,177
Transfers out	-
Total contributions & transfers	29,685,338
 Change in net position	 35,730,006
Net position, beginning of year	148,200,293
Prior period adjustment	56,916
Net position, end of year	\$ 183,987,215

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Proprietary Fund
Cash flows from operating activities:	
Cash received from customers, service fees	\$ 12,767,588
Cash received from customers, other	61,640
Cash paid to suppliers	(1,959,684)
Cash paid to employees	(1,882,237)
Net cash flows from operating activities	8,987,307
Cash flows from noncapital financing activities:	
Transfers (to)/from other funds	5,322,177
Net cash flows from noncapital financing activities	5,322,177
Cash flows from capital and related financing activities:	
Purchase of capital assets	(3,331,590)
Principal paid on bonds	(4,427,349)
Interest paid	(1,668,900)
Special assessments	1,081,696
Development surcharge	1,437,375
Net cash flows from capital and related financing activities	(6,908,768)
Cash flows from investing activities:	
Proceeds from sale of asset	91,109
Interest on investments	275,768
Net cash flows from investing activities	366,877
Net change in cash and cash equivalents	7,767,593
Cash and cash equivalents, including restricted cash, beginning of year	84,846,938
Cash and cash equivalents, including restricted cash, end of year	\$ 92,614,531
 Reconciliation of operating income to net cash flows from operating activities:	
Net operating income (loss)	\$ 4,830,072
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:	
Depreciation/amortization	5,586,590
Employer pension/OPEB contributions	(144,705)
Changes in operating assets and liabilities:	
(Increase)/decrease in receivables	(936,078)
(Increase)/decrease in prepaids	10,477
Increase/(decrease) in payables	219,122
Increase/(decrease) in accrued liabilities	226,862
Increase/(decrease) in unearned revenue	(805,033)
Net cash flows from operating activities	\$ 8,987,307

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting 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 the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting 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.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting Policies, Continued

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 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, 2021 was recorded as a long term liability in proprietary funds and in the governmental funds for the government wide statement of net position.

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.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting Policies, Continued

Net Position Classifications

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

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 the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting 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 1 to September 15 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. Penalties for delinquent taxes is the greater of 2.5% or \$10 for each parcel. The penalty will be reduced to the greater of 1% or \$10 if all delinquent taxes are paid on or before January 31. If delinquent taxes are paid after January 31 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, 2021, all real property was assessed at \$24,920,007,039.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 17.

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 19.

Note 3. 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.

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, 2021 consisted of the following:

	Carrying Amount	Market Value
Utah Public Treasurer's Investment Fund	\$ 291,583,019	\$ 291,589,924
Governmental Bonds	1,670,000	1,670,000
Total Cash Deposits	11,960,702	11,960,702
Total Cash and Investments	\$ 305,213,721	\$ 305,220,626

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 3. Deposits and Investments, Continued

Presented by:

General Fund	\$ 26,739,322
Virgin River Program	1,240,789
Capital Projects Fund	184,619,080
Enterprise Fund	92,614,530
Total	<u>\$ 305,213,721</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 Governmental Bonds listed above that are held by their Trustee.

Note 4. Accounts Receivable

Accounts receivable of the Enterprise Fund is from power and water sales. The Power Sales (totaling \$576,881) 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 \$13,566,394) arise from individual contracts to various municipalities and others. The Enterprise Fund accounts receivable balance at December 31, 2021 consisted of the following:

<u>Customer</u>	<u>Amount</u>	<u>Type</u>
Dixie Power	\$ 134,204	Power
Hurricane City	985,258	Power & Water
St. George City	718,670	Water
La Verkin City	23,886	Water
City of Washington	528,308	Water
Virgin	217,516	Water
Other	46,936	Water
Total	<u>\$ 2,654,778</u>	

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 5. 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, 2021 as well as uncollected property taxes which are also recorded as deferred revenue.

Note 6. Capital Assets

Capital asset activity as of December 31, 2021 consisted of the following:

	12/31/20 Balance	Additions	Retirement	Transfers	12/31/21 Balance
Governmental Activities:					
Nondepreciable Capital Assets:					
Land & Water Rights	\$ 21,650,764	\$ 33,000	\$ -	\$ -	\$ 21,683,764
Projects in Progress	45,892,193	9,392,604	-	(24,363,161)	30,921,636
Total Non-Depreciable Assets	<u>67,542,957</u>	<u>9,425,604</u>	<u>-</u>	<u>(24,363,161)</u>	<u>52,605,400</u>
Depreciable Capital Assets:					
Buildings & Improvements	8,972,791	-	-	2,576	8,975,367
Furniture & Fixtures	466,031	9,000	-	-	475,031
Office Equipment	338,721	-	-	-	338,721
Vehicles	603,575	232,706	(415,133)	-	421,148
Total Depreciable Assets	10,381,118	241,706	(415,133)	2,576	10,210,267
Accumulated Depreciation	(3,154,364)	(372,848)	203,246	-	(3,323,966)
Depreciable Assets, Net	<u>7,226,754</u>	<u>(131,142)</u>	<u>(211,887)</u>	<u>2,576</u>	<u>6,886,301</u>
Total Capital Assets, Net	<u>\$ 74,769,711</u>	<u>\$ 9,294,462</u>	<u>\$ (211,887)</u>	<u>\$ (24,360,585)</u>	<u>\$ 59,491,701</u>

Depreciation expense for the year ended December 31, 2021 of \$373,748 was charged to governmental activities.

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WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 6. Capital Assets, Continued

	12/31/20 Balance	Additions	Retirement	Transfers	12/31/21 Balance
Business-Type Activities:					
Nondepreciable Capital Assets:					
Land & Water Rights	\$ 12,272,786	\$ -	\$ -	\$ -	\$ 12,272,786
Projects in Progress	-	2,082,666	(25,249,878)	24,363,161	1,195,949
Total Non-Depreciable Assets	<u>12,272,786</u>	<u>2,082,666</u>	<u>(25,249,878)</u>	<u>24,363,161</u>	<u>13,468,735</u>
Depreciable Capital Assets:					
Infrastructure	196,555,520	25,249,878	-	(2,576)	221,802,822
Other Equipment	1,353,524	109,121	-	-	1,462,645
Vehicles	451,060	352,965	(98,335)	-	705,690
Total Depreciable Assets	<u>198,360,104</u>	<u>25,711,964</u>	<u>(98,335)</u>	<u>(2,576)</u>	<u>223,971,157</u>
Accumulated Depreciation	<u>(80,383,575)</u>	<u>(5,410,484)</u>	<u>42,353</u>	<u>-</u>	<u>(85,751,706)</u>
Depreciable Assets, Net	<u>117,976,529</u>	<u>20,301,480</u>	<u>(55,982)</u>	<u>(2,576)</u>	<u>138,219,451</u>
Total Capital Assets, Net	<u>\$ 130,249,315</u>	<u>\$ 22,384,146</u>	<u>\$ (25,305,860)</u>	<u>\$ 24,360,585</u>	<u>\$ 151,688,186</u>

A detailed list of infrastructure assets in the business type activities is:

	12/31/20 Balance	Additions	Retirement	Transfers	12/31/21 Balance
Infrastructure Assets					
Hydroplants	\$ 5,651,189				\$ 5,651,189
Diversion Dam & Pipeline	14,375,134				14,375,134
Roads & Recreation	1,308,643			(2,576)	1,306,067
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	3,153,715				3,153,715
Quail Creek Parallel	5,824,613				5,824,613
Kayenta Ence Wells	604,400	321,066			925,466
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	47,765,338	24,832,021			72,597,359
Leap Creek	323,932				323,932
Drought Mitigation Plan	1,461,868				1,461,868
Ivins-Santa Clara Water System	7,676,300				7,676,300
Virgin-LaVerkin Water System	1,900,134				1,900,134
Anderson Jct to Harrisburg Line	1,804,267	96,791			1,901,058
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	35,029,318				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	19,820,894				19,820,894
	<u>\$ 196,555,520</u>	<u>\$ 25,249,878</u>	<u>\$ -</u>	<u>\$ (2,576)</u>	<u>\$ 221,802,822</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 7. Accounts Payable

Accounts payable at December 31, 2021 includes amounts due for various contracts and operating expenses of District.

Note 8. 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:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2030	\$ 1,500,000	\$ -	\$ 1,500,000
2031	1,500,000	-	1,500,000
2032	1,500,000	-	1,500,000
2033	1,500,000	-	1,500,000
	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 6,000,000</u>

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:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
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
2027-2029	308,000	12,380	320,380
	<u>\$ 786,000</u>	<u>\$ 72,200</u>	<u>\$ 858,200</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 8. Bonds Payable, Continued

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
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
2027-2031	274,813	277,487	552,300
2032-2036	323,232	229,068	552,300
2036-2041	380,183	172,118	552,301
2042-2046	447,166	105,134	552,300
2047-2050	413,826	28,014	441,840
	<u>\$2,072,866</u>	<u>\$ 1,130,475</u>	<u>\$ 3,203,341</u>

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:

Year Ending December 31,	Principal	Interest	Annual Debt Service
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	1,850,000	83,250	1,933,250
	<u>\$ 6,905,000</u>	<u>\$ 820,450</u>	<u>\$ 7,725,450</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 8. Bonds Payable, Continued

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:

Year Ending December 31,	Principal	Interest	Annual Debt Service
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
2027-2029	3,675,000	298,000	3,973,000
	\$8,790,000	\$ 1,768,750	\$10,558,750

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:

Year Ending December 31,	Principal	Interest	Annual Debt Service
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
2027-2031	6,785,000	5,058,500	11,843,500
2032-2036	12,600,000	3,014,750	15,614,750
2036-2037	3,475,000	173,750	3,648,750
	\$27,795,000	\$14,701,500	\$42,496,500

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 9. Long Term Debt

The following is a summary of bond and loan transactions for the District during 2021:

Business-Type activities	Balance 12/31/20	Additions	Retirements	Balance 12/31/21	Current Portion
Bonds payable					
2015 Refunding bonds	\$ 9,675,000	\$ -	\$ (885,000)	\$ 8,790,000	\$ 925,000
2012A Series revenue bonds	8,440,000		(1,535,000)	6,905,000	1,600,000
2000A Series revenue bonds	6,000,000			6,000,000	-
2009 Revenue refunding bonds	1,000,000		(1,000,000)	-	-
2011A Series bonds	2,115,011		(42,145)	2,072,866	43,746
2017A Revenue & refunding Bonds	28,620,000		(825,000)	27,795,000	865,000
2004 Revenue bonds	874,000		(88,000)	786,000	92,000
Bond premium	7,588,770	-	(682,059)	6,906,711	
Net bonds payable	<u>64,312,781</u>	<u>-</u>	<u>(5,057,204)</u>	<u>59,255,577</u>	<u>3,525,746</u>
Accrued compensated absences	294,717	-	(98,263)	196,454	117,872
Net pension/OPEB liabilities	414,386	-	(371,265)	43,121	-
Total business-type activities	<u>\$ 65,021,884</u>	<u>\$ -</u>	<u>\$ (5,526,732)</u>	<u>\$ 59,495,152</u>	<u>\$ 3,643,618</u>
Total long-term liabilities	<u>\$ 65,578,671</u>	<u>\$ 263,570</u>	<u>\$ (5,957,658)</u>	<u>\$ 59,884,583</u>	<u>\$ 3,835,936</u>

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

Year Ending December 31,	Principal	Interest	Total
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	1,464,289	3,948,100
2027-2031	14,042,813	5,646,367	19,689,180
2032-2036	15,923,232	3,243,818	19,167,050
2037-2041	3,855,183	345,868	4,201,051
2042-2046	447,166	105,134	552,300
2047-2050	413,826	28,014	441,840
	<u>\$ 52,348,866</u>	<u>\$ 18,493,375</u>	<u>\$ 70,842,241</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 10. 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 11. 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 unearned revenue and is being 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 unearned revenue and is being recognized as revenue over the 50-year period on a straight-line basis.

Note 12. Operating Transfers

During 2021 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.

<u>Transfers In</u>	<u>Transfers Out</u>		
	General Fund	Capital Projects Fund	Total
Capital Projects Fund	\$ 1,050,038	\$ -	\$ 1,050,038
Proprietary Fund	1,322,281	3,999,896	5,322,177
	<u>\$ 2,372,318</u>	<u>\$ 3,999,896</u>	<u>\$ 6,372,215</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 13. Employee Retirement Benefits

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

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

The Tier 2 Public Employees System became effective July 1, 2011. All eligible 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 the Financial Statements
December 31, 2021

Note 13. 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, 2021 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	16.07%	0.62%
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, 2021, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 300,638	N/A
Tier 2 Public Employees System	138,372	-
Tier 2 DC Only System	<u>28,004</u>	N/A
Total Contributions	<u>\$ 467,014</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, 2021, we reported a net pension asset of \$0 and a net pension liability of \$112,022.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 13. Employee Retirement Benefits, Continued

	<u>(Measurement Date): December 31, 2020</u>			Proportionate	Change
	<u>Net Pension</u>	<u>Net Pension</u>	<u>Proportionate</u>	<u>Share</u>	<u>Change</u>
	<u>Asset</u>	<u>Liability</u>	<u>Share</u>	<u>Dec. 31, 2019</u>	<u>(Decrease)</u>
Noncontributory System	\$ -	\$ 104,081	0.2029089%	0.2060508%	(0.031419)%
Tier 2 Public Employees System	-	7,941	0.0552145%	0.0565935%	(0.0013790)%
	<u>\$ -</u>	<u>\$ 789,306</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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, 2021, we recognized pension expense of \$252,927.

At December 31, 2021, 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	\$ 146,942	\$ 3,636
Changes in assumptions	10,045	13,903
Net difference between projected and actual earnings on pension plan investments	-	783,216
Changes in proportion and differences between contributions and proportionate share of contributions	53,051	19,860
Contributions subsequent to the measurement date	<u>467,014</u>	<u>-</u>
	<u>\$ 677,052</u>	<u>\$ 820,615</u>

\$467,014 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 the Financial Statements
December 31, 2021

Note 13. Employee Retirement Benefits, Continued

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ (157,586)
2022	(70,917)
2023	(270,799)
2024	(127,554)
2025	2,723
Thereafter	13,555

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

For the year ended December 31, 2021, we recognized pension expense of \$175,162.

At December 31, 2021, 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	\$ 139,632	\$ -
Changes in assumptions	-	13,614
Net difference between projected and actual earnings on pension plan investments	-	760,003
Changes in proportion and differences between contributions and proportionate share of contributions	40,187	19,860
Contributions subsequent to the measurement date	<u>300,638</u>	<u>-</u>
	<u>\$ 480,458</u>	<u>\$ 793,477</u>

\$300,638 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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ (153,638)
2022	(68,600)
2023	(265,423)
2024	(125,997)
2025	-
Thereafter	-

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 13. Employee Retirement Benefits, Continued

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

For the year ended December 31, 2021, we recognized pension expense of \$77,764.

At December 31, 2021, 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	\$ 7,310	\$ 3,636
Changes in assumptions	10,045	289
Net difference between projected and actual earnings on pension plan investments	-	23,213
Changes in proportion and differences between contributions and proportionate share of contributions	12,864	-
Contributions subsequent to the measurement date	<u>166,376</u>	<u>-</u>
	<u>\$ 180,989</u>	<u>\$ 27,138</u>

\$166,376 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.

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (3,948)
2022	(2,317)
2023	(5,376)
2024	(1,557)
2025	2,723
Thereafter	13,555

Actuarial Assumptions

The total pension liability in the December 31, 2020, 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 adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively..

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 13. 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	37%	6.30%	2.33%
Debt Securities	20%	0.00%	0.00%
Real Assets	15%	6.19%	0.93%
Private Equity	12%	9.50%	1.14%
Absolute Return	16%	2.75%	0.44%
Totals	100%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

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:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
System			
Noncontributory System	\$ 1,804,450	\$ 104,081	\$ (1,313,433)
Tier 2 Public Employees System	133,630	7,941	(88,207)
Total	<u>\$ 2,535,287</u>	<u>\$ 112,022</u>	<u>\$ (1,401,640)</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 13. Employee Retirement Benefits, Continued

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:

401(k) Plan	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer Contributions	\$353,779	\$322,350	\$258,090
Employee Contributions	\$246,104	\$242,894	\$223,999
 Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$19,920	\$14,735	\$12,700

Note 14. Restricted Net Assets

The District determined to set aside funds for future projects. Accordingly, as of December 31, 2021, \$211,202,331 of the Governmental Activities Restricted Net Assets is restricted to be used for new water conservancy projects and \$28,415,039 of Business-type Net Assets is restricted for debt service. In addition, \$21,664,665 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 \$14,154,600 is restricted for Renewal and Replacement required by the Regional Water Supply Agreement.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 15. 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 16. Other Commitments

The District is obligated at December 31, 2021, under various uncompleted construction contracts as follows:

	Project Authorized Amounts	Costs to Date	Costs to Complete
Ash Creek	\$ 21,412,370	\$ 495,884	\$ 20,916,486
Grass Valley Water Diversion	124,486	77,836	46,650
Sand Hollow State Park Culinary Pipeline Replacement Project	46,497	-	46,497
Sand Hollow Well #7	610,731	-	610,731
Sand Hollow Well #15	276,895	-	276,895
Toquer Dam Recreation Area	247,500	4,155	243,345
Cottam Well Tank Project	386,685	112,990	273,695
Cottam Well #3	116,120	-	116,120
La Verkin Hot Springs	147,500	-	147,500
Total	\$ 23,368,784	\$ 690,865	\$ 22,677,919

Note 17. 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.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
December 31, 2021

Note 18. Impact Fee Promissory Notes

In 2006 the District implemented impact fees which were to be paid upon platting. The District offered a promissory note option delaying payment of the impact fees until transfer of ownership, the building permit's issuance, or three years from the date of the signed promissory note. The District noted enforcement and administrative time required for the promissory notes creates a significant burden. At the August 11, 2021 regularly scheduled Board of Trustees meeting the Board voted in favor of ending the requirement for impact fees at platting and the promissory notes option, instead requiring impact fees to be paid before a building permit is issued. Impact fee promissory notes were recorded in prior financial statements as accounts receivable and deferred inflow liability. With the discontinuation of the District promissory notes program, the balance of notes receivable and the related deferrals of \$14,662,690 was removed with the required payments being removed until the related permits are issued.

Note 19. Prior Period Adjustments

During the year end closing of 2021 a number of adjustments related to prior years were noted as being needed. Those adjustments are:

Cost of issuance expenses related to the of the 2009 and 2015 debt were deferred in prior years and being amortized. GASB standards require expenses of acquiring debt to be expensed in the year incurred. There was \$259,609 remaining to be amortized. An adjustment was recorded decreasing deferred costs and net position by this amount.

In prior years paid time off was recorded as a liability in the general fund. As a long term liability it should be recorded for governmental funds in the government wide statements, but does not impact the governmental funds in the fund financial statements. An adjustment was made to reduce liabilities in the general fund by \$271,714, increasing fund balance by that amount.

In prior years the District was party to a contract with Toqueville Enterprises in which the District committed to provide a specified number of water system connections. As part of a set of contractual adjustments made in 2021 it was noted the District had not recorded a liability for the contractually committed amounts in prior years. The District recorded a prior period adjustment for the December 31, 2021 balance of the value of the contractually required connections, increasing liabilities by \$350,000, and decreasing net position by the same.

In 2021 there were two capital assets in the proprietary fund, totaling \$99,718, which were purchased but were not capitalized. The District recorded a prior period adjustment to increase net position in the proprietary fund by \$99,718 and increased capital assets by the same.

In prior years \$216,721 of depreciation expense was misclassified between the proprietary fund and the governmental funds. The District recorded an adjustment which reclassified the amount, increasing net position and decreasing accumulated depreciation by \$216,721 in the proprietary fund and decreasing net position and increasing accumulated depreciation by the same amount in the governmental funds in the government wide statements.

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REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:			
Property tax	\$ 12,000,000	\$ 14,792,547	\$ 2,792,547
Interest	1,000,000	206,286	(793,714)
Other income	558,000	814,843	256,843
Total revenues	<u>13,558,000</u>	<u>15,813,676</u>	<u>2,255,676</u>
EXPENDITURES:			
Capital expenditures	165,000	100,063	64,937
Public education	195,300	23,488	171,812
Payroll & benefits	2,679,620	2,082,098	597,522
Cloud seeding	36,500	56,762	(20,262)
Audit & accounting	40,000	51,395	(11,395)
Telephone	32,660	32,633	27
Insurance & bond	2,500	309	2,191
Travel & training	262,700	76,376	186,324
Office	345,945	78,572	267,373
Miscellaneous	855,000	5,479	849,521
Legal	871,800	763,668	108,132
Auto expenses	35,200	8,416	26,784
Board expenses	13,000	7,133	5,867
RDA property taxes	350,000	238,209	111,791
Engineering & maintenance	209,700	138,223	71,477
Conservation	3,000	383	2,617
Utilities	30,000	26,798	3,202
Building maintenance	40,000	30,642	9,358
Total expenditures	<u>6,167,925</u>	<u>3,720,647</u>	<u>2,447,278</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	(9,352,075)	(2,372,318)	6,979,757
Total other financing sources (uses)	<u>(9,352,075)</u>	<u>(2,372,318)</u>	<u>6,979,757</u>
Net change in fund balance	(1,962,000)	9,720,711	6,788,155
Fund balance, beginning of year	<u>18,393,761</u>	<u>18,393,761</u>	<u>-</u>
Prior period adjustment	<u>-</u>	<u>271,714</u>	<u>271,714</u>
Fund balance, end of year	<u>\$ 16,431,761</u>	<u>\$ 28,386,186</u>	<u>\$ 6,788,155</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Virgin River Program
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:			
Interest	\$ 2,000	\$ 1,007	\$ (993)
Other income	2,406,490	2,850,806	444,316
Total revenues	<u>2,408,490</u>	<u>2,851,813</u>	<u>443,323</u>
EXPENDITURES:			
Capital expenditures	76,800	138,789	(61,989)
Public education	35,000	36,773	(1,773)
Payroll & benefits	105,900	104,334	1,566
Telephone	800	418	382
Travel & training	5,500	1,029	4,471
Office	18,600	15,464	3,136
Miscellaneous	95,300	-	95,300
Operations & maintenance	133,000	26,251	106,749
Environmental	2,121,990	1,283,489	838,501
Utilities	28,000	17,588	10,412
Total expenditures	<u>2,620,890</u>	<u>1,624,135</u>	<u>996,755</u>
OTHER FINANCING SOURCES (USES):			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(212,400)	1,227,678	(553,432)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ (212,400)</u>	<u>\$ 1,227,678</u>	<u>\$ (553,432)</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended December 31, 2021

<u>As of fiscal year ended June 30,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Noncontributory System					
2015	0.0000000%	\$ -	\$ -	0.00%	0.0%
2016	0.0188787%	106,825	155,045	68.90%	87.8%
2017	0.1891976%	1,214,880	1,623,841	74.82%	87.3%
2018	0.1935960%	848,203	1,602,088	52.94%	91.9%
2019	0.1861890%	1,370,970	1,510,243	90.78%	87.0%
2020	0.2060508%	776,587	1,671,550	46.46%	93.7%
2021	0.2029089%	104,081	1,599,453	6.51%	99.2%
Contributory System					
2015	3.0997511%	\$ 894,103	\$ 1,565,148	57.13%	94.0%
2016	3.5114195%	2,468,017	1,397,688	176.58%	85.7%
2017	0.7795726%	26,109	19,093	136.75%	92.9%
2018	0.0000000%	-	9,156	0.00%	0.0%
2019	0.0000000%	-	2,776	0.00%	0.0%
2020	0.0000000%	-	-	0.00%	0.0%
2021	0.0000000%	-	-	0.00%	0.0%
Tier 2 Public Employees System					
2015	0.0337495%	\$ (1,023)	\$ 165,582	-0.62%	103.5%
2016	0.0279640%	(61)	180,667	-0.03%	100.2%
2017	0.0387790%	4,326	318,019	1.36%	95.1%
2018	0.0445760%	3,930	436,689	0.90%	97.4%
2019	0.0482960%	20,684	563,442	3.67%	90.8%
2020	0.0565940%	12,728	786,286	1.62%	96.5%
2021	0.0552146%	7,941	883,676	0.90%	98.3%

Note: The District implemented GASB 68 in fiscal year 2015. Some prior year information is not available.

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Schedule of Contributions
December 31, 2021

<u>As of fiscal year ended June 30,</u>	<u>Actuarial determined contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
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%
2021	300,638	300,638	-	1,649,522	18.23%
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%
2021	138,372	138,372	-	867,979	15.94%
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%
2021	28,004	28,004	-	426,376	6.57%

Note: The District implemented GASB 68 in fiscal year 2015. Some prior year information is not available.

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

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Notes to Required Supplementary Information
For the Year Ended December 31, 2021

Note 1. Changes in Assumptions

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detail information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

OTHER SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:			
Impact fees	\$ 25,000,000	\$ 36,437,955	\$ 11,437,955
Interest	1,000,000	570,084	(429,916)
Total revenues	<u>26,000,000</u>	<u>37,008,039</u>	<u>11,008,039</u>
EXPENDITURES:			
Capital expenditures	43,657,573	5,649,547	38,008,026
Public education	13,000	6,940	6,060
Payroll & benefits	941,600	990,624	(49,024)
Telephone	3,000	2,784	216
Travel & training	14,500	7,469	7,031
Office	200	1,577	(1,377)
Miscellaneous	3,069,076	134,459	2,934,617
Legal	2,907,100	1,468,135	1,438,965
Auto expenses	5,000	5,100	(100)
Engineering & maintenance	1,692,000	1,584,658	107,342
Total expenditures	<u>52,303,049</u>	<u>9,851,293</u>	<u>42,451,756</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	8,556,107	1,050,038	(7,506,069)
Transfers out	(3,791,880)	(3,999,896)	(208,016)
Total other financing sources (uses)	<u>4,764,227</u>	<u>(2,949,858)</u>	<u>(7,714,085)</u>
Net change in fund balance	(21,538,822)	24,206,888	(39,157,802)
Fund balance, beginning of year	<u>158,582,322</u>	<u>158,582,322</u>	<u>-</u>
Prior period adjustment	<u>-</u>	<u>(350,000)</u>	<u>(350,000)</u>
Fund balance, end of year	<u>\$ 137,043,500</u>	<u>\$ 182,439,210</u>	<u>\$ (39,157,802)</u>

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT
Proprietary Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:			
Power sales	\$ 560,000	\$ 576,881	\$ 16,881
Water sales (net of rebate)	10,308,900	13,566,394	3,257,494
Water development & connection fees	10,000	365,424	355,424
Other charges and fees	71,999	61,640	(10,359)
Total revenues	<u>10,950,899</u>	<u>14,570,339</u>	<u>3,619,440</u>
EXPENSES:			
Depreciation	-	5,586,590	(5,586,590)
Operations & maintenance	6,458,275	790,013	5,668,262
Payroll & benefits	1,754,351	1,964,394	(210,043)
Insurance & bonds	88,650	130,871	(42,221)
Office expenses	3,750	1,100	2,650
Building maintenance	464,754	239,131	225,623
Utilities	222,500	619,742	(397,242)
Telephone	26,335	28,667	(2,332)
Auto expenses	74,050	48,790	25,260
Service charges	300,918	117,561	183,357
Miscellaneous	521,275	197,662	323,613
Travel and training	47,450	15,746	31,704
Total operating expenses	<u>9,962,308</u>	<u>9,740,267</u>	<u>222,041</u>
Operating income (loss)	988,591	4,830,072	3,397,399
OTHER INCOME (EXPENSES):			
Other income	72,000	-	(72,000)
Gain (loss) on sale of capital assets	-	33,684	33,684
Special assessment	1,215,000	1,081,696	(133,304)
Impact fees	1,531,000	1,437,375	(93,625)
Interest income	700,000	275,768	(424,232)
Interest expense	(2,370,931)	(1,613,927)	757,004
Capital Contribution	-	24,363,161	24,363,161
Transfers in	4,908,179	5,322,177	413,998
Transfers out	(2,283,831)	-	2,283,831
Total other financing sources (uses)	<u>3,771,417</u>	<u>30,899,934</u>	<u>27,128,517</u>
Net change in fund balance	4,760,008	35,730,006	30,525,916
Fund balance, beginning of year	<u>148,200,293</u>	<u>148,200,293</u>	<u>-</u>
Prior period adjustment	<u>-</u>	<u>56,916</u>	<u>56,916</u>
Fund balance, end of year	<u>\$ 152,960,301</u>	<u>\$ 183,987,215</u>	<u>\$ 30,525,916</u>

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FEDERAL AND STATE AUDITOR'S REPORTS

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**Independent Auditors' 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Water Conservancy District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Washington County Water Conservancy District's basic financial statements, and have issued our report thereon dated August 26, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Washington County Water Conservancy District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Washington County Water Conservancy 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying letter of findings and recommendations that we consider to be significant deficiencies.

2021-001 Reconciliation of Balance Sheet Account Balances

Compliance and Other Matters

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

Washington County Water Conservancy District's Response to Findings

The Washington County Water Conservancy District's response to the findings identified in our audit is described in the accompanying letter of findings and recommendations. The Washington County Water Conservancy District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

HintonBurdick, PLLC

St. George, Utah

August 26, 2022



HINTONBURDICK
CPAs & ADVISORS

**Independent Auditors' Report on Compliance and
Report on Internal Control over Compliance
As Required by the *State Compliance Audit Guide***

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

Report on Compliance

We have audited the Washington County Water Conservancy District's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, which could have a direct and material effect on the Washington County Water Conservancy District for the year ended December 31, 2021.

State compliance requirements were tested for the year ended December 31, 2021 in the following areas:

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Restricted Revenues
- Fraud Risk Assessment
- Government Fees
- Cash Management
- Enterprise Fund Transfers, Reimbursements, Loans and Services
- Impact Fees
- Special and Local Service District Board Members
- Utah Retirement System
- Public Treasurer's Bond

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 state 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of

District's compliance with those requirements.

Opinion on Compliance (Per 2021 Compliance Guide)

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, 2021.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of 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 state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and 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.

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying schedule of findings and recommendations.

The Washington County Water Conservancy District's responses to the findings identified in our audit are described in the accompanying letter to management. The Washington County Water Conservancy District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 Guide*. Accordingly, this report is not suitable for any other purpose.

HintonBurdick, PLLC

St. George, Utah

August 26, 2022

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Findings and Recommendations For the Year Ended December 31, 2021

Directors and Members of the Board
Washington County Water Conservancy District
St. George, Nevada

Professional standards require that we communicate, in writing; deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. During our audit of Washington County Water Conservancy District for the year December 31, 2021 we noted a few circumstances that, if improved, would strengthen the District's accounting system and controls over its assets, and a few areas needing corrective action in order for the District to be in compliance with laws and regulations. These items are discussed below for your consideration.

Material Weaknesses:

2021-001 Reconciliation of Balance Sheet Account Balances

Criteria: Best practices state, processes should be in place to regularly reconcile balances recorded in the balance sheet accounts to supporting lists, reports, and information.

Condition: The District did not have supporting reconciliations and reports readily available for a number of the end of year balances recorded in the balance sheet accounts.

Cause: The District changed accounting systems near year end and the conversion caused misstated beginning balances and misclassified some of the current year activity. Regular reconciliations of the balance sheet accounts became difficult for the District to perform until the errors and misclassifications occurring in the conversion were noted, researched, and addressed.

Effect: Without regular reconciliations, and the resulting documentation, it can be difficult or impossible to have a reasonable understanding of what items are included in the balances which increases the risk of error or fraud occurring without being detected and corrected in the normal course of business.

Recommendation: As of the end of the audit, beginning balances have been adjusted and reconciled, the activity in the current year has been addressed, the significant year-end account balances are tied to reconciliations and other support. We recommend the District make certain it is performing regular reconciliations of all significant balance sheet accounts.

Management's Response: The District acknowledges there were challenges with the accounting system conversion during the end of the year. The accounting system conversion during this year should not need to be repeated in future years. The District agrees with the auditor's recommendation and will follow through to perform regular reconciliations of all significant balance sheet accounts. The reconciliations performed by the District will provide correctly stated beginning balances and a reasonable understanding of what items are included in the balance sheet balances.

Significant Deficiencies:

None noted

Control Deficiencies:

None noted

This report is intended solely for the information and use of management, and various state agencies and is not intended to be and should not be used by anyone other than these specified parties.

It has been a pleasure to be of service to the District this past year. We would like to express special thanks to the staff who assisted us so efficiently in this year's audit. We invite you to continue to ask questions of us throughout the year, as you feel necessary. We look forward to a continued professional relationship.

HintonBurdick, PLLC

August 26, 2022