



FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
With Report of
Certified Public Accountants

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
Washington City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington City, Utah, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington City, Utah, as of June 30, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington City's basic financial statements. The accompanying combining statements and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of Washington City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington City's internal control over financial reporting and compliance.



HintonBurdick, PLLC
St. George, Utah
November 29, 2021

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Washington City, Utah
Management's Discussion and Analysis
For the Year Ended June 30, 2021

This section of Washington City's (the City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$347,877,057 (net position). Of this amount, \$41,893,159 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$48,967,372. Of this amount, \$24,748,068 relates to capital contributions of capital assets (infrastructure, utility systems, etc.).
- As of the close of the current fiscal year, the governmental funds reported a combined ending fund balance of \$34,145,906, which is an increase of \$10,721,660 from the prior year. Approximately 29.42% (or \$10,046,451) of this total amount is available for spending at the government's discretion (unassigned fund balance). A restatement of adjustment of \$640,830 is recognized in the general fund for the elimination of the internal service fleet fund.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,046,451 or approximately 43.61% of total general fund expenditures.
- For the current fiscal year, general fund revenues exceeded general fund expenditures by \$7,375,690 before interfund transfers and other financings sources and uses and by \$4,811,392 after interfund transfers and other financing sources and uses.
- Total long-term debt (excluding net pension liability and compensated absences) decreased by \$3,349,705 or 10.8% during the current fiscal year.

Overview of Financial Statements

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements and the required and other supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements:
 - The government funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses.

The financial statements also include notes that explain some of the information in the financial statements and provide additional details. The statements are followed by sections of required and other supplementary information that further explains and supports the information in the financial statements.

Government-wide financial statements. The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets (and deferred outflows of resources) and liabilities (and deferred inflows of resources). All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position—essentially the difference between the City's assets (and deferred outflows) and liabilities (and deferred inflows)—is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one should consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into two categories:

- *Governmental activities*—Most of the City's basic services are included here, such as public safety, streets and highways, parks, recreation and general administration. Property taxes, sales taxes, energy taxes, franchise taxes, state grants and impact fees finance most of these activities.
- *Business-type activities*—The City charges fees to customers to help it cover the costs of services it provides. The City's water, sewer and electric activities (among others) are included here.

Fund financial statements. The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources (revenues) and uses (expenditures) of funding for particular purposes.

- Some funds are required by state law and by bond covenants.
- The City Council establishes other funds to control and manage resources for particular purposes.

The City has two types of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash* and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that help one determine whether there are financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the City's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets (and deferred outflows of resources) exceed liabilities (and deferred inflows of resources) by \$347,877,057 at the close of the fiscal year. By far the largest portion of Washington City's net position, (82.05% for governmental activities and 75.41% for business-type activities) reflects its investment in capital assets (i.e. land, infrastructure, buildings, equipment) less any related debt used to acquire those assets that is still outstanding. Washington City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Washington City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Washington City's Net Position

	Governmental activities		Business-type activities		Total	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Current and other assets	\$ 41,451,891	\$ 32,839,388	\$ 46,986,715	\$ 41,214,486	\$ 88,438,606	\$ 74,053,874
Capital assets	160,546,794	142,649,639	141,541,032	129,793,574	302,087,826	272,443,213
Total assets	201,998,685	175,489,027	188,527,747	171,008,060	390,526,432	346,497,087
Deferred outflows of resources	1,352,687	1,329,079	616,277	611,133	1,968,964	1,940,212
Long-term liabilities outstanding	15,294,109	18,834,369	14,331,667	16,076,307	29,625,776	34,910,676
Other liabilities	2,596,833	5,140,386	5,284,328	4,081,685	7,881,161	9,222,071
Total liabilities	17,890,942	23,974,755	19,615,995	20,157,992	37,506,937	44,132,747
Deferred inflows of resources	6,174,411	4,924,283	936,991	470,584	7,111,402	5,394,867
Net position:						
Net investment in capital assets	147,112,456	127,006,815	127,143,722	113,780,031	274,256,178	240,786,846
Restricted	23,091,653	16,730,770	8,636,067	8,752,998	31,727,720	25,483,768
Unrestricted	9,081,910	4,181,483	32,811,249	28,457,588	41,893,159	32,639,071
Total net position	\$179,286,019	\$147,919,068	\$168,591,038	\$150,990,617	\$347,877,057	\$298,909,685

Percentage of Net Position

<u>Net position type</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net investment in capital assets	82.05%	75.41%	78.84%
Restricted net position	12.88%	5.13%	9.12%
Unrestricted net position	5.07%	19.46%	12.04%
Total net position	100.00%	100.00%	100.00%

An additional portion of Washington City's governmental net position (12.88% and 5.13%, respectively) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$41,893,159 (5.07% and 19.46%, respectively), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Washington City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased Washington City's net position by \$31,366,951. See below table for details.

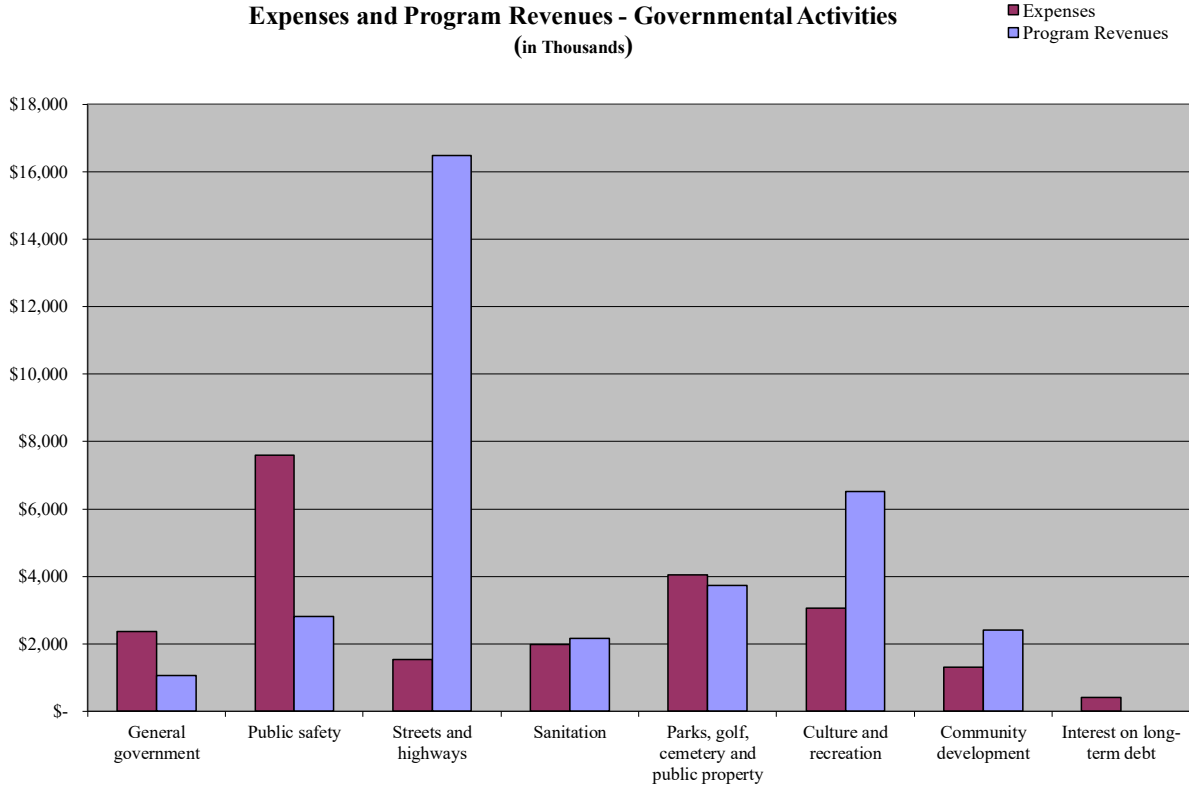
Business-type activities. Business-type activities increased Washington City's net position by \$17,600,421. See below table for details.

Washington City's Changes in Net Position

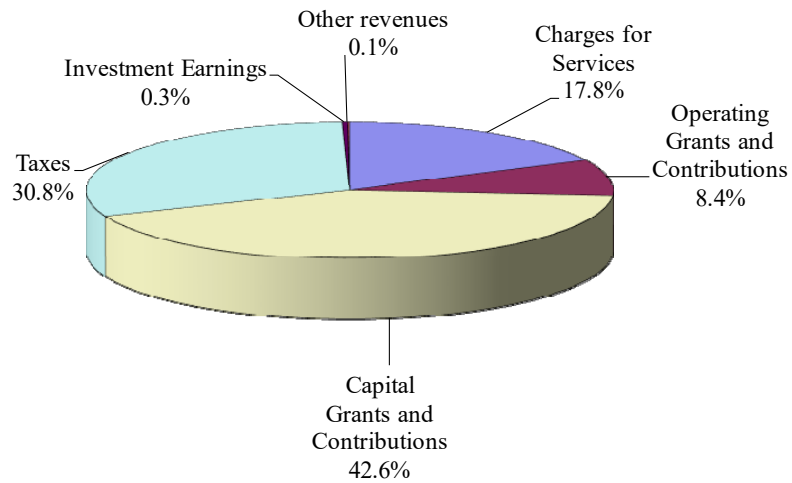
	Governmental activities		Business-type activities		Total	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenues:						
Program revenues:						
Charges for services	\$ 9,119,879	\$ 7,392,823	\$ 28,410,386	\$ 25,321,242	\$ 37,530,265	\$ 32,714,065
Operating grants and contributions	4,277,683	1,667,502	-	-	4,277,683	1,667,502
Capital grants and contributions	21,779,695	12,101,371	15,859,977	13,764,916	37,639,672	25,866,287
General revenues:						
Taxes	17,857,085	14,422,095	-	-	17,857,085	14,422,095
Unrestricted investment earnings	160,136	447,908	300,288	880,336	460,424	1,328,244
Other	481,484	238,978	-	-	481,484	238,978
Total revenues	<u>53,675,962</u>	<u>36,270,677</u>	<u>44,570,651</u>	<u>39,966,494</u>	<u>98,246,613</u>	<u>76,237,171</u>
Expenses:						
General government	2,354,987	2,127,830	-	-	2,354,987	2,127,830
Public safety	7,586,404	6,535,879	-	-	7,586,404	6,535,879
Streets and highways	1,541,754	1,628,472	-	-	1,541,754	1,628,472
Sanitation	1,994,157	1,771,229	-	-	1,994,157	1,771,229
Parks, golf, cemetery and public property	4,039,745	3,975,901	-	-	4,039,745	3,975,901
Culture and recreation	3,056,656	2,804,208	-	-	3,056,656	2,804,208
Community development	1,307,029	1,406,235	-	-	1,307,029	1,406,235
Interest on long-term debt	408,627	554,509	-	-	408,627	554,509
Water	-	-	7,990,804	7,224,967	7,990,804	7,224,967
Sewer	-	-	2,326,055	2,023,814	2,326,055	2,023,814
Electric	-	-	14,944,176	13,068,520	14,944,176	13,068,520
Irrigation	-	-	95,050	122,766	95,050	122,766
Storm drain	-	-	1,633,797	1,243,417	1,633,797	1,243,417
Total expenses	<u>22,289,359</u>	<u>20,804,263</u>	<u>26,989,882</u>	<u>23,683,484</u>	<u>49,279,241</u>	<u>44,487,747</u>
Change in net position before transfers	31,386,603	15,466,414	17,580,769	16,283,010	48,967,372	31,749,424
Transfers	(19,652)	(269,292)	19,652	269,292	-	-
Change in net position	31,366,951	15,197,122	17,600,421	16,552,302	48,967,372	31,749,424
Net position, beginning	147,919,068	132,721,946	150,990,617	134,438,315	298,909,685	267,160,261
Net position, ending	<u>\$179,286,019</u>	<u>\$147,919,068</u>	<u>\$168,591,038</u>	<u>\$150,990,617</u>	<u>\$347,877,057</u>	<u>\$298,909,685</u>

The following graphs compare program expenses and program revenues and provide a breakdown of revenues by source for all governmental activities:

Expenses and Program Revenues - Governmental Activities
(in Thousands)

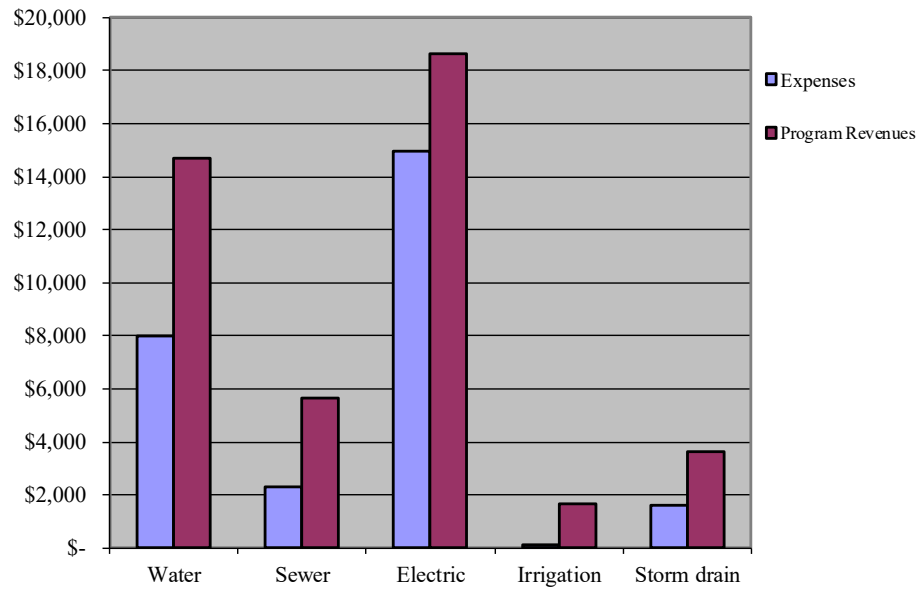


Revenue By Source - Governmental Activities



The following graph compares program expenses and program revenues for all business-type activities:

**Expenses and Program Revenues - Business- type Activities
(in Thousands)**



Financial Analysis of the Government's Funds

As noted earlier, Washington City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Washington City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Washington City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported a combined ending fund balance of \$34,145,906, an increase of \$10,721,660 from the prior year (excluding a restatement adjustment of \$640,830); \$10,046,451 or approximately 29.42% of the fund balance constitutes *unassigned* fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is *nonspendable* (\$33,092), *restricted* (\$23,173,324), and *assigned* (\$893,039).

The general fund is the chief operating fund of Washington City. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$10,046,451 or approximately 85.08% of the total fund balance of \$11,808,563. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 43.61% of total general fund expenditures, while total fund balance represents approximately 51.26% of that same amount.

The recreation capital projects fund has a fund balance of \$7,274,908, of which \$7,094,509 is restricted for capital outlay relating to park impact fees.

All other governmental funds (capital projects funds, special revenue fund, and debt service funds) have a total fund balance of \$15,062,435, which is restricted for or assigned to various purposes (primarily capital outlay).

Proprietary funds. Washington City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

The combined unrestricted net position for the enterprise funds total \$32,811,249 at the end of the fiscal year. All of the enterprise funds experienced increases in total net position for the current fiscal year.

General Fund Budgetary Highlights

The general fund budget was amended during the year. The general fund revenues were more than the final budget by \$2,594,939, primarily due to sales taxes, intergovernmental revenues and charges for services being more than budget. The general fund expenditures were less than the final budget by \$1,800,027, primarily due to general government and most other function line item expenditures being under budget. The general fund transfers out were more than the final budget by \$579,624.

Capital Asset and Debt Administration

Capital assets. Washington City's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$302,414,727 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, utility systems, infrastructure (i.e. roads, and sidewalks), autos and trucks and machinery and equipment.

Washington City's Capital Assets
(net of depreciation)

	Governmental Activities	Business-type Activities	Total
Land	\$ 5,957,198	\$ 2,315,313	\$ 8,272,511
Infrastructure	117,144,979	-	117,144,979
Construction in progress	645,712	2,245,105	2,890,817
Buildings and improvements	31,854,988	5,812,317	37,667,305
Improvements and systems	-	128,779,037	128,779,037
Machinery and equipment	3,142,492	1,172,852	4,315,344
Machinery and equipment (leased)	326,901	-	326,901
Automobiles and trucks	1,801,425	1,216,408	3,017,833
Total	<u>\$ 160,873,695</u>	<u>\$ 141,541,032</u>	<u>\$ 302,414,727</u>

The City uses the modified approach to account for infrastructure assets in the governmental funds; consequently, the City does not depreciate infrastructure assets. Instead, the City expenses certain maintenance costs to maintain the condition of these assets at a certain level. As shown in the accompanying required supplementary information, based on the City's recent condition assessment, improvements were made during the current fiscal year and the City's average rating of 16.22 exceeds the City's minimum of 12.60.

Long-term debt. At fiscal year-end, the City had \$27,700,608 in outstanding debt (excluding net pension liability and compensated absences)—a decrease of 10.79% over the last fiscal year—as shown in the below table. More detailed information about the City's long-term debt (and other long-term liabilities) is presented in the notes to the financial statements.

Washington City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Percent Change
	2021	2020	2021	2020	2021	2020	
General obligation bonds	\$ 4,905,000	\$ 5,535,000	\$ -	\$ -	\$ 4,905,000	\$ 5,535,000	-11.38%
Lease revenue bonds	6,793,000	7,878,000	-	-	6,793,000	7,878,000	-13.77%
Sales/Excise tax revenue bonds	921,000	1,264,000	-	-	921,000	1,264,000	-27.14%
Revenue bonds	-	-	12,110,000	13,015,000	12,110,000	13,015,000	-6.95%
Deferred issuance premium	316,002	361,145	786,252	819,012	1,102,254	1,180,157	-6.60%
Notes payable	711,960	895,858	771,509	933,094	1,483,469	1,828,952	-18.89%
Leases payable	385,885	349,204	-	-	385,885	349,204	10.50%
Total	<u>\$ 14,032,847</u>	<u>\$ 16,283,207</u>	<u>\$ 13,667,761</u>	<u>\$ 14,767,106</u>	<u>\$ 27,700,608</u>	<u>\$ 31,050,313</u>	-10.79%

Next Year's Budget and Economic Factors

Fiscal year 2021 was another residential boom year for Washington City. Our residential development expanded by another 32% over the last Fiscal Year. Washington City's residential development during the Fiscal Year 2020/2021 was the highest ever. The City added 923 single-family homes and 153 apartment units.

The City has experienced residential growth averaging over 5% for the past five years which brings a number of challenges along with economic prosperity, as population growth outpaces commercial development in Washington City. Sales tax derived from commercial growth is an integral part of Washington City's tax base and a necessary component to keeping property taxes low. The City Council has included economic development and growth as one of the emphases of the Washington City Strategic Plan covering 2017-2022 which is used to guide policy decisions by the Council.

Washington City currently maintains the lowest area property tax rate when compared to St. George, Ivins, Hurricane, and Santa Clara. (Source: taxrates.utah.gov) The unemployment rate for the County (of which Washington City is the second-largest city) was 2.3% for the month ended September 2021 compared with a state unemployment rate of 2.4% and a national rate of 4.8%. This compares with the County unemployment rate of 5.0% in September of 2020 (Source: Utah Department of Workforce Services).

There were no major policy changes for the 2022 fiscal year that started July 1, 2021, and the budget was approved without a property tax rate increase. After careful consideration of all revenue sources and conservative forecasts for future revenues, the general fund budget was presented to the City Council as being funded within the scope of anticipated revenues. The budget as adopted will continue the significant work that has come to be expected by our citizens as we strive to meet their needs and fulfill our personal commitments to provide high-quality services to all those who live in or visit our community.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Budget Officer, 111 North 100 East, Washington City, Utah, 84780.

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BASIC FINANCIAL STATEMENTS

WASHINGTON CITY, UTAH
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,804,032	\$ 8,998,094	\$ 22,802,126
Investments	16,435,735	31,498,435	47,934,170
Receivables, net	8,301,525	3,804,804	12,106,329
Lease receivable	32,009	-	32,009
Inventories	33,092	1,297,632	1,330,724
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	2,379,345	1,317,889	3,697,234
Net pension asset	139,252	69,861	209,113
Capital assets not being depreciated:			
Land, easements and water rights	5,957,198	2,315,313	8,272,511
Infrastructure	117,144,979	-	117,144,979
Construction in progress	645,712	2,245,105	2,890,817
Capital assets net of accumulated depreciation:			
Buildings and improvements	31,854,988	5,812,317	37,667,305
Improvements and systems	-	128,779,037	128,779,037
Machinery and equipment	3,142,492	1,172,852	4,315,344
Machinery and equipment (leased)	326,901	-	326,901
Automobiles and trucks	1,801,425	1,216,408	3,017,833
Total assets	<u>201,998,685</u>	<u>188,527,747</u>	<u>390,526,432</u>
Deferred Outflows of Resources			
Deferred charge on refunding	271,608	69,524	341,132
Deferred outflows related to pensions	1,081,079	546,753	1,627,832
Total deferred outflows of resources	<u>1,352,687</u>	<u>616,277</u>	<u>1,968,964</u>
Liabilities			
Accounts payable and other current liabilities	2,515,162	5,163,134	7,678,296
Unearned revenue	-	58,445	58,445
Accrued interest payable	81,671	62,749	144,420
Noncurrent liabilities:			
Due within one year	2,914,544	1,300,573	4,215,117
Due in more than one year	11,881,384	12,738,532	24,619,916
Net pension liability	498,181	292,562	790,743
Total liabilities	<u>17,890,942</u>	<u>19,615,995</u>	<u>37,506,937</u>
Deferred Inflows of Resources			
Deferred revenue - property taxes	4,292,661	-	4,292,661
Deferred inflows related to pensions	1,849,741	936,991	2,786,732
Deferred inflows related to leases	32,009	-	32,009
Total deferred inflows of resources	<u>6,174,411</u>	<u>936,991</u>	<u>7,111,402</u>
Net Position			
Net investment in capital assets	147,112,456	127,143,722	274,256,178
Restricted for:			
Debt service	1,534,518	472,439	2,006,957
Capital outlay	18,872,826	8,163,628	27,036,454
Other	2,684,309	-	2,684,309
Unrestricted	9,081,910	32,811,249	41,893,159
Total net position	<u>\$ 179,286,019</u>	<u>\$ 168,591,038</u>	<u>\$ 347,877,057</u>

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

WASHINGTON CITY, UTAH
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,354,987	\$ 686,865	\$ 375,252	\$ -	\$ (1,292,870)	\$ -	\$ (1,292,870)
Public safety	7,586,404	392,581	1,990,359	431,232	(4,772,232)	-	(4,772,232)
Streets and highways	1,541,754	-	1,489,664	14,981,452	14,929,362	-	14,929,362
Sanitation	1,994,157	2,167,268	-	-	173,111	-	173,111
Parks, golf, cemetery and public property	4,039,745	1,762,939	43,929	1,918,665	(314,212)	-	(314,212)
Culture and recreation	3,056,656	1,717,810	352,080	4,448,346	3,461,580	-	3,461,580
Community development	1,307,029	2,392,416	26,399	-	1,111,786	-	1,111,786
Interest on long-term debt	408,627	-	-	-	(408,627)	-	(408,627)
Total governmental activities	<u>22,289,359</u>	<u>9,119,879</u>	<u>4,277,683</u>	<u>21,779,695</u>	<u>12,887,898</u>	<u>-</u>	<u>12,887,898</u>
Business-type activities:							
Water	7,990,804	8,895,637	-	5,788,568	-	6,693,401	6,693,401
Sewer	2,326,055	1,919,966	-	3,723,526	-	3,317,437	3,317,437
Electric	14,944,176	16,265,683	-	2,377,879	-	3,699,386	3,699,386
Irrigation	95,050	17,017	-	1,652,667	-	1,574,634	1,574,634
Storm drain	1,633,797	1,312,083	-	2,317,337	-	1,995,623	1,995,623
Total business-type activities	<u>26,989,882</u>	<u>28,410,386</u>	<u>-</u>	<u>15,859,977</u>	<u>-</u>	<u>17,280,481</u>	<u>17,280,481</u>
Total primary government	<u>\$ 49,279,241</u>	<u>\$ 37,530,265</u>	<u>\$ 4,277,683</u>	<u>\$ 37,639,672</u>	<u>12,887,898</u>	<u>17,280,481</u>	<u>30,168,379</u>
General Revenues:							
Taxes:							
Property taxes					4,529,856	-	4,529,856
Sales taxes					11,195,464	-	11,195,464
Franchise and energy taxes					2,131,765	-	2,131,765
Unrestricted investment earnings					160,136	300,288	460,424
Other revenues not restricted to specific programs					433,358	-	433,358
Gain on sale of capital assets					48,126	-	48,126
Transfers					(19,652)	19,652	-
Total general revenues and transfers					<u>18,479,053</u>	<u>319,940</u>	<u>18,798,993</u>
Change in net position					31,366,951	17,600,421	48,967,372
Net position - beginning					147,919,068	150,990,617	298,909,685
Net position - ending					<u>\$ 179,286,019</u>	<u>\$ 168,591,038</u>	<u>\$ 347,877,057</u>

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

WASHINGTON CITY, UTAH
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Capital Projects Recreation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 2,113,326	\$ 4,672,490	\$ 7,018,216	\$ 13,804,032
Investments	7,291,090	2,722,019	6,422,626	16,435,735
Receivables, net	412,855	329	1,223	414,407
Property taxes receivable	3,558,836	-	733,825	4,292,661
Due from other governments	3,466,924	-	127,533	3,594,457
Lease receivable	32,009	-	-	32,009
Inventory	33,092	-	-	33,092
Restricted cash and cash equivalents	772,536	-	1,606,809	2,379,345
Total assets	<u>\$ 17,680,668</u>	<u>\$ 7,394,838</u>	<u>\$ 15,910,232</u>	<u>\$ 40,985,738</u>
Liabilities, deferred inflows, and fund balances				
Liabilities:				
Accounts payable	\$ 1,179,288	\$ 119,930	\$ 113,972	\$ 1,413,190
Accrued wages and taxes	274,131	-	-	274,131
Other payables	64,367	-	-	64,367
Construction bonds payable	763,474	-	-	763,474
Total liabilities	<u>2,281,260</u>	<u>119,930</u>	<u>113,972</u>	<u>2,515,162</u>
Deferred inflow of resources:				
Deferred revenue - property taxes	3,558,836	-	733,825	4,292,661
Deferred revenue - lease related	32,009	-	-	32,009
Total deferred inflows of resources	<u>3,590,845</u>	<u>-</u>	<u>733,825</u>	<u>4,324,670</u>
Fund balances:				
Nonspendable - inventory and prepaids	33,092	-	-	33,092
Restricted for:				
Debt service	-	-	1,616,189	1,616,189
Capital outlay - impact fees	-	7,094,509	6,812,224	13,906,733
Capital outlay - other	-	9,280	4,956,813	4,966,093
Class C roads and transit	1,402,180	-	-	1,402,180
Culture and recreation	-	-	1,276,604	1,276,604
Other purposes	-	-	5,525	5,525
Assigned to:				
Cemetery	-	150,000	-	150,000
Capital outlay	-	21,119	395,080	416,199
Health premium rebate	326,840	-	-	326,840
Unassigned	10,046,451	-	-	10,046,451
Total fund balances	<u>11,808,563</u>	<u>7,274,908</u>	<u>15,062,435</u>	<u>34,145,906</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,680,668</u>	<u>\$ 7,394,838</u>	<u>\$ 15,910,232</u>	<u>\$ 40,985,738</u>

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

WASHINGTON CITY, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

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

Total fund balances - total governmental funds		\$ 34,145,906
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 185,257,639	
Accumulated depreciation	<u>(24,383,944)</u>	160,873,695
Net pension asset is not an available resource and, therefore, is not reported in the funds.		
		139,252
Some liabilities, including bonds, notes and leases payable, and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	(12,619,000)	
Bond issuance premium	(316,002)	
Notes payable	(711,960)	
Leases payable	(385,885)	
Net pension liability	(498,181)	
Compensated absences	(763,081)	
Accrued interest payable	<u>(81,671)</u>	(15,375,780)
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred charge on refunding (amortized as interest expense)	271,608	
Deferred outflows related to pensions	1,081,079	
Deferred inflows related to pensions	<u>(1,849,741)</u>	<u>(497,054)</u>
Net position of governmental activities		<u><u>\$ 179,286,019</u></u>

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

WASHINGTON CITY, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Capital Projects Recreation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Current year property taxes	\$ 3,608,090	\$ -	\$ 792,452	\$ 4,400,542
Prior year property taxes	129,313	-	-	129,313
Sales and use taxes	10,567,071	-	628,393	11,195,464
Energy taxes	1,890,194	-	-	1,890,194
Franchise taxes	241,571	-	-	241,571
Licenses and permits	1,738,146	-	-	1,738,146
Intergovernmental revenues	4,277,684	-	-	4,277,684
Charges for services	6,975,716	-	-	6,975,716
Impact fees	-	4,426,408	3,059,832	7,486,240
Fines and forfeitures	401,003	-	-	401,003
Investment earnings	90,303	34,018	74,064	198,385
Miscellaneous	492,923	-	4,485	497,408
Total revenues	<u>30,412,014</u>	<u>4,460,426</u>	<u>4,559,226</u>	<u>39,431,666</u>
Expenditures				
Current:				
General government	2,571,988	-	29,295	2,601,283
Public safety	9,218,508	-	61,243	9,279,751
Streets and highways	1,290,416	-	442,911	1,733,327
Sanitation	1,994,157	-	-	1,994,157
Parks, golf, cemetery and public property	3,536,542	-	-	3,536,542
Culture and recreation	2,724,079	-	58,000	2,782,079
Community and economic development	1,372,181	-	-	1,372,181
Debt service:				
Principal	260,612	-	2,058,000	2,318,612
Interest	67,841	-	350,606	418,447
Capital outlay	-	638,568	2,128,802	2,767,370
Total expenditures	<u>23,036,324</u>	<u>638,568</u>	<u>5,128,857</u>	<u>28,803,749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,375,690</u>	<u>3,821,858</u>	<u>(569,631)</u>	<u>10,627,917</u>
Other financing sources (uses)				
Transfers in	93,172	-	4,236,071	4,329,243
Transfers out	(2,770,865)	(1,059,486)	(518,544)	(4,348,895)
Leases issued	113,395	-	-	113,395
Total other financing sources and (uses)	<u>(2,564,298)</u>	<u>(1,059,486)</u>	<u>3,717,527</u>	<u>93,743</u>
Net change in fund balances	4,811,392	2,762,372	3,147,896	10,721,660
Fund balances - beginning	7,638,001	4,512,536	11,914,539	24,065,076
Restatement adjustment	(640,830)	-	-	(640,830)
Fund balances - ending	<u>\$ 11,808,563</u>	<u>\$ 7,274,908</u>	<u>\$ 15,062,435</u>	<u>\$ 34,145,906</u>

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

WASHINGTON CITY, UTAH
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balances-total governmental funds \$ 10,721,660

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 amount by which capital outlays exceeded depreciation expense in the current period as shown below:

Capital outlays	\$ 5,843,645	
Depreciation expense	<u>(2,168,408)</u>	3,675,237

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and transfers) changes net position. In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the carrying cost of the assets sold.

(15,922)

Sub divider and other capital contributions do not provide current financial resources in the governmental funds, however these contributions are recorded as revenue in the government-wide statement of activities.

14,255,203

Repayment of principal on long-term debt is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.

2,318,612

The issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net position.

Debt issued or incurred, including leases	<u>(113,395)</u>	(113,395)
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Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of premium on bonds	<u>45,143</u>	45,143
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Some 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. The details of this difference are as follows:

Amortization of deferred charge on refunding	(48,420)	
Accrued interest, net change	13,097	
Compensated absences, net change	<u>(37,478)</u>	(72,801)

Pension 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 liability is measured six months before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.

Pension contributions	574,864	
Pension expense	<u>(21,650)</u>	<u>553,214</u>

Change in net position of governmental activities \$ 31,366,951

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

WASHINGTON CITY, UTAH
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities					Total Enterprise Funds
	Water	Sewer	Electric	Storm Drain	Non Major Irrigation	
Assets						
Current assets:						
Cash and cash equivalents	\$ 4,781,069	\$ 837,253	\$ 3,263,421	\$ 116,351	\$ -	\$ 8,998,094
Investments	8,982,586	9,925,987	8,197,594	4,392,268	-	31,498,435
Accounts receivable, net	1,086,327	154,726	2,432,346	125,920	5,485	3,804,804
Inventory	-	-	1,297,632	-	-	1,297,632
Total current assets	<u>14,849,982</u>	<u>10,917,966</u>	<u>15,190,993</u>	<u>4,634,539</u>	<u>5,485</u>	<u>45,598,965</u>
Noncurrent assets:						
Restricted cash and cash equivalents	459,300	-	858,589	-	-	1,317,889
Net pension asset	20,749	13,522	29,646	5,824	120	69,861
Capital assets:						
Land	839,363	9,055	1,367,687	99,208	-	2,315,313
Buildings	1,822,718	1,953,176	3,427,431	-	-	7,203,325
Improvements and systems	66,421,271	33,818,452	39,628,971	23,275,669	8,470,167	171,614,530
Machinery and equipment	983,384	873,306	1,093,427	87,751	4,990	3,042,858
Automobiles and trucks	812,679	674,366	936,999	174,828	-	2,598,872
Construction in progress	1,907,169	65,559	4,730	267,647	-	2,245,105
Less accumulated depreciation	<u>(21,429,662)</u>	<u>(9,273,539)</u>	<u>(12,932,681)</u>	<u>(3,496,522)</u>	<u>(346,567)</u>	<u>(47,478,971)</u>
Total capital assets, net	<u>51,356,922</u>	<u>28,120,375</u>	<u>33,526,564</u>	<u>20,408,581</u>	<u>8,128,590</u>	<u>141,541,032</u>
Total noncurrent assets	<u>51,836,971</u>	<u>28,133,897</u>	<u>34,414,799</u>	<u>20,414,405</u>	<u>8,128,710</u>	<u>142,928,782</u>
Total assets	<u>66,686,953</u>	<u>39,051,863</u>	<u>49,605,792</u>	<u>25,048,944</u>	<u>8,134,195</u>	<u>188,527,747</u>
Deferred outflow of resources						
Deferred charge on refunding	-	-	69,524	-	-	69,524
Deferred outflows related to pensions	161,737	106,551	232,806	44,252	1,407	546,753
Total deferred outflow of resources	<u>161,737</u>	<u>106,551</u>	<u>302,330</u>	<u>44,252</u>	<u>1,407</u>	<u>616,277</u>

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

WASHINGTON CITY, UTAH
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Business-type Activities				Non Major Irrigation	Total Enterprise Funds
	Water	Sewer	Electric	Storm Drain		
Liabilities						
Current liabilities:						
Accounts payable	\$ 1,176,784	\$ 449,909	\$ 2,517,748	\$ 52,391	\$ 1,561	\$ 4,198,393
Accrued wages and taxes	34,418	22,628	51,579	10,666	-	119,291
Accrued interest payable	23,570	-	39,179	-	-	62,749
Customer deposits	459,300	-	386,150	-	-	845,450
Unearned revenue	50,212	(1,874)	8,249	1,858	-	58,445
Compensated absences payable - current	73,939	47,494	122,947	23,829	-	268,209
Notes payable - current	2,552	-	166,812	-	-	169,364
Revenue bonds payable - current	340,000	-	523,000	-	-	863,000
Total current liabilities	<u>2,160,775</u>	<u>518,157</u>	<u>3,815,664</u>	<u>88,744</u>	<u>1,561</u>	<u>6,584,901</u>
Noncurrent liabilities:						
Compensated absences payable	30,291	23,611	39,933	9,300	-	103,135
Notes payable	14,758	-	587,387	-	-	602,145
Revenue bonds payable	8,011,252	-	4,022,000	-	-	12,033,252
Net pension liability	80,545	63,972	131,457	11,317	5,271	292,562
Total noncurrent liabilities	<u>8,136,846</u>	<u>87,583</u>	<u>4,780,777</u>	<u>20,617</u>	<u>5,271</u>	<u>13,031,094</u>
Total liabilities	<u>10,297,621</u>	<u>605,740</u>	<u>8,596,441</u>	<u>109,361</u>	<u>6,832</u>	<u>19,615,995</u>
Deferred inflows of resources						
Deferred inflows related to pensions	276,957	182,913	399,162	75,344	2,615	936,991
Total deferred inflow of resources	<u>276,957</u>	<u>182,913</u>	<u>399,162</u>	<u>75,344</u>	<u>2,615</u>	<u>936,991</u>
Net position						
Net investment in capital assets	42,288,217	28,021,445	28,296,889	20,408,581	8,128,590	127,143,722
Restricted for:						
Debt service	-	-	472,439	-	-	472,439
Capital outlay	3,273,985	3,134,440	-	1,755,203	-	8,163,628
Unrestricted	10,711,910	7,213,876	12,143,191	2,744,707	(2,435)	32,811,249
Total net position	<u>\$ 56,274,112</u>	<u>\$ 38,369,761</u>	<u>\$ 40,912,519</u>	<u>\$ 24,908,491</u>	<u>\$ 8,126,155</u>	<u>\$ 168,591,038</u>

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

WASHINGTON CITY, UTAH
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities					Total Enterprise Funds
	Water	Sewer	Electric	Storm Drain	Non Major Irrigation	
Operating revenues:						
Charges for services	\$ 8,886,318	\$ 1,919,938	\$ 16,139,903	\$ 1,228,623	\$ 17,002	\$ 28,191,784
Miscellaneous	9,319	28	125,780	83,460	15	218,602
Total operating revenues	8,895,637	1,919,966	16,265,683	1,312,083	17,017	28,410,386
Operating expenses:						
Salaries and wages	973,888	656,375	1,433,186	317,186	195	3,380,830
Employee benefits	568,225	376,562	638,383	195,711	2,112	1,780,993
Utilities	503,022	44,942	79,340	8,229	-	635,533
Professional services	36,612	9,394	129,581	234,169	11,631	421,387
Repairs and maintenance	789,348	2,597	323,818	45,177	233	1,161,173
Water purchased	2,793,142	-	-	-	-	2,793,142
Power purchased	-	-	9,009,597	-	-	9,009,597
Transmission expense	-	-	1,452,470	-	-	1,452,470
Miscellaneous	35,040	63,765	184,827	79,886	-	363,518
Administrative cost allocation	401,160	269,753	363,005	271,487	-	1,305,405
Supplies	114,342	77,953	62,050	13,617	-	267,962
Depreciation/amortization	1,506,941	838,041	1,182,890	485,414	80,879	4,094,165
Total operating expenses	7,721,720	2,339,382	14,859,147	1,650,876	95,050	26,666,175
Operating income (loss)	1,173,917	(419,416)	1,406,536	(338,793)	(78,033)	1,744,211
Nonoperating revenues (expenses):						
Intergovernmental	2,913	7,551	5,601	75,868	-	91,933
Investment earnings	100,400	99,814	63,149	36,925	-	300,288
Impact fees	2,416,816	990,669	1,399,376	468,318	-	5,275,179
Gain (loss) on disposal of capital assets	-	13,327	48,752	17,079	-	79,158
Interest and fiscal charges	(269,084)	-	(133,781)	-	-	(402,865)
Total nonoperating revenues (expenses)	2,251,045	1,111,361	1,383,097	598,190	-	5,343,693
Income (loss) before transfers and capital contributions	3,424,962	691,945	2,789,633	259,397	(78,033)	7,087,904
Transfers in	-	-	-	-	19,652	19,652
Capital contributions	3,368,839	2,725,306	972,902	1,773,151	1,652,667	10,492,865
Change in net position	6,793,801	3,417,251	3,762,535	2,032,548	1,594,286	17,600,421
Total net position - beginning	49,480,311	34,952,510	37,149,984	22,875,943	6,531,869	150,990,617
Total net position - ending	\$ 56,274,112	\$ 38,369,761	\$ 40,912,519	\$ 24,908,491	\$ 8,126,155	\$ 168,591,038

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

WASHINGTON CITY, UTAH
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities					Total Enterprise Funds
	Water	Sewer	Electric	Storm Drain	Non Major Irrigation	
Cash flows from operating activities:						
Cash received from customers and users	\$ 8,991,085	\$ 1,894,817	\$ 16,038,094	\$ 1,284,649	\$ 16,490	\$ 28,225,135
Cash collected (remitted) for pass through fees, net	-	110,419	-	-	-	110,419
Cash paid to suppliers	(4,760,055)	(469,225)	(10,277,016)	(660,266)	(37,440)	(16,204,002)
Cash paid to employees	(1,612,563)	(1,075,268)	(2,153,794)	(531,179)	(1,956)	(5,374,760)
Net cash flows from operating activities	<u>2,618,467</u>	<u>460,743</u>	<u>3,607,284</u>	<u>93,204</u>	<u>(22,906)</u>	<u>6,756,792</u>
Cash flows from noncapital financing activities:						
Operating grants	2,913	7,551	5,601	1,512	-	17,577
Transfers (to) from other funds	-	-	-	-	19,652	19,652
Cash received (paid) from (to) other funds	-	698,788	-	-	-	698,788
Net cash flows from noncapital financing activities	<u>2,913</u>	<u>706,339</u>	<u>5,601</u>	<u>1,512</u>	<u>19,652</u>	<u>736,017</u>
Cash flows from capital and related financing activities:						
Capital grants and contributions	-	-	-	74,356	-	74,356
Cash received (paid) from (to) other funds	293,780	-	-	-	-	293,780
Principal paid on capital debt	(397,388)	-	(669,197)	-	-	(1,066,585)
Interest paid on capital debt	(303,165)	-	(121,584)	-	-	(424,749)
Purchase and acquisition of capital assets	(2,415,871)	(1,874,196)	(959,635)	(513,286)	(272,337)	(6,035,325)
Proceeds from sales of capital assets	-	43,299	127,607	60,550	-	231,456
Impact fees	2,416,816	990,669	1,399,376	468,318	-	5,275,179
Net cash flows from capital and related financing activities	<u>(405,828)</u>	<u>(840,228)</u>	<u>(223,433)</u>	<u>89,938</u>	<u>(272,337)</u>	<u>(1,651,888)</u>
Cash flows from investing activities:						
Net change in investments	(2,726,204)	(2,718,663)	(3,413,135)	(1,230,988)	-	(10,088,990)
Interest and dividends received	136,993	138,959	98,068	52,681	-	426,701
Net cash flows from investing activities	<u>(2,589,211)</u>	<u>(2,579,704)</u>	<u>(3,315,067)</u>	<u>(1,178,307)</u>	<u>-</u>	<u>(9,662,289)</u>
Net change in cash and cash equivalents	(373,659)	(2,252,850)	74,385	(993,653)	(275,591)	(3,821,368)
Cash and cash equivalents, including restricted, beginning of year	5,614,028	3,090,103	4,047,625	1,110,004	275,591	14,137,351
Cash and cash equivalents, including restricted, end of year	<u>\$ 5,240,369</u>	<u>\$ 837,253</u>	<u>\$ 4,122,010</u>	<u>\$ 116,351</u>	<u>\$ -</u>	<u>\$ 10,315,983</u>

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

WASHINGTON CITY, UTAH
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities				Other Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Electric	Storm Drain		
Reconciliation of operating income						
(loss) to net cash flows from						
operating activities:						
Net operating income (loss)	\$ 1,173,917	\$ (419,416)	\$ 1,406,536	\$ (338,793)	\$ (78,033)	\$ 1,744,211
Adjustments to reconcile net operating income (loss) to net cash flows from operating activities:						
Depreciation/amortization	1,506,941	838,041	1,182,890	485,414	80,879	4,094,165
Pension expense	5,156	6,825	12,288	(2,016)	1,506	23,759
Employer pension contributions	(85,031)	(54,197)	(119,817)	(24,994)	-	(284,039)
Changes in operating assets and liabilities:						
(Increase) decrease in receivables	(20,068)	(19,773)	(348,051)	(27,972)	(527)	(416,391)
(Increase) decrease in inventory	-	-	(158,899)	-	-	(158,899)
Increase (decrease) in accounts payable	(87,389)	109,598	1,486,571	(7,701)	(25,576)	1,475,503
Increase (decrease) in accrued payroll	9,856	6,098	18,023	3,243	(446)	36,774
Increase (decrease) in customer deposits	129,200	-	129,540	-	-	258,740
Increase (decrease) in unearned revenues	(13,684)	(5,376)	(9,078)	538	-	(27,600)
Increase (decrease) in compensated absences	(431)	(1,057)	7,281	5,485	(709)	10,569
Net cash flows from operating activities	<u>\$ 2,618,467</u>	<u>\$ 460,743</u>	<u>\$ 3,607,284</u>	<u>\$ 93,204</u>	<u>\$ (22,906)</u>	<u>\$ 6,756,792</u>
Noncash investing, capital, and financing activities						
Contributions of capital assets	\$ 3,368,839	\$ 2,725,306	\$ 972,902	\$ 1,773,151	\$ 1,652,667	\$ 10,492,865
Increase (decrease) in fair value of investments	(36,593)	(39,145)	(34,919)	(15,756)	-	(126,413)
Purchase of capital assets on account	700,143	98,930	-	-	-	799,073

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

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities, when applicable, are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

Washington City (the City) is organized as a mayor/council form of government and is located in Washington County, Utah. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. When applicable, each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The City has no discretely presented component units. The following are blended component units included with the reporting entity:

The **Coral Canyon Special Service District** (the District) was created on June 14, 2000 for the purpose of providing various services within the boundaries of the District. Specifically, the District issued bonds to finance the construction of public infrastructure within the District.

The **Municipal Building Authority of Washington City** (the Authority) was incorporated in the State of Utah on October 20, 1995 for the purpose of accomplishing the public purposes for which the City exists by acquiring, improving or extending one or more projects and financing the cost of such projects on behalf of the City.

Both the District and the Authority are governed by boards of trustees comprised of the elected officials of the City and both are treated as governmental debt service funds in these financial statements.

The **Washington City Foundation** (the Foundation) was created on August 10, 2016 to account for various activities related to the award of grants and other qualified tax-exempt funding and donations made to the Foundation. The Foundation is a separate, nonprofit entity (501c3) that has the same governing body as the City. The Foundation is treated as a blended component unit in these financial statements as a special revenue fund.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (when applicable), even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City’s funds, including its blended component units. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City’s primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The **Capital Projects Fund—Recreation** accounts for the acquisition and construction of the City’s major capital facilities relating to recreation. This fund includes, in addition to other items, the collection and expenditure of park impact fees.

The City reports the following major enterprise funds:

The **Water Fund** accounts for the activities of the City’s water production, treatment, and distribution operation.

The **Sewer Fund** accounts for the activities of the City’s sewer system which provides services to residential and commercial users within the City.

The **Electric Fund** accounts for the activities of the City’s electric distribution operations.

The **Storm Drain Fund** accounts for the activities of the City’s storm drain system, which provides services to residential and commercial users within the City.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Property taxes, sales taxes, franchise taxes, energy taxes, state road funds and unreimbursed, earned grant funds associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The City's investment policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. Investments are carried at fair value with unrealized gains and losses recorded as adjustments to investment earnings. Fair market values are based on quoted market prices.

Receivables

Management regularly reviews accounts receivable and writes off uncollectible amounts. Receivables are reported net of allowances for uncollectible amounts. The City's allowances for uncollectible amounts are currently established at four percent (seven percent for electric) of accounts receivable. The majority of accounts receivable in the general fund relates to garbage service revenues. The accounts receivable allowances at June 30, 2021 are as follows: general fund (garbage service) - \$11,411; water - \$35,333; sewer - \$6,266; electric - \$128,134; and storm drain - \$4,106.

Given the nature of the amounts due from other governments (e.g. property, sales, highway, energy and franchise taxes, Class C road funds and other intergovernmental revenues), an allowance for uncollectible amounts is not considered necessary.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and materials. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. The costs of all other inventories are recorded as expenditures/expenses when purchased rather than when consumed and are not deemed material to the financial statements and have not been recognized in these financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), reported in the applicable governmental or business-type activity column in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed (except for intangible right-to-use lease assets, the measurement of which is discussed in the Leases section of Note 1). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life.

Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated (along with infrastructure – see below).

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-50 years
Improvements and systems	10-100 years
Machinery and equipment (including leased)	5-20 years
Automobiles and trucks	3-20 years
Infrastructure	Not depreciated*

*The City uses the modified approach to account for infrastructure assets. See accompanying supplemental information.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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 so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has two types of items that qualify for reporting in this category. The deferred charge on refunding reported in the proprietary funds statement of net position and government-wide statement of net position and pension related items (see Note 9). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position 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 so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items that qualify for reporting in this category. The first item, *deferred revenue – property taxes*, is reported in both the governmental funds balance sheet and the statement of net position. These amounts are deferred and recognized as an inflow of resources in the period for which they are levied. The second item (when applicable), *unavailable revenue – grants*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from grants. These unavailable amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The third and fourth items are pension (see Note 9) and lease (see Note 7) related items.

Pensions

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

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The city council (council) is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The city manager is authorized to assign amounts to a specific purpose in accordance with the City's budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for noncancellable leases of properties. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are collected by the Washington County Treasurer and remitted to the City in monthly installments. Taxes are levied each October on the taxable value listed as of the prior January 1 (lien date) for all real property located in the City. Taxable values are established by the county assessor at a percent of the fair market value on primary residential property and 100 percent of the fair market value on non-primary residential property. A revaluation of all property is required to be completed no less than every five years. Taxes are due and payable on November 1 and delinquent after November 30 of each year, at which time they become liens if not paid.

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation, sick and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the governmental fund financial statements. Vested or accumulated vacation and comp time in the proprietary funds are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Accumulated unpaid vacation, sick and comp time are accrued based upon the City's expected legal obligation as of the statement date.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Use of Estimates

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

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

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 19.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a 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 21.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 3. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Annual budgets are reported and adopted by the governing council on or before June 22 for the fiscal year commencing the following July 1 in accordance with State Law. The operating budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to June 22, a public hearing is conducted to obtain taxpayer input. Budgets are adopted and control of budget appropriations is exercised, under State Law, at the department level. Budget amendments are required to increase expenditure budgets and are adopted, in a public hearing, before the end of the fiscal year. The budget was amended during the current fiscal year.

The governmental fund budgets are prepared using the modified accrual basis of accounting. Budgets for the proprietary fund types are prepared using the accrual basis of accounting.

NOTE 4. Deposits and Investments

A reconciliation of deposits and investments as shown on the statement of net position is as follows:

Cash and cash equivalents	\$ 22,802,126
Investments	47,934,170
Restricted cash and cash equivalents	<u>3,697,234</u>
	<u>\$ 74,433,530</u>

Restricted cash and cash equivalents consist primarily of assets relating to required debt reserves. Restricted assets also include refundable deposits relating to construction bonds and other payables.

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City follows the requirements of the Utah Money Management Act (*Utah code*, Section 51, chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 4. Deposits and Investments, Continued

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned. The City does not have a formal policy for custodial credit risk. As of June 30, 2021, \$3,175,938 of the City's bank balance of \$3,425,938 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The Money Management Act (the Act) defines the types of securities authorized as appropriate investment for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; the Utah Public Treasurer's Investment Fund; and reciprocal deposits subject to rules of the State Money Management Council.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments. Financial statements for the PTIF funds can be obtained by contacting the Utah State Treasurer's office.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 4. Deposits and Investments, Continued

As of June 30, 2021, the City's deposits and investments consist of the following:

	Fair	Credit Ratings (1)		Weighted Average
	Value	Moody's	S&P	Maturity (2)
Cash on hand	\$ 1,900	N/A	N/A	N/A
Cash deposits	1,390,116	N/A	N/A	N/A
Utah Public Treasurers' Investment Fund	25,107,345	N/A	N/A	66.70
Moreton Capital Markets				
Cash and money market	40,930	N/A	N/A	N/A
Bonds - U.S. Treasury	994,770	AAA	N/A	1,796
Bonds - U.S. agencies	9,735,587	Aaa	AA+	1,664
Bonds - certificates of deposits (3)	3,057,768	N/A	N/A	1,418
Bonds - corporate	34,105,115	Aa3 to Baa1	AA- to BBB	511
Total Fair Value	<u>\$ 74,433,530</u>			

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using the weighted average days to maturity.

(3) FDIC insured to limits

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act.

Fair value measurements

As noted above, the City holds investments that are measured at fair value on a recurring basis. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the City's investments, as listed above, are valued using significant other observable inputs (Level 2 inputs).

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 5. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2021 was as follows:

Governmental Activities:	Balance 6/30/20	Additions	Deletions	Adjustments and Transfers	Balance 6/30/21
Capital assets, not being depreciated:					
Land, easements and water rights	\$ 5,060,198	\$ 897,000	\$ -	\$ -	\$ 5,957,198
Construction in progress	3,452,138	2,198,628	(5,005,054)	-	645,712
Infrastructure	100,781,707	16,363,272	-	-	117,144,979
Total capital assets, not being depreciated:	<u>109,294,043</u>	<u>19,458,900</u>	<u>(5,005,054)</u>	<u>-</u>	<u>123,747,889</u>
Capital assets, being depreciated:					
Buildings and other improvements	47,947,384	3,038,160	(10,000)	-	50,975,544
Machinery and equipment	4,247,703	1,425,318	(7,563)	-	5,665,458
Machinery and equipment (leased)	400,443	113,394	-	-	513,837
Automobiles and trucks	3,484,704	1,068,130	(197,923)	-	4,354,911
Total capital assets, being depreciated:	<u>56,080,234</u>	<u>5,645,002</u>	<u>(215,486)</u>	<u>-</u>	<u>61,509,750</u>
Less accumulated depreciation for:					
Buildings and other improvements	(17,680,827)	(1,449,729)	10,000	-	(19,120,556)
Machinery and equipment	(2,118,161)	(401,963)	7,564	(10,406)	(2,522,966)
Machinery and equipment (leased)	(80,088)	(106,848)	-	-	(186,936)
Automobiles and trucks	(2,525,207)	(209,868)	171,183	10,406	(2,553,486)
Total accumulated depreciation	<u>(22,404,283)</u>	<u>(2,168,408)</u>	<u>188,747</u>	<u>-</u>	<u>(24,383,944)</u>
Total capital assets, being depreciated, net	<u>33,675,951</u>	<u>3,476,594</u>	<u>(26,739)</u>	<u>-</u>	<u>37,125,806</u>
Governmental activities capital assets, net	<u>\$ 142,969,994</u>	<u>\$ 22,935,494</u>	<u>\$ (5,031,793)</u>	<u>\$ -</u>	<u>\$ 160,873,695</u>

Depreciation/amortization expense was charged to the functions/programs of the City as follows:

Governmental Activities:	
General government	\$ 222,911
Public safety	479,019
Streets and highways	89,983
Parks, golf, cemetery and public property	922,710
Culture and recreation	441,820
Community and economic development	11,965
Total depreciation/amortization expense - governmental activities	<u>\$ 2,168,408</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 5. Capital Assets, Continued

Capital asset activity for business-type activities for the year ended June 30, 2021 was as follows:

Business-type Activities:	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
Capital assets not being depreciated:				
Land, easements and water rights	\$ 2,315,313	\$ -	\$ -	\$ 2,315,313
Construction in progress	2,530,556	4,494,698	(4,780,149)	2,245,105
Total capital assets, not being depreciated	<u>4,845,869</u>	<u>4,494,698</u>	<u>(4,780,149)</u>	<u>4,560,418</u>
Capital assets being depreciated:				
Buildings and improvements	6,470,337	732,988	-	7,203,325
Improvements and systems	156,518,037	15,096,493	-	171,614,530
Machinery and equipment	2,875,712	167,146	-	3,042,858
Automobiles and trucks	2,570,504	282,745	(254,377)	2,598,872
Total capital assets, being depreciated	<u>168,434,590</u>	<u>16,279,372</u>	<u>(254,377)</u>	<u>184,459,585</u>
Less accumulated depreciation for:				
Buildings	(1,243,015)	(147,993)	-	(1,391,008)
Improvements and systems	(39,310,897)	(3,524,596)	-	(42,835,493)
Machinery and equipment	(1,629,647)	(240,359)	-	(1,870,006)
Automobiles and trucks	(1,303,326)	(181,217)	102,079	(1,382,464)
Total accumulated depreciation	<u>(43,486,885)</u>	<u>(4,094,165)</u>	<u>102,079</u>	<u>(47,478,971)</u>
Total capital assets, being depreciated, net	<u>124,947,705</u>	<u>12,185,207</u>	<u>(152,298)</u>	<u>136,980,614</u>
Business-type activities capital assets, net	<u>\$ 129,793,574</u>	<u>\$ 16,679,905</u>	<u>\$ (4,932,447)</u>	<u>\$ 141,541,032</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Business-type Activities:	
Water	\$ 1,506,941
Sewer	838,041
Electric	1,182,890
Storm drain	485,414
Irrigation	80,879
Total depreciation expense - business-type activities	<u>\$ 4,094,165</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 6. Long-term Liabilities

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

Governmental Activities:	Balance 6/30/20	Additions	Retirements	Balance 6/30/21	Current Portion
General obligation bonds (Coral Canyon)	\$ 5,535,000	\$ -	\$ 630,000	\$ 4,905,000	\$ 650,000
Direct placements:					
Lease revenue bonds (MBA)	7,878,000	-	1,085,000	6,793,000	1,112,000
Sales and excise tax road revenue bonds	1,264,000	-	343,000	921,000	355,000
Total direct placements	9,142,000	-	1,428,000	7,714,000	1,467,000
Deferred amounts:					
For issuance premium	361,145	-	45,143	316,002	-
Notes payable	895,858	-	183,898	711,960	175,846
Leases payable	349,204	113,395	76,714	385,885	94,184
Net pension liability	1,825,559	-	1,327,378	498,181	-
Compensated absences	725,603	539,084	501,606	763,081	527,514
 Total governmental activities	 18,834,369	 652,479	 4,192,739	 15,294,109	 2,914,544
 Business-type Activities:					
Revenue bonds	7,960,000	-	395,000	7,565,000	340,000
Revenue bonds - direct placements	5,055,000	-	510,000	4,545,000	523,000
Total revenue bonds	13,015,000	-	905,000	12,110,000	863,000
Deferred amounts:					
For issuance premium	819,012	-	32,760	786,252	-
Notes payable	933,094	-	161,585	771,509	169,364
Net pension liability	948,426	-	655,864	292,562	-
Compensated absences	360,775	274,563	263,994	371,344	268,209
 Total business-type activities	 16,076,307	 274,563	 2,019,203	 14,331,667	 1,300,573
 Total long-term liabilities	 <u>\$34,910,676</u>	 <u>\$ 927,042</u>	 <u>\$ 6,211,942</u>	 <u>\$ 29,625,776</u>	 <u>\$ 4,215,117</u>

The City's outstanding bonds from direct placements related to governmental activities of \$7,714,000 and business-type activities of \$4,545,000 contain a provision that in an event of default (i.e. failure to pay principal or interest payments when due or failure to remedy after notice given of failure to perform or observe covenants, agreements, or conditions contained in the indenture or bonds), principal of all outstanding bonds and the interest accrued thereon become immediately due and payable. The lease revenue bonds are secured by lease revenue and with collateral of five developed lots zoned for administrative professional use (city hall, Veterans Park, city museum and community center), four parcels of land zoned RA-2 (Sullivan Virgin River Soccer Park), and one developed lot zoned R2 (police station). The sales tax revenue and excise tax road revenue bonds are secured by sales tax and excise tax revenues, respectively. The electric revenue bonds are secured by electric fund revenues.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 6. Long-term Liabilities, Continued

The City's other outstanding bonds related to governmental activities of \$4,905,000 are secured by property tax revenues related to Coral Canyon Special Service District (a blended component unit of the City). The City's other outstanding bonds related to business-type activities of \$7,565,000 also contain a provision that in an event of default (i.e. failure to pay principal or interest payments when due or failure to remedy after notice given of failure to perform or observe covenants, agreements, or conditions contained in the indenture or bonds), principal of all outstanding bonds and the interest accrued thereon become immediately due and payable. The water revenue bonds are secured by water fund revenues.

The City has a credit account with a financial institution with a maximum limit of \$575,000 and an unused amount of \$434,345 as of June 30, 2021.

Long-term liabilities for the City at June 30, 2021 consist of the following:

General Obligation Bonds:

Governmental Activities:

Coral Canyon Special Service District:

General Obligation Refunding Bonds Series 2016 issued October 6, 2016 in the amount of \$7,370,000 payable in annual principal installments of \$595,000 to \$755,000 with final payment due July 15, 2027. Interest is paid semi-annually at a rate of 3.00%.	<u>\$ 4,905,000</u>
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Total general obligation bonds, governmental activities	<u>4,905,000</u>
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Revenue Bonds:

Governmental Activities:

Lease Revenue and Refunding Bonds Series 2008 issued by the Municipal Building Authority in the amount of \$8,321,000 payable in annual installments of \$305,000 to \$552,000 with final payment due December 15, 2027. The bond bears interest of 1.053% to 4.45%. Interest is paid semi-annually.	3,452,000
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Lease Revenue Bonds Series 2014 issued by the Municipal Building Authority in the amount of \$3,297,000 payable in annual installments of \$452,000 to \$497,000 with final payment due December 15, 2021. The bond bears interest of 0.90% to 2.40%. Interest is paid semi-annually.	497,000
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Lease Revenue Refunding Bonds Series 2020 issued by the Municipal Building Authority in the amount of \$3,021,000 payable in annual installments of \$177,000 to \$233,000 with final payment due June 15, 2035. The bond bears interest of 1.97%. Interest is paid semi-annually.	<u>2,844,000</u>
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Total lease revenue bonds (MBA), governmental activities	<u>6,793,000</u>
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Sales Tax Revenue Refunding Bonds Series 2011. Payable in annual principal installments of \$160,000 to \$287,000 with interest due semi-annually. The bonds bear interest of 2.93%. Final payment is due November 15, 2023.	837,000
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Excise Tax Road Revenue Bonds Series 2011. Payable in annual principal installments of \$68,000 to \$84,000 with interest due semi-annually. The bonds bear interest of 1.50% to 3.75%. Final payment is due July 15, 2021.	<u>84,000</u>
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Total sales tax and excise tax road revenue bonds, governmental activities	<u>921,000</u>
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(Continued)

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 6. Long-term Liabilities, Continued

Business-type Activities:

Water Revenue Refunding Bonds - Series 2016 B payable in annual principal installments of \$0 to \$495,000 with a final payment due June 1, 2046. The bond bears interest of 3.00% to 4.00%. Interest is paid semi-annually.	\$ 7,565,000
Electric Revenue Bonds - Series 2013 issued May 1, 2013 in the amount of \$7,621,000. Principal payable in annual installments of \$80,000 to \$617,000 with final payment due March 1, 2028. The bonds bear interest of 2.38%.	<u>4,545,000</u>
Total revenue bonds, business-type activities	<u>12,110,000</u>

Notes Payable:

Governmental Activities:

3.34% note payable due in monthly principal and interest installments, maturing June 12, 2027. Allocated among three funds of the City as follows: general - 36%; water fund - 2%; electric fund - 62%.	311,585
3.60% note payable due in annual principal and interest installments, maturing December 1, 2023. Allocated between two funds of the City as follows: general - 53%; electric fund - 47%.	131,941
2.05% note payable due in annual principal and interest installments, maturing December 1, 2023.	<u>268,434</u>
Total notes payable, governmental activities	<u>711,960</u>

Business-type Activities:

3.34% note payable due in monthly principal and interest installments, maturing June 12, 2027. Allocated among three funds of the City as follows: general fund - 36%; water fund - 2%; electric fund - 62%.	553,928
3.60% note payable due in annual principal and interest installments, maturing December 1, 2023. Allocated between two funds of the City as follows: general - 53%; electric fund - 47%	115,865
2.46% note payable due in annual principal and interest installments, maturing October 4, 2022.	<u>101,716</u>
Total notes payable, business-type activities	<u>771,509</u>

Leases Payable

385,885

Net Pension Liability

790,743

Accrued Compensated Absences

1,134,425

Bond Premiums

1,102,254

Total long-term liabilities	<u>\$ 29,625,776</u>
Due within one year	\$ 4,215,117
Due in more than one year	<u>25,410,659</u>
Total long-term liabilities	<u>\$ 29,625,776</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 6. Long-term Liabilities, Continued

The annual requirements to amortize bonds and notes payable at June 30, 2021 are as follows:

Governmental Activities

Year Ending June 30,	CCSSD GO Bonds		MBA Lease Revenue Bonds		Sales Tax and Excise Tax Road Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 650,000	\$ 137,400	\$ 1,112,000	94,291	\$ 355,000	\$ 22,129	\$ 175,846	\$ 19,179
2023	670,000	117,600	635,000	80,109	279,000	12,496	182,273	14,252
2024	690,000	97,200	657,000	71,637	287,000	4,205	189,542	9,127
2025	710,000	76,200	679,000	62,902	-	-	55,716	4,640
2026	730,000	54,600	703,000	53,888	-	-	59,291	2,725
2027-2031	1,455,000	42,825	2,106,000	151,532	-	-	49,292	896
2032-2036	-	-	901,000	35,982	-	-	-	-
Totals	\$ 4,905,000	\$ 525,825	\$ 6,793,000	\$ 550,341	\$ 921,000	\$ 38,830	\$ 711,960	\$ 50,819

Business-type Activities

Year Ending June 30,	Electric Revenue Bonds		Water Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 523,000	\$ 101,947	\$ 340,000	\$ 282,494	\$ 169,364	\$ 23,280
2023	535,000	89,357	355,000	268,894	177,475	17,859
2024	548,000	76,469	325,000	254,694	132,583	11,566
2025	561,000	63,272	75,000	241,694	99,051	8,249
2026	575,000	49,754	-	238,694	105,406	4,844
2027-2031	1,803,000	57,668	1,985,000	1,041,269	87,630	1,593
2032-2036	-	-	2,375,000	611,269	-	-
2036-2040	-	-	1,315,000	237,319	-	-
2041-2045	-	-	795,000	58,906	-	-
Totals	\$ 4,545,000	\$ 438,467	\$ 7,565,000	\$ 3,235,233	\$ 771,509	\$ 67,391

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 7. Leases

Lease Receivable

The City leases certain city property to third parties. As of June 30, 2021, the City's receivable for lease payments is shown on the governmental funds balance sheet and the government-wide statement of financial position. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term (see the same aforementioned statements). This lease activity is not material to the City's financial statements.

Leases Payable

During fiscal year 2019, the City entered into a seven-year lease agreement (expires fiscal year 2025) as lessee for the acquisition and use of 70 golf carts. An initial lease liability was recorded in the amount of \$400,443. The City is required to make monthly principal and interest payments of \$8,739 to be adjusted each year by the annual percentage change in the consumer price index (increase not to exceed 1.5% per year). The lease has an interest rate of approximately 15.69%. The equipment has a seven-year estimated useful life.

During fiscal year 2021, the City entered into three lease agreements (expire fiscal years 2024 and 2025) as lessee for the acquisition and use various equipment. A combined initial lease liability was recorded in the amount of \$113,394 during the current fiscal year. The City is required to make combined monthly principal and interest payments of annual totals ranging from \$17,562 to \$29,721. The three leases have an interest rate of approximately 2.50%. The equipment has a three to five year estimated useful life.

See Note 6 for the value of the combined lease liability as of the end of the current fiscal year. See Note 5 for the value of the right-to-use asset (leased) and related accumulated amortization as of the end of the current fiscal year.

The future principal and interest lease payments as of June 30, 2021 were as follows:

<u>Year Ending</u> <u>June 30,</u>	Leases Payable	
	Principal	Interest
2022	\$ 94,184	\$ 43,576
2023	107,496	31,559
2024	117,711	17,358
2025	66,494	2,691
Totals	\$ 385,885	\$ 95,184

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 8. Interfund Transfers and Balances

Interfund transfers for the fiscal year ended June 30, 2021 are as follows:

		Transfers In			Total
		General Fund	Nonmajor Governmental	Nonmajor Business-type	
Transfers Out	General Fund	\$ -	2,751,213	\$ 19,652	\$ 2,770,865
	CPF - Recreation	-	1,059,486	-	1,059,486
	Nonmajor Governmental	93,172	425,372	-	518,544
	Total	\$ 93,172	\$ 4,236,071	\$ 19,652	\$ 4,348,895

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

The City has no interfund balances at June 30, 2021.

In May 2015 the City authorized a \$1,000,000 loan from the sewer fund to the general fund for a term not to exceed 10 years beginning June 30, 2015. The purpose of this loan relates to the accumulated operating losses of the City's golf course. The interest rate is a fixed rate of 2.38%. Principal and interest is paid back monthly on the last day of each month beginning July 2015. This interfund loan was paid off early in fiscal year 2021.

The remainder of the interfund balances relate to loans from the water and sewer funds to the internal service fund – fleet for terms not to exceed five years. The purpose of these loans relate to fund the City's rolling fleet replacement model. The interest rates are a fixed rate ranging from 2.00% to 3.00% and principal and interest is paid back semi-annually. With the closure of the internal service fund – fleet to the general fund in fiscal year 2021, this interfund loan was eliminated.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan

General Information about the Pension Plan

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

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Firefighters Retirement System (Firefighters System); are multiple employer cost-sharing retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement systems;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer cost-sharing public employee retirement system.

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

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

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

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on the employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 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%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 30, 2020 2.0% per year July 1, 2020 to present	Up to 2.5%

* Actuarial reductions are applied.

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

Contribution rate summary: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the 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.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

Contribution rates as of June 30, 2021 are as follows:

Utah Retirement Systems

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k) Plan</u>
Contributory System			
111 – Local Governmental Div Tier 2	N/A	15.80 %	0.89 %
Noncontributory System			
15 – Local Governmental Div Tier 1	N/A	18.47 %	N/A
Public Safety System (Contributory)			
23 – Other Div A with 2.5% COLA	12.29 %	22.79 %	N/A
122 – Tier 2 DB Hybrid Public Safety	N/A	N/A	N/A
Firefighters Retirement System			
31 – Other Division A	15.05 %	4.61 %	N/A
132 – Tier 2 DB Hybrid Firefighters	N/A	14.08 %	N/A
Tier 2 DC Only			
211 – Local Government	N/A	6.69 %	10.00 %
222 – Public Safety	N/A	11.85 %	14.00 %
232 – Firefighters	N/A	0.08 %	14.00 %

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

For fiscal year ended June 30, 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	\$ 772,357	N/A
Public Safety System	227,472	122,028
Firefighters System	11,541	37,677
Tier 2 Public Employees System	359,689	-
Tier 2 Public Safety and Firefighter System	266,718	22,049
Tier 2 DC Only System	18,781	N/A
Tier 2 DC Public Safety and Firefighter System	14,253	N/A
Total Contributions	\$ 1,670,811	\$ 181,754

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.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

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

At June 30, 2021, the City reported a net pension asset of \$209,113 and a net pension liability of \$790,743.

	<u>(Measurement Date): December 31, 2020</u>			Proportionate Share December 31, 2019	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 258,343	0.5036460%	0.5019280%	0.0017180%
Public Safety System	-	458,506	0.5522559%	0.4964500%	0.0558059%
Firefighters System	209,113	-	0.7478446%	0.5084910%	0.2393536%
Tier 2 Public Employees System	-	18,298	0.1272242%	0.1157980%	0.0114262%
Tier 2 Public Safety and Firefighter	-	55,596	0.6198370%	0.6286230%	-0.0087860%
	<u>\$ 209,113</u>	<u>\$ 790,743</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 contribution so the System during the plan year.

For the year ended June 30, 2021, the City recognized pension expense of \$855,642.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 508,754	\$ 17,271
Changes in assumptions	68,503	57,188
Net difference between projected and actual earnings on pension plan investments	-	2,693,889
Changes in proportion and differences between contributions and proportional share of contributions	191,671	18,384
Contributions subsequent to the measurement date	858,904	-
Total	<u>\$ 1,627,832</u>	<u>\$ 2,786,732</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

\$858,904 was reported as deferred outflows of resources related to pension results from contributions made by the City 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:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (481,611)
2022	(243,902)
2023	(926,215)
2024	(436,644)
2025	10,118
Thereafter	60,450

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense of \$315,963.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 346,583	\$ -
Changes in assumptions	-	33,793
Net difference between projected and actual earnings on pension plan investments	-	1,886,425
Changes in proportion and differences between contributions and proportional share of contributions	27,363	-
Contributions subsequent to the measurement date	387,795	-
Total	\$ 761,742	\$ 1,920,218

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

\$387,795 was reported as deferred outflows of resources related to pension results from contributions made by the City 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:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (395,817)
2022	(182,236)
2023	(655,475)
2024	(312,744)
2025	-
Thereafter	-

Public Safety System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense of \$247,486.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 84,393	\$ 444
Changes in assumptions	-	13,041
Net difference between projected and actual earnings on pension plan investments	-	592,488
Changes in proportion and differences between contributions and proportional share of contributions	118,710	-
Contributions subsequent to the measurement date	121,065	-
Total	\$ 324,168	\$ 605,973

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

\$121,065 was reported as deferred outflows of resources related to pension results from contributions made by the City 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:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (43,331)
2022	(48,070)
2023	(213,258)
2024	(98,211)
2025	-
Thereafter	-

Firefighters System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense of (\$56,245).

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,187	\$ 8,430
Changes in assumptions	32,438	3,732
Net difference between projected and actual earnings on pension plan investments	-	125,960
Changes in proportion and differences between contributions and proportional share of contributions	6,931	18,281
Contributions subsequent to the measurement date	5,913	-
Total	\$ 77,469	\$ 156,403

\$5,913 was reported as deferred outflows of resources related to pension results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (26,649)
2022	(3,747)
2023	(36,281)
2024	(18,933)
2025	763
Thereafter	-

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

For the year ended June 30, 2021, the City recognized pension expense of \$179,212.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,844	\$ 8,379
Changes in assumptions	23,145	666
Net difference between projected and actual earnings on pension plan investments	-	53,486
Changes in proportion and differences between contributions and proportional share of contributions	30,095	-
Contributions subsequent to the measurement date	202,066	-
Total	\$ 272,150	\$ 62,531

\$202,066 was reported as deferred outflows of resources related to pension results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (9,067)
2022	(5,309)
2023	(12,358)
2024	(3,558)
2025	6,304
Thereafter	31,543

Tier 2 Public Safety and Firefighter System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense of \$169,226.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,747	\$ 18
Changes in assumptions	12,920	5,956
Net difference between projected and actual earnings on pension plan investments	-	35,530
Changes in proportion and differences between contributions and proportional share of contributions	8,572	103
Contributions subsequent to the measurement date	142,065	-
Total	\$ 192,303	\$ 41,607

\$142,065 was reported as deferred outflows of resources related to pension results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (6,747)
2022	(4,540)
2023	(8,843)
2024	(3,198)
2025	3,051
Thereafter	28,907

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 ended December 31, 2019.

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

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	37.00%	6.30%	2.33%
Debt securities	20.00%	0.40%	0.00%
Real assets	15.00%	6.19%	0.93%
Private equity	12.00%	9.50%	1.14%
Absolute return	16.00%	2.75%	0.44%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		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.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

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:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 4,478,876	\$ 258,342	\$ (3,260,109)
Public Safety System	1,935,742	458,506	(741,007)
Firefighters System	95,002	(209,112)	(455,077)
Tier 2 Public Employees System	307,907	18,298	(203,245)
Tier 2 Public Safety and Firefighter System	262,117	55,596	(109,118)
Total	<u>\$ 7,079,644</u>	<u>\$ 581,630</u>	<u>\$ (4,768,556)</u>

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

NOTE 10. Defined Contribution Plan

Defined Contribution Plan

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 City participates in the 401(k), 457(b), Traditional IRA and Roth IRA defined contribution plans. The City contributes 4.5% of the salaries of full-time employees and 11.66% of elected officials. However employees in the Public Safety and Firefighters Retirement Systems are ineligible for this benefit.

All full-time employees and elected officials can make additional contributions to the 401(k) plan, the 457 plan, the Traditional IRA plan and/or the Roth IRA plan up to specified limits. These plan funds are fully vested to participants at the time of deposit.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 10. Defined Contribution Plan, Continued

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for the current fiscal year and the two previous years are as follows:

	Year	Employee contributions	Employer contributions
Defined Contribution System:			
457 Plan			
2021	\$	31,563	\$ -
2020		45,768	-
2019		35,640	-
401(k) Plan			
2021		191,675	381,242
2020		191,870	352,697
2019		132,018	325,217
Roth IRA Plan			
2021		29,421	N/A
2020		24,095	N/A
2019		8,615	N/A
Traditional IRA Plan			
2021		1,490	N/A
2020		1,450	N/A
2019		1,300	N/A

NOTE 11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk financing activities are accounted for in various operating funds, with unallocated or city-wide activities being accounted for in the general fund.

The City maintains insurance for general liability, auto liability, and employee dishonesty through the Utah Local Government Trust. Worker's compensation coverage is also carried through the Utah Local Government's Insurance Trust.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 12. Municipal Building Authority Lease Agreement

On February 1, 2008 the Municipal Building Authority of Washington City, Utah (the Authority), and the City entered into a Master Lease Agreement.

Pursuant to the lease arrangement, the Authority is to construct a community center and related improvements and refund all of the Authority's outstanding Lease Revenue Bonds, Series 1995 and its Lease Revenue Bonds, Series 1996, which were originally issued to finance the costs of acquisition and construction of the City's existing municipal office facility. In order to accomplish these items, the Authority issued Lease Revenue and Refunding Bonds, Series 2008 in the amount of \$8,321,000. Furthermore, in fiscal year 2015, the Authority issued Lease Revenue Bonds, Series 2014 in the amount of \$3,297,000 and Lease Revenue Bonds, Series 2016 in the amount of \$3,700,000 (Series 2020 in the amount of \$3,021,000 refunding in fiscal year 2020) to finance additional city facilities.

The initial term of the lease commenced as of the date of delivery (in fiscal year 2008) of the Series 2008 Bonds and terminated on June 30, 2008. The lease term may be continued, solely at the option of the City, beyond the expiration of the original term for an additional one year, the first "renewal term", and for consecutive additional renewal terms thereafter each of one year in duration except that the final renewal term shall commence July 1, 2027 and end on December 15, 2027. The City makes an election to continue the lease for the next renewal term by budgeting sufficient City funds to pay the base and reasonably estimated additional rentals during the next following renewal term. The City renewed the lease for the current fiscal year.

The City and the Authority acknowledge and agree that the obligation of the City to pay base rentals and additional rentals constitutes a current expense of the City payable exclusively from City funds and shall not in any way be construed to be an obligation or indebtedness of the City within the meaning of Sections 3 or 4 of Article XIVC of the Utah Constitution, or any other constitutional or statutory limitation or requirement applicable to the City concerning the creation of indebtedness. The lease is to be deemed a net lease.

The terms of the lease require Washington City to pay certain rentals, which approximate the principal and interest due on the lease revenue bonds issued by the Authority. See the long-term liabilities note for annual requirements to amortize the MBA Lease Revenue Bonds.

NOTE 13. Commitments

The City has entered into various contracts with commitments for its various funds. The City's significant contracts with commitments are as follows:

The City of St. George for the purpose of transportation and treatment of wastewater initially entered into April 1, 1987 for 25 years (extended). The City collects these fees from wastewater users and remits the fees to the City of St. George. These collections and remittances are not reported as revenue and expenses in the sewer fund; rather, they are recorded in a liability account. During fiscal year 2021, the City collected \$1,773,442 under this contract.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 13. Commitments, Continued

Effective July 1, 2018, the City entered into a 30 year shared facilities agreement with Hurricane Valley Fire Special Service District (HVFSSD) for the Coral Canyon fire station. The City makes 50% of the annual total debt service payments (50% is approximately \$45,625 annually; \$39,000 annually after fiscal year 2022) to HVFSSD through March 2048. Since HVFSSD recognizes the full fire station asset (and related obligation), the City does not recognize a portion in these financial statements.

The Flood Control Authority and interlocal cooperation agreement includes the City of St. George, Washington City, Santa Clara City, Ivins City and Hurricane City. The purpose of the Flood Control Authority is to administer, acquire, construct, operate, inspect, repair and maintain flood control facilities and to perform all other related activities necessary for regional flood control. Flood control refers to the management and conveyance of flows above baseline conditions. The Flood Control board is made up of elected officials of the primary members and Washington City has two representatives on the board. Each primary member pays a monthly amount based upon the number of water connections as set by the board. The term of the agreement is 50 years (beginning fiscal year 2014) with automatic extensions of 50 year terms unless terminated as set forth in the agreement.

NOTE 14. Jointly Governed Organization

The City, in conjunction with a number of other governmental entities that provide for the purchase and transmission of electrical services, created the Utah Association of Municipal Power System (UAMPS). UAMPS owns an interest in various power generation entities as well as coordinating the purchase of additional power on the open spot-market for the purpose of acquiring reliable and economic supplies of power and energy—the agreement terminates on December 31, 2049. The UAMPS board is comprised of one member from each participating entity (dependent on the particular projects which an entity elects to participate in). Except for minimum purchase requirements, no participant has any obligation, entitlement, or residual interest. The City's electric utility fund purchased power with transmission delivery totaling \$10,476,494 during the fiscal year ended June 30, 2021.

NOTE 15. Leisure Services Trade Sales

In connection with its leisure services operations (community center), the City occasionally trades services with various outside parties. These transactions have not been recorded in the fund financial statements; however, they are included in the government-wide financial statements. The revenue from such trades for fiscal year 2021 was \$5,015.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 16. Contingencies

The City is involved with various matters of litigation. It is the opinion of management that these cases will either be handled by the City's insurance coverage or that they will not have a material effect on the City's financial condition.

NOTE 17. Restatement Adjustment—Fleet Internal Service Fund Closure

In periods prior to fiscal year 2021, the City maintained an internal service fund to account for fleet services provided to other departments or funds of the City on a cost-reimbursement basis. This internal service fund was eliminated beginning in fiscal year 2021 and the fleet department is now included in the general fund. The elimination of the internal service fund results in a fiscal year 2021 restatement adjustment of \$640,830 in the general fund (see statement of revenues, expenditures, and changes in fund balances).

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REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON CITY, UTAH
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Current year property taxes	\$ 3,512,502	\$ 3,512,502	\$ 3,608,090	\$ 95,588
Prior-years property taxes	95,000	95,000	129,313	34,313
General sales and use taxes	6,883,983	9,769,000	10,567,071	798,071
Energy taxes	1,533,686	1,705,366	1,890,194	184,828
Franchise taxes	197,363	197,363	241,571	44,208
Licenses and permits	985,617	1,654,350	1,738,146	83,796
Intergovernmental revenues	1,545,491	3,837,483	4,277,684	440,201
Charges for services	5,523,118	6,318,118	6,975,716	657,598
Fines and forfeitures	318,000	318,000	401,003	83,003
Investment earnings	200,258	200,258	90,303	(109,955)
Miscellaneous	149,367	209,635	492,923	283,288
Total revenues	<u>20,944,385</u>	<u>27,817,075</u>	<u>30,412,014</u>	<u>2,594,939</u>
Expenditures				
Current:				
General government	1,918,867	3,391,667	2,571,988	819,679
Public safety	6,934,231	9,451,018	9,218,508	232,510
Streets and highways	1,435,067	1,693,899	1,290,416	403,483
Sanitation	1,728,135	1,778,556	1,994,157	(215,601)
Parks, golf, cemetery and public property	3,554,368	3,778,290	3,536,542	241,748
Culture and recreation	2,537,420	2,980,179	2,724,079	256,100
Community and economic development	1,403,167	1,545,927	1,372,181	173,746
Debt service:				
Principal	207,868	177,948	260,612	(82,664)
Interest	8,947	38,867	67,841	(28,974)
Total debt service	<u>216,815</u>	<u>216,815</u>	<u>328,453</u>	<u>(111,638)</u>
Total expenditures	<u>19,728,070</u>	<u>24,836,351</u>	<u>23,036,324</u>	<u>1,800,027</u>
Excess of revenues over (under) expenditures	<u>1,216,315</u>	<u>2,980,724</u>	<u>7,375,690</u>	<u>4,394,966</u>
Other financing sources (uses)				
Transfers in	93,172	93,172	93,172	-
Transfers out	(1,440,118)	(2,191,241)	(2,770,865)	(579,624)
Leases issued	-	-	113,395	113,395
Total other financing sources and (uses)	<u>(1,346,946)</u>	<u>(2,098,069)</u>	<u>(2,564,298)</u>	<u>(466,229)</u>
Net change in fund balance	(130,631)	882,655	4,811,392	3,928,737
Fund balance - beginning	7,638,001	7,638,001	7,638,001	-
Restatement adjustment	-	-	(640,830)	(640,830)
Fund balance - ending	<u>\$ 7,507,370</u>	<u>\$ 8,520,656</u>	<u>\$ 11,808,563</u>	<u>\$ 3,287,907</u>

WASHINGTON CITY, UTAH
Required Supplementary Information
Infrastructure Reporting – Modified Approach
For the Year Ended June 30, 2021

As allowed by GASB Statement No. 34, the City has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this method, referred to as the modified approach, the City expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include all roads, bridges, sidewalks and similar items that the City is responsible to maintain.

Improvements that lengthen the lives of infrastructure assets are not recorded unless they increase capacity of service potential, in which case they are recorded as additions to infrastructure at original cost. Therefore, resurfacing done to existing streets is not capitalized, but is treated as a maintenance expenditure under the modified approach.

The City conducts periodic physical assessments and theoretical deterioration modeling to determine whether infrastructure assets are being maintained at the levels required. The City maintains its streets using a pavement management system. The condition of the pavement is based on a weighted average of seven distress factors found in pavement surfaces. The pavement management system uses a measurement scale that is based on a remaining service life (RSL) ranging from 0 years to 20 years.

The most recent condition assessment, completed for June 30, 2021, showed that the City had overall average condition ratings of 16.22 years as shown below:

Remaining Service Life (Years)	Percent of Streets
0-5	0.00
6-7	0.21
7-8	0.32
8-9	0.11
9-10	0.54
10-11	0.54
11-12	0.16
12-13	4.33
13-14	17.28
14-15	2.41
15-16	24.24
16-17	2.19
17-18	26.70
18-19	14.82
19-20	6.15
Total	100.00

The two most recent, previous condition assessments had overall average condition ratings of 16.66 (June 2020) and 17.55 (June 2019).

WASHINGTON CITY, UTAH
Required Supplementary Information
Infrastructure Reporting – Modified Approach
For the Year Ended June 30, 2021

The City’s administrative policy is to maintain its streets at an average remaining service life of 12.60 years. This rating allows for minor cracking and revealing of pavement along with minor roughness that could be noticeable to drivers traveling at posted speed. The following shows the amount the City planned (originally budgeted) to expend at the beginning of the fiscal year and the actual amount expended for street preservation.

For the Year Ended June 30,	Originally Budgeted	Actually Expensed
2021	\$ 1,000,000	\$ 442,911
2020	700,000	605,110
2019	840,000	810,312
2018	700,000	444,203
2017	700,000	472,374

In fiscal year 2020, 1.18% of roads had an RLS of 10 years or less. In fiscal year 2021, the percent of roads with an RLS of 10 years or less remained at 1.18%. The City is committed to maintain its infrastructure assets at required conditions.

WASHINGTON CITY, UTAH
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Utah Retirement Systems
June 30, 2021
Last 10 Fiscal Years

As of fiscal year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Noncontributory System					
2015	0.4627242%	\$ 2,009,257	\$ 3,879,945	51.79%	90.2%
2016	0.4504741%	\$ 2,549,002	\$ 3,801,938	67.04%	87.8%
2017	0.4423665%	\$ 2,840,534	\$ 3,883,579	73.14%	87.3%
2018	0.4778517%	\$ 2,093,612	\$ 4,166,344	50.25%	91.9%
2019	0.4948566%	\$ 3,643,987	\$ 4,320,979	84.33%	87.0%
2020	0.5019278%	\$ 1,891,700	\$ 4,350,226	43.49%	93.7%
2021	0.5036460%	\$ 258,342	\$ 4,261,183	6.06%	99.2%
Public Safety System					
2015	0.3780941%	\$ 475,485	\$ 963,677	49.34%	90.5%
2016	0.3865187%	\$ 692,352	\$ 949,123	72.95%	87.1%
2017	0.3748773%	\$ 760,730	\$ 918,515	82.82%	86.5%
2018	0.3928491%	\$ 616,246	\$ 943,784	65.30%	90.2%
2019	0.4107826%	\$ 1,056,773	\$ 883,175	119.66%	84.7%
2020	0.4964500%	\$ 797,109	\$ 889,278	89.64%	90.9%
2021	0.5522559%	\$ 458,506	\$ 926,215	49.50%	95.5%
Firefighters System					
2015	0.8676603%	\$ (49,512)	\$ 299,332	-16.54%	103.5%
2016	0.8735054%	\$ (15,821)	\$ 306,772	-5.16%	101.0%
2017	0.6584776%	\$ (5,191)	\$ 256,713	-2.02%	100.4%
2018	0.5815955%	\$ (36,324)	\$ 215,171	-16.88%	103.0%
2019	0.4544895%	\$ 59,014	\$ 147,553	40.00%	94.3%
2020	0.5084910%	\$ (63,063)	\$ 162,808	-38.73%	105.0%
2021	0.7478446%	\$ (209,112)	\$ 243,982	-85.71%	110.5%
Tier 2 Public Employees System					
2015	0.1058581%	\$ (3,207)	\$ 519,405	-0.62%	103.5%
2016	0.0966741%	\$ (211)	\$ 624,550	-0.03%	100.2%
2017	0.0908929%	\$ 10,139	\$ 745,388	1.36%	95.1%
2018	0.0994700%	\$ 8,770	\$ 974,001	0.90%	97.4%
2019	0.1103358%	\$ 47,254	\$ 1,286,528	3.67%	90.8%
2020	0.1157975%	\$ 26,044	\$ 1,609,524	1.62%	96.5%
2021	0.1272242%	\$ 18,298	\$ 2,033,886	0.90%	98.3%
Tier 2 Public Safety and Firefighter System					
2015	0.6825520%	\$ (10,097)	\$ 282,173	-3.58%	120.5%
2016	0.5349819%	\$ (7,816)	\$ 318,257	-2.46%	110.7%
2017	0.4862928%	\$ (4,221)	\$ 401,790	-1.05%	103.6%
2018	0.4394074%	\$ (5,084)	\$ 463,814	-1.10%	103.0%
2019	0.5015148%	\$ 12,566	\$ 669,690	1.88%	95.6%
2020	0.6286231%	\$ 59,131	\$ 1,036,063	5.71%	89.6%
2021	0.6198370%	\$ 55,596	\$ 1,236,336	4.50%	93.1%

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

WASHINGTON CITY, UTAH
Required Supplementary Information
Schedule of Contributions
Utah Retirement Systems
June 30, 2021
Last 10 Fiscal Years

As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System					
2014	\$ 654,253	\$ 654,253	\$ -	\$ 3,777,437	17.32%
2015	707,382	707,382	-	3,838,061	18.43%
2016	699,225	699,225	-	3,872,307	18.06%
2017	720,360	720,360	-	3,974,438	18.12%
2018	766,043	766,043	-	4,272,026	17.93%
2019	780,163	780,163	-	4,331,412	18.01%
2020	783,326	783,326	-	4,321,671	18.13%
2021	772,358	772,358	-	4,270,433	18.09%
Public Safety System					
2014	\$ 146,732	\$ 146,732	\$ -	\$ 914,914	16.04%
2015	170,915	170,915	-	962,327	17.76%
2016	166,136	166,136	-	936,188	17.75%
2017	166,232	166,232	-	937,710	17.73%
2018	164,387	164,387	-	891,635	18.44%
2019	173,735	173,735	-	899,727	19.31%
2020	200,510	200,510	-	910,272	22.03%
2021	227,472	227,472	-	1,008,555	22.55%
Firefighters System					
2014	\$ 6,312	\$ 6,312	\$ -	\$ 285,078	2.21%
2015	9,101	9,101	-	310,410	2.93%
2016	8,193	8,193	-	279,844	2.93%
2017	7,536	7,536	-	257,878	2.92%
2018	5,589	5,589	-	169,334	3.30%
2019	6,861	6,861	-	147,567	4.65%
2020	9,684	9,684	-	210,079	4.61%
2021	11,541	11,541	-	253,121	4.56%
Tier 2 Public Employees System*					
2014	\$ 55,550	\$ 55,550	\$ -	\$ 390,516	14.22%
2015	86,666	86,666	-	580,568	14.93%
2016	102,574	102,574	-	685,240	14.97%
2017	128,353	128,353	-	860,851	14.91%
2018	160,346	160,346	-	1,061,195	15.11%
2019	227,477	227,477	-	1,497,089	15.19%
2020	283,174	283,174	-	1,808,263	15.66%
2021	359,689	359,689	-	2,275,255	15.81%
Tier 2 Public Safety and Firefighter System*					
2014	\$ 33,612	\$ 33,612	\$ -	\$ 210,831	15.94%
2015	55,935	55,935	-	319,625	17.50%
2016	56,399	56,399	-	331,324	17.02%
2017	77,646	77,646	-	437,033	17.77%
2018	95,828	95,828	-	536,016	17.88%
2019	160,930	160,930	-	856,360	18.79%
2020	222,230	222,230	-	1,185,715	18.74%
2021	266,718	266,718	-	1,278,100	20.87%
Tier 2 Public Employees DC Only System*					
2014	3,400	\$ 3,400	\$ -	58,808	5.78%
2015	5,075	5,075	-	58,629	8.66%
2016	3,878	3,878	-	56,621	6.85%
2017	5,244	5,244	-	78,391	6.69%
2018	8,000	8,000	-	112,456	7.11%
2019	6,713	6,713	-	105,019	6.39%
2020	15,179	15,179	-	226,888	6.69%
2021	18,781	18,781	-	278,585	6.74%
Tier 2 Public Safety and Firefighter DC Only System*					
2014	\$ 3,999	\$ 3,999	\$ -	\$ 40,235	9.94%
2015	7,343	7,343	-	60,965	12.04%
2016	8,323	8,323	-	69,016	12.06%
2017	6,205	6,205	-	47,870	12.96%
2018	5,582	5,582	-	47,570	11.73%
2019	6,836	6,836	-	58,748	11.64%
2020	9,943	9,943	-	84,874	11.72%
2021	14,253	14,253	-	115,108	12.38%

Note: The City 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 CITY, UTAH
Notes to Required Supplementary Information
June 30, 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.

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COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Property Acquisition Fund – This fund is generally used to account for the acquisition of property. This fund was closed to the General Projects Fund in fiscal year 2021.

Streets Fund – This fund accounts for the acquisition and construction of the City’s major capital facilities relating to streets. This fund primarily includes the collection and expenditure of street impact fees and highway taxes.

Public Safety Fund – This fund is used to account for the collection of public safety impact fees and the expenditure of these fees on public facilities.

General Projects Fund – This fund is generally used to account for the acquisition and construction of major capital facilities other than those recorded in another capital projects fund.

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

RAP Tax Fund – This fund is used to account for the collection of RAP taxes and the expenditure of these funds on recreation, arts, and parks.

Washington City Foundation Fund (blended component unit) – This fund is used to account for various activities related to the award of grants and other qualified tax-exempt funding and donations made to the Washington City Foundation.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Coral Canyon Special Service District (blended component unit) – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest of the District (CCSSD).

Municipal Building Authority (blended component unit) – This fund accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest of the Authority (MBA).

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest of the City.

WASHINGTON CITY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	<u>Capital Projects</u>				<u>Special Revenue</u>		<u>Debt Service</u>			Total Nonmajor Governmental Funds
	<u>Property Acquisition</u>	<u>Streets</u>	<u>Public Safety</u>	<u>General Projects</u>	<u>RAP Tax</u>	<u>Washington City Foundation</u>	<u>Coral Canyon SSD</u>	<u>Municipal Building Authority</u>	<u>Debt Service</u>	
Assets										
Cash and cash equivalents	\$ -	\$ 4,642,570	\$ 1,210,701	\$ 969	\$ 1,158,451	\$ 5,525	\$ -	\$ -	\$ -	\$ 7,018,216
Investments	-	6,211,920	-	210,706	-	-	-	-	-	6,422,626
Receivables, net	-	1,177	-	46	-	-	-	-	-	1,223
Property taxes receivable	-	-	-	-	-	-	733,825	-	-	733,825
Due from other governments	-	-	-	-	118,153	-	9,380	-	-	127,533
Restricted cash and cash equivalents	-	-	-	-	-	-	1,056,338	549,748	723	1,606,809
Total assets	<u>\$ -</u>	<u>\$ 10,855,667</u>	<u>\$ 1,210,701</u>	<u>\$ 211,721</u>	<u>\$ 1,276,604</u>	<u>\$ 5,525</u>	<u>\$ 1,799,543</u>	<u>\$ 549,748</u>	<u>\$ 723</u>	<u>\$ 15,910,232</u>
Liabilities, deferred inflows, and fund balances										
Liabilities:										
Accounts payable	\$ -	\$ 93,862	\$ 20,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,972
Total liabilities	<u>-</u>	<u>93,862</u>	<u>20,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,972</u>
Deferred inflow of resources:										
Deferred revenue - property tax	-	-	-	-	-	-	733,825	-	-	733,825
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>733,825</u>	<u>-</u>	<u>-</u>	<u>733,825</u>
Fund balances:										
Restricted for:										
Debt service	-	-	-	-	-	-	1,065,718	549,748	723	1,616,189
Capital outlay - impact fees	-	5,804,992	1,007,232	-	-	-	-	-	-	6,812,224
Capital outlay - other	-	4,956,813	-	-	-	-	-	-	-	4,956,813
Culture and recreation	-	-	-	-	1,276,604	-	-	-	-	1,276,604
Other purposes	-	-	-	-	-	5,525	-	-	-	5,525
Assigned to:										
Capital outlay	-	-	183,359	211,721	-	-	-	-	-	395,080
Total fund balances	<u>-</u>	<u>10,761,805</u>	<u>1,190,591</u>	<u>211,721</u>	<u>1,276,604</u>	<u>5,525</u>	<u>1,065,718</u>	<u>549,748</u>	<u>723</u>	<u>15,062,435</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 10,855,667</u>	<u>\$ 1,210,701</u>	<u>\$ 211,721</u>	<u>\$ 1,276,604</u>	<u>\$ 5,525</u>	<u>\$ 1,799,543</u>	<u>\$ 549,748</u>	<u>\$ 723</u>	<u>\$ 15,910,232</u>

WASHINGTON CITY, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Capital Projects			Special Revenue		Debt Service			Total Nonmajor Governmental Funds	
	Property Acquisition	Streets	Public Safety	General Projects	RAP Tax	Washington City Foundation	Coral Canyon SSD	Municipal Building Authority		Debt Service
Revenues										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 792,452	\$ -	\$ -	\$ 792,452
Sales and use taxes	-	-	-	-	628,393	-	-	-	-	628,393
Impact fees	-	2,633,636	426,196	-	-	-	-	-	-	3,059,832
Investment earnings	-	58,226	5,089	1,735	3,832	-	5,035	145	2	74,064
Miscellaneous	-	-	-	-	-	4,485	-	-	-	4,485
Total revenues	-	2,691,862	431,285	1,735	632,225	4,485	797,487	145	2	4,559,226
Expenditures										
Current:										
General government	-	-	-	-	-	612	28,683	-	-	29,295
Public safety	-	-	58,763	-	-	2,480	-	-	-	61,243
Streets and highways	-	442,911	-	-	-	-	-	-	-	442,911
Culture and recreation	-	-	-	-	58,000	-	-	-	-	58,000
Debt service:										
Principal	-	-	-	-	-	-	630,000	1,085,000	343,000	2,058,000
Interest and fiscal charges	-	-	-	-	-	-	159,600	155,076	35,930	350,606
Capital outlay	-	2,128,802	-	-	-	-	-	-	-	2,128,802
Total expenditures	-	2,571,713	58,763	-	58,000	3,092	818,283	1,240,076	378,930	5,128,857
Excess (deficiency) of revenues over (under) expenditures	-	120,149	372,522	1,735	574,225	1,393	(20,796)	(1,239,931)	(378,928)	(569,631)
Other financing sources (uses)										
Transfers in	-	2,587,631	-	39,134	-	-	-	1,230,376	378,930	4,236,071
Transfers out	(39,134)	(271,098)	(167,359)	(40,953)	-	-	-	-	-	(518,544)
Total other financing sources and (uses)	(39,134)	2,316,533	(167,359)	(1,819)	-	-	-	1,230,376	378,930	3,717,527
Net change in fund balances	(39,134)	2,436,682	205,163	(84)	574,225	1,393	(20,796)	(9,555)	2	3,147,896
Fund balances - beginning	39,134	8,325,123	985,428	211,805	702,379	4,132	1,086,514	559,303	721	11,914,539
Fund balances - ending	\$ -	\$ 10,761,805	\$ 1,190,591	\$ 211,721	\$ 1,276,604	\$ 5,525	\$ 1,065,718	\$ 549,748	\$ 723	\$ 15,062,435

OTHER SUPPLEMENTARY INFORMATION

WASHINGTON CITY, UTAH
Other Supplementary Information
Bond Disclosures
For the Year Ended June 30, 2021

Some of the City's revenue bond resolutions set forth certain covenants and restrictions. The City is in compliance with all related covenants and restrictions. Adequate funds are available in the applicable funds for reserve requirements. Additional disclosures required by the resolutions are as follows:

WATER RATES

Meter Size	Monthly Base Rate	Tier	Threshold Gallons		Washington		Rate per 1,000 Gallons
					City	WCWCD	
5/8"	\$18.17	1	0	5,000	\$0.74	\$0.76	\$1.50
		2	5,001	10,000	\$0.86	\$0.76	\$1.62
		3	10,001	15,000	\$0.98	\$0.76	\$1.74
		4	15,001	20,000	\$1.10	\$0.76	\$1.86
		5	20,001	25,000	\$1.22	\$0.76	\$1.98
		6	25,001	30,000	\$1.34	\$0.76	\$2.10
		7	30,001	35,000	\$1.51	\$0.76	\$2.27
		8	35,001	40,000	\$1.68	\$0.76	\$2.44
		9	40,001	Unlimited	\$1.85	\$0.76	\$2.61
3/4"	\$18.17	1	0	5,000	\$0.74	\$0.76	\$1.50
		2	5,001	10,000	\$0.86	\$0.76	\$1.62
		3	10,001	15,000	\$0.98	\$0.76	\$1.74
		4	15,001	20,000	\$1.10	\$0.76	\$1.86
		5	20,001	25,000	\$1.22	\$0.76	\$1.98
		6	25,001	30,000	\$1.34	\$0.76	\$2.10
		7	30,001	35,000	\$1.51	\$0.76	\$2.27
		8	35,001	40,000	\$1.68	\$0.76	\$2.44
		9	40,001	Unlimited	\$1.85	\$0.76	\$2.61
1"	\$33	1	0	9,000	\$0.74	\$0.76	\$1.50
		2	9,001	18,000	\$0.86	\$0.76	\$1.62
		3	18,001	27,000	\$0.98	\$0.76	\$1.74
		4	27,001	36,000	\$1.10	\$0.76	\$1.86
		5	36,001	45,000	\$1.22	\$0.76	\$1.98
		6	45,001	54,000	\$1.34	\$0.76	\$2.10
		7	54,001	63,000	\$1.51	\$0.76	\$2.27
		8	63,001	72,000	\$1.68	\$0.76	\$2.44
		9	72,001	Unlimited	\$1.85	\$0.76	\$2.61
1 1/2"	\$73	1	0	20,000	\$0.74	\$0.76	\$1.50
		2	20,001	40,000	\$0.86	\$0.76	\$1.62
		3	40,001	60,000	\$0.98	\$0.76	\$1.74
		4	60,001	80,000	\$1.10	\$0.76	\$1.86
		5	80,001	100,000	\$1.22	\$0.76	\$1.98
		6	100,001	120,000	\$1.34	\$0.76	\$2.10
		7	120,001	140,000	\$1.51	\$0.76	\$2.27
		8	140,001	160,000	\$1.68	\$0.76	\$2.44
		9	160,001	Unlimited	\$1.85	\$0.76	\$2.61
2"	\$130	1	0	36,000	\$0.74	\$0.76	\$1.50
		2	36,001	71,000	\$0.86	\$0.76	\$1.62
		3	71,001	107,000	\$0.98	\$0.76	\$1.74
		4	107,001	142,000	\$1.10	\$0.76	\$1.86
		5	142,001	178,000	\$1.22	\$0.76	\$1.98
		6	178,001	213,000	\$1.34	\$0.76	\$2.10
		7	213,001	249,000	\$1.51	\$0.76	\$2.27
		8	249,001	284,000	\$1.68	\$0.76	\$2.44
		9	284,001	Unlimited	\$1.85	\$0.76	\$2.61
3"	\$291	1	0	80,000	\$0.74	\$0.76	\$1.50
		2	80,001	160,000	\$0.86	\$0.76	\$1.62
		3	160,001	240,000	\$0.98	\$0.76	\$1.74
		4	240,001	320,000	\$1.10	\$0.76	\$1.86
		5	320,001	400,000	\$1.22	\$0.76	\$1.98
		6	400,001	480,000	\$1.34	\$0.76	\$2.10
		7	480,001	560,000	\$1.51	\$0.76	\$2.27
		8	560,001	640,000	\$1.68	\$0.76	\$2.44
		9	640,001	Unlimited	\$1.85	\$0.76	\$2.61

WASHINGTON CITY, UTAH
Other Supplementary Information
Bond Disclosures, Continued
For the Year Ended June 30, 2021

WATER RATES (Continued)

Meter Size	Monthly Base Rate	Tier	Threshold Gallons		Washington		Rate per 1,000 Gallons
					City	WCWCD	
4"	\$517	1	0	142,000	\$0.74	\$0.76	\$1.50
		2	142,001	284,000	\$0.86	\$0.76	\$1.62
		3	284,001	426,000	\$0.98	\$0.76	\$1.74
		4	426,001	568,000	\$1.10	\$0.76	\$1.86
		5	568,001	710,000	\$1.22	\$0.76	\$1.98
		6	710,001	852,000	\$1.34	\$0.76	\$2.10
		7	852,001	994,000	\$1.51	\$0.76	\$2.27
		8	994,001	1,136,000	\$1.68	\$0.76	\$2.44
		9	1,136,001	Unlimited	\$1.85	\$0.76	\$2.61
6"	\$1,163	1	0	320,000	\$0.74	\$0.76	\$1.50
		2	320,001	640,000	\$0.86	\$0.76	\$1.62
		3	640,001	960,000	\$0.98	\$0.76	\$1.74
		4	960,001	1,280,000	\$1.10	\$0.76	\$1.86
		5	1,280,001	1,600,000	\$1.22	\$0.76	\$1.98
		6	1,600,001	1,920,000	\$1.34	\$0.76	\$2.10
		7	1,920,001	2,240,000	\$1.51	\$0.76	\$2.27
		8	2,240,001	2,560,000	\$1.68	\$0.76	\$2.44
		9	2,560,001	Unlimited	\$1.85	\$0.76	\$2.61

ADMINISTRATIVE FE	Amount	
Late Fee	5%	Of Unpaid Balance
Collection Fees	100%	Of Collection Agent Fee

Water	Meter Size	
Water Connection	5/8 x 3/4 & 3/4"	\$277.00
	1"	\$352.00
	1 1/2"	\$629.00
	2"	\$822.00
	3"	\$2,060.00
	4"	\$2,501.00
	6"	\$4,687.00
Water Impact:	Meter Size	ERU's
	5/8 x 3/4 & 3/4"	1
	1"	1.65
	1 1/2"	3.73
	2"	6.55
	3"	14.73
	4"	26.17
	6"	58.88

WASHINGTON CITY, UTAH
Other Supplementary Information
Bond Disclosures, Continued
For the Year Ended June 30, 2021

Insurance coverage in effect at June 30, 2021:

Provider	Type	Policy Number	Effective	Expires*	Limits
Utah Local Government Trust	Auto - bodily injury liability	14680	07/01/20	06/30/21	\$5,000,000
Utah Local Government Trust	Auto - property damage liability	14680	07/01/20	06/30/21	5,000,000
Utah Local Government Trust	Auto - underinsured	14680	07/01/19	06/30/21	100,000
Utah Local Government Trust	Auto - uninsured	14680	07/01/19	06/30/21	100,000
Utah Local Government Trust	General liability	14680	07/01/20	06/30/21	5,000,000
Utah Local Government Trust	Public officials' errors and omissions	14680	07/01/20	06/30/21	5,000,000
Utah Local Government Trust	Law enforcement liability	14680	07/01/20	06/30/21	5,000,000
Utah Local Government Trust	Property coverage - all risk	14680	07/01/20	06/30/21	69,582,777

*Continuous until cancelled

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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

The Honorable Mayor and
Members of the City Council
Washington City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington City, Utah, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Washington City’s basic financial statements and have issued our report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental 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
November 29, 2021



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

The Honorable Mayor and
Members of the City Council
Washington City, Utah

Report on Compliance

We have audited Washington City, Utah's compliance with the applicable state requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2021.

State compliance requirements were tested for the year ended June 30, 2021 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Court
- Restricted Taxes and Related Restricted Revenue
- Fraud Risk Assessment
- Governmental Fees
- Cash Management
- Open and Public Meetings Act

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Washington City'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 Washington City'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 the City's compliance with those requirements.

Opinion on Compliance

In our opinion, Washington City, Utah, complied, in all material aspects, with the state compliance requirements referred to above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings and recommendations as item 2019-002.

Washington City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of responses to the findings and recommendations. Washington City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Washington City 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 Washington City's internal control over compliance with the state compliance requirements referred to above to determine the auditing 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 Washington City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or 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.

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

Hinton Burdick, PLLC

HintonBurdick, PLLC

St. George, Utah

November 29, 2021

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**WASHINGTON CITY
Findings and Recommendations
For the Year Ended June 30, 2021**

Honorable Mayor and City Council
Washington City, Utah

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 City for the year ended June 30, 2021, we noted an area needing corrective action for the City to be in compliance with laws and regulations. This item is discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weaknesses or Significant Deficiencies:

None noted

COMPLIANCE AND OTHER MATTERS:

Compliance:

2019-002 Budgetary Compliance—Appropriations

Criteria: Utah Code indicates that total expenditures by fund (or department, as applicable) may not exceed the amounts appropriated in the final adopted budget.

Condition: For the year ended June 30, 2021, we noted the following expenditures in excess of budgeted appropriations:

- The following departments/functions of the general fund:
 - Building maintenance department – \$46,997
 - Fire department – \$157,583
 - Solid waste/sanitation department/function – \$217,446
 - Interfund transfers out – \$579,624
- The debt service—MBA fund – \$1,489
- The capital projects—public safety fund – \$19,725

Cause: The City monitors budget and actual expenditures and amendments are made as deemed necessary. However, sometimes monitoring procedures are not adequate to address all budget overruns—particularly as it relates to year-end adjustments and unexpected changes near the end of the fiscal year.

Effect: The City is not in compliance with state requirements.

Recommendation: We recommend the City operate within the confines of state law by limiting expenditures or follow proper procedures to adjust the budget for changes as necessary during the year.

Other Matters:

None noted

Please respond to the above findings and recommendations in letter form for submission to the state auditor's office as required by state law.

The City's written responses to the findings identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This letter is intended solely for the use of management, city council, others within the City and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the City this past year. We would like to express special thanks to each of you who assisted us in this year's audit. We invite you to ask questions of us throughout the year as you feel it necessary and we look forward to a continued pleasant, professional relationship.

Sincerely,



HintonBurdick, PLLC
November 29, 2021



December 1, 2021

HintonBurdick, PLLC
63 South 300 East, Suite 100
St. George, Utah 84770

To Whom It May Concern:

We have received and carefully reviewed the "Findings and Recommendations For the Year Ending June 30, 2021". We are pleased that the number of findings and recommendations decreased by 80% from last year, and provide the following response.

Budgetary Compliance - Appropriations

Multiple City departments finished the fiscal year over budget as a result of different factors including COVID expenditure reclassifications and invoices and charges for services that were received on the last day of the fiscal year. The largest discrepancy resulted from a \$579,624 transfer from one City fund to another without the appropriate budget amount for the transfer. This was not an actual overspending, but an internal transfer that needed to be accounted for in the budget.

Washington City is committed to the highest standards of budgeting and spending, and we will address this issue proactively. To prevent this finding in the future, the City will make additional efforts to identify potential budgetary overages and further educate departments on the appropriate procedures to prevent and address over expended accounts. Our finance department will also review any variances to the budget monthly and recommend any budget adjustments to the Mayor and City Council on a quarterly basis moving forward. These changes, coupled with additional management oversight, will correct this issue in the future.

Please let me know if you have any additional questions.

Sincerely,

Jeremy Redd
City Manager