



WASHINGTON CITY, UTAH
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
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 Audit of the Financial Statements

Opinions

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise Washington City, Utah's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington City, Utah, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington City, Utah's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the bond disclosures but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023 on our consideration of Washington City, Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington City, Utah's internal control over financial reporting and compliance.

HintonBurdick, PLLC

St. George, Utah
December 19, 2023

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Washington City, Utah
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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, 2023. 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, 2023 by \$411,317,742 (net position). Of this amount, \$35,398,168 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$32,178,773. Of this amount, \$18,891,447 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 \$48,801,612, which is an increase of \$310,897 from the prior year. Approximately 6.23% (or \$3,039,309) of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,039,309 or approximately 10.55% of total general fund expenditures.
- For the current fiscal year, general fund revenues exceeded general fund expenditures by \$1,608,389 before interfund transfers and other financings sources and uses and by (\$557,784) after interfund transfers and other financing sources and uses.
- Total long-term debt (excluding net pension liability and compensated absences) decreased by \$3,317,117 or 9.9% 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 \$411,317,742 at the close of the fiscal year. By far the largest portion of Washington City's net position, (82.12% for governmental activities and 81.59% 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	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Current and other assets	\$ 62,091,834	\$ 63,756,999	\$ 40,466,489	\$ 49,494,837	\$ 102,558,323	\$ 113,251,836
Capital assets	188,325,614	170,393,390	169,393,132	151,505,145	357,718,746	321,898,535
Total assets	250,417,448	234,150,389	209,859,621	200,999,982	460,277,069	435,150,371
Deferred outflows of resources	2,400,314	1,751,248	951,886	732,902	3,352,200	2,484,150
Long-term liabilities outstanding	21,484,239	21,981,415	12,583,280	13,029,702	34,067,519	35,011,117
Other liabilities	7,767,469	7,460,334	5,011,205	5,112,393	12,778,674	12,572,727
Total liabilities	29,251,708	29,441,749	17,594,485	18,142,095	46,846,193	47,583,844
Deferred inflows of resources	5,400,623	9,043,915	64,711	1,867,793	5,465,334	10,911,708
Net position:						
Net investment in capital assets	179,150,129	159,734,367	157,601,361	138,762,645	336,751,490	298,497,012
Restricted	32,375,841	28,970,232	6,792,243	7,789,502	39,168,084	36,759,734
Unrestricted	6,639,461	8,711,374	28,758,707	35,170,849	35,398,168	43,882,223
Total net position	\$ 218,165,431	\$ 197,415,973	\$ 193,152,311	\$ 181,722,996	\$ 411,317,742	\$ 379,138,969

Percentage of Net Position

Net position type	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	82.12%	81.59%	81.87%
Restricted net position	14.84%	3.52%	9.52%
Unrestricted net position	3.04%	14.89%	8.61%
Total net position	100.00%	100.00%	100.00%

An additional portion of Washington City's governmental net position (14.84% and 3.52%, respectively) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$35,398,168 (3.04% and 14.89%, 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.

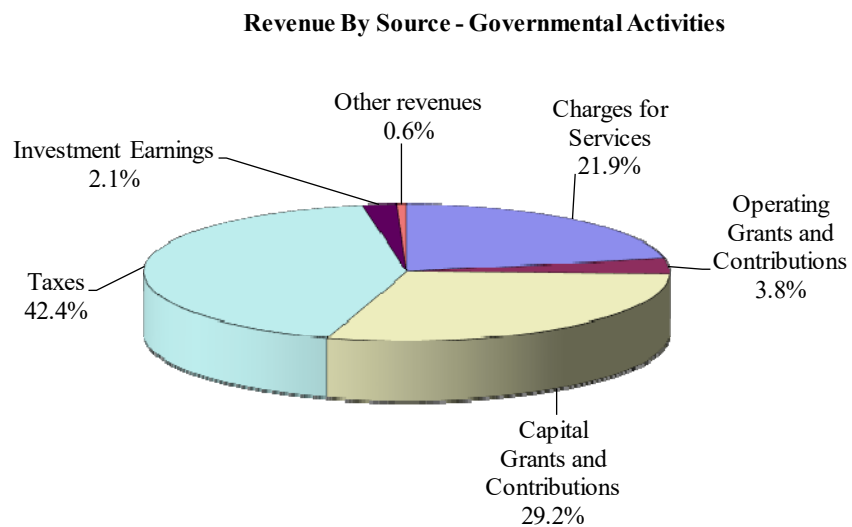
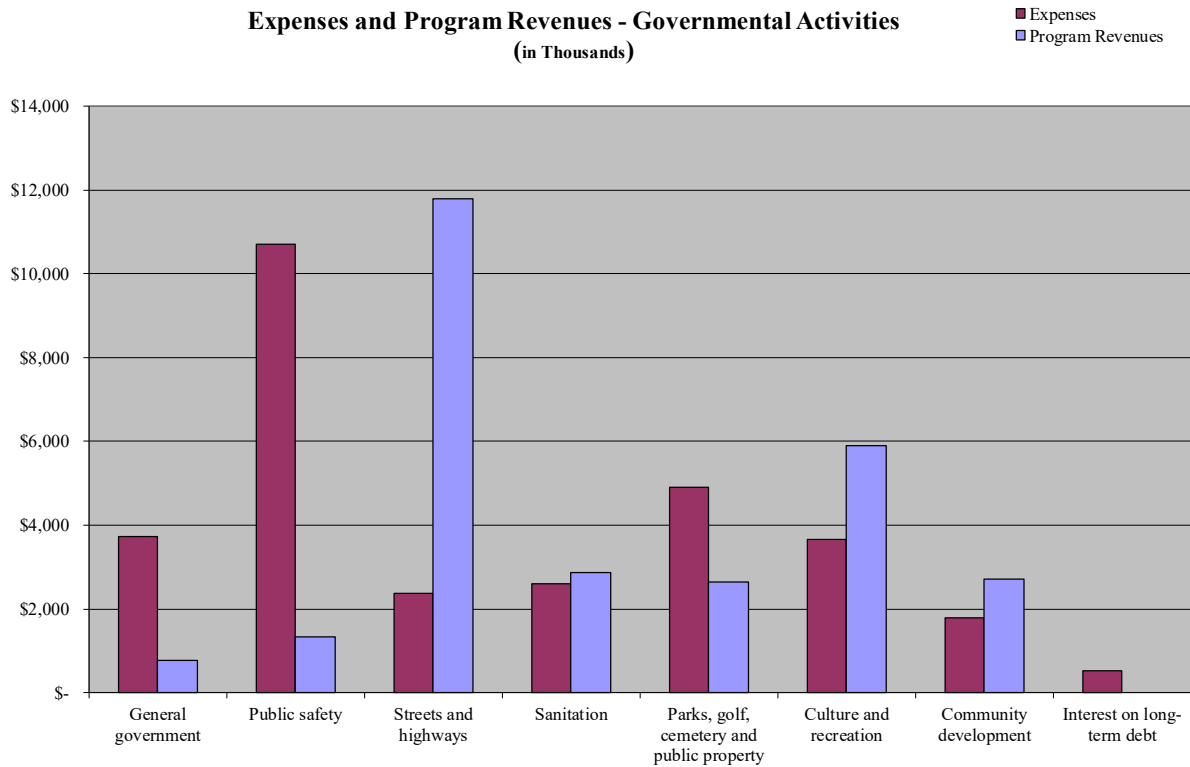
Governmental activities. Governmental activities increased Washington City's net position by \$20,749,458. See below table for details.

Business-type activities. Business-type activities increased Washington City's net position by \$11,429,315. See below table for details.

Washington City's Changes in Net Position

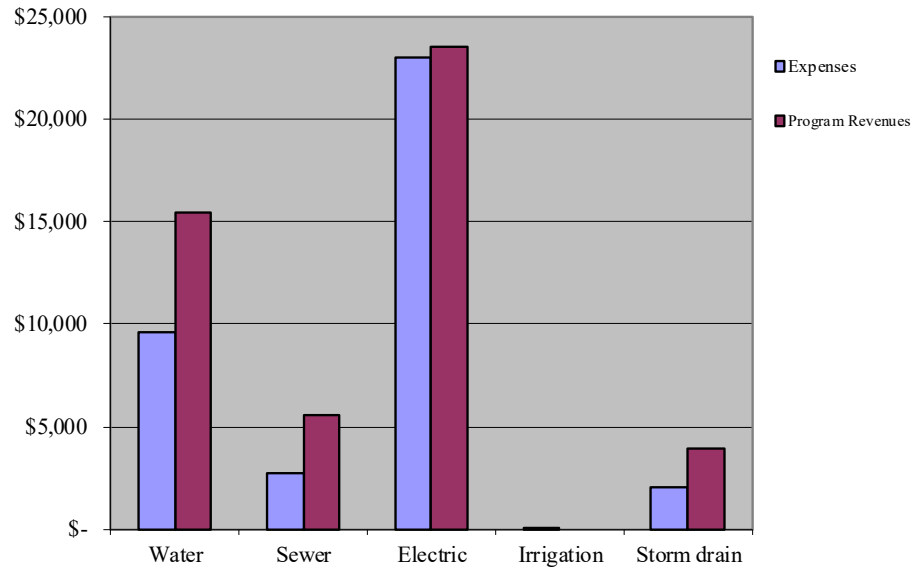
	Governmental activities		Business-type activities		Total	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Revenues:						
Program revenues:						
Charges for services	\$ 11,157,640	\$ 10,224,636	\$ 34,823,362	\$ 30,773,276	\$ 45,981,002	\$ 40,997,912
Operating grants and contributions	1,931,162	1,869,930	-	-	1,931,162	1,869,930
Capital grants and contributions	14,929,567	12,913,160	13,650,035	13,462,642	28,579,602	26,375,802
General revenues:						
Taxes	21,653,289	19,824,699	-	-	21,653,289	19,824,699
Unrestricted investment earnings	1,068,584	(679,491)	205,416	(1,484,266)	1,274,000	(2,163,757)
Other	304,917	383,878	-	-	304,917	383,878
Total revenues	51,045,159	44,536,812	48,678,813	42,751,652	99,723,972	87,288,464
Expenses:						
General government	3,720,563	2,621,911	-	-	3,720,563	2,621,911
Public safety	10,709,198	8,797,537	-	-	10,709,198	8,797,537
Streets and highways	2,378,500	2,772,650	-	-	2,378,500	2,772,650
Sanitation	2,604,005	2,348,854	-	-	2,604,005	2,348,854
Parks, golf, cemetery and public property	4,913,739	4,651,786	-	-	4,913,739	4,651,786
Culture and recreation	3,667,456	3,167,634	-	-	3,667,456	3,167,634
Community development	1,783,153	1,660,691	-	-	1,783,153	1,660,691
Interest on long-term debt	519,087	385,795	-	-	519,087	385,795
Water	-	-	9,567,313	8,291,387	9,567,313	8,291,387
Sewer	-	-	2,693,761	2,411,117	2,693,761	2,411,117
Electric	-	-	22,987,469	17,050,824	22,987,469	17,050,824
Irrigation	-	-	6,361	103,273	6,361	103,273
Storm drain	-	-	1,994,594	1,763,093	1,994,594	1,763,093
Total expenses	30,295,701	26,406,858	37,249,498	29,619,694	67,545,199	56,026,552
Change in net position before transfers	20,749,458	18,129,954	11,429,315	13,131,958	32,178,773	31,261,912
Transfers	-	-	-	-	-	-
Change in net position	20,749,458	18,129,954	11,429,315	13,131,958	32,178,773	31,261,912
Net position, beginning	197,415,973	179,286,019	181,722,996	168,591,038	379,138,969	347,877,057
Net position, ending	\$ 218,165,431	\$ 197,415,973	\$ 193,152,311	\$ 181,722,996	\$ 411,317,742	\$ 379,138,969

The following graphs compare program expenses and program revenues and provide a breakdown of revenues by source for all 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 \$48,801,612, an increase of \$310,897 from the prior year; \$3,039,363 or approximately 6.23% 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* (\$33,032), *restricted* (\$41,857,156), and *assigned* (\$3,872,061).

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 \$3,039,363 or approximately 39.66% of the total fund balance of \$7,662,935. 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 10.55% of total general fund expenditures, while total fund balance represents approximately 26.60% of that same amount.

The streets capital projects fund has a fund balance of \$12,451,404, of which \$3,272,453 is restricted for capital outlay relating to street impact fees. The remainder is restricted for other capital outlay.

All other governmental funds (capital projects funds, special revenue fund, and debt service funds) have a total fund balance of \$28,687,273, which is restricted and assigned for various purposes related to capital outlay and other purposes.

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 \$28,758,707 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 less than the final budget by \$413,361, primarily due to licenses and permits and intergovernmental revenues being less than budget. The general fund expenditures were less than the final budget by \$2,415,770, primarily due to public safety and parks, golf, cemetery and public property line-item expenditures being less than the final budget. The general fund transfers out were more than the final budget by \$5.

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, 2023, amounts to \$357,831,951 (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	\$ 8,879,399	\$ 2,315,313	\$ 11,194,712
Infrastructure	135,262,378	-	135,262,378
Construction in progress	8,061,100	6,473,671	14,534,771
Buildings and improvements	30,229,537	5,719,798	35,949,335
Improvements and systems	-	152,767,021	152,767,021
Machinery and equipment	3,417,358	1,031,175	4,448,533
Machinery and equipment (leased)	113,205	-	113,205
Automobiles and trucks	2,475,842	1,086,154	3,561,996
Total	<u>\$ 188,438,819</u>	<u>\$ 169,393,132</u>	<u>\$ 357,831,951</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 15.50 exceeds the City's minimum of 12.60.

Long-term debt. At fiscal year-end, the City had \$30,321,549 in outstanding debt (excluding net pension liability and compensated absences)—an decrease of 9.86% 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
	2023	2022	2023	2022	2023	2022	
General obligation bonds	\$ 3,585,000	\$ 4,255,000	\$ -	\$ -	\$ 3,585,000	\$ 4,255,000	-15.75%
Lease revenue bonds	5,046,000	5,681,000	-	-	5,046,000	5,681,000	-11.18%
Sales/Excise tax revenue bonds	9,422,000	10,000,000	-	-	9,422,000	10,000,000	-5.78%
Revenue bonds	-	-	10,357,000	11,247,000	10,357,000	11,247,000	-7.91%
Deferred issuance premium	225,716	270,859	720,731	753,491	946,447	1,024,350	-7.61%
Notes payable	353,238	535,511	425,274	602,749	778,512	1,138,260	-31.61%
Leases payable	186,590	293,056	-	-	186,590	293,056	-36.33%
Total	<u>\$ 18,818,544</u>	<u>\$ 21,035,426</u>	<u>\$ 11,503,005</u>	<u>\$ 12,603,240</u>	<u>\$ 30,321,549</u>	<u>\$ 33,638,666</u>	-9.86%

Next Year's Budget and Economic Factors

The City has experienced residential growth averaging over 5% for the past five years which brings some challenges along with economic prosperity, as population growth outpaces commercial development in Washington City. The City added 708 single-family homes during the Fiscal Year 2022-2023. 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 continues to focus on economic development. Attracting new commercial development is critical to maintaining a healthy tax base. For the last two years, Washington City has received recognition for being the top small city in America to start a small business.

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 2.7% for the month ended September 2023 compared with a state unemployment rate of 2.6% and a national rate of 3.8% (Source: Utah Department of Workforce Services).

There were no major policy changes for the 2023 fiscal year that started on July 1, 2022 and ended on June 30, 2023. 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 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, 2023

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 13,573,267	\$ 2,062,476	\$ 15,635,743
Investments	27,128,726	30,742,442	57,871,168
Receivables, net	8,778,541	4,416,832	13,195,373
Lease receivable	153,203	-	153,203
Inventories	33,032	1,845,744	1,878,776
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	12,048,330	1,286,808	13,335,138
Net pension asset	272,240	112,187	384,427
Capital assets not being depreciated:			
Land, easements and water rights	8,879,399	2,315,313	11,194,712
Infrastructure	135,262,378	-	135,262,378
Construction in progress	8,061,100	6,473,671	14,534,771
Capital assets net of accumulated depreciation:			
Buildings and improvements	30,229,537	5,719,798	35,949,335
Improvements and systems	-	152,767,021	152,767,021
Machinery and equipment	3,417,358	1,031,175	4,448,533
Machinery and equipment (leased)	113,205	-	113,205
Automobiles and trucks	2,475,842	1,086,154	3,561,996
Total assets	<u>250,417,448</u>	<u>209,859,621</u>	<u>460,277,069</u>
Deferred Outflows of Resources			
Deferred charge on refunding	174,768	34,764	209,532
Deferred outflows related to pensions	2,225,546	917,122	3,142,668
Total deferred outflows of resources	<u>2,400,314</u>	<u>951,886</u>	<u>3,352,200</u>
Liabilities			
Accounts payable and other current liabilities	4,208,425	4,893,887	9,102,312
Unearned revenue	3,452,761	67,666	3,520,427
Accrued interest payable	106,283	49,652	155,935
Noncurrent liabilities:			
Due within one year	3,192,576	1,318,885	4,511,461
Due in more than one year	16,882,540	10,683,712	27,566,252
Net pension liability	1,409,123	580,683	1,989,806
Total liabilities	<u>29,251,708</u>	<u>17,594,485</u>	<u>46,846,193</u>
Deferred Inflows of Resources			
Deferred revenue - property taxes	5,090,610	-	5,090,610
Deferred inflows related to pensions	157,032	64,711	221,743
Deferred inflows related to leases	152,981	-	152,981
Total deferred inflows of resources	<u>5,400,623</u>	<u>64,711</u>	<u>5,465,334</u>
Net Position			
Net investment in capital assets	179,150,129	157,601,361	336,751,490
Restricted for:			
Debt service	2,574,793	481,806	3,056,599
Capital outlay	23,465,486	6,310,437	29,775,923
Other	6,335,562	-	6,335,562
Unrestricted	6,639,461	28,758,707	35,398,168
Total net position	<u>\$ 218,165,431</u>	<u>\$ 193,152,311</u>	<u>\$ 411,317,742</u>

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

WASHINGTON CITY, UTAH
Statement of Activities
For the Year Ended June 30, 2023

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	\$ 3,720,563	\$ 767,233	\$ -	\$ -	\$ (2,953,330)	\$ -	\$ (2,953,330)
Public safety	10,709,198	534,599	251,028	540,295	(9,383,276)	-	(9,383,276)
Streets and highways	2,378,500	-	1,680,134	10,114,699	9,416,333	-	9,416,333
Sanitation	2,604,005	2,876,328	-	-	272,323	-	272,323
Parks, golf, cemetery and public property	4,913,739	2,078,607	-	568,245	(2,266,887)	-	(2,266,887)
Culture and recreation	3,667,456	2,189,220	-	3,706,328	2,228,092	-	2,228,092
Community development	1,783,153	2,711,653	-	-	928,500	-	928,500
Interest on long-term debt	519,087	-	-	-	(519,087)	-	(519,087)
Total governmental activities	30,295,701	11,157,640	1,931,162	14,929,567	(2,277,332)	-	(2,277,332)
Business-type activities:							
Water	9,567,313	9,292,029	-	6,162,733	-	5,887,449	5,887,449
Sewer	2,693,761	2,295,179	-	3,261,448	-	2,862,866	2,862,866
Electric	22,987,469	21,850,760	-	1,671,441	-	534,732	534,732
Irrigation	6,361	-	-	-	-	(6,361)	(6,361)
Storm drain	1,994,594	1,385,394	-	2,554,413	-	1,945,213	1,945,213
Total business-type activities	37,249,498	34,823,362	-	13,650,035	-	11,223,899	11,223,899
Total primary government	\$ 67,545,199	\$ 45,981,002	\$ 1,931,162	\$ 28,579,602	(2,277,332)	11,223,899	8,946,567
General Revenues:							
Taxes:							
Property taxes					5,407,231	-	5,407,231
Sales taxes					13,519,087	-	13,519,087
Franchise and energy taxes					2,726,971	-	2,726,971
Unrestricted investment earnings					1,068,584	205,416	1,274,000
Other revenues not restricted to specific programs					304,917	-	304,917
Total general revenues and transfers					23,026,790	205,416	23,232,206
Change in net position					20,749,458	11,429,315	32,178,773
Net position - beginning					197,415,973	181,722,996	379,138,969
Net position - ending					\$ 218,165,431	\$ 193,152,311	\$ 411,317,742

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

WASHINGTON CITY, UTAH
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Capital Projects Streets	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ -	\$ 7,201,936	\$ 6,371,331	\$ 13,573,267
Investments	11,120,747	5,023,594	10,984,385	27,128,726
Receivables, net	478,342	-	-	478,342
Property taxes receivable	4,303,410	-	787,200	5,090,610
Due from other governments	2,450,721	618,398	140,470	3,209,589
Lease receivable	153,203	-	-	153,203
Inventory	33,032	-	-	33,032
Restricted cash and cash equivalents	-	-	12,048,330	12,048,330
Total assets	<u>\$ 18,539,455</u>	<u>\$ 12,843,928</u>	<u>\$ 30,331,716</u>	<u>\$ 61,715,099</u>
Liabilities, deferred inflows, and fund balances				
Liabilities:				
Accounts payable	\$ 1,596,878	\$ 392,524	\$ 857,243	\$ 2,846,645
Accrued wages and taxes	504,646	-	-	504,646
Other payables	63,448	-	-	63,448
Construction bonds payable	793,686	-	-	793,686
Due to other funds	8,710	-	-	8,710
Unearned revenue	3,452,761	-	-	3,452,761
Total liabilities	<u>6,420,129</u>	<u>392,524</u>	<u>857,243</u>	<u>7,669,896</u>
Deferred inflow of resources:				
Deferred revenue - property taxes	4,303,410	-	787,200	5,090,610
Deferred revenue - lease related	152,981	-	-	152,981
Total deferred inflows of resources	<u>4,456,391</u>	<u>-</u>	<u>787,200</u>	<u>5,243,591</u>
Fund balances:				
Nonspendable - inventory and prepaids	33,032	-	-	33,032
Restricted for:				
Debt service	-	-	2,681,076	2,681,076
Capital outlay - impact fees	-	3,272,453	11,014,082	14,286,535
Capital outlay - other	-	9,178,951	9,355,086	18,534,037
Class C roads and transit	4,031,089	-	-	4,031,089
Culture and recreation	-	-	2,293,292	2,293,292
Other purposes	19,946	-	11,181	31,127
Assigned to:				
Capital outlay	-	-	3,332,556	3,332,556
Health premium rebate	539,505	-	-	539,505
Unassigned	3,039,363	-	-	3,039,363
Total fund balances	<u>7,662,935</u>	<u>12,451,404</u>	<u>28,687,273</u>	<u>48,801,612</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,539,455</u>	<u>\$ 12,843,928</u>	<u>\$ 30,331,716</u>	<u>\$ 61,715,099</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, 2023

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

Total fund balances - total governmental funds	\$ 48,801,612
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 217,300,627	
Accumulated depreciation	<u>(28,861,808)</u>	188,438,819

Net pension asset is not an available resource and, therefore, is not reported in the funds.

272,240

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	(18,053,000)	
Bond issuance premium	(225,716)	
Notes payable	(353,238)	
Leases payable	(186,590)	
Net pension liability	(1,409,123)	
Compensated absences	(1,256,572)	
Accrued interest payable	<u>(106,283)</u>	(21,590,522)

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)	174,768	
Deferred outflows related to pensions	2,225,546	
Deferred inflows related to pensions	<u>(157,032)</u>	<u>2,243,282</u>

Net position of governmental activities	<u>\$ 218,165,431</u>
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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, 2023

	General Fund	Capital Projects Streets	Other Governmental Funds	Total Governmental Funds
Revenues				
Current year property taxes	\$ 4,342,822	\$ -	\$ 966,309	\$ 5,309,131
Prior year property taxes	98,099	-	-	98,099
Sales and use taxes	9,648,056	3,105,861	765,170	13,519,087
Energy taxes	2,487,907	-	-	2,487,907
Franchise taxes	239,064	-	-	239,064
Licenses and permits	1,509,446	-	-	1,509,446
Intergovernmental revenues	1,931,162	-	1,000	1,932,162
Charges for services	9,225,088	-	-	9,225,088
Impact fees	-	3,189,696	4,151,460	7,341,156
Fines and forfeitures	416,326	-	-	416,326
Investment earnings	183,882	188,602	822,380	1,194,864
Miscellaneous	334,692	-	29,925	364,617
Total revenues	<u>30,416,544</u>	<u>6,484,159</u>	<u>6,736,244</u>	<u>43,636,947</u>
Expenditures				
Current:				
General government	3,585,163	-	49,336	3,634,499
Public safety	10,900,079	-	69,530	10,969,609
Streets and highways	1,465,873	874,882	-	2,340,755
Sanitation	2,604,005	-	-	2,604,005
Parks, golf, cemetery and public property	4,876,201	-	-	4,876,201
Culture and recreation	3,229,660	-	63,750	3,293,410
Community and economic development	1,829,951	-	-	1,829,951
Debt service:				
Principal	288,739	-	1,883,000	2,171,739
Interest	28,484	-	497,035	525,519
Capital outlay	-	5,171,912	5,908,450	11,080,362
Total expenditures	<u>28,808,155</u>	<u>6,046,794</u>	<u>8,471,101</u>	<u>43,326,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,608,389</u>	<u>437,365</u>	<u>(1,734,857)</u>	<u>310,897</u>
Other financing sources (uses)				
Transfers in	93,172	-	3,683,085	3,776,257
Transfers out	<u>(2,259,345)</u>	-	<u>(1,516,912)</u>	<u>(3,776,257)</u>
Total other financing sources and (uses)	<u>(2,166,173)</u>	-	<u>2,166,173</u>	-
Net change in fund balances	(557,784)	437,365	431,316	310,897
Fund balances - beginning	<u>8,220,719</u>	<u>12,014,039</u>	<u>28,255,957</u>	<u>48,490,715</u>
Fund balances - ending	<u>\$ 7,662,935</u>	<u>\$ 12,451,404</u>	<u>\$ 28,687,273</u>	<u>\$ 48,801,612</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, 2023

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

Net change in fund balances-total governmental funds **\$ 310,897**

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	\$ 12,954,563	
Depreciation expense	<u>(2,551,914)</u>	10,402,649

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. (39,405)

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. 7,462,132

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. 2,171,739

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	9,709	
Compensated absences, net change	<u>(310,583)</u>	(349,294)

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	844,249	
Pension expense	<u>(98,652)</u>	<u>745,597</u>

Change in net position of governmental activities **\$ 20,749,458**

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

WASHINGTON CITY, UTAH
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities				Non Major Irrigation	Total Enterprise Funds
	Water	Sewer	Electric	Storm Drain		
Assets						
Current assets:						
Cash and cash equivalents	\$ 981,975	\$ (31,587)	\$ 462,721	\$ 649,367	\$ -	\$ 2,062,476
Investments	11,915,025	7,371,103	8,988,686	2,467,628	-	30,742,442
Accounts receivable, net	1,150,778	181,288	2,980,588	104,178	-	4,416,832
Inventory	-	-	1,845,744	-	-	1,845,744
Total current assets	14,047,778	7,520,804	14,277,739	3,221,173	-	39,067,494
Noncurrent assets:						
Restricted cash and cash equivalents	450,718	-	836,090	-	-	1,286,808
Net pension asset	38,908	19,146	40,869	13,264	-	112,187
Capital assets:						
Land	839,363	9,055	1,367,687	99,208	-	2,315,313
Buildings	1,822,718	2,166,910	3,427,431	-	-	7,417,059
Improvements and systems	90,610,818	42,544,044	42,549,522	27,331,553	-	203,035,937
Machinery and equipment	1,308,353	888,629	1,126,176	95,514	-	3,418,672
Automobiles and trucks	917,145	681,761	1,073,646	183,469	-	2,856,021
Construction in progress	2,070,158	1,135,080	1,135,184	2,133,249	-	6,473,671
Less accumulated depreciation	(25,171,813)	(11,057,289)	(15,371,939)	(4,522,500)	-	(56,123,541)
Total capital assets, net	72,396,742	36,368,190	35,307,707	25,320,493	-	169,393,132
Total noncurrent assets	72,886,368	36,387,336	36,184,666	25,333,757	-	170,792,127
Total assets	86,934,146	43,908,140	50,462,405	28,554,930	-	209,859,621
Deferred outflow of resources						
Deferred charge on refunding	-	-	34,764	-	-	34,764
Deferred outflows related to pensions	318,070	156,520	334,099	108,433	-	917,122
Total deferred outflow of resources	318,070	156,520	368,863	108,433	-	951,886

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

WASHINGTON CITY, UTAH
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

	Business-type Activities					Total Enterprise Funds
	Water	Sewer	Electric	Storm Drain	Non Major Irrigation	
Liabilities						
Current liabilities:						
Accounts payable	\$ 1,586,387	\$ 362,884	\$ 1,843,698	\$ 93,665	\$ -	\$ 3,886,634
Accrued wages and taxes	77,092	45,030	59,012	21,117	-	202,251
Accrued interest payable	21,245	-	28,407	-	-	49,652
Customer deposits	450,650	-	354,352	-	-	805,002
Unearned revenue	69,058	(697)	(3,459)	2,764	-	67,666
Compensated absences payable - current	110,996	50,852	109,095	41,755	-	312,698
Notes payable - current	2,906	-	130,281	-	-	133,187
Revenue bonds payable - current	325,000	-	548,000	-	-	873,000
Total current liabilities	2,643,334	458,069	3,069,386	159,301	-	6,330,090
Noncurrent liabilities:						
Compensated absences payable	43,896	22,045	116,041	4,913	-	186,895
Notes payable	9,127	-	282,959	-	-	292,086
Revenue bonds payable	7,265,731	-	2,939,000	-	-	10,204,731
Net pension liability	201,388	99,102	211,538	68,655	-	580,683
Total noncurrent liabilities	7,520,142	121,147	3,549,538	73,568	-	11,264,395
Total liabilities	10,163,476	579,216	6,618,924	232,869	-	17,594,485
Deferred inflows of resources						
Deferred inflows related to pensions	22,442	11,044	23,574	7,651	-	64,711
Total deferred inflow of resources	22,442	11,044	23,574	7,651	-	64,711
Net position						
Net investment in capital assets	64,470,447	36,368,190	31,442,231	25,320,493	-	157,601,361
Restricted for:						
Debt service	68	-	481,738	-	-	481,806
Capital outlay	3,529,636	922,409	-	1,858,392	-	6,310,437
Unrestricted	9,066,147	6,183,801	12,264,801	1,243,958	-	28,758,707
Total net position	\$ 77,066,298	\$ 43,474,400	\$ 44,188,770	\$ 28,422,843	\$ -	\$ 193,152,311

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, 2023

	Business-type Activities					
	Water	Sewer	Electric	Storm Drain	Non Major Irrigation	Total Enterprise Funds
Operating revenues:						
Charges for services	\$ 9,247,408	\$ 2,286,233	\$ 21,728,871	\$ 1,352,761	\$ -	\$ 34,615,273
Miscellaneous	44,621	8,946	121,889	32,633	-	208,089
Total operating revenues	9,292,029	2,295,179	21,850,760	1,385,394	-	34,823,362
Operating expenses:						
Salaries and wages	1,395,848	788,454	1,528,783	487,390	-	4,200,475
Employee benefits	734,479	417,027	629,923	261,654	6,361	2,049,444
Utilities	651,402	63,120	105,591	10,113	-	830,226
Professional services	60,355	20,983	134,543	298,539	-	514,420
Repairs and maintenance	668,944	37,524	286,652	24,777	-	1,017,897
Water purchased	3,215,404	-	-	-	-	3,215,404
Power purchased	-	-	16,635,812	-	-	16,635,812
Transmission expense	-	-	1,695,223	-	-	1,695,223
Miscellaneous	121,804	34,186	179,738	35,425	-	371,153
Administrative cost allocation	480,220	322,915	434,542	324,991	-	1,562,668
Supplies	236,537	118,114	61,937	26,107	-	442,695
Depreciation/amortization	1,762,673	910,416	1,232,775	525,598	-	4,431,462
Total operating expenses	9,327,666	2,712,739	22,925,519	1,994,594	6,361	36,966,879
Operating income (loss)	(35,637)	(417,560)	(1,074,759)	(609,200)	(6,361)	(2,143,517)
Nonoperating revenues (expenses):						
Investment earnings	191,499	(49,587)	96,665	(33,161)	-	205,416
Impact fees	1,975,667	747,173	774,054	185,407	-	3,682,301
Gain (loss) on disposal of capital assets	-	18,978	41,836	-	-	60,814
Interest and fiscal charges	(239,647)	-	(103,786)	-	-	(343,433)
Total nonoperating revenues (expenses)	1,927,519	716,564	808,769	152,246	-	3,605,098
Income (loss) before transfers and capital contributions	1,891,882	299,004	(265,990)	(456,954)	(6,361)	1,461,581
Transfers in	9,311,360	-	-	-	-	9,311,360
Transfers out	-	-	-	-	(9,311,360)	(9,311,360)
Capital contributions	4,187,066	2,514,275	897,387	2,369,006	-	9,967,734
Change in net position	15,390,308	2,813,279	631,397	1,912,052	(9,317,721)	11,429,315
Total net position - beginning	61,675,990	40,661,121	43,557,373	26,510,791	9,317,721	181,722,996
Total net position - ending	\$ 77,066,298	\$ 43,474,400	\$ 44,188,770	\$ 28,422,843	\$ -	\$ 193,152,311

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, 2023

	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	\$ 9,353,030	\$ 2,278,651	\$ 21,350,512	\$ 1,384,869	\$ 4,615	\$ 34,371,677
Cash collected (remitted) for pass through fees, net	-	33,499	-	-	-	33,499
Cash paid to suppliers	(5,564,647)	(637,150)	(20,164,017)	(671,343)	(20)	(27,037,177)
Cash paid to employees	(2,172,349)	(1,236,267)	(2,228,329)	(772,919)	(6,361)	(6,416,225)
Net cash flows from operating activities	1,616,034	438,733	(1,041,834)	(59,393)	(1,766)	951,774
Cash flows from noncapital financing activities:						
Transfers (to) from other funds	(790)	-	-	-	790	-
Net cash flows from noncapital financing activities	(790)	-	-	-	790	-
Cash flows from capital and related financing activities:						
Capital grants and contributions	-	-	-	-	-	-
Principal paid on capital debt	(357,725)	-	(709,751)	-	-	(1,067,476)
Interest paid on capital debt	(273,594)	-	(91,858)	-	-	(365,452)
Purchase and acquisition of capital assets	(5,064,212)	(4,302,295)	(1,725,462)	(1,264,726)	-	(12,356,695)
Proceeds from sales of capital assets	43,734	48,500	105,686	-	-	197,920
Impact fees	1,975,667	747,173	774,054	185,407	-	3,682,301
Net cash flows from capital and related financing activities	(3,676,130)	(3,506,622)	(1,647,331)	(1,079,319)	-	(9,909,402)
Cash flows from investing activities:						
Net change in investments	(705,164)	1,702,401	485,494	(291,555)	-	1,191,176
Interest and dividends received	416,917	232,022	297,739	100,701	-	1,047,379
Net cash flows from investing activities	(288,247)	1,934,423	783,233	(190,854)	-	2,238,555
Net change in cash and cash equivalents	(2,349,133)	(1,133,466)	(1,905,932)	(1,329,566)	(976)	(6,719,073)
Cash and cash equivalents, including restricted, beginning of year	3,781,826	1,101,879	3,204,743	1,978,933	976	10,068,357
Cash and cash equivalents, including restricted, end of year	\$ 1,432,693	\$ (31,587)	\$ 1,298,811	\$ 649,367	\$ -	\$ 3,349,284

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, 2023

	Business-type Activities				Other	Total
	Water	Sewer	Electric	Storm Drain	Enterprise Funds	Enterprise Funds
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Net operating income (loss)	\$ (35,637)	\$ (417,560)	\$ (1,074,759)	\$ (609,200)	\$ (6,361)	\$ (2,143,517)
Adjustments to reconcile net operating income (loss) to net cash flows from operating activities:						
Depreciation/amortization	1,762,673	910,416	1,232,775	525,598	-	4,431,462
Pension expense	12,412	8,969	20,927	4,562	-	46,870
Employer pension contributions	(120,658)	(59,375)	(126,739)	(41,133)	-	(347,905)
Changes in operating assets and liabilities:						
(Increase) decrease in receivables	47,042	(13,159)	(439,452)	(1,235)	4,615	(402,189)
(Increase) decrease in inventory	-	-	(479,403)	-	-	(479,403)
Increase (decrease) in accounts payable	(129,981)	(6,809)	(150,576)	48,609	(20)	(238,777)
Increase (decrease) in accrued payroll	33,326	20,374	2,234	5,664	-	61,598
Increase (decrease) in customer deposits	7,700	-	(37,098)	-	-	(29,398)
Increase (decrease) in unearned revenues	6,259	(3,369)	(23,698)	710	-	(20,098)
Increase (decrease) in compensated absences	32,898	(754)	33,955	7,032	-	73,131
Net cash flows from operating activities	<u>\$ 1,616,034</u>	<u>\$ 438,733</u>	<u>\$ (1,041,834)</u>	<u>\$ (59,393)</u>	<u>\$ (1,766)</u>	<u>\$ 951,774</u>
Noncash investing, capital, and financing activities						
Contributions of capital assets	\$ 4,187,066	\$ 2,514,275	\$ 897,387	\$ 2,369,006	\$ -	\$ 9,967,734
Increase (decrease) in fair value of investments	(225,418)	(281,609)	(201,074)	(133,862)	-	(841,963)
Purchase of capital assets on account	323,531	-	-	-	-	323,531
Transfer of capital assets	9,312,150	-	-	-	(9,312,150)	-

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

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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, 2023

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—Streets** 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.

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, 2023

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, 2023

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, 2023 are as follows: general fund (garbage service) - \$12,448; water - \$34,481; sewer - \$7,274; electric - \$155,911; and storm drain - \$4,253.

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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	\$ 15,635,743
Investments	57,871,168
Restricted cash and cash equivalents	13,335,138
	<u>\$ 86,842,049</u>

Restricted cash and cash equivalents consist primarily of assets relating to required debt reserves and unspent bond proceeds. 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, 2023

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, 2023, \$1,932,309 of the City's bank balance of \$2,182,309 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, 2023

NOTE 4. Deposits and Investments, Continued

As of June 30, 2023, the City's deposits and investments consist of the following:

	Fair Value	Credit Ratings (1)		Weighted Average Maturity (2)
		Moody's	S&P	
Cash on hand	\$ 2,000	N/A	N/A	N/A
Cash deposits	2,073,797	N/A	N/A	N/A
Utah Public Treasurers' Investment Fund	26,895,085	N/A	N/A	120.30
Moreton Capital Markets				
Cash and money market	177,725	N/A	N/A	N/A
Bonds - U.S. Treasury	897,964	AAA	N/A	1,066
Bonds - U.S. agencies	40,041,510	Aaa	AA+	948
Bonds - certificates of deposits (3)	3,067,692	N/A	N/A	778
Bonds - corporate	5,499,665	Aa3 to Baa1	AA- to BBB	610
Bonds - international	8,186,611	Aa3 to Baa1	AA- to BBB	645
Total Fair Value	<u>\$ 86,842,049</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, 2023

NOTE 5. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2023 was as follows:

Governmental Activities:	Balance 6/30/22	Additions	Deletions	Balance 6/30/23
Capital assets, not being depreciated:				
Land, easements and water rights	\$ 6,020,198	\$ 2,859,201	\$ -	\$ 8,879,399
Construction in progress	2,354,895	5,995,653	(289,448)	8,061,100
Infrastructure	125,580,795	9,691,483	(9,900)	135,262,378
Total capital assets, not being depreciated:	133,955,888	18,546,337	(299,348)	152,202,877
Capital assets, being depreciated:				
Buildings and other improvements	52,011,313	376,917	-	52,388,230
Machinery and equipment	5,681,925	1,111,656	(49,701)	6,743,880
Machinery and equipment (leased)	513,837	-	-	513,837
Automobiles and trucks	4,893,010	721,120	(162,327)	5,451,803
Total capital assets, being depreciated:	63,100,085	2,209,693	(212,028)	65,097,750
Less accumulated depreciation for:				
Buildings and other improvements	(20,627,961)	(1,530,732)	-	(22,158,693)
Machinery and equipment	(2,795,188)	(539,108)	7,774	(3,326,522)
Machinery and equipment (leased)	(293,784)	(106,848)	-	(400,632)
Automobiles and trucks	(2,725,597)	(375,226)	124,862	(2,975,961)
Total accumulated depreciation	(26,442,530)	(2,551,914)	132,636	(28,861,808)
Total capital assets, being depreciated, net	36,657,555	(342,221)	(79,392)	36,235,942
Governmental activities capital assets, net	\$ 170,613,443	\$ 18,204,116	\$ (378,740)	\$ 188,438,819

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

Governmental Activities:	
General government	\$ 256,063
Public safety	733,461
Streets and highways	103,866
Parks, golf, cemetery and public property	1,002,781
Culture and recreation	439,699
Community and economic development	16,044
Total depreciation/amortization expense - governmental activities	<u>\$ 2,551,914</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

NOTE 5. Capital Assets, Continued

Capital asset activity for business-type activities for the year ended June 30, 2023 was as follows:

Business-type Activities:	Balance 6/30/22	Additions	Deletions	Balance 6/30/23
Capital assets not being depreciated:				
Land, easements and water rights	\$ 2,315,313	\$ -	\$ -	\$ 2,315,313
Construction in progress	4,346,456	2,931,449	(804,234)	6,473,671
Total capital assets, not being depreciated	6,661,769	2,931,449	(804,234)	8,788,984
Capital assets being depreciated:				
Buildings and improvements	7,203,325	213,734	-	7,417,059
Improvements and systems	183,191,261	19,844,676	-	203,035,937
Machinery and equipment	3,272,880	145,792	-	3,418,672
Automobiles and trucks	2,904,955	125,141	(174,075)	2,856,021
Total capital assets, being depreciated	196,572,421	20,329,343	(174,075)	216,727,689
Less accumulated depreciation for:				
Buildings	(1,544,134)	(153,127)	-	(1,697,261)
Improvements and systems	(46,470,638)	(3,798,278)	-	(50,268,916)
Machinery and equipment	(2,120,049)	(267,448)	-	(2,387,497)
Automobiles and trucks	(1,594,224)	(212,609)	36,966	(1,769,867)
Total accumulated depreciation	(51,729,045)	(4,431,462)	36,966	(56,123,541)
Total capital assets, being depreciated, net	144,843,376	15,897,881	(137,109)	160,604,148
Business-type activities capital assets, net	<u>\$ 151,505,145</u>	<u>\$ 18,829,330</u>	<u>\$ (941,343)</u>	<u>\$ 169,393,132</u>

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

Business-type Activities:	
Water	\$ 1,762,673
Sewer	910,416
Electric	1,232,775
Storm drain	525,598
Total depreciation expense - business-type activities	<u>\$ 4,431,462</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

NOTE 6. Long-term Liabilities

The following is a summary of changes in long-term obligations for the year ended June 30, 2023:

Governmental Activities:	Balance 6/30/22	Additions	Retirements	Balance 6/30/23	Current Portion
General obligation bonds (Coral Canyon)	\$ 4,255,000	\$ -	\$ 670,000	\$ 3,585,000	\$ 690,000
Direct placements:					
Lease revenue bonds (MBA)	5,681,000	-	635,000	5,046,000	657,000
Sales and excise tax road revenue bonds	10,000,000	-	578,000	9,422,000	583,000
Total direct placements	15,681,000	-	1,213,000	14,468,000	1,240,000
Deferred amounts:					
For issuance premium	270,859	-	45,143	225,716	-
Notes payable	535,511	-	182,273	353,238	188,939
Leases payable	293,056	-	106,466	186,590	117,015
Net pension liability	-	1,409,123	-	1,409,123	-
Compensated absences	945,989	1,030,760	720,177	1,256,572	956,622
Total governmental activities	21,981,415	2,439,883	2,937,059	21,484,239	3,192,576
Business-type Activities:					
Revenue bonds	7,225,000	-	355,000	6,870,000	325,000
Revenue bonds - direct placements	4,022,000	-	535,000	3,487,000	548,000
Total revenue bonds	11,247,000	-	890,000	10,357,000	873,000
Deferred amounts:					
For issuance premium	753,491	-	32,760	720,731	-
Notes payable	602,749	-	177,475	425,274	133,187
Net pension liability	-	580,683	-	580,683	-
Compensated absences	426,462	362,932	289,801	499,593	312,698
Total business-type activities	13,029,702	943,615	1,390,036	12,583,281	1,318,885
Total long-term liabilities	\$ 35,011,117	\$ 3,383,498	\$ 4,327,095	\$ 34,067,520	\$ 4,511,461

The City's outstanding bonds from direct placements related to governmental activities of \$14,468,000 and business-type activities of \$3,487,000 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, 2023

NOTE 6. Long-term Liabilities, Continued

The City's other outstanding bonds related to governmental activities of \$3,585,000 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 \$6,870,000 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 \$367,307 as of June 30, 2023.

Long-term liabilities for the City at June 30, 2023 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%.

\$ 3,585,000

Total general obligation bonds, governmental activities 3,585,000

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.

2,559,000

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.

2,487,000

Total lease revenue bonds (MBA), governmental activities 5,046,000

Sales Tax Revenue Bonds Series 2022. Payable in annual principal installments of \$578,000 to \$795,000 with interest due semi-annually. The bonds bear interest of 1.55% to 3.55%. Final payment is due April 15, 2037.

9,422,000

Total sales tax revenue bonds, governmental activities 9,422,000

(Continued)

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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.	\$ 6,870,000
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>3,487,000</u>
Total revenue bonds, business-type activities	<u>10,357,000</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%.	216,602
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%.	45,336
2.05% note payable due in annual principal and interest installments, maturing December 1, 2023.	<u>91,300</u>
Total notes payable, governmental activities	<u>353,238</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%.	385,070
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%	40,204
Total notes payable, business-type activities	<u>425,274</u>

Leases Payable	<u>186,590</u>
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Net Pension Liability	<u>1,989,806</u>
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Accrued Compensated Absences	<u>1,756,165</u>
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Bond Premiums	<u>946,447</u>
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Total long-term liabilities	<u>\$ 34,067,520</u>
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Due within one year	\$ 4,511,461
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Due in more than one year	<u>29,556,059</u>
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Total long-term liabilities	<u><u>\$ 34,067,520</u></u>
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WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

NOTE 6. Long-term Liabilities, Continued

The annual requirements to amortize bonds and notes payable at June 30, 2023 are as follows:

Governmental Activities

Year Ending June 30,	CCSSD GO Bonds		MBA Lease Revenue Bonds		Sales Tax Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 690,000	\$ 97,200	\$ 657,000	\$ 71,637	\$ 583,000	\$ 237,962	\$ 188,939	\$ 9,127
2025	710,000	76,200	679,000	62,902	592,000	228,634	55,716	4,640
2026	730,000	54,600	703,000	53,888	603,000	217,978	59,291	2,725
2027	755,000	32,325	727,000	44,580	614,000	206,521	49,292	896
2028	700,000	10,500	752,000	34,978	627,000	193,934	-	-
2029-2033	-	-	1,068,000	98,835	3,365,000	747,830	-	-
2034-2038	-	-	460,000	9,123	3,038,000	256,529	-	-
Totals	<u>\$ 3,585,000</u>	<u>\$ 270,825</u>	<u>\$ 5,046,000</u>	<u>\$ 375,943</u>	<u>\$ 9,422,000</u>	<u>\$ 2,089,388</u>	<u>\$ 353,238</u>	<u>\$ 17,388</u>

Business-type Activities

Year Ending June 30,	Electric Revenue Bonds		Water Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 548,000	\$ 76,469	\$ 325,000	\$ 254,694	\$ 133,187	\$ 12,170
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	590,000	35,890	365,000	238,694	87,630	1,593
2028	596,000	21,778	380,000	224,094	-	-
2029-2033	617,000	-	2,150,000	879,269	-	-
2034-2038	-	-	2,025,000	430,369	-	-
2039-2043	-	-	1,225,000	159,775	-	-
2044-2046	-	-	325,000	16,561	-	-
Totals	<u>\$ 3,487,000</u>	<u>\$ 247,163</u>	<u>\$ 6,870,000</u>	<u>\$ 2,683,844</u>	<u>\$ 425,274</u>	<u>\$ 26,856</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

NOTE 7. Leases

Lease Receivable

The City leases certain city property to third parties. As of June 30, 2023, 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 2022, 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, 2023 were as follows:

Year Ending June 30,	<u>Governmental Leases Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 117,015	\$ 17,358
2025	<u>69,575</u>	<u>2,691</u>
Totals	<u>\$ 186,590</u>	<u>\$ 20,049</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

NOTE 8. Interfund Transfers and Balances

Interfund transfers for the fiscal year ended June 30, 2023 are as follows:

		Transfers In			
		General	Nonmajor	Water	
		Fund	Governmental	Fund	Total
Transfers Out	General Fund	\$ -	2,259,345	\$ -	\$ 2,259,345
	Irrigation Fund	-	-	9,311,360	9,311,360
	Nonmajor Governmental	93,172	1,423,739	-	1,516,911
	Total	<u>\$ 93,172</u>	<u>\$ 3,683,084</u>	<u>\$ 9,311,360</u>	<u>\$ 13,087,616</u>

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, 2023.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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, 2023

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, 2023

NOTE 9. Defined Benefit Pension Plan, Continued

Contribution rates as of June 30, 2023 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401(k) Plan
Contributory System			
111 – Local Governmental Div Tier 2	N/A	16.01 %	0.18 %
Noncontributory System			
15 – Local Governmental Div Tier 1	N/A	17.97 %	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 %	3.61 %	N/A
132 – Tier 2 DB Hybrid Firefighters	N/A	14.08 %	N/A
Tier 2 DC Only			
211 – Local Government	N/A	6.19 %	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, 2023 the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 853,350	\$ -
Public Safety System	253,539	136,726
Firefighters System	22,900	95,469
Tier 2 Public Employees System	641,661	-
Tier 2 Public Safety and Firefighter System	470,925	57,625
Tier 2 DC Only System	25,628	-
Tier 2 DC Public Safety and Firefighter System	14,007	187
Total Contributions	<u>\$ 2,282,010</u>	<u>\$ 290,007</u>

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

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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, 2023, the City reported a net pension asset of \$384,466 and a net pension liability of \$1,990,005.

	(Measurement Date): December 31, 2022			Proportionate Share	
	Net Pension Asset	Net Pension Liability	Proportionate Share	December 31, 2021	Change (Decrease)
Noncontributory System	\$ -	\$ 949,212	0.5542038%	0.5218799%	0.0323239%
Public Safety System	-	803,093	0.6210725%	0.6274727%	-0.0064002%
Firefighters System	384,466	-	1.4803984%	0.9085356%	0.5718628%
Tier 2 Public Employees System	-	185,551	0.1704029%	0.1457371%	0.0246658%
Tier 2 Public Safety and Firefighter	-	52,149	0.6251078%	0.6016875%	0.0234203%
	<u>\$ 384,466</u>	<u>\$ 1,990,005</u>			

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

For the year ended June 30, 2023, the City recognized pension expense of \$1,229,240.

At June 30, 2023, 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	\$ 481,183	\$ 26,620
Changes in assumptions	318,109	9,485
Net difference between projected and actual earnings on pension plan investments	1,044,031	-
Changes in proportion and differences between contributions and proportional share of contributions	107,386	185,660
Contributions subsequent to the measurement date	1,192,273	-
Total	<u>\$ 3,142,982</u>	<u>\$ 221,765</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

NOTE 9. Defined Benefit Pension Plan, Continued

\$1,192,273 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, 2022.

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

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2023	\$ (267,066)
2024	19,459
2025	399,487
2026	1,470,057
2027	19,197
Thereafter	87,811

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the City recognized pension expense of \$484,281.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 321,959	\$ -
Changes in assumptions	155,563	3,790
Net difference between projected and actual earnings on pension plan investments	626,110	-
Changes in proportion and differences between contributions and proportional share of contributions	45,739	-
Contributions subsequent to the measurement date	435,817	-
Total	<u>\$ 1,585,188</u>	<u>\$ 3,790</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

NOTE 9. Defined Benefit Pension Plan, Continued

\$435,817 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, 2022.

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

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2023	\$ (106,897)
2024	39,478
2025	251,484
2026	961,516
2027	-
Thereafter	-

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

For the year ended June 30, 2023, the City recognized pension expense of \$318,698.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,556	\$ -
Changes in assumptions	21,539	-
Net difference between projected and actual earnings on pension plan investments	186,145	-
Changes in proportion and differences between contributions and proportional share of contributions	18,522	1,882
Contributions subsequent to the measurement date	137,245	-
Total	<u>\$ 367,006</u>	<u>\$ 1,882</u>

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

NOTE 9. Defined Benefit Pension Plan, Continued

\$137,245 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, 2022.

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

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2023	\$ (120,466)
2024	(32,885)
2025	77,598
2026	303,632
2027	-
Thereafter	-

Firefighters System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the City recognized pension expense of (\$155,539).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 67,840	\$ 1,965
Changes in assumptions	47,787	-
Net difference between projected and actual earnings on pension plan investments	102,861	-
Changes in proportion and differences between contributions and proportional share of contributions	1,151	171,434
Contributions subsequent to the measurement date	11,896	-
Total	<u>\$ 231,536</u>	<u>\$ 173,399</u>

\$11,896 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, 2021.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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
2023	\$ (54,996)
2024	(19,905)
2025	18,121
2026	103,021
2027	-
Thereafter	-

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

For the year ended June 30, 2023, the City recognized pension expense of \$355,641.

At June 30, 2023, 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	\$ 62,672	\$ 7,362
Changes in assumptions	60,239	472
Net difference between projected and actual earnings on pension plan investments	74,808	-
Changes in proportion and differences between contributions and proportional share of contributions	34,639	7,156
Contributions subsequent to the measurement date	341,788	-
Total	<u>\$ 574,147</u>	<u>\$ 14,990</u>

\$341,788 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, 2022.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2023	\$ 10,569
2024	22,355
2025	35,565
2026	67,514
2027	16,165
Thereafter	65,201

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

For the year ended June 30, 2023, the City recognized pension expense of \$226,158.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,156	\$ 17,293
Changes in assumptions	32,981	5,223
Net difference between projected and actual earnings on pension plan investments	54,107	-
Changes in proportion and differences between contributions and proportional share of contributions	7,335	5,187
Contributions subsequent to the measurement date	265,526	-
Total	<u>\$ 385,105</u>	<u>\$ 27,703</u>

\$265,526 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, 2022.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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
2023	\$ 4,725
2024	10,417
2025	16,719
2026	34,374
2027	3,032
Thereafter	22,610

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

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

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

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

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

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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	35.00%	6.58%	2.30%
Debt securities	20.00%	1.08%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	0.00%	(0.11)%	0.00%
Totals	100.00%		5.17%
	Inflation		2.50%
	Expected arithmetic nominal return		7.67%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

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

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 5,982,252	\$ 949,212	\$ (3,256,158)
Public Safety System	2,586,366	803,093	(647,128)
Firefighters System	306,427	(384,466)	(945,145)
Tier 2 Public Employees System	810,755	185,551	(296,090)
Tier 2 Public Safety and Firefighter System	417,440	52,149	(238,170)
Total	<u>\$ 10,103,240</u>	<u>\$ 1,605,539</u>	<u>\$ (5,382,691)</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, 2023

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:

	<u>Year</u>	<u>Employee contributions</u>	<u>Employer contributions</u>
Defined Contribution System:			
457 Plan			
	2023	\$ 77,919	\$ -
	2022	48,250	-
	2021	31,563	-
401(k) Plan			
	2023	269,261	560,352
	2022	231,653	430,372
	2021	191,675	381,242
Roth IRA Plan			
	2023	43,950	N/A
	2022	41,379	N/A
	2021	29,421	N/A
Traditional IRA Plan			
	2023	3,250	N/A
	2022	1,975	N/A
	2021	1,490	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, 2023

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 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. In fiscal year 2015, the Authority issued Lease Revenue Bonds, and Series 2016, which amounted to \$3,700,000. Later, in fiscal year 2020, Series 2016 was refunded to lower interest rates. The Series 2020 refunding bonds replaced the Series 2016 bond in the amount of \$3,021,000.

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 2023, the City collected \$2,534,898 under this contract.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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) 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 \$18,325,998 during the fiscal year ended June 30, 2023.

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 2023 was \$5,810.

WASHINGTON CITY, UTAH
Notes to the Financial Statements
June 30, 2023

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.

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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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Current year property taxes	\$ 4,107,599	\$ 4,107,599	\$ 4,342,822	\$ 235,223
Prior-years property taxes	150,000	150,000	98,099	(51,901)
General sales and use taxes	9,788,600	9,062,034	9,648,056	586,022
Energy taxes	2,006,428	2,006,428	2,487,907	481,479
Franchise taxes	244,284	244,284	239,064	(5,220)
Licenses and permits	1,733,709	1,733,709	1,509,446	(224,263)
Intergovernmental revenues	3,439,861	3,506,161	1,931,162	(1,574,999)
Charges for services	7,638,992	8,813,757	9,225,088	411,331
Fines and forfeitures	445,000	445,000	416,326	(28,674)
Investment earnings	108,060	326,310	183,882	(142,428)
Miscellaneous	434,623	434,623	334,692	(99,931)
Total revenues	30,097,156	30,829,905	30,416,544	(413,361)
Expenditures				
Current:				
General government	3,315,103	3,878,774	3,585,163	293,611
Public safety	10,918,129	11,415,501	10,900,079	515,422
Streets and highways	1,734,052	1,766,717	1,465,873	300,844
Sanitation	2,101,500	2,854,000	2,604,005	249,995
Parks, golf, cemetery and public property	4,766,767	5,330,330	4,876,201	454,129
Culture and recreation	3,230,057	3,463,281	3,229,660	233,621
Community and economic development	2,031,752	2,149,744	1,829,951	319,793
Debt service:				
Principal	318,335	356,335	288,739	67,596
Interest	9,243	9,243	28,484	(19,241)
Total debt service	327,578	365,578	317,223	48,355
Total expenditures	28,424,938	31,223,925	28,808,155	2,415,770
Excess of revenues over (under) expenditures	1,672,218	(394,020)	1,608,389	2,002,409
Other financing sources (uses)				
Transfers in	93,172	93,172	93,172	-
Transfers out	(159,350)	(2,259,350)	(2,259,345)	5
Total other financing sources and (uses)	(66,178)	(2,166,178)	(2,166,173)	5
Net change in fund balance	1,606,040	(2,560,198)	(557,784)	2,002,414
Fund balance - beginning	8,220,719	8,220,719	8,220,719	-
Fund balance - ending	\$ 9,826,759	\$ 5,660,521	\$ 7,662,935	\$ 2,002,414

WASHINGTON CITY, UTAH
Required Supplementary Information
Infrastructure Reporting – Modified Approach
For the Year Ended June 30, 2023

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, 2023, showed that the City had overall average condition ratings of 15.50 years as shown below:

Remaining Service Life (Years)	Percent of Streets
0-5	0.52
6-7	0.05
7-8	0.09
8-9	0.90
9-10	0.09
10-11	3.27
11-12	0.19
12-13	14.48
13-14	16.37
14-15	1.99
15-16	19.07
16-17	13.49
17-18	11.36
18-19	12.83
19-20	5.30
Total	100.00

The two most recent, previous condition assessments had overall average condition ratings of 16.06 (June 2022) and 16.22 (June 2021).

WASHINGTON CITY, UTAH
Required Supplementary Information
Infrastructure Reporting – Modified Approach
For the Year Ended June 30, 2023

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.

<u>For the Year Ended June 30,</u>	<u>Originally Budgeted</u>	<u>Actually Expensed</u>
2023	\$ 1,000,000	\$ 874,882
2022	1,000,000	1,468,581
2021	1,000,000	442,911
2020	700,000	605,110
2019	840,000	810,312

In fiscal year 2022, 2.81% of roads had an RLS of 10 years or less. In fiscal year 2023, the percent of roads with an RLS of 10 years or less remained at 2.81%. 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, 2023
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%
2022	0.5218799%	\$ (2,988,862)	\$ 4,372,599	-68.35%	108.7%
2023	0.5542038%	\$ 949,212	\$ 4,748,600	19.99%	97.5%
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%
2022	0.6274727%	\$ (509,597)	\$ 1,082,206	-47.09%	104.2%
2023	0.6210725%	\$ 803,093	\$ 1,043,694	76.95%	93.6%
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%
2022	0.9085356%	\$ (529,873)	\$ 302,902	-174.93%	120.1%
2023	1.4803984%	\$ (384,466)	\$ 537,974	-71.47%	108.4%
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%
2022	0.1457371%	\$ (61,681)	\$ 2,703,306	-2.28%	103.8%
2023	0.1704029%	\$ 185,551	\$ 3,718,460	4.99%	92.3%
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%
2022	0.6016875%	\$ (30,411)	\$ 1,438,862	-2.11%	102.8%
2023	0.6251078%	\$ 52,149	\$ 1,923,324	2.71%	96.4%

WASHINGTON CITY, UTAH
Required Supplementary Information
Schedule of Contributions
Utah Retirement Systems
June 30, 2023
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%
2022	816,262	816,262	-	4,562,587	17.89%
2023	853,350	853,350	-	4,922,501	17.34%
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%
2022	247,090	247,090	-	1,094,646	22.57%
2023	253,539	253,539	-	1,117,625	22.69%
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%
2022	18,828	18,828	-	412,630	4.56%
2023	22,900	22,900	-	638,726	3.59%
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%
2022	528,425	528,425	-	3,285,763	16.08%
2023	641,661	641,661	-	4,006,214	16.02%
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%
2022	352,427	352,427	-	1,705,013	20.67%
2023	470,925	470,925	-	2,242,390	21.00%
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%
2022	16,144	16,144	-	239,080	6.75%
2023	25,628	25,628	-	402,953	6.36%
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%
2022	14,592	14,592	-	123,680	11.80%
2023	14,007	14,007	-	175,511	7.98%

* 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, 2023

NOTE 1. Changes in Assumptions

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

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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.

Recreation Fund – This fund 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.

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 or 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, 2023

	Capital Projects			Special Revenue		Debt Service			Total Nonmajor Governmental Funds
	Public Safety	Recreation	General Projects	RAP Tax	Washington City Foundation	Coral Canyon SSD	Municipal Building Authority	Debt Service	
Assets									
Cash and cash equivalents	\$ 2,736,128	\$ 929,764	\$ 536,045	\$ 2,158,213	\$ 11,181	\$ -	\$ -	\$ -	\$ 6,371,331
Investments	-	10,981,992	2,393	-	-	-	-	-	10,984,385
Receivables, net	-	-	-	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	787,200	-	-	787,200
Due from other governments	-	-	-	135,079	-	5,391	-	-	140,470
Restricted cash and cash equivalents	-	-	-	-	-	1,227,284	10,820,148	898	12,048,330
Total assets	<u>\$ 2,736,128</u>	<u>\$ 11,911,756</u>	<u>\$ 538,438</u>	<u>\$ 2,293,292</u>	<u>\$ 11,181</u>	<u>\$ 2,019,875</u>	<u>\$ 10,820,148</u>	<u>\$ 898</u>	<u>\$ 30,331,716</u>
Liabilities, deferred inflows, and fund balances									
Liabilities:									
Accounts payable	\$ 45,625	\$ 695,377	\$ 98,682	\$ -	\$ -	\$ -	\$ 17,559	\$ -	\$ 857,243
Total liabilities	<u>45,625</u>	<u>695,377</u>	<u>98,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,559</u>	<u>-</u>	<u>857,243</u>
Deferred inflow of resources:									
Deferred revenue - property tax	-	-	-	-	-	787,200	-	-	787,200
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>787,200</u>	<u>-</u>	<u>-</u>	<u>787,200</u>
Fund balances:									
Restricted for:									
Debt service	-	-	-	-	-	1,232,675	1,447,503	898	2,681,076
Capital outlay - impact fees	1,503,470	9,510,612	-	-	-	-	-	-	11,014,082
Capital outlay - other	-	-	-	-	-	-	9,355,086	-	9,355,086
Culture and recreation	-	-	-	2,293,292	-	-	-	-	2,293,292
Other purposes	-	-	-	-	11,181	-	-	-	11,181
Assigned to:									
Capital outlay	1,187,033	1,705,767	439,756	-	-	-	-	-	3,332,556
Total fund balances	<u>2,690,503</u>	<u>11,216,379</u>	<u>439,756</u>	<u>2,293,292</u>	<u>11,181</u>	<u>1,232,675</u>	<u>10,802,589</u>	<u>898</u>	<u>28,687,273</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,736,128</u>	<u>\$ 11,911,756</u>	<u>\$ 538,438</u>	<u>\$ 2,293,292</u>	<u>\$ 11,181</u>	<u>\$ 2,019,875</u>	<u>\$ 10,820,148</u>	<u>\$ 898</u>	<u>\$ 30,331,716</u>

WASHINGTON CITY, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Capital Projects			Special Revenue		Debt Service			Total Nonmajor Governmental Funds
	Public Safety	Recreation	General Projects	RAP Tax	Washington City Foundation	Coral Canyon SSD	Municipal Building Authority	Debt Service	
Revenues									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 966,309	\$ -	\$ -	\$ 966,309
Sales and use taxes	-	-	-	765,170	-	-	-	-	765,170
Intergovernmental revenues	-	-	-	-	1,000	-	-	-	1,000
Impact fees	501,260	3,650,200	-	-	-	-	-	-	4,151,460
Investment earnings	67,260	254,775	6,469	67,982	-	40,705	385,189	-	822,380
Miscellaneous	-	-	3,760	-	26,165	-	-	-	29,925
Total revenues	568,520	3,904,975	10,229	833,152	27,165	1,007,014	385,189	-	6,736,244
Expenditures									
Current:									
General government	-	-	-	-	15,000	34,336	-	-	49,336
Public safety	45,625	-	-	-	23,905	-	-	-	69,530
Culture and recreation	-	-	-	63,750	-	-	-	-	63,750
Debt service:									
Principal	-	-	-	-	-	670,000	1,213,000	-	1,883,000
Interest and fiscal charges	-	-	-	-	-	120,100	375,435	1,500	497,035
Capital outlay	-	2,746,900	2,828,016	266,620	-	-	66,914	-	5,908,450
Total expenditures	45,625	2,746,900	2,828,016	330,370	38,905	824,436	1,655,349	1,500	8,471,101
Excess (deficiency) of revenues over (under) expenditures	522,895	1,158,075	(2,817,787)	502,782	(11,740)	182,578	(1,270,160)	(1,500)	(1,734,857)
Other financing sources (uses)									
Transfers in	-	-	2,100,000	-	-	-	1,581,585	1,500	3,683,085
Transfers out	(166,094)	(1,350,818)	-	-	-	-	-	-	(1,516,912)
Total other financing sources and (uses)	(166,094)	(1,350,818)	2,100,000	-	-	-	1,581,585	1,500	2,166,173
Net change in fund balances	356,801	(192,743)	(717,787)	502,782	(11,740)	182,578	311,425	-	431,316
Fund balances - beginning	2,333,702	11,409,122	1,157,543	1,790,510	22,921	1,050,097	10,491,164	898	28,255,957
Fund balances - ending	\$ 2,690,503	\$ 11,216,379	\$ 439,756	\$ 2,293,292	\$ 11,181	\$ 1,232,675	\$ 10,802,589	\$ 898	\$ 28,687,273

OTHER SUPPLEMENTARY INFORMATION

WASHINGTON CITY, UTAH
Other Supplementary Information
Bond Disclosures
For the Year Ended June 30, 2023

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 City	WCWCD	Rate per 1,000 Gallons
5/8"	\$18.17	1	0	5,000	\$0.74	\$1.06	\$1.80
		2	5,001	10,000	\$0.86	\$1.06	\$1.92
		3	10,001	15,000	\$0.98	\$1.06	\$2.04
		4	15,001	20,000	\$1.10	\$1.06	\$2.16
		5	20,001	25,000	\$1.22	\$1.06	\$2.28
		6	25,001	30,000	\$1.34	\$1.06	\$2.40
		7	30,001	35,000	\$1.51	\$1.06	\$2.57
		8	35,001	40,000	\$1.68	\$1.06	\$2.74
		9	40,001	Unlimited	\$1.85	\$1.06	\$2.91
3/4"	\$18.17	1	0	5,000	\$0.74	\$1.06	\$1.80
		2	5,001	10,000	\$0.86	\$1.06	\$1.92
		3	10,001	15,000	\$0.98	\$1.06	\$2.04
		4	15,001	20,000	\$1.10	\$1.06	\$2.16
		5	20,001	25,000	\$1.22	\$1.06	\$2.28
		6	25,001	30,000	\$1.34	\$1.06	\$2.40
		7	30,001	35,000	\$1.51	\$1.06	\$2.57
		8	35,001	40,000	\$1.68	\$1.06	\$2.74
		9	40,001	Unlimited	\$1.85	\$1.06	\$2.91
1"	\$33	1	0	9,000	\$0.74	\$1.06	\$1.80
		2	9,001	18,000	\$0.86	\$1.06	\$1.92
		3	18,001	27,000	\$0.98	\$1.06	\$2.04
		4	27,001	36,000	\$1.10	\$1.06	\$2.16
		5	36,001	45,000	\$1.22	\$1.06	\$2.28
		6	45,001	54,000	\$1.34	\$1.06	\$2.40
		7	54,001	63,000	\$1.51	\$1.06	\$2.57
		8	63,001	72,000	\$1.68	\$1.06	\$2.74
		9	72,001	Unlimited	\$1.85	\$1.06	\$2.91
1 1/2"	\$73	1	0	20,000	\$0.74	\$1.06	\$1.80
		2	20,001	40,000	\$0.86	\$1.06	\$1.92
		3	40,001	60,000	\$0.98	\$1.06	\$2.04
		4	60,001	80,000	\$1.10	\$1.06	\$2.16
		5	80,001	100,000	\$1.22	\$1.06	\$2.28
		6	100,001	120,000	\$1.34	\$1.06	\$2.40
		7	120,001	140,000	\$1.51	\$1.06	\$2.57
		8	140,001	160,000	\$1.68	\$1.06	\$2.74
		9	160,001	Unlimited	\$1.85	\$1.06	\$2.91
2"	\$130	1	0	36,000	\$0.74	\$1.06	\$1.80
		2	36,001	71,000	\$0.86	\$1.06	\$1.92
		3	71,001	107,000	\$0.98	\$1.06	\$2.04
		4	107,001	142,000	\$1.10	\$1.06	\$2.16
		5	142,001	178,000	\$1.22	\$1.06	\$2.28
		6	178,001	213,000	\$1.34	\$1.06	\$2.40
		7	213,001	249,000	\$1.51	\$1.06	\$2.57
		8	249,001	284,000	\$1.68	\$1.06	\$2.74
		9	284,001	Unlimited	\$1.85	\$1.06	\$2.91
3"	\$291	1	0	80,000	\$0.74	\$1.06	\$1.80
		2	80,001	160,000	\$0.86	\$1.06	\$1.92
		3	160,001	240,000	\$0.98	\$1.06	\$2.04
		4	240,001	320,000	\$1.10	\$1.06	\$2.16
		5	320,001	400,000	\$1.22	\$1.06	\$2.28
		6	400,001	480,000	\$1.34	\$1.06	\$2.40
		7	480,001	560,000	\$1.51	\$1.06	\$2.57
		8	560,001	640,000	\$1.68	\$1.06	\$2.74
		9	640,001	Unlimited	\$1.85	\$1.06	\$2.91

WASHINGTON CITY, UTAH
Other Supplementary Information
Bond Disclosures, Continued
For the Year Ended June 30, 2023

WATER RATES (Continued)

Meter Size	Monthly Base Rate	Tier	Threshold Gallons		Washington City	WCWCD	Rate per 1,000 Gallons
4"	\$517	1	0	142,000	\$0.74	\$1.06	\$1.80
		2	142,001	284,000	\$0.86	\$1.06	\$1.92
		3	284,001	426,000	\$0.98	\$1.06	\$2.04
		4	426,001	568,000	\$1.10	\$1.06	\$2.16
		5	568,001	710,000	\$1.22	\$1.06	\$2.28
		6	710,001	852,000	\$1.34	\$1.06	\$2.40
		7	852,001	994,000	\$1.51	\$1.06	\$2.57
		8	994,001	1,136,000	\$1.68	\$1.06	\$2.74
		9	1,136,001	Unlimited	\$1.85	\$1.06	\$2.91
6"	\$1,163	1	0	320,000	\$0.74	\$1.06	\$1.80
		2	320,001	640,000	\$0.86	\$1.06	\$1.92
		3	640,001	960,000	\$0.98	\$1.06	\$2.04
		4	960,001	1,280,000	\$1.10	\$1.06	\$2.16
		5	1,280,001	1,600,000	\$1.22	\$1.06	\$2.28
		6	1,600,001	1,920,000	\$1.34	\$1.06	\$2.40
		7	1,920,001	2,240,000	\$1.51	\$1.06	\$2.57
		8	2,240,001	2,560,000	\$1.68	\$1.06	\$2.74
		9	2,560,001	Unlimited	\$1.85	\$1.06	\$2.91

ADMINISTRATIVE I 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	\$2,412.00
	1"	1.65	\$3,979.80
	1 1/2"	3.73	\$8,996.76
	2"	6.55	\$15,798.60
	3"	14.73	\$35,528.76
	4"	26.17	\$63,122.04
	6"	58.88	\$142,018.56

WASHINGTON CITY, UTAH
Other Supplementary Information
Bond Disclosures, Continued
For the Year Ended June 30, 2023

Insurance coverage in effect at June 30, 2023:

Provider	Type	Policy Number	Effective	Expires*	Limits
Utah Local Government Trust	Auto - bodily injury liability	14680	07/01/22	06/30/23	\$5,000,000
Utah Local Government Trust	Auto - property damage liability	14680	07/01/22	06/30/23	5,000,000
Utah Local Government Trust	Auto - underinsured	14680	07/01/22	06/30/23	100,000
Utah Local Government Trust	Auto - uninsured	14680	07/01/22	06/30/23	100,000
Utah Local Government Trust	General liability	14680	07/01/22	06/30/23	5,000,000
Utah Local Government Trust	Public officials' errors and omissions	14680	07/01/22	06/30/23	5,000,000
Utah Local Government Trust	Law enforcement liability	14680	07/01/22	06/30/23	5,000,000
Utah Local Government Trust	Property coverage - all risk	14680	07/01/22	06/30/23	96,203,213

*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, 2023, and the related notes to the financial statements, which collectively comprise Washington City's basic financial statements and have issued our report thereon dated December 19, 2023

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
December 19, 2023



**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, 2023.

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

- Budgetary Compliance
- Fund Balance
- Justice Court
- Restricted Taxes and Related Restricted Revenue
- Fraud Risk Assessment
- Governmental Fees
- Cash Management
- Impact Fees
- 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, 2023.

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.

HintonBurdick, PLLC

St. George, Utah
December 19, 2023

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