

# Uintah Water Conservancy District

## Financial Statements

*Year ending December 31, 2019*

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## Financial Section

# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

## Independent Auditors' Report

Uintah Water Conservancy District  
Vernal, Utah

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Uintah Water Conservancy District, as of and for the year ending December 31, 2019, and the related notes to the financial statements, which comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity and each major fund, of the Uintah Water Conservancy District, as of December 31, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 5-9 and pension schedules following the notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2020 on our consideration of Uintah Water Conservancy District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Uintah Water Conservancy District's internal control over financial reporting and compliance.

***Aycock, Miles & Associates, CPAs***

Roosevelt, Utah

May 5, 2020

## Management's Discussion and Analysis

As management of the Uintah Water Conservancy District (the District), we offer readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended December 31, 2019.

### Financial Highlights

- Assets exceeded liabilities at closest year-end:  $\$79,745,698 - \$29,761,703 = \$49,983,995$ .
- Net position decreased by  $\$330,121$ .
- The District's total assets of  $\$79,745,698$  were 4.6% unrestricted cash and receivables. Last year was 4.8%.
- Capital outlay was  $\$16,818$  and capital outlay assistance for other entities was  $\$1,011,624$ .

### Overview of the Financial Statements

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

**Government-wide financial statements**—The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the District is water conservation. The District has no business-type activities.

Government-wide financial statements can be located using the table of contents.

**Fund financial statements**—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be put into one category: governmental funds.

**Governmental funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for

governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of the revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund. The District considers all governmental funds to be major funds. The District adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be located using the table of contents.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report—please see table of contents for page numbers.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$49,983,995 at the close of the most recent fiscal year.

The largest portion of the net position is capital assets. Unrestricted net position accounted for 9.7% of the District's total net position. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Restricted assets (funds capital projects and debt reserves, etc.) comprised 8.9%. Capital assets comprised 81.4% of total net position, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

| <b><u>Net Position</u></b>          | <b><u>Governmental Activities</u></b> |                    |                      |
|-------------------------------------|---------------------------------------|--------------------|----------------------|
|                                     | <b><u>2019</u></b>                    | <b><u>2018</u></b> | <b><u>Change</u></b> |
| Current and other assets            | \$ 16,605,085                         | \$ 16,340,129      | \$ 264,956           |
| Notes receivable                    | 16,361,582                            | 17,052,057         | (690,475)            |
| Deferred outflows of resources      | 236,193                               | 186,687            | 49,506               |
| Net capital assets                  | 46,542,838                            | 47,374,454         | (831,616)            |
| Total assets                        | 79,745,698                            | 80,953,327         | (1,207,629)          |
| Current liabilities                 | 8,232,248                             | 8,495,738          | (263,490)            |
| Deferred inflows of resources       | 15,116                                | 110,145            | (95,029)             |
| Long-term liabilities               | 21,514,339                            | 22,033,328         | (518,989)            |
| Total liabilities                   | 29,761,703                            | 30,639,211         | (877,508)            |
| Net assets:                         |                                       |                    |                      |
| Capital assets, net of related debt | 40,708,855                            | 41,462,517         | (753,662)            |
| Restricted                          | 4,465,869                             | 4,288,307          | 177,562              |
| Unrestricted                        | 4,809,271                             | 4,563,292          | 245,979              |
| Total net position                  | \$ 49,983,995                         | \$ 50,314,116      | \$ (330,121)         |

**Government activities**— Key elements of the governmental activities and business-type activities are as follows.

| <b>Change in Net Position</b>     | <b>Governmental Activities</b> |                     |                       |
|-----------------------------------|--------------------------------|---------------------|-----------------------|
|                                   | <b>2019</b>                    | <b>2018</b>         | <b>Change</b>         |
| Program revenues:                 |                                |                     |                       |
| Charges for services              | \$ 1,338,827                   | \$ 1,483,844        | \$ (145,017)          |
| Operating grants                  | -                              | -                   | -                     |
| Capital grants                    | 119,638                        | 3,680,872           | (3,561,234)           |
| General revenues:                 |                                |                     |                       |
| Property taxes                    | 2,234,091                      | 2,145,519           | 88,572                |
| Earnings from investments         | 611,949                        | 465,103             | 146,846               |
| Total revenues                    | 4,304,505                      | 7,775,338           | (3,470,833)           |
| Expenses:                         |                                |                     |                       |
| Water conservation & distribution | 4,634,626                      | 4,626,151           | 8,475                 |
| Total Expenses                    | 4,634,626                      | 4,626,151           | 8,475                 |
| <b>Increase in net position</b>   | <b>\$ (330,121)</b>            | <b>\$ 3,149,187</b> | <b>\$ (3,479,308)</b> |

Operating and capital grants will vary year to year based on project funding. Water conservation and distribution expenses were similar to the prior year. Revenues changed due to variation in long term agreements, change in revenue from investments, and the change in property valuations for property taxes. Capital projects are, for the most part, fully funded by grants, loans, cash savings, and property tax revenues which exceed remaining operating and administration expenses.

#### **Financial Analysis of the Government's Funds**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are two types of funds: governmental funds and proprietary funds. The District utilizes only governmental funds.



**Governmental funds**—The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. 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.

|                           | General Fund        |                     | Capital Projects Fund |                   | All Governmental Funds |                     |
|---------------------------|---------------------|---------------------|-----------------------|-------------------|------------------------|---------------------|
|                           | 2019                | 2018                | 2019                  | 2018              | 2019                   | 2018                |
| Revenues                  | \$ 4,893,646        | \$ 4,717,080        | \$ 20,171             | \$ 15,045         | \$ 4,913,817           | \$ 4,732,125        |
| Grants                    | 119,638             | 953,872             | -                     | -                 | 119,638                | 953,872             |
| Transfers                 | (64,000)            | -                   | 64,000                | -                 | -                      | -                   |
| Loan proceeds             | -                   | 2,727,000           | -                     | -                 | -                      | 2,727,000           |
| Operations expense        | (2,342,967)         | (2,364,260)         | -                     | -                 | (2,342,967)            | (2,364,260)         |
| Capital outlay            | (16,818)            | (49,266)            | -                     | -                 | (16,818)               | (49,266)            |
| Capital outlay for others | (1,011,624)         | (1,077,104)         | -                     | -                 | (1,011,624)            | (1,077,104)         |
| Debt service              | (1,349,729)         | (1,171,357)         | -                     | -                 | (1,349,729)            | (1,171,357)         |
| Change in fund balance    | 228,146             | 3,735,965           | 84,171                | 15,045            | 312,317                | 3,751,010           |
| Fund balances:            |                     |                     |                       |                   |                        |                     |
| Restricted                | 4,465,869           | 4,288,307           | -                     | -                 | 4,465,869              | 4,288,307           |
| Assigned                  | -                   | -                   | 722,190               | 638,019           | 722,190                | 638,019             |
| Unassigned                | 3,208,098           | 3,157,514           | -                     | -                 | 3,208,098              | 3,157,514           |
| Total fund balance        | <u>\$ 7,673,967</u> | <u>\$ 7,445,821</u> | <u>\$ 722,190</u>     | <u>\$ 638,019</u> | <u>\$ 8,396,157</u>    | <u>\$ 8,083,840</u> |

The general fund is the chief operating fund of the District. Unassigned fund balances are available for spending at the government’s discretion. Restricted balances are for unexpended bond proceeds and required debt payment reserves. Assigned fund balances are amounts that are constrained by the government for specific operating and maintenance purposes.

As a measure of the general fund’s liquidity, it may be useful to compare both unassigned general fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents about 38% of total general fund expenditures excluding capital outlays for the most recent year-end. This ratio was 39% for the prior year.

The capital projects fund increased because of an operating transfer from the general fund.

### **Fund Budgetary Highlights**

Amendments may be made to the funds’ original budgets to more accurately reflect the expected expenses and revenue as the year progresses. The District amended their budget this year in order to accommodate the additional costs of certain capital outlay projects, changes to debt service and various operating cost increases.

| General Fund     | Original Budget       | Final Budget          | Actual            | Variance              |
|------------------|-----------------------|-----------------------|-------------------|-----------------------|
| Revenues         | \$ 4,687,436          | \$ 4,687,436          | \$ 4,893,646      | \$ 206,210            |
| Loan proceeds    | 3,887,014             | 3,887,014             | -                 | (3,887,014)           |
| Expenses         | (2,766,972)           | (2,766,972)           | (2,342,967)       | 424,005               |
| Capital projects | (11,670,771)          | (11,670,771)          | (1,028,442)       |                       |
| Debt service     | (1,455,157)           | (1,455,157)           | (1,349,729)       | 105,428               |
| Grants           | 1,065,879             | 1,065,879             | 119,638           | (946,241)             |
| Transfers        | -                     | -                     | (64,000)          | (64,000)              |
| Net change       | <u>\$ (6,252,571)</u> | <u>\$ (6,252,571)</u> | <u>\$ 228,146</u> | <u>\$ (4,161,612)</u> |

### **Capital Asset and Debt Administration**

**Capital assets**—As of December 31, 2019, the District's investment in capital assets for its governmental activities amounts to \$46,542,838 (net of accumulated depreciation). These capital assets are land, land improvements, buildings, transportation equipment, office equipment, and water systems. Net capital assets of governmental activities increased because capital purchases were more than current year depreciation expense.

| <u>Net Capital Assets</u>  | <u>Governmental Activities</u> |                      | <u>Change</u>       |
|----------------------------|--------------------------------|----------------------|---------------------|
|                            | <u>2019</u>                    | <u>2018</u>          |                     |
| Land & water rights        | \$ 14,984,244                  | \$ 14,984,244        | \$ -                |
| Buildings & equipment, net | <u>31,558,594</u>              | <u>32,390,210</u>    | <u>(831,616)</u>    |
| Total capital assets, net  | <u>\$ 46,542,838</u>           | <u>\$ 47,374,454</u> | <u>\$ (831,616)</u> |

**Long-term debt**—The District had long-term debt activity for the following notes payable during the year.

|                                       | <u>2019</u>          | <u>2018</u>          | <u>Change</u>   |
|---------------------------------------|----------------------|----------------------|-----------------|
| <b>Governmental Funds:</b>            |                      |                      |                 |
| Jensen Unit--Irrigation               | \$ 225,000           | \$ 240,000           | \$ (15,000)     |
| Jensen Unit--M & I                    | 3,058,645            | 3,182,684            | (124,039)       |
| Vernal Unit--Modification             | 720,000              | 750,000              | (30,000)        |
| CIB 1999 Revenue Bond, Reach III      | -                    | 25,000               | (25,000)        |
| 2008A Revenue Bond                    | 731,000              | 776,000              | (45,000)        |
| Zions Bank Line of Credit             | -                    | -                    | -               |
| CIB 2004 Revenue Bond, Water Tank     | 89,000               | 106,000              | (17,000)        |
| 2018 Taxable Revenue Bonds            | 2,636,000            | 2,727,000            | (91,000)        |
| 2015A Refunding 2009A Bonds           | 3,185,000            | 3,546,000            | (361,000)       |
| 2009 Revenue Subordinate Taxable Bond | 4,415,000            | 4,420,000            | (5,000)         |
| 2014 Revenue Subordinate Bond         | 6,066,000            | 6,256,000            | (190,000)       |
| Bureau of Reclamation                 | <u>681,226</u>       | <u>708,853</u>       | <u>(27,627)</u> |
| Total Principle Outstanding           | \$ 21,806,871        | \$ 22,737,537        | \$ (930,666)    |
| Less: Current Portion                 | <u>(917,552)</u>     | <u>(930,666)</u>     |                 |
| Total Long-term Debt                  | <u>\$ 20,889,319</u> | <u>\$ 21,806,871</u> |                 |

### **Economic Factors and Next Year's Budgets and Rates**

The District's budget for next year is relatively similar to the most recent year's actual expenses with the exception of changes to capital outlay. Capital outlay depends on financing and grants. No changes in budgeted tax revenues have been made for the next fiscal year. The tax rates are set to reach the same budgeted revenues.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's clerk at (435) 789-1651.

Uintah Water Conservancy District  
**STATEMENT OF NET POSITION**  
*December 31, 2019*

|  | Governmental<br>Activities  |
|--|-----------------------------|
| <b>ASSETS</b>  |                             |
| Current Assets:                                      |                             |
| Cash   | \$ 2,839,653                |
| Restricted cash                                      | 12,223,075                  |
| Due from other governments:                          |                             |
| Property taxes receivable                            | 398,586                     |
| Accounts receivable                                  | 453,396                     |
| Long-term notes receivable & commitments, current    | 690,375                     |
| URS net pension asset                                | -                           |
| Total current assets                                 | <u>16,605,085</u>           |
| Noncurrent Assets:                                   |                             |
| Capital assets:                                      |                             |
| Land & water   | 14,984,244                  |
| Buildings & equipment, net of accum. depreciation    | 31,558,594                  |
| Long-term notes receivable & commitments             | <u>16,361,582</u>           |
| Total noncurrent assets                              | <u>62,904,420</u>           |
| Total assets   | <u>79,509,505</u>           |
| Deferred outflows of resources-pensions              | <u>236,193</u>              |
| Total assets and deferred outflows of resources      | <u><u>\$ 79,745,698</u></u> |
| <b>LIABILITIES</b>                                   |                             |
| Current Liabilities:                                 |                             |
| Accounts payable                                     | \$ 64,921                   |
| Accrued expenses                                     | 65,847                      |
| Accrued interest                                     | 120,900                     |
| Deferred grant revenues                              | 7,299,354                   |
| Current portion note payable                         | <u>917,552</u>              |
| Total current liabilities                            | <u>8,468,574</u>            |
| Non Current Liabilities:                             |                             |
| General obligation & revenue bonds                   | 20,889,319                  |
| Net pension liability                                | <u>388,694</u>              |
| Total noncurrent liabilities                         | <u>21,278,013</u>           |
| Total liabilities                                    | <u>29,746,587</u>           |
| Deferred inflows of resources-pensions               | <u>15,116</u>               |
| Total liabilities and deferred inflows of resources  | <u>29,761,703</u>           |
| <b>NET POSITION</b>                                  |                             |
| Invested in capital assets, net of related debt      | 40,708,855                  |
| Restricted (debt service reserve + unexpended bonds) | 4,465,869                   |
| Unrestricted   | <u>4,809,271</u>            |
| Total net position                                   | <u>49,983,995</u>           |
| Total liabilities & net position                     | <u><u>\$ 79,745,698</u></u> |

## For the year ending December 31, 2019

[illegible]

Uintah Water Conservancy District  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
*December 31, 2019*

|   |              |
|---|--------------|
| <b>Total Fund Balances for Governmental Funds</b> | \$ 8,396,157 |
|---|--------------|

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

|                                      |                    |            |
|--------------------------------------|--------------------|------------|
| Land & water                         | 14,984,244         |            |
| Water system, buildings, & equipment | 39,809,610         |            |
| Accumulated depreciation             | <u>(8,251,016)</u> |            |
|                                      |                    | 46,542,838 |

|   |              |
|---|--------------|
| Long-term debt, for funds other than enterprise funds, are recorded in the government-wide financial statements but not in the fund statements. | (21,806,871) |
|---|--------------|

|                          |           |
|--------------------------|-----------|
| Accrued interest expense | (120,900) |
|--------------------------|-----------|

|                                |            |
|--------------------------------|------------|
| Long-term contracts receivable | 17,051,957 |
|--------------------------------|------------|

|                               |           |
|-------------------------------|-----------|
| Net pension asset & liability | (388,694) |
|-------------------------------|-----------|

|  |         |
|--|---------|
| Deferred inflows & outflows of pension resources | 221,077 |
|--|---------|

|  |               |
|--|---------------|
| Deferred property tax revenue includes delinquent property taxes in the fund statements but not in the government-wide statements. | <u>88,431</u> |
|--|---------------|

|  |                             |
|--|-----------------------------|
| <b>Total Net Position of Governmental Activities</b> | <b><u>\$ 49,983,995</u></b> |
|--|-----------------------------|

**Uintah Water Conservancy District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
*For the year ending December 31, 2019*

**Net Change in Fund Balances--Total Governmental Funds** \$ 312,317

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

|                           |           |           |
|---------------------------|-----------|-----------|
| Capital outlays           | 16,818    |           |
| Book value of assets sold | -         |           |
| Depreciation              | (848,434) |           |
| Net                       |           | (831,616) |

|  |          |
|--|----------|
| Government funds do not report delinquent taxes as revenue because these revenues are not available for current period expenses. | (19,351) |
|--|----------|

Change in long-term notes receivables:

|                         |           |           |
|-------------------------|-----------|-----------|
| Payments of receivables | (709,599) |           |
| New long-term contracts | -         |           |
|                         |           | (709,599) |

|  |          |
|--|----------|
| Change in net pension liabilities and deferred pension resources | (17,702) |
|--|----------|

Governmental funds report debt services as an expenditure. However, repayment of debt does not affect the statement of activities but rather is a reduction of the statement of net assets' liability.

|                         |         |         |
|-------------------------|---------|---------|
| Principal payments      | 930,666 |         |
| Accrued interest change | 5,164   |         |
| Loan proceeds           | -       |         |
|                         |         | 935,830 |

|  |                     |
|--|---------------------|
| <b>Change in Net Position of Governmental Activities</b> | <b>\$ (330,121)</b> |
|--|---------------------|

**Uintah Water Conservancy District**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
*December 31, 2019*

|   | Governmental Funds   |                   |                      |
|---|----------------------|-------------------|----------------------|
|   | General              | Capital Projects  | Total                |
| <b>Assets</b>   |                      |                   |                      |
| Cash  | \$ 2,117,463         | \$ 722,190        | \$ 2,839,653         |
| Restricted cash debt service                            | 1,738,869            | -                 | 1,738,869            |
| Restricted cash construction escrow                     | 10,484,206           | -                 | 10,484,206           |
| Due from other governments:                             |                      |                   |                      |
| Property taxes receivable                               | 310,155              | -                 | 310,155              |
| Property taxes receivable--delinquent                   | 88,431               | -                 | 88,431               |
| Accounts receivable                                     | 453,396              | -                 | 453,396              |
| Prepaid expenses  | -                    | -                 | -                    |
| Long-term receivables & commitments, current            | 690,375              | -                 | 690,375              |
| Long-term receivables & commitments due beyond one year | 16,361,582           | -                 | 16,361,582           |
| <b>Total Assets</b>                                     | <b>\$ 32,244,477</b> | <b>\$ 722,190</b> | <b>\$ 32,966,667</b> |
| <b>Liabilities and Fund Equity</b>                      |                      |                   |                      |
| Liabilities:  |                      |                   |                      |
| Accounts payable  | \$ 64,921            | \$ -              | \$ 64,921            |
| Accrued expenses  | 65,847               | -                 | 65,847               |
| Deferred grant revenues                                 | 7,299,354            | -                 | 7,299,354            |
| <b>Total liabilities</b>                                | <b>7,430,122</b>     | <b>-</b>          | <b>7,430,122</b>     |
| Deferred Inflows of Resources:                          |                      |                   |                      |
| Long-term receivables & commitments not available       | 17,051,957           | -                 | 17,051,957           |
| Delinquent property taxes not available                 | 88,431               | -                 | 88,431               |
| <b>Total deferred inflows of resources</b>              | <b>17,140,388</b>    | <b>-</b>          | <b>17,140,388</b>    |
| <b>Fund Balances</b>                                    |                      |                   |                      |
| Fund balances:  |                      |                   |                      |
| Restricted (debt service +unexpended bonds)             | 4,465,869            | -                 | 4,465,869            |
| Assigned  | -                    | 722,190           | 722,190              |
| Unassigned  | 3,208,098            | -                 | 3,208,098            |
| <b>Total fund balances</b>                              | <b>7,673,967</b>     | <b>722,190</b>    | <b>8,396,157</b>     |
| <b>Total Liabilities and Fund Balances</b>              | <b>\$ 32,244,477</b> | <b>\$ 722,190</b> | <b>\$ 32,966,667</b> |

**Uintah Water Conservancy District**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
*For the year ending December 31, 2019*

|  | Governmental Funds  |                   |                     |
|--|---------------------|-------------------|---------------------|
|  | General             | Capital Projects  | Total               |
| <b>Revenues</b>  |                     |                   |                     |
| Property taxes   | \$ 2,253,442        | \$ -              | \$ 2,253,442        |
| Water treatment fees   | 893,645             | -                 | 893,645             |
| Pumping fees   | 45,654              | -                 | 45,654              |
| Operation and maintenance fees   | 371,021             | -                 | 371,021             |
| Interest income  | 322,716             | 20,171            | 342,887             |
| Green River application fees   | 25,000              | -                 | 25,000              |
| Miscellaneous  | 2,283               | -                 | 2,283               |
| Principal from long-term contracts   | 709,599             | -                 | 709,599             |
| Interest from long-term contracts  | 269,062             | -                 | 269,062             |
| Total revenues   | 4,892,422           | 20,171            | 4,912,593           |
| <b>Expenditures</b>  |                     |                   |                     |
| Payroll and benefits   | 856,458             | -                 | 856,458             |
| Water treatment, pesticide & cloud seeding   | 910,126             | -                 | 910,126             |
| Unit operation and maintenance costs   | 354,205             | -                 | 354,205             |
| Professional fees  | 28,500              | -                 | 28,500              |
| Operating expenses   | 116,619             | -                 | 116,619             |
| Administrative expenses  | 58,333              | -                 | 58,333              |
| Project planning and assistance  | 18,726              | -                 | 18,726              |
| Capital outlay   | 16,818              | -                 | 16,818              |
| Capital outlay assistance (other entities)   | 1,011,624           | -                 | 1,011,624           |
| Debt service:  |                     |                   |                     |
| Principal  | 930,666             | -                 | 930,666             |
| Interest   | 419,063             | -                 | 419,063             |
| Total expenditures   | 4,721,138           | -                 | 4,721,138           |
| Excess (deficiency) of revenues over expenditures  | 171,284             | 20,171            | 191,455             |
| <b>Other Financing Sources (uses)</b>  |                     |                   |                     |
| Sale of capital assets   | 1,224               | -                 | 1,224               |
| Transfers in (out)   | (64,000)            | 64,000            | -                   |
| Grants, federal and state  | 119,638             | -                 | 119,638             |
| Bond or note payable proceeds  | -                   | -                 | -                   |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | 228,146             | 84,171            | 312,317             |
| Fund balances - beginning of year  | 7,445,821           | 638,019           | 8,083,840           |
| Fund balances - end of year  | <u>\$ 7,673,967</u> | <u>\$ 722,190</u> | <u>\$ 8,396,157</u> |



**Uintah Water Conservancy District**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
*For the year ending December 31, 2019*

|   | Budget Amounts |               |              | Variance with  |
|---|----------------|---------------|--------------|----------------|
|   | Original       | Final         | Actual       | Final Budget   |
| <b>Revenues</b>   |                |               |              |                |
| Property taxes  | \$ 2,156,000   | \$ 2,162,000  | \$ 2,253,442 | \$ 91,442      |
| Water treatment fees  | 771,981        | 771,981       | 893,645      | 121,664        |
| Pumping fees  | 35,000         | 35,000        | 45,654       | 10,654         |
| Operation and maintenance fees  | 558,092        | 558,092       | 371,021      | (187,071)      |
| Interest income   | 102,300        | 400,600       | 322,716      | (77,884)       |
| Green River application fees  | 58,000         | 58,000        | 25,000       | (33,000)       |
| Miscellaneous   | 6,000          | 7,000         | 2,283        | (4,717)        |
| Principal from long-term contracts  | 710,000        | 710,000       | 709,599      | (401)          |
| Interest from long-term contracts   | 287,000        | 183,232       | 269,062      | 85,830         |
| Total revenues  | 4,684,373      | 4,885,905     | 4,892,422    | 6,517          |
| <b>Expenditures</b>   |                |               |              |                |
| Payroll and benefits  | 966,000        | 919,078       | 856,458      | 62,620         |
| Water treatment, pesticide & cloud seeding                                      | 796,000        | 796,000       | 910,126      | (114,126)      |
| Unit operation and maintenance costs  | 932,326        | 607,670       | 354,205      | 253,465        |
| Professional fees   | 26,100         | 26,100        | 28,500       | (2,400)        |
| Operating expenses  | 166,910        | 166,910       | 116,619      | 50,291         |
| Administrative expenses   | 79,675         | 79,675        | 58,333       | 21,342         |
| Project planning and assistance   | 25,000         | 25,000        | 18,726       | 6,274          |
| Capital outlay  | 62,000         | 22,385        | 16,818       | 5,567          |
| Capital outlay assistance (other entities)                                      | 11,481,132     | 1,115,741     | 1,011,624    | 104,117        |
| Debt service:   |                |               |              |                |
| Principal   | 985,222        | 926,666       | 930,666      | (4,000)        |
| Interest  | 528,839        | 419,424       | 419,063      | 361            |
| Total expenditures  | 16,049,204     | 5,104,649     | 4,721,138    | 383,511        |
| Excess of revenues over expenditures  | (11,364,831)   | (218,744)     | 171,284      | 390,028        |
| <b>Other Financing Sources (uses)</b>   |                |               |              |                |
| Sale of capital assets  | 12,000         | 1,224         | 1,224        | -              |
| Transfers in (out)  | (366,318)      | (622,888)     | (64,000)     | 558,888        |
| Grants, federal and state   | 330,000        | 110,000       | 119,638      | 9,638          |
| Bond proceeds   | 3,887,014      | 3,887,014     | -            | (3,887,014)    |
| Excess of revenues and other financing sources over expenditures and other uses | (7,502,135)    | 3,156,606     | 228,146      | (2,928,460)    |
| Fund balances - beginning of year   | 7,445,821      | 7,445,821     | 7,445,821    | -              |
| Fund balances - end of year   | \$ (56,314)    | \$ 10,602,427 | \$ 7,673,967 | \$ (2,928,460) |

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
*December 31, 2019*

**Note 1 Summary of Significant Accounting Policies**

The Uintah Water Conservancy District was created in 1956 to develop and conserve water supplies for the benefit of Uintah County inhabitants, to construct, to operate, and to maintain facilities associated with these water resources. The District can be contacted by calling (435) 789-1651.

**Reporting Entity**—The accounting policies of Uintah Water Conservancy District conform to generally accepted accounting principles as applicable to governmental units. For financial reporting purposes, the District has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and the (1) ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District has no component units and is not a component unit. The following is a summary of the more significant policies:

**Government-Wide and Fund Financial Statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent of fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

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. 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 expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

Property taxes, franchise taxes, licenses, and interest 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

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

The *capital projects fund* accounts for the resources accumulated for the purpose of significant construction projects.

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

Indirect charges are not allocated to their various functions because the District maintains a general administration function to capture indirect costs. Depreciation is allocated directly to functional expenses and interest expense is categorized separately in the Statement of Net Position.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 District does not have any proprietary funds.

**Deposits and Investments**—The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables**—All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible amounts. Eventual payment is received on most trade accounts receivable. The District does not have any interfund receivables or payables.

**Property Taxes**—The property tax revenue of the District is collected and distributed by Uintah County. Utah statutes establish the process by which taxes are levied and collected. Taxes are levied each January 1 and assessed the following November which is before the District's financial statement year-end. Property taxes are recorded as revenue when they become measurable and available in the year for which the taxes are levied. Amounts available include those property tax receivables expected to be collected within sixty days after year-end.

**Inventories and Prepaid Items**—All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
*December 31, 2019*

**Restricted and Committed Assets**—At times, the District may have funds set aside that are legally restricted, contractually limited, or committed by the governing body. When both restricted or committed funds and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Interfund Transfers**—Occasionally large cash transfers between the general fund and capital projects fund are made to accumulate resources for future or ongoing capital projects.

**Capital Assets**—Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individually significant cost and an estimated useful life in exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives: water canals and reservoirs 50 years, water structures 40 years, buildings and improvements 40 years, machinery and equipment 10 years, office furniture and equipment 3-7 years.

**Compensated Absences**—The government's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave because the government does have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations, retirements or certain limits.

**Long-term Obligations**—In the government-wide financial statements long-term debt obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity**—Equity is reported differently for the government-wide and fund financial statements.

*Government-wide Financial Statements*—equity is classified in the government-wide financial statements as net position and is displayed in three components:

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

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**Restricted net position** - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** - All other net position that do not meet the definition of "restricted" or "invested" in capital assets, net of relation debt.

*Fund Financial Statements*—In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. The District's Board of Directors is the highest level of decision making. Descriptions of equity classifications follow:

**Nonspendable fund balance** - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

**Restricted fund balance** - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed fund balance** - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

**Assigned fund balance** - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes. The District's Board may assign balances.

**Unassigned fund balance** - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

**Use of Estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Budgetary information**— An annual operating budget is adopted by the District's board of trustees, on a basis consistent with generally accepted accounting principles, and as prescribed by state regulation. The budget is adopted prior to the beginning of the year to which it applies after a public hearing has been held. Subsequent amendments to the operating budget may be made after a public hearing. A capital budget is also adopted by the board of trustees which identifies planned capital asset addition and requirements for long-term debt service principal payments, as well as the plan for financing these items.

**Interfund Transfers**—The District's purpose for interfund transfers is to accumulate resources for capital projects.

**Pensions**— For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, the 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 the 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.



Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
*December 31, 2019*

**Deferred Outflows/Inflows of Resources**—In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one type of deferred outflow of resources, associated with Utah Retirement System multi-employer pension plan.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an outflow of resources (revenue) until that time. The District has only one type of deferred inflows of resources, associated with Utah Retirement System multi-employer pension plan.

**Note 2 Capital Assets**

A summary of capital asset activity is listed below. Depreciation expense of \$848,433 for the year ended December 31, 2019 was allocated to the water conservation and distribution function of the District.

|                                       | Balance<br>Dec 31, 2018 | Increases    | Decreases | Balance<br>Dec 31, 2019 |
|---------------------------------------|-------------------------|--------------|-----------|-------------------------|
| <b>Governmental Funds:</b>            |                         |              |           |                         |
| Water conservation & distribution:    |                         |              |           |                         |
| Land & water rights (not depreciated) | \$ 14,984,244           | \$ -         | \$ -      | \$ 14,984,244           |
| Buildings & equipment                 | 39,806,018              | 16,818       | (13,225)  | 39,809,611              |
| Sub-total                             | 54,790,262              | 16,818       | (13,225)  | 54,793,855              |
| <b>Accumulated Depreciation:</b>      |                         |              |           |                         |
| Governmental funds                    | (7,415,808)             | (848,434)    | 13,225    | (8,251,017)             |
| Sub-total                             | (7,415,808)             | (848,434)    | 13,225    | (8,251,017)             |
| Net totals                            | \$ 47,374,454           | \$ (831,616) | \$ -      | \$ 46,542,838           |

**Note 3 Cash Deposits and Investments**

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 (UMMA) that relate to the deposit and investment of public funds.

The Association 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 Association 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.

The Act provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. The Act lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2019

**Deposit and Investment Risk**—The District maintains no investment policy containing any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The District's compliance with the provisions of UMMA addresses each of these risks.

Cash equivalents and investments are carried at fair value.

**Summary of Deposits and Investments**

| Reconciliation to the Balance Sheet |                      |                                   |                      |
|-------------------------------------|----------------------|-----------------------------------|----------------------|
| Balance Sheet                       |                      | Deposits & Investments            |                      |
| Cash                                | \$ 2,839,653         | Checking                          | \$ 928,294           |
| Restricted cash for debt service    | 1,738,869            | Zions Trust (PTIF)                | 11,863,792           |
| Restricted cash for construction    | 10,484,206           | Utah Public Treasurer Pool (PTIF) | 2,270,642            |
| Total                               | <u>\$ 15,062,728</u> | Total                             | <u>\$ 15,062,728</u> |

**Deposits**

**Custodial Credit Risk**—Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of December 31, 2019, \$1,147,638 of the District's bank balances of \$1,397,638 (a carrying balance of \$928,294) was uninsured and uncollateralized at year end.

**Investments**

The Money Management Act defines the types of securities authorized as appropriate investments for the Association 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. Statutes authorize the Association to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; 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; and the Utah State Public Treasurer's Investment Fund.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The District maintains monies not immediately needed for expenditure in PTIF accounts.

Uintah Water Conservancy District  
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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 gains or losses on investments.

**Fair Value of Investments**—The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. The PTIF uses a Level 2 fair value measurement.

As of December 31, 2019, the District had the following investment characteristics:

| Investment Type                     | Balance Sheet        | Fair Value           | Fair Value<br>Hierarchy Level | Maturity | Quality<br>Rating |
|-------------------------------------|----------------------|----------------------|-------------------------------|----------|-------------------|
| State of Utah PTIF                  | \$ 2,270,642         | \$ 2,270,642         | Level 2                       | < 1 year | Unrated           |
| Zions Trust (holding PTIF accounts) | 11,863,792           | 11,863,792           | Level 2                       | < 1 year | Unrated           |
| Total                               | <u>\$ 14,134,434</u> | <u>\$ 14,134,434</u> |                               |          |                   |

**Interest Rate Risk**—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association'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. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

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

**Concentration of Credit Risk**—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Association's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.



Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2019

**Note 4    Reserved and Designated Net Position**

The District has reserved net position to comply with bond covenants, Bureau of Reclamation requirements, and capital projects pending. The District's Board of Directors has also designated reserve balances for capital projects.

|                          | General Fund        | Capital Projects Fund |
|--------------------------|---------------------|-----------------------|
| Board designated funds   | \$ -                | \$ 722,190            |
| Unexpended loan proceeds | 2,727,000           | -                     |
| Debt service reserves    | 1,738,869           | -                     |
| Total                    | <u>\$ 4,465,869</u> | <u>\$ 722,190</u>     |

**Note 5    Exposures to Risks of Loss**

The District 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. The District has purchased commercial insurance to reimburse its losses, subject to limitations and deductibles, for many of the identified risks. The District is insured for commercial liability and auto liability up to a maximum of \$1,000,000 per accident or loss. The District's office building and shop are insured against property damage. The District's other assets, including automobiles and other equipment, are not insured against property damage. District employees are insured for job related injuries through the Utah Workers Compensation Fund. The District also provides medical insurance coverage for employees the Public Employees Health Program.

**Note 6    Commitments**

The District has made long-term commitments to purchase water from various government entities. Upon purchasing the water, the District assesses other entities for the usage of the water purchased by the District. The District is frequently engaged in capital and conservation projects. The District has committed to making significant improvements to irrigation systems.

At year-end December 31, 2019, the District had about \$10 million in a construction escrow savings account for the purpose of maintaining a flood control system. This cash balance was obtained in year 2018 through a mix of grant and loan. In early 2020, about \$10 million was disbursed to two irrigation companies for the flood control project.

**Note 7    Deferred Inflows of Resources**

The District has accrued receivable balances that are unavailable as a current resource and therefore have been recorded as deferred inflows of resources in the governmental fund balance sheet. The District has long-term receivables or commitments from various government entities and non-profit companies to aid in the payments of long-term debts. These applicable long-term debts aided in the financing of projects that benefited those entities. At year-end December 31, 2019, the long-term receivable balance was \$17,051,957. Also, for the same year-end, the District has also accrued delinquent property taxes which are unavailable to the District for \$88,431. The District also discloses deferred inflows/outflows of resources related to its participation in a multi-employer pension plan. These pension related balances are contained only in the statement of net position.

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**Note 8 Long-term Obligations and Notes Receivable**

Many of the District's long-term obligations have corresponding note receivables from various government entities that the District serves. Because these projects were mutually beneficial, various governments agreed to pay these note receivables to the District at the time the District incurred these long-term obligations. Changes in the long-term obligations and the notes receivable for year ending December 31, 2019 are as follows:

- Note A 4,600 acre/feet irrigation water per year from Jensen Unit, annual payments of \$15,000, 0.0%, matures 2034.
- Note B 2,000 acre/feet allotment of municipal and industrial water per year from the Jensen Unit, annual payments of \$226,585, 3.22%, matures 2037.
- Note C Safety of Dams Act in connection with an allotment of 17,900 acre/feet of irrigation water per year, the District agreed to pay the Bureau (and the water users agreed to pay the District) \$840,000 for dam modification work done to comply with the "Act", annual payments of \$30,000, 0.0%, first payment is 2016 and matures 2043.
- Note D Series 1999 Revenue Bonds issued for Reach III project, annual payments of about \$25,000, 3.0%, matures 2020.
- Note E Series 2004 Revenue Bonds, annual payments range from \$12,000 to \$18,000, 2.5%, matures 2025.
- Note F Series 2008A Revenue Bonds, annual payments range from \$28,000 to \$59,000, 2.0%, matures 2032.
- Note H Series 2009 Revenue Subordinate Taxable Bonds, payments are \$4,000 through 2020, then \$50,000 to 2027, then \$455,000 to 2035, 0.0%, matures 2036.
- Note I Series 2014 Revenue Subordinate Bonds, payments are about \$290,000 annually, 1.5%, matures 2045.
- Note J Series 2015A Water Revenue Refunding Bonds, principal payments range from \$389,000 to \$435,000, interest varies from 0.94% to 3.11%, matures January 15, 2027.
- Note K Bureau of Reclamation \$786,666 note payable, 3.222%, annual payments of 50,465, and matures in 2037.
- Note L Series 2018 Subordinated Taxable Revenue Bonds, \$2,727,000 original loan, \$91,000 annually, 0.0%, matures 2048.

| Debt   | Dec. 31, 2018        |                      | Additions   | Deletions         | Dec. 31, 2019        |                      | Current debt      |
|--------|----------------------|----------------------|-------------|-------------------|----------------------|----------------------|-------------------|
|        | Notes Receivable     | Notes Payable        |             |                   | Notes Payable        | Notes Receivable     |                   |
| Note A | \$ 242,052           | \$ 240,000           | \$ -        | \$ 15,000         | \$ 225,000           | \$ 227,768           | \$ 15,000         |
| Note B | 3,161,903            | 3,182,684            | -           | 124,039           | 3,058,645            | 3,037,864            | 128,036           |
| Note C | 750,000              | 750,000              | -           | 30,000            | 720,000              | 720,000              | 30,000            |
| Note D | 23,936               | 25,000               | -           | 25,000            | -                    | -                    | -                 |
| Note E | 84,500               | 106,000              | -           | 17,000            | 89,000               | 74,100               | 17,000            |
| Note F | -                    | 776,000              | -           | 45,000            | 731,000              | -                    | 46,000            |
| Note H | -                    | 4,420,000            | -           | 5,000             | 4,415,000            | -                    | 5,000             |
| Note I | 6,007,845            | 6,256,000            | -           | 190,000           | 6,066,000            | 5,825,382            | 192,000           |
| Note J | 4,055,467            | 3,546,000            | -           | 361,000           | 3,185,000            | 3,849,717            | 365,000           |
| Note K | 708,853              | 708,853              | -           | 27,627            | 681,226              | 681,226              | 28,516            |
| Note L | 2,727,000            | 2,727,000            | -           | 91,000            | 2,636,000            | 2,635,900            | 91,000            |
|        | <u>\$ 17,761,556</u> | <u>\$ 22,737,537</u> | <u>\$ -</u> | <u>\$ 930,666</u> | <u>\$ 21,806,871</u> | <u>\$ 17,051,957</u> | <u>\$ 917,552</u> |

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

The annual requirements to amortize all debt outstanding as of December 31, 2019 are as follows:

| Year      | Principal            | Interest            | Total                |
|-----------|----------------------|---------------------|----------------------|
| 2020      | \$ 917,552           | \$ 306,746          | \$ 1,224,298         |
| 2021      | 936,596              | 290,395             | 1,226,991            |
| 2022      | 999,802              | 272,655             | 1,272,457            |
| 2023      | 1,017,176            | 253,577             | 1,270,753            |
| 2024      | 1,034,725            | 233,263             | 1,267,988            |
| 2025-2029 | 5,320,296            | 853,838             | 6,174,134            |
| 2030-2034 | 5,483,388            | 517,057             | 6,000,445            |
| 2035-2039 | 3,582,336            | 227,561             | 3,809,897            |
| 2040-2044 | 1,891,000            | 78,930              | 1,969,930            |
| 2045-2049 | 624,000              | 3,945               | 627,945              |
| Totals    | <u>\$ 21,806,871</u> | <u>\$ 3,037,967</u> | <u>\$ 24,844,838</u> |

These long-term obligations are direct borrowings secured with operating and tax revenues. Some notes require 125% debt service coverage. In the event of late payment, the notes interest rate will increase to 18%.

Other Non-Current Liabilities (Utah Retirement Systems Pension)

|  | Dec 31, 2018        | Changes            | Dec 31, 2019        |
|--|---------------------|--------------------|---------------------|
| Net pension asset                      | \$ -                | \$ -               | \$ -                |
| Deferred outflows of pension resources | 186,688             | 49,506             | 236,194             |
| Net pension liability                  | (226,457)           | (162,237)          | (388,694)           |
| Deferred inflows of pension resources  | (110,145)           | 95,029             | (15,116)            |
| Net                                    | <u>\$ (149,914)</u> | <u>\$ (17,702)</u> | <u>\$ (167,616)</u> |

**NOTE 9 General Information about Pension Plan**

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds which are defined benefit plans: 1) Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system, and 2) Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees employed 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 Utah State Retirement 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](http://www.urs.org).

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2019

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

| Summary of Benefits<br>by System  | Final Average Salary | Years of service<br>required and/or age<br>eligible for benefit                                 | Benefit percent per<br>year of service | COLA**     |
|-----------------------------------|----------------------|---|--|------------|
| Noncontributory<br>System         | Highest 3 years      | 30 years any age<br>25 years any age*<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 | 2.0% per year all<br>years             | Up to 4%   |
| Tier 2 Public<br>Employees System | Highest 5 years      | 35 years any age<br>20 years any age 60*<br>10 years age 62*<br>4 years age 65                  | 1.5% per year all<br>years             | Up to 2.5% |

\* with actuarial reductions

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living 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.

Contributions: 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 Utah State Retirement 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 the employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of Tier 1 plans. Contribution rates as of December 31, 2019 are as follows:

| Utah Retirement Systems         | Employee | Employer | Employer 401(k) |
|---------------------------------|----------|----------|-----------------|
| Contributory System             |          |          |                 |
| 111 - Local Gov Division Tier 2 | N/A      | 15.66%   | 1.03%           |
| Noncontributory System          |          |          |                 |
| 15 - Local Gov Division Tier 1  | N/A      | 18.47%   | N/A             |
| Tier 2 DC Only                  |          |          |                 |
| 211 Local Government            | N/A      | 6.69%    | 10.00%          |

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. For fiscal year ended December 31, 2018, the employer and employee contributions to the Systems were as Follows:

| System                         | Employer<br>Contributions | Employee<br>Contributions |
|--------------------------------|---------------------------|---------------------------|
| Noncontributory System         | \$ 81,886                 | N/A                       |
| Tier 2 Public Employees System | 9,768                     | -                         |
| Total Contributions            | <u>\$ 91,654</u>          | <u>\$ -</u>               |

**Pension Assets, Liabilities, Expense, and Deferred Outflows / Inflows of Resources Related to Pensions.**

At December 31, 2019, we reported a net pension asset of \$0 and a net pension liability of \$388,694.

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

|                                | (Measurement Date): December 31, 2018 |                          |                        |  |                      |
|--------------------------------|---------------------------------------|--------------------------|------------------------|--|----------------------|
|                                | Net Pension<br>Asset                  | Net Pension<br>Liability | Proportionate<br>Share | Proportionate Share<br>December 31, 2017 | Change<br>(Decrease) |
| Noncontributory System         | \$ -                                  | \$ 388,694               | 0.0527850%             | 0.0516871%                               | 0.0010979%           |
| Tier 2 Public Employees System | -                                     | -                        | 0.0000000%             | 0.0000000%                               | 0.0000000%           |
|                                | <u>\$ -</u>                           | <u>\$ 388,694</u>        |                        |  |                      |

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2019, we recognized pension expense of \$109,357. At December 31, 2019, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Changes & Amounts  | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 4,999                          | \$ 7,250                         |
| Changes in assumptions   | 52,070                            | -                                |
| Net difference between projected and actual earnings on pension plan investments                     | 80,883                            | -                                |
| Changes in proportion and differences between contributions and proportionate share of contributions | 6,588                             | 7,867                            |
| Contributions subsequent to the measurement date   | 91,654                            | -                                |
| Total  | <u>\$ 236,194</u>                 | <u>\$ 15,117</u>                 |

The District reported \$91,654 as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018. 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  | Deferred Outflows<br>(inflows) of Resources |
|-------------|---|
| December 31 |   |
| 2019        | \$ 58,316                                   |
| 2020        | 21,684                                      |
| 2021        | 11,169                                      |
| 2022        | 38,326                                      |
| 2023        | 4   |
| Thereafter  | (75)  |

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2019

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

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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries. The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for five year period ending December 31, 2016.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class                        | Expected Return Arithmetic Basis |                              | Long-Term expected portfolio real rate of return |
|------------------------------------|----------------------------------|------------------------------|--|
|                                    | Target Asset Allocation          | Real Return Arithmetic Basis |  |
| Equity securities                  | 40.00%                           | 6.15%                        | 2.46%  |
| Debt securities                    | 20.00%                           | 0.40%                        | 0.08%  |
| Real assets                        | 15.00%                           | 5.75%                        | 0.86%  |
| Private equity                     | 9.00%                            | 9.95%                        | 0.89%  |
| Absolute return                    | 16.00%                           | 2.85%                        | 0.46%  |
| Cash and cash equivalents          | 0.00%                            | 0.00%                        | 0.00%  |
| Totals                             | 100.00%                          |                              | 4.75%  |
| Inflation                          |                                  |                              | <u>2.50%</u>                                     |
| Expected arithmetic nominal return |                                  |                              | <u>7.25%</u>                                     |

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

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

Uintah Water Conservancy District  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2019

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

| System                         | 1% Decrease<br>5.95% | Discount Rate<br>6.95% | 1% Increase<br>7.95% |
|--------------------------------|----------------------|------------------------|----------------------|
| Noncontributory System         | \$ 796,613           | \$ 388,694             | \$ 49,005            |
| Tier 2 Public Employees System | -                    | -                      | -                    |
| Total                          | <u>\$ 796,613</u>    | <u>\$ 388,694</u>      | <u>\$ 49,005</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.

**Defined Contribution Savings Plan**

The Defined Contributions 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.

Uintah Water Conservancy District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems: 401(k).

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

| 401(k)                 | 2019             | 2018             | 2017             |
|------------------------|------------------|------------------|------------------|
| Employer contributions | \$ 20,307        | \$ 25,981        | \$ 24,995        |
| Employee contributions | <u>23,195</u>    | <u>28,286</u>    | <u>29,761</u>    |
| Total                  | <u>\$ 43,502</u> | <u>\$ 54,267</u> | <u>\$ 54,756</u> |

## Required Supplementary Information



Schedules of Required Supplementary Information  
**UTAH RETIREMENT SYSTEMS**  
 Uintah Water Conservancy District

| <b>Proportionate Share of the Net Pension Liability</b>   | <b>Measured Year-<br/>end Dec 31 **</b> | <b>Noncontributory<br/>System</b> | <b>Tier 2 Public<br/>Employees System</b> |
|---|---|-----------------------------------|---|
| Proportion of the net pension liability (asset)   | 2014                                    | 0.0498494%                        | 0.0000000%                                |
|   | 2015                                    | 0.0538737%                        | 0.0648810%                                |
|   | 2016                                    | 0.0545527%                        | 0.0044579%                                |
|   | 2017                                    | 0.0516871%                        | 0.0000000%                                |
|   | 2018                                    | 0.0527850%                        | 0.0000000%                                |
| Proportionate share of the net pension liability (asset)  | 2014                                    | 216,458                           | -   |
|   | 2015                                    | 304,844                           | (14)                                      |
|   | 2016                                    | 350,295                           | 497                                       |
|   | 2017                                    | 226,457                           | -   |
|   | 2018                                    | 388,694                           | -   |
| Covered employee payroll  | 2014                                    | 437,682                           | -   |
|   | 2015                                    | 464,867                           | 41,936                                    |
|   | 2016                                    | 491,129                           | 36,559                                    |
|   | 2017                                    | 479,734                           | -   |
|   | 2018                                    | 500,223                           | -   |
| Proportionate share of the net pension liability (asset) as a<br>percentage of its covered-employee payroll | 2014                                    | 49.50%                            | 0.00%                                     |
|   | 2015                                    | 65.58%                            | -0.03%                                    |
|   | 2016                                    | 71.32%                            | 1.36%                                     |
|   | 2017                                    | 47.20%                            | 0.00%                                     |
|   | 2018                                    | 77.70%                            | 0.00%                                     |
| Plan fiduciary net position as a percentage of the total<br>pension liability                               | 2014                                    | 90.20%                            | 0.00%                                     |
|   | 2015                                    | 87.80%                            | 100.20%                                   |
|   | 2016                                    | 87.30%                            | 95.10%                                    |
|   | 2017                                    | 91.90%                            | 97.40%                                    |
|   | 2018                                    | 87.00%                            | 0.00%                                     |

\*\* Measurement date is the previous year-end due to the extensive time involved in the measurement process.

\*\*\* Employers are required to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will be built prospectively beginning December 31, 2014 with available information.

Schedules of Required Supplementary Information  
**UTAH RETIREMENT SYSTEMS**  
 Uintah Water Conservancy District

| <b>Schedule of Contributions</b> | As of fiscal year<br>ended<br>December 31 | Actuarial<br>determined<br>contributions | Contributions<br>in relation to<br>the<br>contractually<br>required<br>contribution | Contribution<br>deficiency<br>(excess) | Covered<br>employee<br>payroll | Contributions<br>as a percentage<br>of covered<br>employee<br>payroll |
|----------------------------------|---|--|---|--|--------------------------------|---|
| Noncontributory system           | 2014                                      | \$ 78,349                                | \$ 78,349   | \$ -                                   | \$ 437,682                     | 17.90%  |
|                                  | 2015                                      | 85,861                                   | 861   | -                                      | 464,867                        | 18.47%  |
|                                  | 2016                                      | 90,712                                   | 90,712  | -                                      | 491,129                        | 18.47%  |
|                                  | 2017                                      | 88,607                                   | 88,607  | -                                      | 479,734                        | 18.47%  |
|                                  | 2018                                      | 92,391                                   | 92,391  | -                                      | 500,223                        | 18.47%  |
|                                  | 2019                                      | 81,886                                   | 81,886  | -                                      | 443,347                        | 18.47%  |
| Tier 2 Public Employees System*  | 2014                                      | \$ -                                     | \$ -  | \$ -                                   | \$ -                           | 0.00%   |
|                                  | 2015                                      | 6,257                                    | 6,257   | -                                      | 41,936                         | 14.92%  |
|                                  | 2016                                      | 5,451                                    | 5,451   | -                                      | 36,559                         | 14.91%  |
|                                  | 2017                                      | -  | -   | -                                      | -                              | 0.00%   |
|                                  | 2018                                      | -  | -   | -                                      | -                              | 0.00%   |
|                                  | 2019                                      | 9,768                                    | 9,768   | -                                      | 62,560                         | 15.61%  |

\* 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.

\*\* Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues. A 10-year history of required contribution is required disclosure. The schedule will be built prospectively beginning June 30, 2014 with available information.

**Changes of Assumptions**

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

## Compliance and Management Section

# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

## Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Uintah Water Conservancy District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Uintah Water Conservancy District as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 5, 2020.

### Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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

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

### Purpose of this Report

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

*Aycock, Miles & Associates, CPAs*

Roosevelt, Utah

May 5, 2020

# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

## Report on Utah Compliance with General Requirements

Board of Directors

Uintah Water Conservancy District

We have audited Uintah Water Conservancy District's compliance with the applicable general state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, which could have a direct and material effect on the District for the year ended December 31, 2019.

General state compliance requirements were tested for the year ended December 31, 2019 in the following areas: budgetary compliance, fund balance, retirement systems, cash management, open and public meetings act, treasurer's bond, and special and local service district board members.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on General State Compliance Requirements***

In our opinion, the Uintah Water Conservancy District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District for the year ended December 31, 2019.

### ***Other Matters***

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

# Aycock, Miles & Associates, CPAs, P.C.

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## ***Report on Internal Control Over Compliance***

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

A deficiency in internal control over compliance exists when the design or operation of a control 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 general state compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general 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 general 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.

## ***Purpose of this Report***

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 of Utah Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

*Aycock, Miles & Associates, CPAs*

Roosevelt, Utah

May 5, 2020