

Johnson Water District
Duchesne County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2021

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

Certified Public Accountants

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

Johnson Water District, C.F.A. P.C.
Annual Financial Report

2021
12/31/21

Independent Auditor's Report

INDEPENDENT ACCOUNTANTS REPORT

MANAGEMENTS DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

FOR A FINANCIAL YEAR

Johnson Water District
Duchesne County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2021

Johnson Water District
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Independent Auditors' Report

To the Board of Directors
Johnson Water Improvement District
Roosevelt, Utah

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, of the Johnson Water Improvement District, as of and for the year ended December 31, 2021, and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of Johnson Water Improvement District, as of December 31, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Johnson Water Improvement District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2022, on our consideration of Johnson Water Improvement District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Johnson Water Improvement District's 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 Johnson Water Improvement District's internal control over financial reporting and compliance.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah

June 7, 2022

London Water District
Management's Discussion and Analysis
December 31, 2021

As management of London Water District, we have the responsibility to prepare and present the District's financial statements that are free from error and bias and to ensure that the financial statements are prepared in accordance with generally accepted accounting principles as of December 31, 2021.

FINANCIAL LIABILITIES

- * Total long-term debt, including capital lease obligations, of \$443,500
- * Total accrued liabilities of \$1,000,000
- * Total accrued liabilities of \$1,000,000
- * Total accrued liabilities of \$1,000,000
- * Total accrued liabilities of \$1,000,000

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The District's financial statements are prepared in accordance with generally accepted accounting principles and are subject to audit by independent accountants. The District's financial statements are prepared in accordance with generally accepted accounting principles and are subject to audit by independent accountants. The District's financial statements are prepared in accordance with generally accepted accounting principles and are subject to audit by independent accountants.

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Notes to the financial statements are an integral part of the financial statements and are necessary for a full understanding of the financial statements. The notes to the financial statements are an integral part of the financial statements and are necessary for a full understanding of the financial statements.

Other information is provided in the financial statements and is necessary for a full understanding of the financial statements. The other information is provided in the financial statements and is necessary for a full understanding of the financial statements.

Vysocki, Miles & Associates, C.P.A., P.C.

Certified Public Accountants

1000 West 12th Street, Suite 1000, Anchorage, Alaska 99501-3000

Telephone: (907) 562-1234 Fax: (907) 562-1235

- 1. The audit was conducted in accordance with the standards of the American Institute of Certified Public Accountants.
- 2. The audit was conducted in accordance with the standards of the American Institute of Certified Public Accountants.
- 3. The audit was conducted in accordance with the standards of the American Institute of Certified Public Accountants.
- 4. The audit was conducted in accordance with the standards of the American Institute of Certified Public Accountants.
- 5. The audit was conducted in accordance with the standards of the American Institute of Certified Public Accountants.

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Accounting Principles & Procedures

The accounting principles and procedures used in the preparation of the financial statements are based on the generally accepted accounting principles (GAAP) as prescribed by the Financial Accounting Standards Board (FASB). The accounting principles and procedures used in the preparation of the financial statements are based on the generally accepted accounting principles (GAAP) as prescribed by the Financial Accounting Standards Board (FASB).

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Accounting Principles & Procedures

Page 1 of 1

April 1, 2012

Johnson Water District
Management's Discussion and Analysis
December 31, 2021

As management of Johnson Water 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, 2021

FINANCIAL HIGHLIGHTS

- *Total net position for the District increased by \$449,545.
- *Unrestricted net position for the District increased by \$1,013,029
- *Operating revenues increased by \$152,203
- *Operating expenses increased by \$26,293
- *Net operating income increased by \$125,910

BASIC FINANCIAL STATEMENTS

The District is a special-purpose government engaged in business-type activities. All transactions related to its activities are recorded in a single enterprise fund. Enterprise funds are used to account for the operations financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services (including depreciation), on a continuing basis, be financed or recovered primarily through user charges.

The financial statements presented in this report are those required of an enterprise fund and consist of (1) the statement of net position, (2) the statement of revenues, expenses, and changes in net position, (3) the statement of cash flows, and (4) the notes to the financial statements.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as useful indicator of whether the financial position is improving or deteriorating. However, other non-financial factors need to be considered as well.

The statement of revenues, expenses and changes in net position (the income statement) presents information about the amounts of revenues, expenses, and resulting net income for the year. Net income is the change in net position. All items of income and expense are reported as soon as the underlying event giving rise to those items occurs, regardless of when cash is received or paid.

The statement of cash flows starts with the amounts of net income and removes the non-cash portion (the receivables and payables which did not provide or use cash), thus converting the amounts to a cash basis.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

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

Johnson Water District
Management's Discussion and Analysis
December 31, 2021

FINANCIAL ANALYSIS

Johnson Water District's Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 6,066,045	4,062,844	3,494,886
Net capital assets	<u>7,997,661</u>	<u>7,800,578</u>	<u>8,077,152</u>
Total assets	<u>\$ 14,063,706</u>	<u>11,863,422</u>	<u>11,572,038</u>
Long-term debt	\$ 1,685,000	922,000	1,016,000
Other liabilities	<u>1,125,126</u>	<u>137,386</u>	<u>73,768</u>
Total liabilities	<u>2,810,126</u>	<u>1,059,386</u>	<u>1,089,768</u>
Net position:			
Net investment in capital assets	6,312,661	6,878,578	7,061,152
Restricted	817,561	815,128	600,799
Unrestricted	<u>4,123,358</u>	<u>3,110,329</u>	<u>2,820,319</u>
Total net position	<u>\$ 11,253,581</u>	<u>10,804,036</u>	<u>10,482,270</u>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by \$11,253,581, an increase of \$449,545 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$4,123,358, which represents an increase of \$1,013,029 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Johnson Water District
Management's Discussion and Analysis
 December 31, 2021

FINANCIAL ANALYSIS (continued)

Johnson Water District's Change in Net Position

	2021	2020	2019
Operating income:			
Service income	\$ 1,789,774	1,717,904	1,808,848
Other operating income	124,209	43,876	36,428
Total operating income	<u>1,913,983</u>	<u>1,761,780</u>	<u>1,845,275</u>
Operating expenses:			
Depreciation expense	396,388	401,945	382,017
Other operating expense	1,124,268	1,092,419	1,087,167
Total operating expense	<u>1,520,656</u>	<u>1,494,364</u>	<u>1,469,184</u>
Net operating income (loss)	<u>393,327</u>	<u>267,417</u>	<u>376,091</u>
Non-operating items:			
Revenues	56,218	54,349	143,418
Expenses	-	-	-
Total non-operating items	<u>56,218</u>	<u>54,349</u>	<u>143,418</u>
Net income (loss)	<u>\$ 449,545</u>	<u>321,766</u>	<u>519,509</u>

Service income increased by \$71,870 over the previous year. Other operating income increased by \$80,333.

Depreciation expense is the largest single element of operating costs and decreased from the amount of the previous year by \$5,557. Other operating expenses increased by \$31,849 compared to the previous year, resulting in a yearly net operating income of \$393,327.

Non-operating items increased by \$1,869 compared to the previous year.

BUDGETARY HIGHLIGHTS

The District operates as an enterprise fund and is required to comply with the operating budget on an entity-wide basis.

	Original	Amended	Actual
Revenues	\$ 2,080,300	2,080,300	1,970,202
Expenses	(2,049,000)	(2,049,000)	(1,520,656)
Net income	<u>\$ 31,300</u>	<u>31,300</u>	<u>449,545</u>

Johnson Water District
Management's Discussion and Analysis
December 31, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Johnson Water District's Capital Assets (net of depreciation)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Capital Assets:			
Land and water rights	\$ 46,914	46,914	46,914
Water rights	280,000	280,000	280,000
Buildings and improvements	478,850	512,920	446,416
Machinery and equipment	164,653	50,349	89,074
Water system	6,523,554	6,855,057	7,186,559
Construction in progress	503,690	55,338	28,189
Total	<u>\$ 7,997,661</u>	<u>7,800,578</u>	<u>8,077,153</u>

Additional information regarding capital assets may be found in the notes to financial statements.

Johnson Water District's Outstanding Debt

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Long-term debt:			
BOWR 2004	268,000	335,000	402,000
2014 Taxable Water Revenue Bond	288,000	303,000	318,000
2013 Taxable Water Revenue Bond	272,000	284,000	296,000
2021 Revenue Bond	857,000	-	-
Total	<u>\$ 1,685,000</u>	<u>922,000</u>	<u>1,016,000</u>

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the District are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Johnson Water Improvement District's finances for all those with an interest in the District's finances. If you have any questions concerning any information provided in this report or requests for additional financial information, contact the Johnson Water District, Attn: Karen Ashby, (435)722-2620.

STATEMENT OF NET POSITION FIDUCIARY FUND
 December 31, 2002

	2002	2001
ASSETS		
Investments	1,371,709	1,551,414
Accounts receivable	1,000	24,712
Prepaid expenses	743	78,712
Total current assets	<u>1,373,452</u>	<u>1,654,838</u>
Real estate	400,000	370,000
Net pension liability	(100,000)	(80,000)
Net long-term investments	1,000,000	1,000,000
Other long-term assets	100,000	100,000
Total assets	<u>1,773,452</u>	<u>1,944,838</u>
LIABILITIES		
Accounts payable	100,000	100,000
Accrued liabilities	100,000	100,000
Deferred contributions	100,000	100,000
Other liabilities	100,000	100,000
Total liabilities	<u>400,000</u>	<u>400,000</u>
NET POSITION		
Net investment in capital assets	1,373,452	1,544,838
Other net position	100,000	100,000
Total net position	<u>1,473,452</u>	<u>1,644,838</u>

BASIC FINANCIAL STATEMENTS

Kansas Water Development Authority
 Management's Discussion and Analysis
 Financial Statements

CAPITAL ASSETS AND DEBT ADMINISTRATION

Johnson Water District's total assets and liabilities are:

	2011	2010	2009
Total Capital Assets	\$1,111,111	\$1,000,000	\$900,000
Land and improvements	250,000	250,000	250,000
Water mains	200,000	200,000	200,000
Sanitary sewer mains	150,000	150,000	150,000
Electricity and equipment	100,000	100,000	100,000
Water system	200,000	200,000	200,000
Construction in progress	211,111	100,000	0
Total	\$1,111,111	\$1,000,000	\$900,000

The total administrative expenses for the year ending 2011 are \$100,000.

The year ending District 2011 financials are:

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	2011	2010	2009
Long term debt	\$1,000,000	\$1,000,000	\$1,000,000
2011 Taxable bonds	200,000	200,000	200,000
2011 Taxable bonds	200,000	200,000	200,000
2011 Revenue	200,000	200,000	200,000
Total	\$1,600,000	\$1,600,000	\$1,600,000

Additional information regarding the long-term debt is provided in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR BUDGETS AND FEES

As significant economic factors have changed, the 2012 budgets and fees have been revised. Budgets have been revised to reflect the current economic conditions.

REQUESTS FOR INFORMATION

This financial report is prepared by the District's Finance Department. If you have any questions or requests for information, please contact the District's Finance Department at (785) 833-3333.

Johnson Water District
STATEMENT OF NET POSITION - PROPRIETARY FUND
December 31, 2021

	2021	2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 3,171,789	3,553,414
Accounts receivable, net	121,026	34,712
Inventory	113,982	78,772
Total current assets	3,406,796	3,666,899
Non-current assets:		
Restricted cash and cash equivalents	2,659,249	395,945
Capital assets:		
Not being depreciated	830,604	382,253
Net of accumulated depreciation	7,167,057	7,418,326
Total non-current assets	10,656,910	8,196,523
Total assets	14,063,706	11,863,422
LIABILITIES:		
Current liabilities:		
Accounts payable	137,133	44,643
Customer deposits	96,843	92,743
Unearned revenue	891,150	-
Revenue bonds, current portion	94,000	94,000
Total current liabilities	1,219,126	231,386
Non-current liabilities:		
Revenue bonds, long-term	1,591,000	828,000
Total non-current liabilities	1,591,000	828,000
Total liabilities	2,810,126	1,059,386
NET POSITION:		
Net investment in capital assets	6,312,661	6,878,578
Restricted for:		
Debt service	47,000	47,000
Repair & replacement	100,933	98,500
Constructions	669,628	669,628
Unrestricted	4,123,358	3,110,329
Total net position	11,253,581	10,804,036
Total liabilities and net position	\$ 14,063,706	11,863,422

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

Johnson Water District
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
For the Year Ended December 31, 2021

	2021	2020
Operating income:		
Charges for sales and service	\$ 1,784,274	1,708,904
Connection fees	5,500	9,000
Other operating income	124,209	43,876
Total operating income	1,913,983	1,761,780
Operating expenses:		
Water purchase	651,292	592,001
Personnel services	280,331	277,462
Utilities	17,399	18,834
Repair & maintenance	73,166	90,334
Other supplies & expenses	92,392	103,494
Insurance expense	9,687	10,293
Depreciation expense	396,388	401,945
Total operating expense	1,520,656	1,494,364
Net operating income (loss)	393,327	267,417
Non-operating income (expense):		
Impact fees	7,500	17,500
Gain on sale of capital assets	33,000	-
Interest income	15,718	36,849
Grant revenue returned	-	-
Total non-operating income (expense)	56,218	54,349
Income (loss) before capital contributions	449,545	321,766
Capital contributions	-	-
Change in net position	449,545	321,766
Net position - beginning	10,804,036	10,482,270
Net position - ending	\$ 11,253,581	10,804,036

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

Johnson Water District
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	2021	2020
Cash flows from operating activities:		
Cash received from customers - service	\$ 1,827,670	\$ 1,768,698
Cash paid to suppliers	(786,657)	(797,615)
Cash paid to employees	(280,331)	(277,462)
Net cash provided (used) in operating activities	760,682	693,621
Cash flows from non-capital financing activities:		
Change in customer deposits	4,100	66,278
Net cash provided (used) in non-capital financing activities	4,100	66,278
Cash flows from capital and related financing activities:		
Cash from impact fees	7,500	17,500
Cash from grants	891,150	-
Cash from loan proceeds	857,000	-
Cash payments for capital assets	(560,471)	(125,371)
Cash payments for long-term debt	(94,000)	(94,000)
Net cash provided (used) in capital and related financing activities	1,101,179	(201,871)
Cash flows from investing activities:		
Cash received from interest earned	15,718	36,849
Net cash provided (used) in investing activities	15,718	36,849
Net increase (decrease) in cash	1,881,679	594,877
Cash balance, beginning	3,949,359	3,354,483
Cash balance, ending	\$ 5,831,038	\$ 3,949,359
Cash reported on the statement of net position:		
Cash and cash equivalents	\$ 3,171,789	\$ 3,553,414
Non-current restricted cash	2,659,249	395,945
Total cash and cash equivalents	\$ 5,831,038	\$ 3,949,359

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

Johnson Water District
STATEMENT OF CASH FLOWS (continued)
 For the Year Ended December 31, 2021

Reconciliation of Operating Income to Net Cash Provided (Used) in Operating Activities:

	2021	2020
Net operating income (expense)	\$ 393,327	\$ 267,417
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:		
Depreciation and amortization	396,388	401,945
Changes in assets and liabilities:		
(Increase) decrease in receivables	(86,314)	6,918
(Increase) decrease in inventory	(35,209)	20,001
Increase (decrease) in payables	92,490	(2,660)
Net cash provided (used) in operating activities	\$ 760,682	\$ 693,621

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

Johnson Water District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Johnson Water District (the District) is a special service district located in Duchesne County, Utah, organized for the purpose of providing culinary water service and sewer service to the residents of the District. The District operates under the direction of a seven-member Board of Trustees. All Trustees are elected by the residents of the District.

The District has no component units and is not a component unit of another entity.

1-B. Financial statements

The financial statements presented are those required of an enterprise fund and consist of the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows. The District is considered a special-purpose government engaged in business-type activities and records all of the transactions related to its activities in a single enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods and services (including depreciation), on a continuing basis, be financed or recovered primarily through user charges. No fiduciary funds or components that are fiduciary in nature are included.

1-C. Measurement focus, basis of accounting and financial statement presentation

Measurement focus is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. The operating statement of an enterprise fund focuses on changes in, or the flow of, *economic* resources. With this measurement focus, all assets and liabilities associated with the operation of the fund, both current and non-current, are included on the statement of net assets. Thus, net position (total assets and deferred out flows of resources less total liabilities and deferred inflows of resources) are used as a practical measure of economic resources.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. As a practical matter, a fund's basis of accounting is inseparably tied to its measurement focus. Funds that focus on total economic resources employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Under accrual accounting, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted 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.

Johnson Water District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1-D. Assets, Liabilities, and Net Position or Equity

1-D-1. Deposit 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 District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and the State Treasurer's Investment Fund.

Investments for the District are reported at fair value. The State Treasurer's Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the value of the pool shares.

1-D-2. Receivables and payables

Monthly reviews are made of all past due accounts. Shut-off notices are issued on past due active accounts and the District has lien capability on unpaid accounts. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated based upon accounts receivable that are past due.

1-D-3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out method. The inventory consists of pipes, fittings and pumps used in the operation of the District.

At various times, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

1-D-4. Restricted Assets

Certain proceeds of the District's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted net position on the statement of net position because their use is limited by applicable bond covenants.

1-D-5. Capital assets

All purchased capital assets, which include property, plant, and equipment, are carried at cost or estimated historical cost. Contributed capital assets are valued at estimated fair market value on the date received. Capital assets are defined as items with an initial individual cost of more than \$750 and an expected life of more than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Interest incurred during the construction phase of capital assets, if directly related to the construction, is included as part of the capitalized amount of the assets constructed. There was no interest capitalized during the current year.

Johnson Water District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1-D. Assets, Liabilities, and Net Position or Equity (continued)

1-D-5. Capital assets (continued)

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Water system	40-50
Buildings	15-40
Equipment	5-8

1-D-6. Compensated absences

The District's policy regarding vacation leave and sick leave is such that no liability for compensated absences carries over from one year to the next. Thus, no liability for compensated absences exists at year end.

1-D-7. Long-term obligations

Long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

1-D-8. Equity

The difference between total assets and total liabilities represents equity or net position. Net position presented in the statement of net position is subdivided into three categories: net position invested in capital assets; restrict net position; and unrestricted net position.

Johnson Water District
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. 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 additions and requirements for long-term debt service principal payments, as well as the plan for financing these items.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of December 31, 2021 consist of the following:

	Fair Value
Cash on hand	\$ 114
Demand deposits - checking	43,173
Savings	244
Investments - PTIF	5,787,507
Total cash	\$ 5,831,038

Cash equivalents and investments listed above are classified in the accompanying statement of net position as follows:

Cash and cash equivalents (current)	\$ 3,171,789
Restricted cash and cash equivalents (non-current)	2,659,249
Total cash and cash equivalents	\$ 5,831,038

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that District funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7.

UMMA 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. UMMA 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.

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.

Johnson Water District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3-A. Deposits and investments (continued)

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.

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. At December 31, 2021, the District had \$5,787,508 invested in the PTIF, which uses a Level 2 fair value measurement.

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.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the District are available immediately except for the long-term certificates of deposit.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the District's demand and savings deposits are insured.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

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. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

Johnson Water District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3-B. Receivables

The allowance policy is described in Note 1-D-2. Receivables as of year-end for the District's funds are shown below:

Customers, current	\$ 126,289
Less allowance for uncollectibles	<u>(5,263)</u>
Net accounts receivable	<u>\$ 121,026</u>

3-C. Capital assets

A summary of capital asset activity is listed below:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	\$ 46,914	-	-	46,914
Water rights/stock	280,000	-	-	280,000
Construction in progress	55,338	448,351	-	503,690
Total capital assets, not being depreciated	<u>382,253</u>	<u>448,351</u>	<u>-</u>	<u>830,604</u>
Capital assets, being depreciated:				
Water system	13,280,702	-	-	13,280,702
Buildings and structures	657,037	-	-	657,037
Machinery and equipment	308,440	145,120	66,300	387,260
Total capital assets, being depreciated	<u>14,246,179</u>	<u>145,120</u>	<u>66,300</u>	<u>14,324,999</u>
Less accumulated depreciation for:				
Water system	6,425,645	331,502	-	6,757,148
Buildings and structures	144,118	34,070	-	178,188
Machinery and equipment	258,090	30,816	66,300	222,606
Total accumulated depreciation	<u>6,827,853</u>	<u>396,388</u>	<u>66,300</u>	<u>7,157,942</u>
Total capital assets being depreciated, net	<u>7,418,326</u>	<u>(251,268)</u>	<u>-</u>	<u>7,167,057</u>
Business-type activities capital assets, net	<u>\$ 7,800,578</u>	<u>197,083</u>	<u>-</u>	<u>7,997,661</u>

Johnson Water District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3-D. Long-term liabilities

	Original Principal	% Rate	12/31/2020	Additions	Reductions	12/31/2021	Due Within One Year
Business-type activities:							
BOWR 2004							
Matures 6/30/2025	\$ 1,339,000	-	335,000	-	67,000	268,000	67,000
2014 Taxable Water Revenue Bond							
Matures 7/1/2040	378,000	-	303,000	-	15,000	288,000	15,000
2013 Taxable Water Revenue Bond							
Matures 7/1/2043	368,000	-	284,000	-	12,000	272,000	12,000
2021 Revenue Bond							
Matures 2/1/2052	857,000	1%	-	857,000	-	857,000	-
Total business-type activity			922,000	857,000	94,000	1,685,000	94,000
long-term liabilities			922,000	857,000	94,000	1,685,000	94,000

All bonds are revenue bonds secured by the revenues of the water and/or sewer system. Some bonds require 125% debt service coverage. In the event of late payment, the bond's interest rate will increase to 18%. Bonds were issued to finance the construction of the water and sewer systems. Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
2022	\$ 94,000	-	94,000
2023	119,000	8,570	127,570
2024	119,000	8,320	127,320
2025	119,000	8,070	127,070
2026	52,000	7,820	59,820
2027 - 2031	266,000	35,250	301,250
2032 - 2036	272,000	28,590	300,590
2037 - 2041	267,000	21,590	288,590
2042 - 2047	184,000	14,240	198,240
2047 - 2051	160,000	6,490	166,490
2052	33,000	330	33,330
Total	\$ 1,685,000	139,270	1,824,270

Johnson Water District
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To cover these liabilities, the District has contracted with commercial insurance companies. There have been no significant reductions in insurance coverage compared to the previous year. The District pays an annual premium for this coverage.

4-B. Employee pension and other benefit plans

The District does not participate in any employee pension or benefit plans.

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

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

Board of Directors

Florida Water Treatment District No. 1

We have audited the financial statements with the accompanying notes of Florida Water Treatment District No. 1, a Florida not-for-profit corporation, as of and for the year ended June 30, 2022, and the financial statements with the accompanying notes for the period from July 1, 2021, to June 30, 2022, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits of entities that present financial statements in accordance with the accounting principles generally accepted in the United States of America as prescribed by the Comptroller General of the United States. We also performed tests of the internal control over financial reporting of Florida Water Treatment District No. 1, as of and for the year ended June 30, 2022, and the internal control over financial reporting for the period from July 1, 2021, to June 30, 2022, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits of entities that present financial statements in accordance with the accounting principles generally accepted in the United States of America as prescribed by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing the audit of the financial statements, we considered Florida Water Treatment District No. 1's internal control over financial reporting as a means for assessing the risk of material misstatement in the financial statements. We did not identify any deficiencies in internal control that would result in a material misstatement of the financial statements. However, we did identify a deficiency in the effectiveness of the internal control over financial reporting that we consider to be a deficiency in the effectiveness of the district's internal control.

Other Reports

A deficiency is a weakness in the design or operation of internal control that could result in a material misstatement of the financial statements if not detected or corrected. A deficiency is considered a control deficiency if it is a deficiency in the design or operation of internal control that could result in a material misstatement of the financial statements. A deficiency is considered a control deficiency if it is a deficiency in the design or operation of internal control that could result in a material misstatement of the financial statements. A deficiency is considered a control deficiency if it is a deficiency in the design or operation of internal control that could result in a material misstatement of the financial statements.

We consider a deficiency in internal control to be a deficiency in internal control if it is a deficiency in the design or operation of internal control that could result in a material misstatement of the financial statements. We consider a deficiency in internal control to be a deficiency in internal control if it is a deficiency in the design or operation of internal control that could result in a material misstatement of the financial statements. We consider a deficiency in internal control to be a deficiency in internal control if it is a deficiency in the design or operation of internal control that could result in a material misstatement of the financial statements.

Compliance

In our audit, we did not identify any instances in which Florida Water Treatment District No. 1 did not comply with the provisions of the Florida Water Treatment District No. 1's financial statements. We did not identify any instances in which Florida Water Treatment District No. 1 did not comply with the provisions of the Florida Water Treatment District No. 1's financial statements. We did not identify any instances in which Florida Water Treatment District No. 1 did not comply with the provisions of the Florida Water Treatment District No. 1's financial statements.

Scope of the Report

The purpose of this report is to report on the scope of our testing of internal control over financial reporting and the results of our testing. It is not intended to provide an opinion on the effectiveness of Florida Water Treatment District No. 1's internal control over financial reporting. This report is an integral part of an audit performed in accordance with the standards for financial audits of entities that present financial statements in accordance with the accounting principles generally accepted in the United States of America as prescribed by the Comptroller General of the United States.

Aycock, Miles & Associates, CPAs

Chartered Public Accountants

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

Certified Public Accountants

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

Board of Directors

Johnson Water Improvement District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity of the Johnson Water Improvement District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Johnson Water Improvement District's basic financial statements, and have issued our report thereon dated June 7, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Johnson Water Improvement District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 Johnson Water Improvement District's financial statements are free from 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
June 7, 2022

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

Certified Public Accountants

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Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Audit Compliance Requirements

Board of Directors
Johnson Water Improvement District

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

State compliance requirements were tested for the year ended December 31, 2021 in the following areas: budgetary compliance, fund balance, fraud risk assessment, cash management, and public treasurer's bond.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Compliance

In our opinion, Johnson Water Improvement District complied, in all material respects, with the state compliance requirements referred to for the year ended December 31, 2021.

Other Matters

The results of our auditing procedures did not disclose any instances of noncompliance which are required to be reported in accordance with the State Compliance Audit Guide.

Report On Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with those 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 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 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

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combination of deficiencies, in internal control over compliance 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.

Report Distribution

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

Aycock, Miles & Associates, CPAs

Roosevelt, Utah

June 7, 2022