

# WOLF CREEK WATER AND SEWER IMPROVEMENT DISTRICT

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2023

As the Board of the Wolf Creek Water and Sewer Improvement District, we offer readers of the Wolf Creek Water and Sewer Improvement District financial statements this narrative overview for the years ended December 31, 2021, and 2023. As the Board, we encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

### Overview of the Financial Statements

**The Statement of Net Position** provides information regarding all assets of the District, such as cash, accounts receivable, prepaid items, and capital assets as well as the liabilities of the District, such as accounts payable and long-term debt. The difference between the assets and liabilities is reported as net position.

**The Statement of Revenue, Expenses, and Changes in Net Position** shows all revenue received during the year broken down by charges for service, connection fees, property taxes, interest, and other miscellaneous revenue. The expenses are summarized by administration, general operations and maintenance, insurance professional fees, interest, and depreciation. This statement also shows the net position at the beginning of the year and the end of the year.

**The Statement of Cash Flows** summarizes the flow of cash from operating activities, investment activities as well as capital and related financing activities, and provides a reconciliation of operating income to the net cast provided by the operating activity.

**Notes to the Financial Statements** provided additional disclosures required by government accounting standards and provide information to assist the reader in understanding the District's financial condition.

**Management's Discussion & Analysis** is intended to explain the significant changes in financial position and differences in operation between the current and prior year.

**Other Information** includes an independent auditor's legal compliance report and the report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards.

### Condensed Financial Information

#### Statement of Net Position

Total net position \$6,992,030 on December 31, 2021, and \$8,834,970 on December 31, 2022, and \$10,809,770 on December 31, 2023. Capital assets, net of depreciation \$10,825,756 on December 31, 2021, and \$11,782,011 on December 31, 2022, and \$11,845,967 on December 31, 2023. Total liabilities were \$6,798,139 on December 31, 2021, and \$6,197,801 on December 2022 and \$5,542,739 on December 31, 2023.

#### **Condensed Statement of Net Position**

<u>Assets</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Current Assets	2,880,253	3,165,613	5,843,513
Other Assets	84,160	85,147	88,029
Capital Assets	<u>10,825,756</u>	<u>11,782,011</u>	<u>11,845,967</u>
Total Assets	<u>13,790,169</u>	<u>15,032,771</u>	<u>17,777,509</u>
<u>Liabilities</u>			
Current Liabilities	649,851	683,589	662,603
Long-Term Liabilities	<u>6,148,288</u>	<u>5,514,212</u>	<u>4,880,136</u>
Total Liabilities	<u>6,798,139</u>	<u>6,197,801</u>	<u>5,542,739</u>
<u>Net Position</u>			
Net Investment in Capital Assets	4,058,476	5,633,723	6,331,755
Restricted	0	0	0
Unrestricted	<u>2,933,554</u>	<u>3,201,247</u>	<u>4,478,015</u>
Total Net Position	<u>6,992,030</u>	<u>8,834,970</u>	<u>10,809,770</u>

## **Statement of Revenues**

Total revenues decreased \$433,338 from 2022 to 2023 due to fewer connection and impact fees being paid.

<u>Revenue</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Net Change 2022-2023</u>
Charges for Service	2,316,167	3,303,948	2,870,610	-433,338
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>2,316,167</u>	<u>3,303,948</u>	<u>2,870,610</u>	<u>-433,338</u>

## **Statement of Expenses**

Total expenses for 2023 increased mainly due to repair costs in the Sewer System and Irrigation System Repair & Maintenance, Professional Fees and Legal Fees.

### **Condensed Statement of Expenses**

<u>Expenses</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Administration	421,927	466,238	471,895
Drinking Water System Operations	263,579	330,888	256,510
Sewer System Operations	209,702	197,159	330,650
Irrigation System Operations	151,806	86,650	172,623
Water Purchases	0	0	0
Depreciation	272,533	266,864	522,194
Professional Fees	17,935	39,289	28,071
Bad Debt	0	0	0
Grant Income			(750,000)
Interest	<u>-128,566</u>	<u>-73,920</u>	<u>136,133</u>
Total Expenses	<u>1,208,916</u>	<u>1,313,168</u>	<u>895,810</u>

## **Statement of Changes in Net Position**

### **Condensed Statement of Changes in Net Position**

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues	2,316,167	3,303,948	2,870,610
Expenses	<u>(1,208,916)</u>	<u>(1,313,168)</u>	<u>895,810</u>
Change in net position	850,119	1,842,940	1,974,800
Net Position – Beginning of Year	<u>6,141,911</u>	<u>6,992,030</u>	<u>8,834,970</u>
Net Position – End of Year	<u>6,992,030</u>	<u>8,834,970</u>	<u>10,809,770</u>

## **Overall Financial Position**

Total Water and Sewer Improvement District net position increased by \$1,974,800 primarily due to lower interest payments made on the 2016 and 2019 Bond, Grants received from ARPA funds, and high interest paid on revenue accounts in the PTIF.

## **Financial Contact**

The District's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, please call the District at 801-745-3435, 2850 N. Highway 162, Suite #A, Eden, Utah, 84310.