

FINANCIAL STATEMENTS

For the year ended June 30, 2021
Together with independent Auditor's Report

Prepared By:

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FINANCIAL SECTION



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
South Weber City
South Weber City, Utah

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules relating to the City's pension obligations as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and the budgetary comparison schedule as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 3, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City'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 the City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

January 3, 2022
Salt Lake City, Utah

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

The management team of South Weber City (the City) presents this narrative information on the City's financial statements. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2021. As management of the City, we encourage readers to consider information contained in this discussion.

FINANCIAL HIGHLIGHTS

The assets of South Weber City exceeded its liabilities at the end of the current fiscal year by \$41,307,588 (net position). Of this amount, \$10,392,798 (unrestricted position) is available to meet ongoing obligations of citizens and creditors. Net position increased by \$4,217,588 from the prior year.

The City's Governmental activities reported a combined ending net position of \$20,135,670. Of that amount, \$3,547,139 is available for spending at the discretion of the City (unrestricted and undesignated fund balance).

The unassigned fund balance of the general fund at June 30, 2021, totaled \$580,788 and is 18.3% of the general fund total revenues for the year.

During the year, several projects were completed by the City. In addition, several developments were completed as well, upon which the related infrastructure was contributed to the City. Capital assets were added in the water, sewer, and storm sewer funds, as well as the general fixed assets of the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to South Weber City's basic financial statements: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains information in addition to the basic financial statements that will help the reader gain a more in-depth understanding of the City.

Government-wide financial statements give readers a broad overview of the entire City's financial position, and changes in financial position, similar to consolidated financial statements in a private sector business. These statements consist of the statement of net position and the statement of activities.

The statement of net position shows South Weber City's assets, liabilities and deferred outflows and inflows of resources, with the difference shown as net position. Increases or decreases over time in net position gives an indicator as to whether the financial condition of South Weber City is improving or declining.

The statement of activities shows the changes to net position that occurred during the most recent fiscal year. These changes are recorded on an accrual basis when the underlying event that causes the change occurs, regardless of when the cash transaction takes place.

Both of the government-wide financial statements distinguish between activities that are largely supported by taxes and intergovernmental revenue and those whose operations are entirely or largely financed by user charges and fees. The governmental activities for South Weber City include general government, streets, parks, recreation, and other departments. The business-type activities include water, garbage, storm sewer, and sewer operations.

The government-wide financial statements include only the financial statements of South Weber City. The City does not have any component units. The government-wide financial statements are found immediately following this discussion and analysis.

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2021**

Fund financial statements are a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. South Weber City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the City's funds can be categorized into one of two categories: governmental funds and proprietary funds.

Governmental funds account for essentially the same activities as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources available to the government at the end of the fiscal year. This information can be useful in evaluating the government's short-term financing requirements.

Comparing similar information presented in the government-wide statements for the governmental activities with that presented in governmental funds statements can provide useful information because of the different focus of the two approaches. With the long-term focus of the government-wide statements, a reader may be able to better understand the long-term effects of the near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balance show reconciliation between the governmental funds' statements to the governmental activities in the government-wide statements to aid in the comparison.

South Weber City uses three major government funds, which are the general fund, special revenue recreation fund, and capital projects fund. The information on these funds is shown separately. The City has six nonmajor funds which are the park impact special revenue, road impact special revenue, recreation impact special revenue, public safety impact special revenue, and transportation utility fee special revenue fund. The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Within the proprietary funds are the enterprise funds. The enterprise funds report the same functions as the business-type activities in the government-wide financial statements. The enterprise funds maintained by South Weber City are the water, sewer, garbage, and storm sewer utility.

Proprietary funds present the same information as in the government-wide statements, but in more detail. All of the proprietary funds are considered to be major funds of South Weber City.

Notes to the financial statements contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

OTHER INFORMATION

Other information is contained in this report immediately following the notes to the financial statements and required supplementary information as listed in the table of contents.

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Comparative Summary of Net Position						Total % Change From Prior Year
	Governmental Activities		Business-type Activities		Total Activities		
	2021	2020	2021	2020	2021	2020	
Current and other assets	\$ 7,053,677	\$ 6,422,567	\$ 7,977,897	\$ 7,991,852	\$ 15,031,574	\$ 14,414,419	4.3%
Capital assets	15,901,278	14,706,154	16,258,995	15,795,044	32,160,273	30,501,198	5.4%
Total assets	22,954,955	21,128,721	24,236,892	23,786,896	47,191,847	44,915,617	5.1%
Total deferred outflows of resources	106,116	99,271	93,744	96,799	199,860	196,070	1.9%
Long-term liabilities outstanding	672,016	857,206	2,765,795	2,915,260	3,437,811	3,772,466	-8.9%
Other liabilities	1,042,488	1,225,359	350,900	401,606	1,393,388	1,626,965	-14.4%
Total liabilities	1,714,504	2,082,565	3,116,695	3,316,866	4,831,199	5,399,431	-10.5%
Total deferred inflows of resources	1,210,897	1,506,495	42,023	1,115,761	1,252,920	2,622,256	-52.2%
Net position:							
Net investment in capital assets	15,336,541	14,054,461	13,517,998	12,936,492	28,854,539	26,990,953	6.9%
Restricted	1,251,990	956,696	808,261	595,357	2,060,251	1,552,053	32.7%
Unrestricted	3,547,139	2,627,775	6,845,659	5,919,219	10,392,798	8,546,994	21.6%
Total net position	\$ 20,135,670	\$ 17,638,932	\$ 21,171,918	\$ 19,451,068	\$ 41,307,588	\$ 37,090,000	11.4%

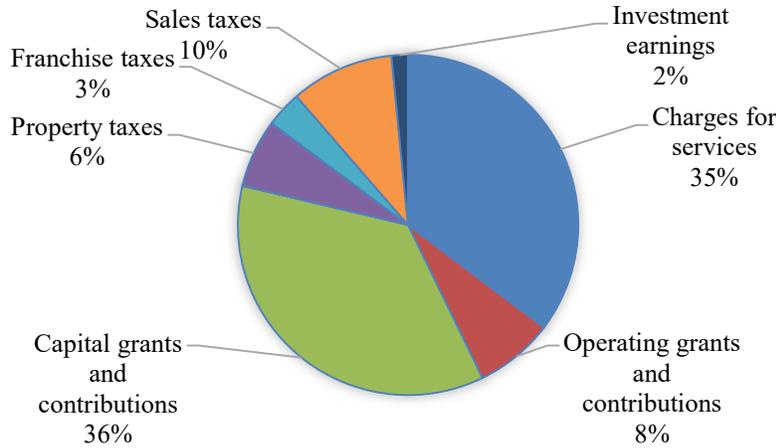
By far the largest component of South Weber City's net position, 78%, is its investment in capital assets. This figure represents the City's investment in land and improvements, buildings, machinery and equipment, roads, streetlights, and bridges, less any related outstanding debt that was used to acquire these assets. South Weber City uses these capital assets to provide services to citizens who live, work, pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.

An additional part of net position, 5%, is assets that are subject to external restrictions on how they may be expended. The remaining 17% of net position can be used to meet the City's ongoing obligations to its creditors and to citizens.

	Comparative Changes in Net Position						Total % Change From Prior Year
	Governmental Activities		Business-type Activities		Total Activities		
	2021	2020	2021	2020	2021	2020	
Revenues:							
Program revenues:							
Charges for services	\$ 1,169,641	\$ 1,211,753	\$ 5,850,664	\$ 3,145,447	\$ 7,020,305	\$ 4,357,200	61.1%
Operating grants and contributions	632,854	925,410	-	-	632,854	925,410	-31.6%
Capital grants and contributions	1,234,609	2,437,252	985,195	1,991,300	2,219,804	4,428,552	-49.9%
General revenues:							
Property taxes	833,253	801,314	-	-	833,253	801,314	4.0%
Franchise taxes	417,267	422,985	-	-	417,267	422,985	-1.4%
Sales taxes	1,463,432	1,211,491	-	-	1,463,432	1,211,491	20.8%
Other revenue	-	-	-	-	-	-	0.0%
Gain on sale of assets	-	-	-	18,050	-	18,050	0.0%
Investment earnings	20,266	64,536	34,381	128,190	54,647	192,726	-71.6%
Total revenues	\$ 5,771,322	\$ 7,074,741	\$ 6,870,240	\$ 5,282,987	\$ 12,641,562	\$ 12,357,728	2.3%

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2021**

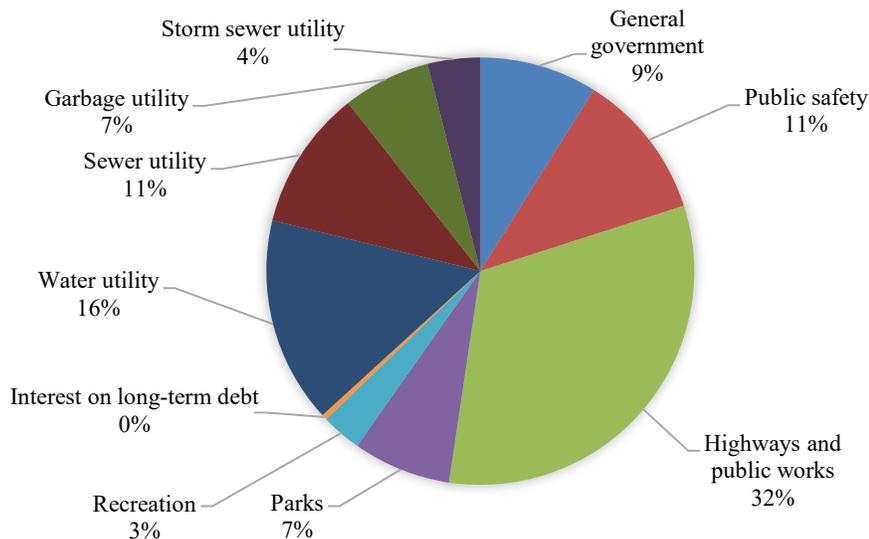
GOVERNMENT TOTAL REVENUES



Comparative Changes in Net Position (Continued)

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2021	2020	2021	2020	2021	2020	
Expenses:							
General government	\$ 699,154	\$ 621,670	\$ -	\$ -	\$ 699,154	\$ 621,670	12.5%
Public safety	1,003,077	778,017	-	-	1,003,077	778,017	28.9%
Highways and public works	916,048	2,251,759	-	-	916,048	2,251,759	-59.3%
Parks	402,287	518,077	-	-	402,287	518,077	-22.3%
Recreation	228,401	212,763	-	-	228,401	212,763	7.3%
Interest on long-term debt	25,617	28,205	-	-	25,617	28,205	-9.2%
Water services	-	-	3,576,824	1,087,951	3,576,824	1,087,951	228.8%
Sewer services	-	-	837,567	740,054	837,567	740,054	13.2%
Garbage services	-	-	417,447	461,688	417,447	461,688	-9.6%
Storm sewer services	-	-	317,552	276,358	317,552	276,358	14.9%
Total expenses	3,274,584	4,410,491	5,149,390	2,566,051	8,423,974	6,976,542	20.7%
Change in net position before transfers	2,496,738	2,664,250	1,720,850	2,716,936	4,217,588	5,381,186	27.6%
Change in net position	2,496,738	2,664,250	1,720,850	2,716,936	4,217,588	5,381,186	-21.6%
Net position - beginning	17,638,932	14,974,682	19,451,068	16,734,132	37,090,000	31,708,814	17.0%
Net position - end of year	<u>\$ 20,135,670</u>	<u>\$ 17,638,932</u>	<u>\$ 21,171,918</u>	<u>\$ 19,451,068</u>	<u>\$ 41,307,588</u>	<u>\$ 37,090,000</u>	<u>11.4%</u>

GOVERNMENT TOTAL EXPENDITURES/EXPENSES



**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2021**

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Governmental activities net position increased by \$2,496,738 for the year ended June 30, 2021. The major reason for the increase resulted from assets contributed to the City from developers, CARES Act funding, and increases in charges for services.

Business-type activities contributed an increase of \$1,720,850 in net position. The most significant reason for this increase in business-type activities is contributed assets from developers, and charges from services for water, sewer, and garbage utilities.

The City received \$54,647 in investment earnings and \$493,160 in impact fees during the year between governmental and business-type activities.

FINANCIAL ANALYSIS OF SOUTH WEBER CITY'S FUNDS

South Weber City's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources. The unrestricted portion of this total fund balance is a measure of the available spendable resources on June 30, 2021.

For the period ended June 30, 2021, the City's governmental funds reported combined fund balances in the amount of \$4,949,724. Of the total balance at year-end, \$580,788 is unassigned. The governmental funds also have portions of the fund balance restricted, committed and assigned for various reasons, i.e., class "C" road and impact fee funds.

The special revenue recreation fund has a fund balance of \$475,612 an increase of \$73,561 from the prior year mainly due to programs being reinstated that were cancelled because of COVID-19 restrictions in 2020. The capital projects fund has a fund balance of \$2,147,728, an increase of \$700,483 from the prior year, due to projects being postponed to fiscal year 2022.

The General Fund is the main operating fund for South Weber City. On June 30, 2021, the general fund's unassigned fund balance was \$580,788. Total fund balance of the general fund for South Weber City decreased by \$58,071. A useful measure of liquidity is to compare the unrestricted fund balance and the total fund balance to expenditures (including operating transfers out) for the year. Unassigned fund balance for general fund was 19% of total expenditures.

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the City's major proprietary funds totaled \$6,845,659. Discussions about the finances of these funds are addressed in the City's business-type activities.

BUDGETARY HIGHLIGHTS

The general fund was amended to recognize CARES Act revenue received from the State related to COVID 19. Overall, the general fund was under budgeted expenditures by \$214,841.

The special revenue recreation fund budget was not amended during the year, and actual expenditures were less than budgeted expenditures by \$31,672. The COVID-19 pandemic caused the cancellation of some recreation programs.

The capital projects fund budget was increased for additional planned projects, but ultimately the projects did not occur. Most significant was the Canyon Meadows Park West Project which did not commence until July 2021. This resulted in the actual expenditures in this fund to be \$1,532,755 less than the budgeted amounts.

The remaining special revenue funds budgeted expenditures did not see any significant increases besides transfers out to the general and capital projects funds as reimbursement of impact fee qualifying expenses in those funds.

The City had a joint project with the Department of Labor for the replacement of the water line at the Job Corp facility (DOL portion) and the East Bench Transmission line (city portion). The Job Corp project was completed in this fiscal

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2021**

year and the city portion will be done in the 2022 fiscal year. This is reflected in the Water Fund. The Department of Labor paid the city to engineer, manage, and construct the Job Corp water line. The Water Fund balance and capital assets do not reflect an increase from the project as the infrastructure is owned by Job Corp. The Water Fund budget shows a onetime increase of \$2.2 million associated with the project.

CAPITAL ASSET AND DEBT ADMINISTRATION

South Weber City's investment in capital assets for its governmental and business type activities has a combined total of \$32,160,273 (net of \$15,904,041 accumulated depreciation) at June 30, 2021. Types of assets included in this category are land, buildings, improvements, vehicles, machinery, equipment, roads (including curb and gutter), streetlights, traffic signals, water, waste water, and sewer. The City's investment in net capital assets equals 68% of total assets.

Major capital asset activities are included in the following table:

Comparative Summary of Capital Assets							
	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2021	2020	2021	2020	2021	2020	
Land and water rights	\$ 5,248,567	\$ 4,154,044	\$ -	\$ -	\$ 5,248,567	\$ 4,154,044	26.3%
Buildings	3,075,860	3,075,860	298,262	298,262	3,374,122	3,374,122	0.0%
Improvements other than buildings	15,301,618	14,585,552	22,049,303	20,735,422	37,350,921	35,320,974	5.7%
Vehicles	1,402,051	1,352,753	22,250	22,250	1,424,301	1,375,003	3.6%
Machinery and equipment	310,238	217,408	356,165	218,705	666,403	436,113	52.8%
Construction in process	-	-	-	384,131	-	384,131	100.0%
Less: Accumulated Depreciation	(9,437,056)	(8,679,463)	(6,466,985)	(5,863,726)	(15,904,041)	(14,543,189)	9.4%
Net Book Value	\$ 15,901,278	\$ 14,706,154	\$ 16,258,995	\$ 15,795,044	\$ 32,160,273	\$ 30,501,198	5.4%

On June 30, 2021 South Weber City's total debt amounted to \$3,329,997 of which \$2,740,997 was incurred by the City's business-type activities and the remaining \$589,000 was incurred by the City's governmental units. The City's debt consists of revenue bonds and is secured by specific revenue sources (i.e., sales taxes and water).

Additional information on South Weber City's capital assets and debt can be found in Notes 4 and 6 in the notes to the City's basic financial statements.

Comparative of Debt Outstanding							
	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2021	2020	2021	2020	2021	2020	
Debt Outstanding							
Revenue Bonds	\$ 589,000	\$ 680,000	\$ 2,740,997	\$ 2,858,552	\$ 3,329,997	\$ 3,538,552	-5.9%
Total debt outstanding	\$ 589,000	\$ 680,000	\$ 2,740,997	\$ 2,858,552	\$ 3,329,997	\$ 3,538,552	-5.9%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of October 2021, the state unemployment rate was 2.2%, a decrease from 4.1% the previous year. Currently, South Weber City is experiencing moderate economic growth and has not been seriously impacted financially by the pandemic. Sales tax has remained strong during the pandemic as South Weber has benefited from the shift from brick-and-mortar sales to on-line sales. The City is expecting some additional subdivisions that could bring more property taxes into the City in future years since the land was previously farm property subject to the greenbelt provisions. In August 2019, the City held a Truth-in-Taxation hearing. Following the hearing the City Council approved a 99% increase in the property tax rate. South Weber City had not increased its property tax rate in over 40 years. The rates and fees for most services remained constant for fiscal year 2021 compared with fiscal year 2020.

REQUEST FOR INFORMATION

This financial report is designed to give its readers a general overview of the South Weber City's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to South Weber City, 1600 East South Weber Drive, South Weber City, Utah 84405.

BASIC FINANCIAL STATEMENTS

SOUTH WEBER CITY
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 3,595,517	\$ 5,654,671	\$ 9,250,188
Receivables:			
Property, franchise, and excise taxes	1,508,431	-	1,508,431
Accounts receivable	39,534	300,344	339,878
Other	-	998,288	998,288
Prepaid expenses	4,079	174,118	178,197
Restricted:			
Cash and cash equivalents	1,833,315	850,476	2,683,791
Receivables - Class "C" road funds	72,801	-	72,801
Capital assets not being depreciated:			
Land and water rights	5,248,567	-	5,248,567
Capital assets, net of accumulated depreciation:			
Buildings	1,827,289	164,042	1,991,331
Improvements other than buildings	7,901,923	15,849,451	23,751,374
Machinery and equipment	781,104	243,745	1,024,849
Vehicles	142,395	1,757	144,152
Total Assets	<u>22,954,955</u>	<u>24,236,892</u>	<u>47,191,847</u>
Deferred Outflows of Resources			
Deferred loss on refunding	24,263	69,295	93,558
Deferred outflows relating to pensions	81,853	24,449	106,302
Total Deferred Outflows of Resources	<u>106,116</u>	<u>93,744</u>	<u>199,860</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 23,061,071</u>	<u>\$ 24,330,636</u>	<u>\$ 47,391,707</u>

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

SOUTH WEBER CITY
STATEMENT OF NET POSITION (Continued)
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities:			
Accounts payable	\$ 307,465	\$ 292,163	\$ 599,628
Accrued liabilities	72,150	7,039	79,189
Accrued interest	8,747	9,483	18,230
Unearned revenue	587,378	41,495	628,873
Restricted liabilities:			
Developer and customer deposits	66,748	720	67,468
Noncurrent liabilities:			
Due within one year	132,933	111,332	244,265
Due in more than one year	519,289	2,648,550	3,167,839
Net pension liability	19,794	5,913	25,707
Total Liabilities	<u>1,714,504</u>	<u>3,116,695</u>	<u>4,831,199</u>
Deferred Inflows of Resources			
Deferred revenue - property taxes	933,000	-	933,000
Deferred revenue - construction receivables	137,213	-	137,213
Deferred inflows relating to pensions	140,684	42,023	182,707
Total Deferred Inflows of Resources	<u>1,210,897</u>	<u>42,023</u>	<u>1,252,920</u>
Net Position			
Net investment in capital assets	15,336,541	13,517,998	28,854,539
Restricted for:			
Impact fees	782,133	808,261	1,590,394
Roads	469,857	-	469,857
Unrestricted	3,547,139	6,845,659	10,392,798
Total Net Position	<u>20,135,670</u>	<u>21,171,918</u>	<u>41,307,588</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 23,061,071</u>	<u>\$ 24,330,636</u>	<u>\$ 47,391,707</u>

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

**SOUTH WEBER CITY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Government Activities							
General government	\$ 699,154	\$ 467,046	\$ -	\$ 489,151	\$ 257,043	\$ -	\$ 257,043
Public safety	1,003,077	52,978	240,598	286,666	(422,835)	-	(422,835)
Highways and public works	916,048	430,315	392,256	250,762	157,285	-	157,285
Parks	402,287	1,370	-	148,816	(252,101)	-	(252,101)
Recreation	228,401	217,932	-	59,214	48,745	-	48,745
Interest on long-term debt	25,617	-	-	-	(25,617)	-	(25,617)
Total Governmental Activities	3,274,584	1,169,641	632,854	1,234,609	(237,480)	-	(237,480)
Business-type Activities							
Water utility	3,576,824	4,137,318	-	204,970	-	765,464	765,464
Sewer utility	837,567	1,013,691	-	252,508	-	428,632	428,632
Garbage utility	417,447	500,257	-	-	-	82,810	82,810
Storm sewer utility	317,552	199,398	-	527,717	-	409,563	409,563
Total Business-type Activities	5,149,390	5,850,664	-	985,195	-	1,686,469	1,686,469
Total Government	\$ 8,423,974	\$ 7,020,305	\$ 632,854	\$ 2,219,804	(237,480)	1,686,469	1,448,989
General Revenues:							
					833,253	-	833,253
					417,267	-	417,267
					1,463,432	-	1,463,432
					20,266	34,381	54,647
					-	-	-
					Transfers		
					2,734,218	34,381	2,768,599
					Total General Revenues and Transfers		
					2,496,738	1,720,850	4,217,588
					Changes in Net Position		
					17,638,932	19,451,068	37,090,000
					Net Position, Beginning		
					\$ 20,135,670	\$ 21,171,918	\$ 41,307,588
					Net Position, Ending		

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

SOUTH WEBER CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General	Special Revenue Recreation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
Assets					
Cash and cash equivalents	\$ 321,277	\$ 481,218	\$ 2,163,989	\$ 629,033	\$ 3,595,517
Accounts receivable	-	-	-	39,534	39,534
Property, franchise, and excise tax receivable	1,298,676	-	-	-	1,298,676
Receivables, other	48,838	-	137,213	23,704	209,755
Prepays	4,079	-	-	-	4,079
Restricted assets:					
Cash and cash equivalents	983,212	-	67,970	782,133	1,833,315
Receivables - Class "C" road monies	72,801	-	-	-	72,801
Total Assets	\$ 2,728,883	\$ 481,218	\$ 2,369,172	\$ 1,474,404	\$ 7,053,677
Liabilities					
Accounts payable	\$ 87,020	\$ 1,439	\$ 16,261	\$ 202,744	\$ 307,464
Accrued liabilities	67,983	4,167	-	-	72,150
Unearned revenue	519,408	-	67,970	-	587,378
Restricted liabilities:					
Developer and customer deposits	66,748	-	-	-	66,748
Total Liabilities	741,159	5,606	84,231	202,744	1,033,740
Deferred Inflows of Resources					
Unavailable revenue - construction receivables	-	-	137,213	-	137,213
Unavailable revenue - property taxes	933,000	-	-	-	933,000
Total Deferred Inflows of Resources	933,000	-	137,213	-	1,070,213
Fund Balances					
Nonspendable					
Prepays	4,079	-	-	-	4,079
Restricted					
Class "C" roads	469,857	-	-	-	469,857
Impact fees	-	-	-	782,133	782,133
Assigned					
Capital projects	-	475,612	2,147,728	489,527	3,112,867
Unassigned	580,788	-	-	-	580,788
Total Fund Balances	1,054,724	475,612	2,147,728	1,271,660	4,949,724
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,728,883	\$ 481,218	\$ 2,369,172	\$ 1,474,404	\$ 7,053,677

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

SOUTH WEBER CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2021

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

Total fund balance - governmental funds	\$	4,949,724
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		15,901,278
Deferred outflows of resources relating to refunding are not financial resources and, therefore, are not reported in the funds.		24,263
Long-term liabilities, including bond payable, and compensated absences are not due and payable in the current period and therefore are not recorded in the funds.		(652,222)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.		(8,748)
Pension assets and liabilities along with the corresponding deferred inflows and outflows are not collectable or payable in the current period and therefore are not recorded in the funds.		(78,625)
Net position - governmental activities	\$	<u>20,135,670</u>

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

SOUTH WEBER CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General	Special Revenue Recreation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
Revenues					
General property taxes	\$ 833,253	\$ -	\$ -	\$ -	\$ 833,253
Sales, use, and excise taxes	838,624	-	500,001	124,807	1,463,432
Franchise taxes	417,267	-	-	-	417,267
Impact fees	-	-	-	469,080	469,080
Licenses	325,653	-	-	-	325,653
Fines	100,504	-	-	-	100,504
Charges for services	144,118	217,932	-	430,315	792,365
Interest income	5,406	2,088	6,907	5,867	20,268
Intergovernmental	476,626	-	276,378	80,000	833,004
Contributions	-	-	489,151	76,228	565,379
Miscellaneous revenue	40,889	-	-	-	40,889
Total Revenues	3,182,340	220,020	1,272,437	1,186,297	5,861,094
Expenditures					
Current:					
General government	826,766	-	-	-	826,766
Public safety	906,311	-	-	-	906,311
Public works	599,207	-	-	549,077	1,148,284
Parks	302,975	-	-	-	302,975
Recreation	-	194,303	-	-	194,303
Capital expenditures	-	-	1,199,245	-	1,199,245
Debt service:					
Principal	25,480	65,520	-	-	91,000
Interest and fiscal charges	6,420	16,505	-	-	22,925
Total Expenditures	2,667,159	276,328	1,199,245	549,077	4,691,809
Excess (Deficiency) of Revenues Over (Under) Expenditures	515,181	(56,308)	73,192	637,220	1,169,285
Other Financing Sources (Uses)					
Transfer in	10,495	129,869	627,291	-	767,655
Transfer out	(430,000)	-	-	(337,655)	(767,655)
Total Other Financing Sources (Uses)	(419,505)	129,869	627,291	(337,655)	-
Net Change in Fund Balances	95,676	73,561	700,483	299,565	1,169,285
Fund Balance, Beginning	959,048	402,051	1,447,245	972,095	3,780,439
Fund Balance, Ending	\$ 1,054,724	\$ 475,612	\$ 2,147,728	\$ 1,271,660	\$ 4,949,724

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

SOUTH WEBER CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$ 1,169,285
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(761,062)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	1,965,783
Government funds have proceeds from the sale of assets as revenue. However, in the statement activities it reports the gain or loss on the sale of assets.	(9,597)
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	91,000
The amortization of deferred outflows relating to bond refunding loss is not recorded in the governmental funds.	(4,044)
In the statement of activities, accrued interest on debt is recorded.	1,351
The accumulation of accrued leave does not require the use of current financial resources and therefore is not recorded as an expenditure in the Governmental Funds.	(10,560)
Changes in the pension asset and liability accounts are not recorded in the funds rather they are recorded in the statement of activities	54,582
Change in net position - governmental activities	<u><u>\$ 2,496,738</u></u>

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

SOUTH WEBER CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2021

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Funds
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 1,495,511	\$ 3,345,572	\$ 471,503	\$ 342,085	\$ 5,654,671
Accounts receivable	147,966	86,716	46,947	18,715	300,344
Other receivables	998,288	-	-	-	998,288
Prepaid expenses	174,118	-	-	-	174,118
Restricted cash and cash equivalents	91,385	717,596	-	41,495	850,476
Total Current Assets	2,907,268	4,149,884	518,450	402,295	7,977,897
Noncurrent Assets:					
Property and equipment					
Buildings	298,262	-	-	-	298,262
Improvements, other than buildings	9,298,234	6,850,434	-	5,900,635	22,049,303
Machinery and equipment	356,165	-	-	-	356,165
Vehicles	22,250	-	-	-	22,250
Less: Accumulated depreciation	(2,643,570)	(2,137,266)	-	(1,686,149)	(6,466,985)
Total property and equipment	7,331,341	4,713,168	-	4,214,486	16,258,995
Total Noncurrent Assets	7,331,341	4,713,168	-	4,214,486	16,258,995
Total Assets	10,238,609	8,863,052	518,450	4,616,781	24,236,892
Deferred Outflows of Resources:					
Deferred loss on refunding	69,295	-	-	-	69,295
Deferred outflows relating to pensions	11,693	8,504	-	4,252	24,449
Total Deferred Outflows of Resources	80,988	8,504	-	4,252	93,744
Total Assets and Deferred Outflows of Resources	\$ 10,319,597	\$ 8,871,556	\$ 518,450	\$ 4,621,033	\$ 24,330,636
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 123,220	\$ 132,606	\$ 33,865	\$ 2,472	\$ 292,163
Accrued liabilities	2,919	2,909	82	1,129	7,039
Accrued interest	9,483	-	-	-	9,483
Unearned revenue	-	-	-	41,495	41,495
Restricted liabilities:					
Developer and customer deposits	720	-	-	-	720
Current portion of compensated absences	7,619	1,971	93	1,649	11,332
Current portion of bonds payable	100,000	-	-	-	100,000
Total Current Liabilities	243,961	137,486	34,040	46,745	462,232
Noncurrent Liabilities:					
Compensated absences	5,079	1,314	61	1,099	7,553
Bonds payable	2,640,997	-	-	-	2,640,997
Net pension liability	2,828	2,057	-	1,028	5,913
Total Noncurrent Liabilities	2,648,904	3,371	61	2,127	2,654,463
Total Liabilities	2,892,865	140,857	34,101	48,872	3,116,695
Deferred Inflows of Resources:					
Deferred inflows relating to pensions	20,098	14,617	-	7,308	42,023
	20,098	14,617	-	7,308	42,023
Net Position:					
Net investment in capital assets	4,590,344	4,713,168	-	4,214,486	13,517,998
Restricted:					
Impact fees	90,665	717,596	-	-	808,261
Unrestricted	2,725,625	3,285,318	484,349	350,367	6,845,659
Total Net Position	7,406,634	8,716,082	484,349	4,564,853	21,171,918
Total Liabilities, Deferred Inflows, and Net Position	\$ 10,319,597	\$ 8,871,556	\$ 518,450	\$ 4,621,033	\$ 24,330,636

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

SOUTH WEBER CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION – PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Funds
Operating Revenues:					
Sales and charges for services	\$ 1,624,539	\$ 1,013,691	\$ 500,257	\$ 199,398	\$ 3,337,885
Charges for construction services - DOL	2,512,451	-	-	-	2,512,451
Total Operating Revenues	<u>4,136,990</u>	<u>1,013,691</u>	<u>500,257</u>	<u>199,398</u>	<u>5,850,336</u>
Operating Expenses:					
Personnel services	183,234	147,330	31,708	62,683	424,955
Supplies	566,748	20,252	379,091	31,205	997,296
Purchased services	28,290	508,183	6,648	34,673	577,794
Capital outlay	-	15,000	-	-	15,000
Construction services - DOL	2,411,016	-	-	-	2,411,016
Depreciation and amortization	271,838	146,802	-	188,991	607,631
Total operating expenses	<u>3,461,126</u>	<u>837,567</u>	<u>417,447</u>	<u>317,552</u>	<u>5,033,692</u>
Operating income	<u>675,864</u>	<u>176,124</u>	<u>82,810</u>	<u>(118,154)</u>	<u>816,644</u>
Nonoperating revenue (expense):					
Interest income	11,916	18,705	2,246	1,514	34,381
Gain (loss) on disposal of assets	(9,428)	-	-	-	(9,428)
Other income	328	-	-	-	328
Interest expense	(106,270)	-	-	-	(106,270)
Total nonoperating revenues (expenses)	<u>(103,454)</u>	<u>18,705</u>	<u>2,246</u>	<u>1,514</u>	<u>(80,989)</u>
Income (loss) before capital contributions and transfers	<u>572,410</u>	<u>194,829</u>	<u>85,056</u>	<u>(116,640)</u>	<u>735,655</u>
Capital Contributions:					
Grants and other contributions	111,668	38,398	-	472,522	622,588
Impact fee income	93,302	214,110	-	55,195	362,607
Total Capital Contributions	<u>204,970</u>	<u>252,508</u>	<u>-</u>	<u>527,717</u>	<u>985,195</u>
Change in net position	777,380	447,337	85,056	411,077	1,720,850
Net position, beginning	<u>6,629,254</u>	<u>8,268,745</u>	<u>399,293</u>	<u>4,153,776</u>	<u>19,451,068</u>
Net position, ending	<u>\$ 7,406,634</u>	<u>\$ 8,716,082</u>	<u>\$ 484,349</u>	<u>\$ 4,564,853</u>	<u>\$ 21,171,918</u>

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

SOUTH WEBER CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Funds
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 710,644	\$ 998,055	\$ 497,970	\$ 296,571	\$ 2,503,240
Receipts from construction services - DOL	2,512,451	-	-	-	2,512,451
Payments to suppliers and service providers	(610,391)	(458,598)	(421,452)	(169,438)	(1,659,879)
Payments to suppliers and service providers - DOL	(2,411,016)	-	-	-	(2,411,016)
Payments to employees and related benefits	(187,803)	(153,725)	(33,535)	(67,116)	(442,179)
Net cash flows from operating activities	13,885	385,732	42,983	60,017	502,617
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	(483,879)	-	-	-	(483,879)
Principal paid on bonds and leases	(100,000)	-	-	-	(100,000)
Interest Paid	(91,890)	-	-	-	(91,890)
Impact fees received	93,302	214,110	-	55,702	363,114
Net cash flows from capital and related financing activities	(582,467)	214,110	-	55,702	(312,655)
Cash Flows From Investing Activities					
Interest on deposits	11,916	18,705	2,246	1,514	34,381
Net cash flows from investing activities	11,916	18,705	2,246	1,514	34,381
Net Increase (Decrease) In Cash and Cash Equivalents	(556,666)	618,547	45,229	117,233	224,343
Cash and Cash Equivalents, Beginning	2,143,562	3,444,621	426,274	266,347	6,280,804
Cash and Cash Equivalents, Ending	\$ 1,586,896	\$ 4,063,168	\$ 471,503	\$ 383,580	\$ 6,505,147
Reconciliation of operating income to net cash flows from operating activities					
Operating income (loss)	\$ 675,864	\$ 176,124	\$ 82,810	\$ (118,154)	\$ 816,644
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation expense	271,838	146,802	-	188,991	607,631
(Increase) Decrease in accounts receivables	(928)	(15,636)	(2,287)	(732)	(19,583)
(Increase) Decrease in other accounts receivables	176,252	-	-	97,905	274,157
(Increase) Decrease in prepaids	(16,277)	-	-	-	(16,277)
(Increase) Decrease in deferred outflows related to pension	607	(2,827)	946	479	(795)
Increase (Decrease) in accounts payable	3,240	83,902	(35,277)	(103,972)	(52,107)
Increase (Decrease) in accrued liabilities	(2,316)	935	(436)	412	(1,405)
Increase (Decrease) in compensated absences	7,288	(3,908)	(50)	363	3,693
Increase (Decrease) in net pension liability	(18,760)	(7,907)	(1,661)	(7,275)	(35,603)
Increase (Decrease) in deferred inflows related to pension	6,296	8,247	(1,062)	2,000	15,481
Increase (Decrease) in deferred inflows	(1,089,219)	-	-	-	(1,089,219)
Net cash flows from operating activities	\$ 13,885	\$ 385,732	\$ 42,983	\$ 60,017	\$ 502,617
Schedule of Non-cash capital and Related Financing Activity:					
Non-cash contribution of assets from developers	\$ 111,668	\$ 38,398	\$ -	\$ 472,522	\$ 622,588

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

SOUTH WEBER CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

South Weber City (City) was incorporated on August 1, 1936. The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety, highways and streets, parks, recreation, planning and zoning, water, sewer, storm sewer, and general administrative. The financial statements of South Weber City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

(A) The Reporting Entity

For financial reporting purposes, the reporting entity includes all funds, agencies, and authorities for which the City holds corporate powers, and all component units for which the City is financially accountable. GASB has established criteria to consider in determining financial accountability. The criteria are: appointment of a majority of the voting members of an organization's governing board and, either (1) the City has the ability to impose its will on the organization or, (2) there is potential for the organization to provide specific financial benefits, or impose specific financial burdens on, the City. The City currently does not have any component units.

(B) Government-Wide and Fund Financial Statements

The Statement of Net Positions presents the City's assets and liabilities, with the difference reported as net position. Net positions are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. 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 within a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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.

The use of financial resources to acquire capital assets are reported as assets in the government-wide financial statements, whereas those financial resources are reported as expenditures in the governmental fund financial statements. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, whereas they are reported as another financing source in the governmental fund financial statements. Amounts paid to reduce long-term debt in the government-wide financial statements are reported as a reduction of the related liability, whereas the amounts paid are reported as expenditures in the governmental fund statements.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus and Basis of Accounting (Continued)

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 (generally within sixty days) to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under the accrual method of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded when payment is due.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, revenues, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

General Fund - The General Fund is used to account for all financial resources of the City not accounted for by a separate, specialized fund.

Recreation Fund - Special Revenue Fund is used to account for the sports and recreation functions of the City.

Capital Projects Fund- The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital improvements (other than those financed by proprietary funds).

The City reports the following major enterprise funds:

Water Utility Fund - is used to account for the water services provided.

Sewer Utility Fund – is used to account for the sewer services provided.

Garbage Utility Fund – is used to account for the garbage services provided.

Storm Sewer Utility Fund – is used to account for the storm sewer services provided.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by the Enterprise Funds for providing administrative, billing, and repair services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 operation. The principal operating revenues of the enterprise funds are charges to customers of 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 nonoperating revenues and expenses.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgets

Annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1, in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required, prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Utah State allows for any undesignated fund balances in excess of 5% of total revenue of the general fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to 35% of the total estimated revenue of the general fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year to determine an appropriate use and then the excess must be included as an available resource in the general fund budget.

(E) Taxes

In connection with budget adoption, an annual tax ordinance establishing the tax rate is adopted before June 22 and the City Recorder is to certify the tax rate to the County Auditor before June 22. Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The above procedures are authorized by the Utah Code Sections 10-6-109 through 10-6-135.

All property taxes levied by the City are assessed and collected by Davis County. Taxes are attached as an enforceable lien as of January 1, are levied as of October 1, and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

(F) Capital Assets

Capital assets, which include land, buildings, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. 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.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are carried at cost or estimated historical cost. Depreciation of these assets is computed by use of the straight-line method over their estimated useful lives as follows:

Buildings	30-40 years
Improvements, other than buildings	5-40 years
Machinery and equipment, including leased property under capital leases	5-20 years
Infrastructure roads, signals, lights, and bridges	25-40 years
Water and sewer lines	20-100 years
Vehicles	5-10 years

(G) Long-Term Obligation

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

(H) Equity Classifications

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

- a. Net investment in capital assets - consists of 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.
- b. Restricted net position - consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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.

Nonspendable fund balance classification includes 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 classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the governments highest level of decision-making authority, the City Council. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the City Council.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) Equity Classifications (Continued)

Assigned fund balance classifications include amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The City Council authorizes such assignments. 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.

Unassigned fund balance classification is the residual classification for 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the budget process to determine when restricted resources will be used. Although restricted resources may be available for an eligible expenditure, other resources may be used if the city considers a different expenditure would be a more appropriate use of the restricted resources. It is the City's policy to generally use committed funds first then assigned funds and lastly use unassigned funds when all are available for use in satisfying the expenditure. Exceptions to this may be made during the budget process.

Proprietary Fund equity is classified the same as in the government-wide statements.

(I) Cash and Cash Equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

Cash includes amounts in demand deposits as well as short-term investments with a maturity date of three months or less when acquired by the City.

(J) 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.

(K) Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for the following items: deferred loss on refunding of debt, and items relating to the City's pension plans with the Utah Retirement Systems (URS).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition to this, the City reports deferred inflows of resources relating to the City's pension plans with the URS.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(L) Pensions

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

(M) Prepaid

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

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits, a municipal money market account, and the Utah State Treasurer's investment pool (PTIF) which are considered demand deposits. All cash, demand deposits, money market accounts, and PTIF funds, are considered cash and cash equivalents.

Deposits and investments for the City are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

Custodial credit risk – deposits is the risk that in the event of bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. As of June 30, 2021, \$736,696 of the City's bank balances of \$991,663 (excluding PTIF) was uninsured and uncollateralized.

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; banker acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF) which is a voluntary external pooled investment fund managed by the Utah State Treasurer's Office and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, is not rated, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS

The City 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.
- *Level 3:* Unobservable inputs.

For the year ended June 30, 2021, the City had cash balances of \$11,209,120 deposited in the PTIF. The fair value of the PTIF is \$11,252,118. The City has elected to report the PTIF balances at cost as it approximates fair value.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the PTIF has no concentration of credit risk as the PTIF is an external investment pool managed by the Utah State Treasurer.

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City has no formal policy regarding interest rate risk. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less.

Following are the City's cash on hand and on deposit at June 30, 2021:

	Carrying Amount
Cash on hand and on deposit:	
Cash on hand	\$ 1,700
Cash on deposit	723,159
Utah State Treasurer's investment pool accounts	11,209,120
Total cash on hand and deposit	\$ 11,933,979

NOTE 3 RESTRICTED ASSETS

Certain assets are restricted to use for the following purposes as of June 30, 2021:

Performance bonds	\$ 67,468
Class "C" road funds	469,857
Unspent donations	67,970
Developer deposits	560,903
Impact fees	1,590,394
Restricted assets	\$ 2,756,592

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021, is as follows:

	Balance			Balance
	June 30, 2020	Additions	Deletions	June 30, 2021
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 4,154,044	\$ 1,094,523	\$ -	\$ 5,248,567
Construction in process	-	-	-	-
Total capital assets, not being depreciated	4,154,044	1,094,523	-	5,248,567
Capital assets, being depreciated				
Buildings	3,075,860	-	-	3,075,860
Improvements other than buildings	14,585,552	729,132	(13,066)	15,301,618
Equipment	217,408	92,830	-	310,238
Vehicles	1,352,753	49,298	-	1,402,051
Total capital assets, being depreciated	19,231,573	871,260	(13,066)	20,089,767
Less accumulated depreciation for				
Buildings	(1,187,050)	(61,521)	-	(1,248,571)
Improvements other than buildings	(6,867,480)	(535,684)	3,469	(7,399,695)
Equipment	(141,095)	(26,748)	-	(167,843)
Vehicles	(483,838)	(137,109)	-	(620,947)
Total accumulated depreciation	(8,679,463)	(761,062)	3,469	(9,437,056)
Total capital assets, being depreciated, net	10,552,110	110,198	(9,597)	10,652,711
Governmental activities capital assets, net	\$ 14,706,154	\$ 1,204,721	\$ (9,597)	\$ 15,901,278

The Business-type Activities property, plant and equipment consist of the following on June 30, 2021:

	Balance			Balance
	June 30, 2020	Additions	Deletions	June 30, 2021
Business-type Activities				
Capital assets, not being depreciated				
Construction in process	\$ 384,130	\$ -	\$ (384,130)	\$ -
Total capital assets, not being depreciated	384,130	-	(384,130)	-
Capital assets, being depreciated				
Buildings	298,262	-	-	298,262
Improvements other than buildings	20,735,422	1,313,881	-	22,049,303
Equipment	218,705	151,260	(13,800)	356,165
Vehicles	22,250	-	-	22,250
Total capital assets, being depreciated	21,274,639	1,465,141	(13,800)	22,725,980
Less accumulated depreciation for				
Buildings	(126,763)	(7,457)	-	(134,220)
Improvements other than buildings	(5,627,844)	(572,008)	-	(6,199,852)
Equipment	(93,076)	(23,716)	4,372	(112,420)
Vehicles	(16,043)	(4,450)	-	(20,493)
Total accumulated depreciation	(5,863,726)	(607,631)	4,372	(6,466,985)
Total capital assets, being depreciated, net	15,410,913	857,510	(9,428)	16,258,995
Business-type activities capital assets, net	\$ 15,795,043	\$ 857,510	\$ (393,558)	\$ 16,258,995

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs for the year ended June 30, 2021 as follows:

Governmental Activities	
General government	\$ 27,062
Public safety	66,659
Highways and public works	530,694
Parks	98,540
Recreation	38,107
	<u>761,062</u>
Total depreciation expense - governmental activities	<u>\$ 761,062</u>
Business-type Activities	
Water services	\$ 271,838
Sewer services	146,802
Storm sewer services	188,991
	<u>607,631</u>
Total depreciation expense - business-type activities	<u>\$ 607,631</u>
Combined depreciation expense	<u>\$ 1,368,693</u>

NOTE 5 COMPENSATED ABSENCES

Accumulated unpaid vacation, compensatory leave pay and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). The total compensated absences liability is reported in the government wide financial statements as long-term debt in accordance with the Governmental Accounting Standards. Based on historical estimates, the City estimates that \$49,265 of the compensated absences balance will be due in the next year. The General fund and the Proprietary funds typically liquidates the liability for compensated absences.

NOTE 6 LONG-TERM LIABILITIES

The following is summary of long-term debt transactions of the City for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
Sales Tax Revenue Bond, Series 2012	\$ 680,000	\$ -	\$ (91,000)	\$ 589,000	\$ 95,000
Total governmental bonds payable	680,000			589,000	95,000
Compensated absences	52,662	42,157	(31,597)	63,222	37,933
Net pension liability	124,544	-	(104,750)	19,794	-
	<u>857,206</u>	<u>42,157</u>	<u>(136,347)</u>	<u>672,016</u>	<u>132,933</u>
Total governmental long-term liabilities	<u>\$ 857,206</u>	<u>\$ 42,157</u>	<u>\$ (136,347)</u>	<u>\$ 672,016</u>	<u>\$ 132,933</u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM LIABILITIES (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type Activities					
Water Revenue Refunding, Series 2017	\$ 2,525,000	\$ -	\$ (100,000)	2,425,000	\$ 100,000
Bond Premium, Series 2017	333,552	-	(17,555)	315,997	-
Total business-type bonds payable	2,858,552			2,740,997	100,000
Compensated absences	15,192	12,808	(9,115)	18,885	11,332
Net pension liability	41,516	-	(35,603)	5,913	-
Total business-type long-term liabilities	<u>\$ 2,915,260</u>	<u>\$ 12,808</u>	<u>\$ (44,718)</u>	<u>\$ 2,765,795</u>	<u>\$ 111,332</u>

The two revenue bonds are direct placement revenue bonds and contain a significant default provision wherein if the City does not pay the scheduled principal and interest payments the bondholder may require the City to increase rates sufficient to comply with the bond requirements or may petition the court to appoint a receiver. In addition, the bonds have an acceleration clause wherein upon default the bonds shall bear an interest at the rate of 18% until the default is cured.

The City does not have any unused lines of credit.

Sales Tax Revenue Refunding Bonds, Series 2012

The Sales Tax Revenue Refunding Bonds, Series 2012 were issued in February 2012. Original issuance amount of \$1,312,000 and carry interest at 2.970%. Interest payments are due semi-annually in January and July, with principal payments due annually in January, and mature in January 2027. The Sales Tax Revenue Refunding Bonds, Series 2012 were issued to refund a portion of the Sales Tax Revenue Bonds, Series 2004. Bonds are secured by sales tax revenues.

The annual debt service requirements to maturity, including principal and interest, for the Sales Tax Revenue Refunding Bonds, Series 2012, as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Sales Tax Refunding Bonds, Series 2012</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 95,000	\$ 17,493	\$ 112,493
2023	93,000	14,672	107,672
2024	97,000	11,910	108,910
2025	101,000	9,029	110,029
2026	100,000	6,029	106,029
2027	103,000	3,059	106,059
Total	<u>\$ 589,000</u>	<u>\$ 62,192</u>	<u>\$ 651,192</u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM LIABILITIES (Continued)

Water Revenue Refunding Bonds, Series 2017

The Water Revenue Refunding Bonds, Series 2017 were issued in December 2017 to refund the Series 2010 Water Revenue Bonds. The \$2,800,000 refunding revenue bonds carry interest ranging from 2.0% to 5.0%. Interest payments are due semi-annually in June and December, with principal payments due annually in June, and matures in June 2039. The issuance of the Series 2017 bonds generated a premium of \$386,217. The bond proceeds, including the premium, together with funds from the debt service reserve account for the Series 2010 bonds were deposited into an escrow account which will be used to pay down the balance of the Series 2010 bonds, and ultimately retired those bonds when those bonds matured in June 2020. The advance refunding resulted in a deferred loss on refunding of \$84,695. The premium and deferred loss on refunding will be amortized over the life of the bonds. Bonds are secured by the revenues of the water department.

The annual debt service requirements to maturity as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Water Revenue Bonds, Series 2017</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 100,000	\$ 127,500	\$ 227,500
2023	100,000	123,000	223,000
2024	100,000	118,500	218,500
2025	110,000	114,700	224,700
2026	115,000	110,700	225,700
2027-2031	650,000	475,000	1,125,000
2032-2036	830,000	309,250	1,139,250
2037-2039	420,000	87,250	507,250
Total	\$ 2,425,000	\$ 1,465,900	\$ 3,890,900

NOTE 7 CONSTRUCTION COMMITMENTS

The City had the following construction commitment on June 30, 2021.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid to Date</u>	<u>Commitment Outstanding</u>
Park improvements	\$ 1,184,194	\$ -	\$ 1,184,194
	\$ 1,184,194	\$ -	\$ 1,184,194

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 TRANSFERS

During the year transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2021 are as follows:

	Out	In
Governmental funds:		
General fund	\$ 430,000	\$ 10,495
Capital improvements fund	-	627,291
Recreation fund	-	129,869
Park impact fee fund	32,954	-
Road impact fee fund	234,338	-
Recreation impact fee fund	59,869	-
Public safety impact fee fund	10,494	-

The purpose of the interfund transfers is as follows:

- Public Safety impact fees transferred to the General Fund to fund the bond payment on the fire station.
- Recreation impact fees transferred to the Recreation Fund to fund the bond payment on the Family Activity Center.
- Park Impact fees and General Fund revenue transferred to the capital projects fund to assist with park upgrades and expansions.
- Road impact fees and General Fund revenue transferred to the capital projects fund to fund road improvements.

NOTE 9 RETIREMENT 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:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- 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 beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's 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.

**SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 RETIREMENT PLAN (Continued)

Benefits Provided

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

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

* With actuarial reductions.

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except 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 no met may be carried forward to subsequent years.

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the 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 employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2021 are as follows:

	<u>Employee Paid</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System			
111 - Local Government Div - Tier 2	N/A	15.80%	0.89%
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

For fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 54,368	N/A
Tier 2 Public Employees System	60,716	-
Tier 2 DC Only System	2,583	N/A
Total Contributions	<u>\$ 117,667</u>	<u>\$ -</u>

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

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

At June 30, 2021, we reported a net pension asset of \$0 and a net pension liability of \$25,707.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	\$ -	\$ 22,611	0.0440812%	0.0426931%	0.0013881%
Tier 2 Public Employees System	-	3,096	0.0215236%	0.0229183%	-0.0013947%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 25,707</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2021, we recognized pension expense of \$42,134.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,184	\$ 1,418
Changes in assumptions	3,916	3,071
Net difference between projected and actual earnings on pension plan investments	-	174,157
Changes in proportion and differences between contributions and proportionate share of contributions	9,370	4,061
Contributions subsequent to the measurement date	59,833	-
Total	<u>\$ 106,303</u>	<u>\$ 182,707</u>

**SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 RETIREMENT PLAN (Continued)

\$ 59,833 reported 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, 2020.

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

Year Ended December 31,	Net Deferred Outflows (inflows) of Resources
2021	\$ (39,986)
2022	(15,171)
2023	(59,065)
2024	(28,013)
2025	1,029
Thereafter	4,969

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25 – 9.75 percent, average, including inflation
Investment Rate of Return	6.95 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	37%	6.30%	2.33%
Debt securities	20%	0.00%	0.00%
Real assets	15%	6.19%	0.93%
Private equity	12%	9.50%	1.14%
Absolute return	16%	2.75%	0.44%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
		Inflation	2.50%
		Expected arithmetic nominal return	7.34%

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 392,010	\$ 22,611	\$ (285,338)
Tier 2 Public Employees System	52,091	3,096	(34,385)
Total	\$ 444,101	\$ 25,707	\$ (319,723)

Pension Plan Fiduciary Net Position

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

**SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 RETIREMENT PLAN (Continued)

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

South Weber City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	2021	2020	2019
401(k) Plan			
Employer Contributions	\$ 48,492	\$ 46,061	\$ 43,366
Employee Contributions	53,912	53,960	43,507
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	5,980	-	-

REQUIRED SUPPLEMENTAL INFORMATION

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General property taxes	\$ 794,000	\$ 794,000	\$ 833,253	\$ 39,253
Sales, use, and excise taxes	685,000	942,000	838,624	(103,376)
Franchise taxes	400,000	444,000	417,267	(26,733)
Licenses	393,000	393,000	325,653	(67,347)
Fines	85,000	85,000	100,504	15,504
Charges for services	185,000	195,000	144,118	(50,882)
Interest income	35,000	35,000	5,406	(29,594)
Intergovernmental	160,500	355,500	476,626	121,126
Miscellaneous revenue	5,500	5,500	40,889	35,389
	<u>2,743,000</u>	<u>3,249,000</u>	<u>3,182,340</u>	<u>(66,660)</u>
Expenditures				
General government				
Administrative	727,000	740,000	696,397	43,603
Legislative	60,000	60,000	43,492	16,508
Judicial	102,000	102,000	86,877	15,123
Public works				
Building inspection	380,000	390,000	364,837	25,163
Streets	296,000	296,000	234,370	61,630
Public safety				
Police and animal control	260,000	265,000	260,501	4,499
Fire protection	577,000	655,000	645,810	9,190
Parks	299,000	339,000	302,975	36,025
Debt service:				
Principal	28,000	28,000	25,480	2,520
Interest	7,000	7,000	6,420	580
	<u>2,736,000</u>	<u>2,882,000</u>	<u>2,667,159</u>	<u>214,841</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,000</u>	<u>367,000</u>	<u>515,181</u>	<u>148,181</u>
Other Financing Sources (Uses)				
Transfer in	12,000	12,000	10,495	(1,505)
Transfer out	(70,000)	(430,000)	(430,000)	-
	<u>(58,000)</u>	<u>(418,000)</u>	<u>(419,505)</u>	<u>(1,505)</u>
Net Change in Fund Balance	<u>\$ (51,000)</u>	<u>\$ (51,000)</u>	95,676	<u>\$ 146,676</u>
Fund Balance, Beginning			<u>959,048</u>	
Fund Balance, Ending			<u>\$ 1,054,724</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – RECREATION SPECIAL REVENUE FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 142,000	\$ 142,000	\$ 217,932	\$ 75,932
Interest income	6,000	6,000	2,088	(3,912)
Total Revenues	<u>148,000</u>	<u>148,000</u>	<u>220,020</u>	<u>72,020</u>
Expenditures				
Recreation	219,000	219,000	194,303	24,697
Debt service:				
Principal	72,000	72,000	65,520	6,480
Interest	17,000	17,000	16,505	495
Total Expenditures	<u>308,000</u>	<u>308,000</u>	<u>276,328</u>	<u>31,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(160,000)</u>	<u>(160,000)</u>	<u>(56,308)</u>	<u>103,692</u>
Other Financing Sources (Uses)				
Transfer in	<u>160,000</u>	<u>160,000</u>	<u>129,869</u>	<u>(30,131)</u>
Total Other Financing Sources (Uses)	<u>160,000</u>	<u>160,000</u>	<u>129,869</u>	<u>(30,131)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>73,561</u>	<u>\$ 73,561</u>
Fund Balance, Beginning			<u>402,051</u>	
Fund Balance, Ending			<u>\$ 475,612</u>	

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

SOUTH WEBER CITY
SCHEDULE OF PROPORTIONATE SHARE OF
THE PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
Measurement Date of December 31, 2020
June 30, 2021
Last 10 Fiscal Years*

<u>For the year ended December 31,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of total pension liability(asset)</u>
Noncontributory Retirement System					
2020	0.0440812%	\$ 22,611	\$ 301,378	7.50%	99.2%
2019	0.0426931%	160,905	287,168	56.03%	93.7%
2018	0.0423883%	312,136	290,780	107.34%	87.0%
2017	0.0469185%	205,564	352,474	58.32%	91.9%
2016	0.0504895%	324,204	399,151	81.22%	87.3%
2015	0.0572056%	323,697	457,570	70.74%	87.8%
2014	0.0486916%	211,430	384,233	55.03%	90.2%
Tier 2 Public Employees Retirement System					
2020	0.0215236%	\$ 3,096	\$ 344,029	0.90%	98.3%
2019	0.0229183%	5,154	318,488	1.62%	96.5%
2018	0.0230247%	9,861	268,358	3.67%	90.8%
2017	0.0183092%	1,614	179,039	0.90%	97.4%
2016	0.0180146%	2,010	147,733	1.36%	95.1%
2015	0.0206238%	(45)	133,243	-0.03%	100.2%
2014	0.2582740%	(783)	126,524	-0.62%	103.5%

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

SOUTH WEBER CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
June 30, 2021
Last 10 Fiscal Years*

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System					
2021	\$ 54,368	\$ 54,368	\$ -	\$ 294,359	18.47%
2020	56,060	56,060	-	303,520	18.47%
2019	50,305	50,305	-	272,670	18.45%
2018	62,139	62,139	-	336,430	18.47%
2017	63,880	63,880	-	345,860	18.47%
2016	85,487	85,487	-	467,173	18.30%
2015	76,280	76,280	-	429,160	17.77%
2014	71,335	71,335	-	413,474	17.25%
Tier 2 Public Employees System*					
2021	\$ 60,716	\$ 60,716	\$ -	\$ 384,278	15.80%
2020	51,614	51,614	-	330,284	15.63%
2019	46,657	46,657	-	300,889	15.51%
2018	32,651	32,651	-	216,091	15.11%
2017	22,503	22,503	-	150,925	14.91%
2016	21,380	21,380	-	143,386	14.91%
2015	17,885	17,885	-	103,673	17.25%
2014	14,123	14,123	-	76,308	18.51%
Tier 2 Public Employees DC Only System*					
2021	\$ 2,583	\$ 2,583	\$ -	\$ 38,617	6.69%
2020	2,763	2,763	-	41,294	6.69%
2019	2,817	2,817	-	42,110	6.69%
2018	2,760	2,760	-	41,251	6.69%
2017	4,040	4,040	-	60,469	6.68%
2016	949	949	-	92,255	1.03%

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

SOUTH WEBER CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

URS Pension Plan - Changes in Assumptions

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

SUPPLEMENTAL INFORMATION

SOUTH WEBER CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	<u>Park Impact Fee Fund</u>	<u>Road Impact Fee Fund</u>	<u>Recreation Impact Fee Fund</u>	<u>Public Safety Impact Fee Fund</u>	<u>Transportation Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 761,726	\$ 20,407	\$ -	\$ -	\$ 629,033	\$ 1,411,166
Receivables	-	-	-	-	39,534	39,534
Other Receivable	-	-	-	-	23,704	23,704
Total assets	<u>\$ 761,726</u>	<u>\$ 20,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,271</u>	<u>\$ 1,474,404</u>
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 202,744	\$ 202,744
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,744</u>	<u>202,744</u>
Fund Balances:						
Assigned for capital improvements	<u>761,726</u>	<u>20,407</u>	<u>-</u>	<u>-</u>	<u>489,527</u>	<u>1,271,660</u>
Total fund balances	<u>761,726</u>	<u>20,407</u>	<u>-</u>	<u>-</u>	<u>489,527</u>	<u>1,271,660</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 761,726</u>	<u>\$ 20,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,271</u>	<u>\$ 1,474,404</u>

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

SOUTH WEBER CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	<u>Park Impact Fee Fund</u>	<u>Road Impact Fee Fund</u>	<u>Recreation Impact Fee Fund</u>	<u>Public Safety Impact Fee Fund</u>	<u>Transportation Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:						
Sales tax - local option	\$ -	\$ -	\$ -	\$ -	\$ 124,807	\$ 124,807
Impact fees	148,816	250,762	59,214	10,288	-	469,080
Charges for services	-	-	-	-	430,315	430,315
Interest income	3,628	332	59	110	1,738	5,867
Intergovernmental	-	-	-	-	80,000	80,000
Contributions	-	-	-	-	76,228	76,228
Total Revenues	<u>152,444</u>	<u>251,094</u>	<u>59,273</u>	<u>10,398</u>	<u>713,088</u>	<u>1,186,297</u>
Expenditures:						
Public works	-	-	-	-	549,077	549,077
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,077</u>	<u>549,077</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>152,444</u>	<u>251,094</u>	<u>59,273</u>	<u>10,398</u>	<u>164,011</u>	<u>637,220</u>
Other Sources (Uses)						
Transfers out	<u>(32,954)</u>	<u>(234,338)</u>	<u>(59,869)</u>	<u>(10,494)</u>	<u>-</u>	<u>(337,655)</u>
Total Other Sources (Uses)	<u>(32,954)</u>	<u>(234,338)</u>	<u>(59,869)</u>	<u>(10,494)</u>	<u>-</u>	<u>(337,655)</u>
Net Change in Fund Balance	119,490	16,756	(596)	(96)	164,011	299,565
Fund Balance, Beginning	<u>642,236</u>	<u>3,651</u>	<u>596</u>	<u>96</u>	<u>325,516</u>	<u>972,095</u>
Fund Balance, Ending	<u>\$ 761,726</u>	<u>\$ 20,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,527</u>	<u>\$ 1,271,660</u>

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax	\$ 171,000	\$ 171,000	\$ 500,001	\$ 329,001
Interest income	10,000	10,000	6,907	(3,093)
Intergovernmental	-	267,000	276,378	9,378
Contributions	110,000	110,000	489,151	379,151
Total Revenues	<u>291,000</u>	<u>558,000</u>	<u>1,272,437</u>	<u>714,437</u>
Expenditures				
Capital outlay	<u>1,680,000</u>	<u>2,732,000</u>	<u>1,199,245</u>	<u>1,532,755</u>
Total Expenditures	<u>1,680,000</u>	<u>2,732,000</u>	<u>1,199,245</u>	<u>1,532,755</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,389,000)</u>	<u>(2,174,000)</u>	<u>73,192</u>	<u>2,247,192</u>
Other Financing Sources (Uses)				
Transfer in	<u>717,000</u>	<u>1,487,000</u>	<u>627,291</u>	<u>(859,709)</u>
Total Other Financing Sources (Uses)	<u>717,000</u>	<u>1,487,000</u>	<u>627,291</u>	<u>(859,709)</u>
Net Change in Fund Balance	<u>\$ (672,000)</u>	<u>\$ (687,000)</u>	<u>700,483</u>	<u>\$ 1,387,483</u>
Fund Balance, Beginning			<u>1,447,245</u>	
Fund Balance, Ending			<u>\$ 2,147,728</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR PARK IMPACT FEE FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 225,000	\$ 225,000	\$ 148,816	\$ (76,184)
Interest income	1,000	1,000	3,628	2,628
Total Revenues	<u>226,000</u>	<u>226,000</u>	<u>152,444</u>	<u>(73,556)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>226,000</u>	<u>226,000</u>	<u>152,444</u>	<u>(73,556)</u>
Other Financing Sources (Uses)				
Transfer out	<u>(390,000)</u>	<u>(800,000)</u>	<u>(32,954)</u>	<u>767,046</u>
Total Other Financing Sources (Uses)	<u>(390,000)</u>	<u>(800,000)</u>	<u>(32,954)</u>	<u>767,046</u>
Net Change in Fund Balance	<u>\$ (164,000)</u>	<u>\$ (574,000)</u>	119,490	<u>\$ 693,490</u>
Fund Balance, Beginning			<u>642,236</u>	
Fund Balance, Ending			<u>\$ 761,726</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR ROAD IMPACT FEE FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 250,000	\$ 250,000	\$ 250,762	\$ 762
Interest income	-	-	332	332
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>251,094</u>	<u>1,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>250,000</u>	<u>250,000</u>	<u>251,094</u>	<u>1,094</u>
Other Financing Sources (Uses)				
Transfer out	<u>(327,000)</u>	<u>(327,000)</u>	<u>(234,338)</u>	<u>92,662</u>
Total Other Financing Sources (Uses)	<u>(327,000)</u>	<u>(327,000)</u>	<u>(234,338)</u>	<u>92,662</u>
Net Change in Fund Balance	<u>\$ (77,000)</u>	<u>\$ (77,000)</u>	16,756	<u>\$ 93,756</u>
Fund Balance, Beginning			<u>3,651</u>	
Fund Balance, Ending			<u>\$ 20,407</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
NONMAJOR RECREATION IMPACT FEE FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 70,000	\$ 70,000	\$ 59,214	\$ (10,786)
Interest income	1,000	1,000	59	(941)
Total Revenues	<u>71,000</u>	<u>71,000</u>	<u>59,273</u>	<u>(11,727)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>71,000</u>	<u>71,000</u>	<u>59,273</u>	<u>(11,727)</u>
Other Financing Sources (Uses)				
Transfer out	<u>(71,000)</u>	<u>(71,000)</u>	<u>(59,869)</u>	<u>11,131</u>
Total Other Financing Sources (Uses)	<u>(71,000)</u>	<u>(71,000)</u>	<u>(59,869)</u>	<u>11,131</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(596)	<u>\$ (596)</u>
Fund Balance, Beginning			<u>596</u>	
Fund Balance, Ending			<u>\$ -</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
NONMAJOR PUBLIC SAFETY IMPACT FEE FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 12,000	\$ 12,000	\$ 10,288	\$ (1,712)
Interest income	-	-	110	110
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>10,398</u>	<u>(1,602)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,000</u>	<u>12,000</u>	<u>10,398</u>	<u>(1,602)</u>
Other Financing Sources (Uses)				
Transfer out	<u>(12,000)</u>	<u>(12,000)</u>	<u>(10,494)</u>	<u>1,506</u>
Total Other Financing Sources (Uses)	<u>(12,000)</u>	<u>(12,000)</u>	<u>(10,494)</u>	<u>1,506</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(96)</u>	<u>\$ (96)</u>
Fund Balance, Beginning			<u>96</u>	
Fund Balance, Ending			<u>\$ -</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
NONMAJOR TRANSPORTATION FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax - local option	\$ 85,000	\$ 85,000	\$ 124,807	\$ 39,807
Intergovernmental	80,000	80,000	80,000	-
Charges for services - road fee	400,000	400,000	430,315	30,315
Interest income	3,000	3,000.00	1,738	(1,262)
Total Revenues	<u>568,000</u>	<u>568,000</u>	<u>636,860</u>	<u>68,860</u>
Expenditures				
Public safety	<u>736,000</u>	<u>736,000</u>	<u>549,077</u>	<u>186,923</u>
Total Expenditures	<u>736,000</u>	<u>736,000</u>	<u>549,077</u>	<u>186,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(168,000)</u>	<u>(168,000)</u>	<u>87,783</u>	<u>255,783</u>
Other Financing Sources (Uses)				
Contributions	<u>118,000</u>	<u>118,000</u>	<u>76,228</u>	<u>(41,772)</u>
Total Other Financing Sources (Uses)	<u>118,000</u>	<u>118,000</u>	<u>76,228</u>	<u>(41,772)</u>
Net Change in Fund Balance	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	164,011	<u>\$ 214,011</u>
Fund Balance, Beginning			<u>325,516</u>	
Fund Balance, Ending			<u>\$ 489,527</u>	

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

SUPPLEMENTAL REPORTS



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and
Members of the City Council
South Weber City
South Weber City, Utah

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, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 3, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

The City's response to Findings

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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.

Keddington & Christensen, LLC

January 3, 2022
Salt Lake City, Utah



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS
REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE**

Honorable Mayor and
Members of the City Council
South Weber City
South Weber, Utah

Report on Compliance

We have audited South Weber City, Utah's (the City) 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 City for the year ended June 30, 2021.

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

- | | |
|-------------------------------------------------|------------------------------|
| Budgetary Compliance | Fraud Risk Assessment |
| Fund Balance | Government Fees |
| Justice Courts | Open and Public Meetings Act |
| Restricted Taxes and Related Restricted Revenue | Enterprise Fund Transfers |

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

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

Opinion on Compliance

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

Other Matters

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City'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 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 City's internal control over compliance.

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

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

Purpose of 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 requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Keddington & Christensen, LLC

January 3, 2022
Salt Lake City, Utah