

# FINANCIAL STATEMENTS

For the year ended June 30, 2022  
Together with independent Auditor's Report

## **Prepared By:**

David Larson, City Manager  
Mark McRae, Finance Director

## **Mayor**

Rod Westbroek

## **Councilmembers**

Blair Halverson	Angie Petty
Hayley Alberts	Quin Soderquist
Joel Dills	



**SOUTH WEBER CITY**

**FINANCIAL STATEMENTS**

**For The Year Ended June 30, 2022**

**Together With Independent Auditor's Report**

# SOUTH WEBER CITY TABLE OF CONTENTS

	<u>Page</u>
<b>Financial Section:</b>	
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	12
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Net Position – Proprietary Funds .....	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	21
Statement of Cash Flows – Proprietary Funds.....	22
Notes to Financial Statements.....	24
<b>Required Supplemental Information:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund .....	43
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Recreation Fund.....	44
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Transportation Fund .....	45
Schedule of Proportionate Share of the Pension Liability – Utah Retirement Systems .....	46
Schedule of Contributions – Utah Retirement Systems .....	47
Notes to the Required Supplementary Information.....	48

# SOUTH WEBER CITY

## TABLE OF CONTENTS (Continued)

	<u>Page</u>
<b>Supplementary Information</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	50
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund .....	51
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Park Impact Fee Fund .....	52
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Road Impact Fee Fund .....	53
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Recreation Impact Fee Fund .....	54
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Public Safety Impact Fee Fund .....	55
<b>Compliance Reports</b>	
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 <i>Government Auditing Standards</i> .....	56
Independent Auditor’s Report on Compliance and Report on Internal Control Over Compliance as Required by the <i>State Compliance Audit Guide</i> .....	58
Schedule of Findings and Recommendations .....	60



CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the South Weber City, Utah (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the South Weber City, Utah, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

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

### ***Supplementary Information***

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

### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 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.

*K&C, CPAs*

K&C, Certified Public Accountants  
Salt Lake City, Utah  
December 28, 2022



## **FINANCIAL SECTION**

**SOUTH WEBER CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

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, 2022. 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 \$43,331,143 (net position). Of this amount, \$10,583,901 (unrestricted position) is available to meet ongoing obligations of citizens and creditors. Net position increased by \$2,023,555 from the prior year.

The City's Governmental activities reported a combined ending net position of \$21,353,729. Of that amount, \$2,657,943 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, 2022, totaled \$940,351 and is 27.3% 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, 2022**

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. The internal service fund is to account for the lease of vehicles.

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, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

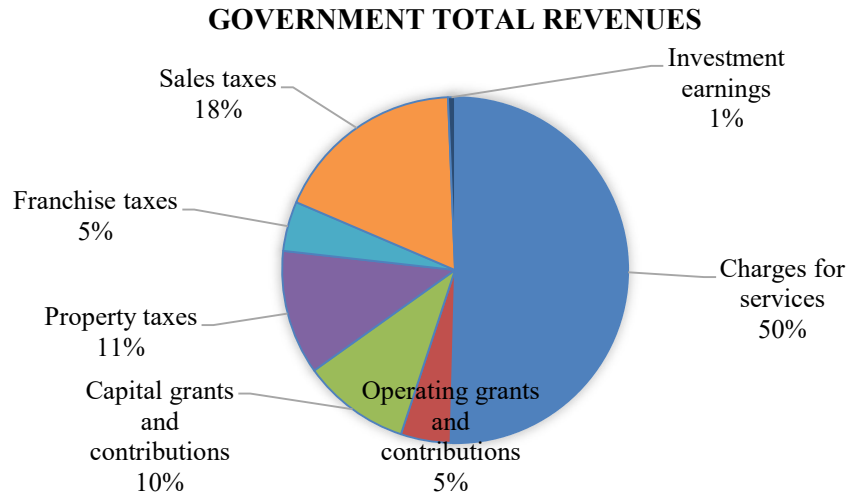
Comparative Summary of Net Position							
	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2022	2021	2022	2021	2022	2021	
Current and other assets	\$ 7,339,870	\$ 7,053,677	\$ 9,035,915	\$ 7,977,897	\$ 16,375,785	\$ 15,031,574	8.9%
Capital assets	18,326,221	15,901,278	15,731,264	16,258,995	34,057,485	32,160,273	5.9%
<b>Total assets</b>	<b>25,666,091</b>	<b>22,954,955</b>	<b>24,767,179</b>	<b>24,236,892</b>	<b>50,433,270</b>	<b>47,191,847</b>	<b>6.9%</b>
<b>Total deferred outflows of resources</b>	<b>141,847</b>	<b>106,116</b>	<b>95,852</b>	<b>93,744</b>	<b>237,699</b>	<b>199,860</b>	<b>18.9%</b>
Long-term liabilities outstanding	1,381,628	672,016	2,643,602	2,765,795	4,025,230	3,437,811	17.1%
Other liabilities	1,684,283	1,042,488	164,440	350,900	1,848,723	1,393,388	32.7%
<b>Total liabilities</b>	<b>3,065,911</b>	<b>1,714,504</b>	<b>2,808,042</b>	<b>3,116,695</b>	<b>5,873,953</b>	<b>4,831,199</b>	<b>21.6%</b>
<b>Total deferred inflows of resources</b>	<b>1,388,298</b>	<b>1,210,897</b>	<b>77,575</b>	<b>42,023</b>	<b>1,465,873</b>	<b>1,252,920</b>	<b>17.0%</b>
Net position:							
Net investment in capital assets	17,910,814	15,336,541	13,107,822	13,517,998	31,018,636	28,854,539	7.5%
Restricted	784,972	1,251,990	943,634	808,261	1,728,606	2,060,251	-16.1%
Unrestricted	2,657,943	3,547,139	7,925,958	6,845,659	10,583,901	10,392,798	1.8%
<b>Total net position</b>	<b>\$ 21,353,729</b>	<b>\$ 20,135,670</b>	<b>\$ 21,977,414</b>	<b>\$ 21,171,918</b>	<b>\$ 43,331,143</b>	<b>\$ 41,307,588</b>	<b>4.9%</b>

By far the largest component of South Weber City's net position, 72%, 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.

**SOUTH WEBER CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended June 30, 2022**

An additional part of net position, 4%, is assets that are subject to external restrictions on how they may be expended. The remaining 24% 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		
	2022	2021	2022	2021	2022	2021	
Revenues:							
Program revenues:							
Charges for services	\$ 1,140,368	\$ 1,169,641	\$ 3,390,858	\$ 5,850,664	\$ 4,531,226	\$ 7,020,305	-35.5%
Operating grants and contributions	419,142	632,854	-	-	419,142	632,854	-33.8%
Capital grants and contributions	561,518	1,234,609	342,784	985,195	904,302	2,219,804	-59.3%
General revenues:							
Property taxes	1,044,803	833,253	-	-	1,044,803	833,253	25.4%
Franchise taxes	418,073	417,267	-	-	418,073	417,267	0.2%
Sales taxes	1,608,842	1,463,432	-	-	1,608,842	1,463,432	9.9%
Other revenue	17,760	-	-	-	17,760	-	0.0%
Gain on sale of assets	4,500	-	-	-	4,500	-	0.0%
Investment earnings	25,406	20,266	35,278	34,381	60,684	54,647	11.0%
Total revenues	\$ 5,240,412	\$ 5,771,322	\$ 3,768,920	\$ 6,870,240	\$ 9,009,332	\$ 12,641,562	-28.7%

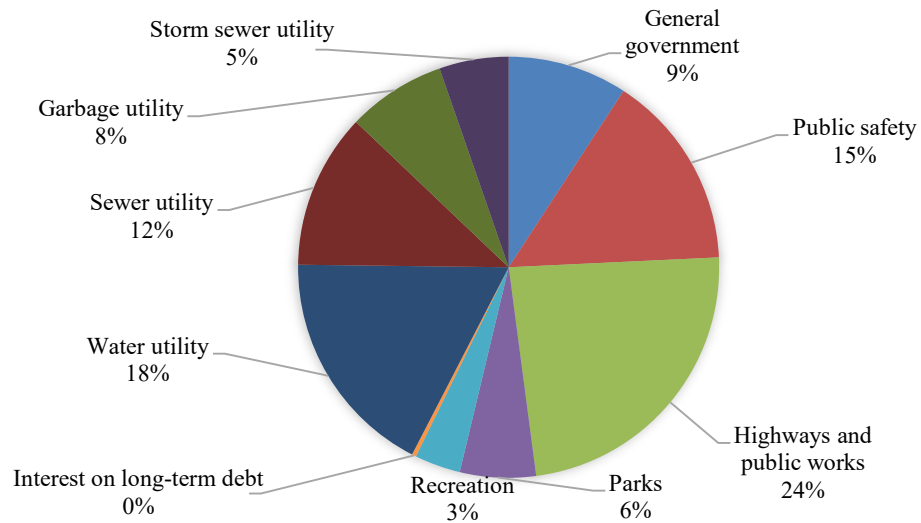


**SOUTH WEBER CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended June 30, 2022**

**Comparative Changes in Net Position (Continued)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Activities</b>		<b>Total %</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>Change From</b>
							<b>Prior Year</b>
<b>Expenses:</b>							
General government	\$ 642,223	\$ 699,154	\$ -	\$ -	\$ 642,223	\$ 699,154	-8.1%
Public safety	1,051,597	1,003,077	-	-	1,051,597	1,003,077	4.8%
Highways and public works	1,653,351	916,048	-	-	1,653,351	916,048	80.5%
Parks	406,570	402,287	-	-	406,570	402,287	1.1%
Recreation	245,736	228,401	-	-	245,736	228,401	7.6%
Interest on long-term debt	22,876	25,617	-	-	22,876	25,617	-10.7%
Water services	-	-	1,229,846	3,576,824	1,229,846	3,576,824	-65.6%
Sewer services	-	-	833,195	837,567	833,195	837,567	-0.5%
Garbage services	-	-	528,704	417,447	528,704	417,447	26.7%
Storm sewer services	-	-	371,679	317,552	371,679	317,552	17.0%
<b>Total expenses</b>	<b>4,022,353</b>	<b>3,274,584</b>	<b>2,963,424</b>	<b>5,149,390</b>	<b>6,985,777</b>	<b>8,423,974</b>	<b>-17.1%</b>
Change in net position before transfers	1,218,059	2,496,738	805,496	1,720,850	2,023,555	4,217,588	108.4%
<b>Change in net position</b>	<b>1,218,059</b>	<b>2,496,738</b>	<b>805,496</b>	<b>1,720,850</b>	<b>2,023,555</b>	<b>4,217,588</b>	<b>-52.0%</b>
Net position - beginning	20,135,670	17,638,932	21,171,918	19,451,068	41,307,588	37,090,000	11.4%
Net position - end of year	<b>\$ 21,353,729</b>	<b>\$ 20,135,670</b>	<b>\$ 21,977,414</b>	<b>\$ 21,171,918</b>	<b>\$ 43,331,143</b>	<b>\$ 41,307,588</b>	<b>4.9%</b>

**GOVERNMENT TOTAL EXPENDITURES/EXPENSES**



**SOUTH WEBER CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2022**

**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Governmental activities net position increased by \$1,218,059 for the year ended June 30, 2022. The major reason for the increase resulted from assets contributed to the City from developers, ARPA Act funding, and increases in Sales tax and Property tax.

Business-type activities contributed an increase of \$805,496 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 \$60,684 in investment earnings and \$546,684 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, 2022.

For the period ended June 30, 2022, the City's governmental funds reported combined fund balances in the amount of \$4,219,231. Of the total balance at year-end, \$940,351 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 \$574,686 an increase of \$99,074 from the prior year mainly due to programs being cancelled because of COVID-19 restrictions in 2021. The special revenue transportation fund has a fund balance of \$490,527 an increase of \$923 from the prior year. The capital projects fund has a fund balance of \$1,392,116, a decrease of \$755,612 from the prior year, due to projects being postponed to fiscal year 2022, and the implementation of a capital lease program for vehicles and major equipment.

The General Fund is the main operating fund for South Weber City. On June 30, 2022, the general fund's unassigned fund balance was \$940,351. Total fund balance of the general fund for South Weber City increased by \$502,241. 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 32% 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 \$7,925,958. 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 additional Sales Tax and miscellaneous revenue received. Overall, the general fund was under budgeted expenditures by \$332,206.

The special revenue recreation fund budget was amended by only \$10,000 during the year, and actual expenditures were less than budgeted expenditures by \$14,301. The COVID-19 pandemic caused the cancellation of some recreation programs.

The capital projects fund budget was increased for additional planned projects. Most significant was the Canyon Meadows Park West Project which did not commence until July 2021. The actual expenditures in this fund were \$108,345 less than the budgeted amounts.

The fund balance in the Park Impact Fee Fund had an ending balance of \$0.00. This was a decrease of \$761,726 due to the Canyon Meadows Park West Project.

**SOUTH WEBER CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2022**

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 the 2021 fiscal year and the city portion was started in this fiscal year. This is reflected in the Water Fund.

**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 \$34,057,485 (net of \$17,365,294 accumulated depreciation) at June 30, 2022. 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							Total % Change From Prior Year
Governmental Activities		Business-type Activities		Total Activities			
2022	2021	2022	2021	2022	2021		
Land and water rights	\$ 5,464,211	\$ 5,248,567	\$ -	\$ -	\$ 5,464,211	\$ 5,248,567	4.1%
Buildings	3,075,860	3,075,860	298,262	298,262	3,374,122	3,374,122	0.0%
Improvements other than buildings	16,963,559	15,301,618	22,162,601	22,049,303	39,126,160	37,350,921	4.8%
Vehicles	2,294,181	1,402,051	22,250	22,250	2,316,431	1,424,301	62.6%
Machinery and equipment	417,345	310,238	356,165	356,165	773,510	666,403	16.1%
Construction in process	355,193	-	13,152	-	368,345	-	100.0%
Less: Accumulated Depreciation	(10,244,128)	(9,437,056)	(7,121,166)	(6,466,985)	(17,365,294)	(15,904,041)	9.2%
Net Book Value	\$ 18,326,221	\$ 15,901,278	\$ 15,731,264	\$ 16,258,995	\$ 34,057,485	\$ 32,160,273	5.9%

On June 30, 2022 South Weber City's total debt amounted to \$3,117,442 of which \$2,623,442 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							Total % Change From Prior Year
Debt Outstanding	Governmental Activities		Business-type Activities		Total Activities		
	2022	2021	2022	2021	2022	2021	
Revenue Bonds	\$ 494,000	\$ 589,000	\$ 2,623,442	\$ 2,740,997	\$ 3,117,442	\$ 3,329,997	-6.4%
Total debt outstanding	\$ 494,000	\$ 589,000	\$ 2,623,442	\$ 2,740,997	\$ 3,117,442	\$ 3,329,997	-6.4%

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

As of October 2022,, the state unemployment rate was 2.1%, a decrease from 2.2% 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 a slowing of residential building and 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. A Truth-in-Taxation hearing was held in August 2021. The purpose was to transfer the paramedic portion of property taxes from the County to the City. Paramedic service was previously provided by the Davis County Sheriff's office. The rates and fees for most services remained constant for fiscal year 2022 compared with fiscal year 2021.



**SOUTH WEBER CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2022**

**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, 2022**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 3,717,086	\$ 7,460,065	\$ 11,177,151
Receivables:			
Property, franchise, and excise taxes	1,609,646	-	1,609,646
Accounts receivable	40,653	282,146	322,799
Prepaid expenses	60,962	182,569	243,531
Internal balances	(70,000)	70,000	-
Restricted:			
Cash and cash equivalents	1,658,974	985,645	2,644,619
Receivables - Class "C" road funds	100,585	-	100,585
Capital assets not being depreciated:			
Land and water rights	5,464,211	-	5,464,211
Construction in process	355,193	13,152	368,345
Capital assets, net of accumulated depreciation:			
Buildings	1,765,767	156,585	1,922,352
Improvements other than buildings	8,985,974	15,347,602	24,333,576
Machinery and equipment	1,537,434	213,925	1,751,359
Vehicles	217,642	-	217,642
Net pension asset	221,964	55,490	277,454
<b>Total Assets</b>	<b>25,666,091</b>	<b>24,767,179</b>	<b>50,433,270</b>
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding	20,219	65,445	85,664
Deferred outflows relating to pensions	121,628	30,407	152,035
<b>Total Deferred Outflows of Resources</b>	<b>141,847</b>	<b>95,852</b>	<b>237,699</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 25,807,938</b>	<b>\$ 24,863,031</b>	<b>\$ 50,670,969</b>

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

**SOUTH WEBER CITY**  
**STATEMENT OF NET POSITION (Continued)**  
**June 30, 2022**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Liabilities:</b>			
Accounts payable	\$ 595,700	\$ 113,196	\$ 708,896
Accrued liabilities	106,660	-	106,660
Accrued interest	7,336	9,233	16,569
Unearned revenue	889,997	41,495	931,492
Restricted liabilities:			
Developer and customer deposits	84,590	516	85,106
Noncurrent liabilities:			
Due within one year	309,733	112,044	421,777
Due in more than one year	1,071,895	2,531,558	3,603,453
<b>Total Liabilities</b>	<u>3,065,911</u>	<u>2,808,042</u>	<u>5,873,953</u>
<b>Deferred Inflows of Resources</b>			
Deferred revenue - property taxes	1,078,000	-	1,078,000
Deferred inflows relating to pensions	310,298	77,575	387,873
<b>Total Deferred Inflows of Resources</b>	<u>1,388,298</u>	<u>77,575</u>	<u>1,465,873</u>
<b>Net Position</b>			
Net investment in capital assets	17,910,814	13,107,822	31,018,636
Restricted for:			
Impact fees	206,014	943,634	1,149,648
Roads	578,958	-	578,958
Unrestricted	2,657,943	7,925,958	10,583,901
<b>Total Net Position</b>	<u>21,353,729</u>	<u>21,977,414</u>	<u>43,331,143</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 25,807,938</u>	<u>\$ 24,863,031</u>	<u>\$ 50,670,969</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, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Government Activities							
General government	\$ 642,223	\$ 349,571	\$ 70,570	\$ 137,213	\$ (84,869)	\$ -	\$ (84,869)
Public safety	1,051,597	59,019	10,976	113,498	(868,104)	-	(868,104)
Highways and public works	1,653,351	440,707	337,596	184,817	(690,231)	-	(690,231)
Parks	406,570	2,253	-	90,128	(314,189)	-	(314,189)
Recreation	245,736	288,818	-	35,862	78,944	-	78,944
Interest on long-term debt	22,876	-	-	-	(22,876)	-	(22,876)
Total Governmental Activities	4,022,353	1,140,368	419,142	561,518	(1,901,325)	-	(1,901,325)
Business-type Activities							
Water utility	1,229,846	1,620,988	-	113,832	-	504,974	504,974
Sewer utility	833,195	1,045,057	-	181,919	-	393,781	393,781
Garbage utility	528,704	519,805	-	-	-	(8,899)	(8,899)
Storm sewer utility	371,679	205,008	-	47,033	-	(119,638)	(119,638)
Total Business-type Activities	2,963,424	3,390,858	-	342,784	-	770,218	770,218
Total Government	\$ 6,985,777	\$ 4,531,226	\$ 419,142	\$ 904,302	(1,901,325)	770,218	(1,131,107)
General Revenues:							
					1,044,803	-	1,044,803
					418,073	-	418,073
					1,608,842	-	1,608,842
					17,760	-	17,760
					25,406	35,278	60,684
					4,500	-	4,500

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

**SOUTH WEBER CITY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2022**

	<b>General Fund</b>	<b>Special Revenue Funds</b>		<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
		<b>Recreation Fund</b>	<b>Transportation Fund</b>			
<b>Assets</b>						
Cash and cash equivalents	\$ 581,852	\$ 577,823	\$ 442,397	\$ 1,901,286	\$ -	\$ 3,503,358
Accounts receivable	-	-	40,653	-	-	40,653
Property, franchise, and excise tax receivable	1,543,416	-	-	-	-	1,543,416
Receivables, other	66,230	-	24,306	-	-	90,536
Prepays	60,962	-	-	-	-	60,962
Restricted assets:						
Cash and cash equivalents	1,096,369	-	-	356,591	206,014	1,658,974
Receivables - Class "C" road monies	76,279	-	-	-	-	76,279
<b>Total Assets</b>	<b>\$ 3,425,108</b>	<b>\$ 577,823</b>	<b>\$ 507,356</b>	<b>\$ 2,257,877</b>	<b>\$ 206,014</b>	<b>\$ 6,974,178</b>
<b>Liabilities</b>						
Accounts payable	\$ 66,487	\$ 3,137	\$ 16,906	\$ 509,170	\$ -	\$ 595,700
Accrued liabilities	106,660	-	-	-	-	106,660
Unearned revenue	533,406	-	-	356,591	-	889,997
Restricted liabilities:						
Developer and customer deposits	84,590	-	-	-	-	84,590
<b>Total Liabilities</b>	<b>791,143</b>	<b>3,137</b>	<b>16,906</b>	<b>865,761</b>	<b>-</b>	<b>1,676,947</b>
<b>Deferred Inflows of Resources</b>						
Unavaible revenue - construction receivables	-	-	-	-	-	-
Unavailable revenue - property taxes	1,078,000	-	-	-	-	1,078,000
<b>Total Deferred Inflows of Resources</b>	<b>1,078,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,078,000</b>
<b>Fund Balances</b>						
Nonspendable						
Prepays	60,962	-	-	-	-	60,962
Restricted						
Class "C" roads	554,652	-	-	-	-	554,652
Impact fees	-	-	-	-	206,014	206,014
Assigned						
Recreation	-	574,686	-	-	-	574,686
Transportation	-	-	490,450	-	-	490,450
Capital improvements	-	-	-	1,392,116	-	1,392,116
Unassigned	940,351	-	-	-	-	940,351
<b>Total Fund Balances</b>	<b>1,555,965</b>	<b>574,686</b>	<b>490,450</b>	<b>1,392,116</b>	<b>206,014</b>	<b>4,219,231</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,425,108</b>	<b>\$ 577,823</b>	<b>\$ 507,356</b>	<b>\$ 2,257,877</b>	<b>\$ 206,014</b>	<b>\$ 6,974,178</b>

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, 2022**

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

<b>Total fund balance - governmental funds</b>	\$ 4,219,231
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,326,221
Deferred outflows of resources relating to refunding are not financial resources and, therefore, are not reported in the funds.	20,219
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.	(1,381,628)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(7,336)
The internal service fund is used by management to charge costs for leased vehicles . The assets and liabilities are of the internal service fund are included in the governmental activities in the Statement of Net Position	143,728
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.	<u>33,294</u>
<b>Net position - governmental activities</b>	<u><u>\$ 21,353,729</u></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, 2022**

	<b>General Fund</b>	<b>Special Revenue Funds</b>		<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
	<b>Fund</b>	<b>Recreation Fund</b>	<b>Transportation Fund</b>	<b>Fund</b>	<b>Funds</b>	
<b>Revenues</b>						
General property taxes	\$ 1,044,802	\$ -	-	\$ -	\$ -	\$ 1,044,802
Sales, use, and excise taxes	1,188,972	-	137,630	300,000	-	1,626,602
Franchise taxes	418,073	-	-	-	-	418,073
Impact fees	-	-	-	-	317,198	317,198
Licenses	205,237	-	-	-	-	205,237
Fines	117,016	-	-	-	-	117,016
Charges for services	153,269	288,818	440,707	-	-	882,794
Interest income	10,363	1,984	1,237	6,467	4,753	24,804
Intergovernmental	268,572	-	80,000	107,107	-	455,679
Contributions	-	-	-	207,783	-	207,783
Miscellaneous revenue	27,318	-	-	-	-	27,318
<b>Total Revenues</b>	<b>3,433,622</b>	<b>290,802</b>	<b>659,574</b>	<b>621,357</b>	<b>321,951</b>	<b>5,327,306</b>
<b>Expenditures</b>						
Current:						
General government	751,806	-	-	-	-	751,806
Public safety	1,034,110	-	-	-	-	1,034,110
Public works	729,983	-	658,651	-	-	1,388,634
Parks	315,626	-	-	-	-	315,626
Recreation	-	219,724	-	-	-	219,724
Capital expenditures	-	-	-	2,232,656	-	2,232,656
Debt service:						
Principal	26,600	68,400	-	-	-	95,000
Interest and fiscal charges	5,668	14,575	-	-	-	20,243
<b>Total Expenditures</b>	<b>2,863,793</b>	<b>302,699</b>	<b>658,651</b>	<b>2,232,656</b>	<b>-</b>	<b>6,057,799</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	569,829	(11,897)	923	(1,611,299)	321,951	(730,493)
<b>Other Financing Sources (Uses)</b>						
Transfer in	6,412	110,971	-	855,687	-	973,070
Transfer out	(75,000)	-	-	-	(898,070)	(973,070)
<b>Total Other Financing Sources (Uses)</b>	<b>(68,588)</b>	<b>110,971</b>	<b>-</b>	<b>855,687</b>	<b>(898,070)</b>	<b>-</b>
Net Change in Fund Balances	501,241	99,074	923	(755,612)	(576,119)	(730,493)
Fund Balance, Beginning	1,054,724	475,612	489,527	2,147,728	782,133	4,949,724
Fund Balance, Ending	\$ 1,555,965	\$ 574,686	\$ 490,450	\$ 1,392,116	\$ 206,014	\$ 4,219,231

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, 2022**

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

<b>Net change in fund balances - total governmental funds</b>	\$ (730,493)
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.	(807,072)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	2,339,886
Government funds have proceeds from the sale of assets as revenue. However, in the activities it reports the gain or loss on the sale of assets.	
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	95,000
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.	1,411
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.	9,350
The internal service fund had current year gains. These funds are eliminated at the wide level and their associated gains are reallocated to applicable functional expenses.	202,102
Changes in the pension asset and liability accounts are not recorded in the funds rather they are recorded in the statement of activities	111,919
<b>Change in net position - governmental activities</b>	<u><u>\$ 1,218,059</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 (Continued)**  
**June 30, 2022**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise	
<b>Assets:</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 2,937,240	\$ 3,631,951	\$ 467,102	\$ 423,772	\$ 7,460,065	\$ 213,728
Accounts receivable	143,708	71,051	48,090	19,297	282,146	-
Other receivables	-	-	-	-	-	-
Prepaid expenses	182,569	-	-	-	182,569	-
Restricted cash and cash equivalents	120,562	823,588	-	41,495	985,645	-
Total Current Assets	3,384,079	4,526,590	515,192	484,564	8,910,425	213,728
<b>Noncurrent Assets:</b>						
Property and equipment						
Construction in process	13,152	-	-	-	13,152	-
Buildings	298,262	-	-	-	298,262	-
Improvements, other than buildings	9,343,204	6,906,234	-	5,913,163	22,162,601	-
Machinery and equipment	356,165	-	-	-	356,165	-
Vehicles	22,250	-	-	-	22,250	892,130
Less: Accumulated depreciation	(2,928,268)	(2,285,623)	-	(1,907,275)	(7,121,166)	-
Total property and equipment	7,104,765	4,620,611	-	4,005,888	15,731,264	892,130
Total Noncurrent Assets	7,126,961	4,642,807	-	4,016,986	15,786,754	892,130
<b>Total Assets</b>	10,511,040	9,169,397	515,192	4,501,550	24,697,179	1,105,858
<b>Deferred Outflows of Resources:</b>						
Deferred loss on refunding	65,445	-	-	-	65,445	-
Deferred outflows relating to pensions	12,163	12,163	-	6,081	30,407	-
<b>Total Deferred Outflows of Resources</b>	77,608	12,163	-	6,081	95,852	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 10,588,648</u>	<u>\$ 9,181,560</u>	<u>\$ 515,192</u>	<u>\$ 4,507,631</u>	<u>\$ 24,793,031</u>	<u>\$ 1,105,858</u>

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

**SOUTH WEBER CITY**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)**  
**June 30, 2022**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities - Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	<b>Storm Sewer</b>	<b>Total Enterprise</b>	
<b>Liabilities:</b>						
<b>Current Liabilities:</b>						
Accounts payable	\$ 50,671	\$ 19,288	\$ 37,370	\$ 5,867	\$ 113,196	\$ -
Accrued liabilities	-	-	-	-	-	-
Accrued interest	9,233	-	-	-	9,233	-
Unearned revenue	-	-	-	41,495	41,495	-
<b>Restricted liabilities:</b>						
Developer and customer deposits	516	-	-	-	516	-
Current portion of compensated absences	5,536	4,436	-	2,072	12,044	-
Current portion of bonds payable	100,000	-	-	-	100,000	-
Current portion of lease payable	-	-	-	-	-	184,410
<b>Total Current Liabilities</b>	<b>165,956</b>	<b>23,724</b>	<b>37,370</b>	<b>49,434</b>	<b>276,484</b>	<b>184,410</b>
<b>Noncurrent Liabilities:</b>						
Compensated absences	3,623	2,958	154	1,381	8,116	-
Bonds payable	2,523,442	-	-	-	2,523,442	-
Lease payable	-	-	-	-	-	649,346
<b>Total Noncurrent Liabilities</b>	<b>2,527,065</b>	<b>2,958</b>	<b>154</b>	<b>1,381</b>	<b>2,531,558</b>	<b>649,346</b>
<b>Total Liabilities</b>	<b>2,693,021</b>	<b>26,682</b>	<b>37,524</b>	<b>50,815</b>	<b>2,808,042</b>	<b>833,756</b>
<b>Deferred Inflows of Resources:</b>						
Deferred inflows relating to pensions	31,030	31,030	-	15,515	77,575	-
	31,030	31,030	-	15,515	77,575	-
<b>Net Position:</b>						
Net investment in capital assets	4,481,323	4,620,611	-	4,005,888	13,107,822	58,374
<b>Restricted:</b>						
Impact fees	120,046	823,588	-	-	943,634	-
Unrestricted	3,263,228	3,679,649	477,668	435,413	7,855,958	213,728
<b>Total Net Position</b>	<b>7,864,597</b>	<b>9,123,848</b>	<b>477,668</b>	<b>4,441,301</b>	<b>21,907,414</b>	<b>272,102</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 10,588,648</b>	<b>\$ 9,181,560</b>	<b>\$ 515,192</b>	<b>\$ 4,507,631</b>	<b>\$ 24,793,031</b>	<b>\$ 1,105,858</b>
<b>Net Position Reconciliation from Proprietary Funds to Business-type Activities on the Statement of Net Position:</b>						
Adjustment for the cumulative internal balance from the net activity between internal service funds and enterprise funds					70,000	
					<u>\$ 21,977,414</u>	

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, 2022**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise	
Operating Revenues:						
Sales and charges for services	\$ 1,621,038	\$ 1,045,057	\$ 519,805	\$ 204,208	\$ 3,390,108	\$ 267,000
Total Operating Revenues	1,621,038	1,045,057	519,805	204,208	3,390,108	267,000
Operating Expenses:						
Personnel services	166,255	149,804	38,462	81,061	435,582	-
Supplies	619,124	26,205	482,970	42,250	1,170,549	-
Purchased services	44,014	508,583	7,272	33,242	593,111	-
Capital outlay	72,260	6,246	-	-	78,506	-
Depreciation and amortization	284,699	148,357	-	221,126	654,182	-
Total operating expenses	1,186,352	839,195	528,704	377,679	2,931,930	-
Operating income	434,686	205,862	(8,899)	(173,471)	458,178	267,000
Nonoperating revenue (expense):						
Interest income	10,989	19,985	2,218	2,086	35,278	602
Gain (loss) on disposal of assets	-	-	-	-	-	4,500
Other income	(50)	-	-	800	750	-
Interest expense	(101,494)	-	-	-	(101,494)	-
Total nonoperating revenues (expenses)	(90,555)	19,985	2,218	2,886	(65,466)	5,102
Income (loss) before capital contributions and transfers	344,131	225,847	(6,681)	(170,585)	392,712	272,102
Capital Contributions:						
Grants and other contributions	44,970	55,800	-	12,528	113,298	-
Impact fee income	68,862	126,119	-	34,505	229,486	-
Total Capital Contributions	113,832	181,919	-	47,033	342,784	-
Change in net position	457,963	407,766	(6,681)	(123,552)	735,496	272,102
Net position, beginning	7,406,634	8,716,082	484,349	4,564,853	21,171,918	-
Net position, ending	\$ 7,864,597	\$ 9,123,848	\$ 477,668	\$ 4,441,301	\$ 21,907,414	\$ 272,102
Reconciliation from Proprietary Funds to Business-type Activities on the Statement of Activities:						
Adjustment to eliminate the current fiscal year's internal service funds net income from internal customer applicable to business-type activities					70,000	
					\$ 21,977,414	

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, 2022**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	<b>Storm Sewer</b>	<b>Total Enterprise</b>
<b>Cash Flows From Operating Activities</b>					
Receipts from customers and users	\$ 2,623,584	\$ 1,060,722	\$ 518,661	\$ 203,626	\$ 4,406,593
Receipts from interfund services provided	-	-	-	-	-
Payments to suppliers and service providers	(761,317)	(651,261)	(486,818)	(67,226)	(1,966,622)
Payments to suppliers and service providers - DOL	-	-	-	-	-
Payments to employees and related benefits	(184,356)	(157,194)	(38,462)	(86,104)	(466,116)
Payments to other funds for services provided	(58,000)	(6,000)	-	(6,000)	(70,000)
<b>Net cash flows from operating activities</b>	<b>1,619,911</b>	<b>246,267</b>	<b>(6,619)</b>	<b>44,296</b>	<b>1,903,855</b>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(13,153)	-	-	-	(13,153)
Principal paid on bonds and leases	(100,000)	-	-	-	(100,000)
Deposit to refunding escrow	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Interest Paid	(115,703)	-	-	-	(115,703)
Impact fees received	68,862	126,119	-	35,305	230,286
<b>Net cash flows from capital and related financing activities</b>	<b>(159,994)</b>	<b>126,119</b>	<b>-</b>	<b>35,305</b>	<b>1,430</b>
<b>Cash Flows From Investing Activities</b>					
Interest on deposits	10,989	19,985	2,218	2,086	35,278
<b>Net cash flows from investing activities</b>	<b>10,989</b>	<b>19,985</b>	<b>2,218</b>	<b>2,086</b>	<b>35,278</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>1,470,906</b>	<b>392,371</b>	<b>(4,401)</b>	<b>81,687</b>	<b>1,940,563</b>
<b>Cash and Cash Equivalents, Beginning</b>	<b>1,586,896</b>	<b>4,063,168</b>	<b>471,503</b>	<b>383,580</b>	<b>6,505,147</b>
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 3,057,802</b>	<b>\$ 4,455,539</b>	<b>\$ 467,102</b>	<b>\$ 465,267</b>	<b>\$ 8,445,710</b>

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

**SOUTH WEBER CITY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)**  
**For the Year Ended June 30, 2022**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities - Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	<b>Storm Sewer</b>	<b>Total Enterprise</b>	
<b>Reconciliation of operating income to net cash flows from operating activities</b>						
Operating income (loss)	\$ 434,686	\$ 205,862	\$ (8,899)	\$ (173,471)	\$ 458,178	\$ 267,000
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation expense	284,699	148,357	-	221,126	654,182	-
(Increase) Decrease in accounts receivables	4,258	15,665	(1,144)	(582)	18,197	-
(Increase) Decrease in other accounts receivables	998,288	-	-	-	998,288	-
(Increase) Decrease in prepaids	(8,451)	-	-	-	(8,451)	-
(Increase) Decrease in net pension asset	(22,196)	(22,196)	-	(11,098)	(55,490)	-
(Increase) Decrease in deferred outflows related to pension	(470)	(3,659)	-	(1,829)	(5,958)	-
Increase (Decrease) in accounts payable	(72,549)	(113,318)	3,506	3,395	(178,966)	-
Increase (Decrease) in accrued liabilities	(2,919)	(2,909)	(82)	(1,129)	(7,039)	-
Increase (Decrease) in compensated absences	(3,539)	4,109	-	705	1,275	-
Increase (Decrease) in net pension liability	(2,828)	(2,057)	-	(1,028)	(5,913)	-
Increase (Decrease) in deferred inflows related to pension	10,932	16,413	-	8,207	35,552	-
<b>Net cash flows from operating activities</b>	<b>\$ 1,619,911</b>	<b>\$ 246,267</b>	<b>\$ (6,619)</b>	<b>\$ 44,296</b>	<b>\$ 1,903,855</b>	<b>\$ 267,000</b>
<b>Schedule of Non-cash capital and Related Financing Activity:</b>						
Non-cash contribution of assets from developers	\$ 44,970	\$ 55,800	\$ -	\$ 12,528	\$ 113,298	\$ -

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.

Transportation Fund - Special Revenue Funds is use to account for road funds.

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.

In addition, the City reports the following fund type.

Internal Service Fund - is used to account for fleet leases.

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.

(N) GASB 87 Leases

During the current fiscal year, GASB Statement No. 87, Leases, became effective and the City therefore implemented the new standard. This Statement addresses accounting for lease arrangements from both the lessor and lessee perspective. The implementation has no impact on the City's beginning fund balance/net position as the leased asset and lease liability were reported at a very similar balance.

### 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, 2022, \$1,269,903 of the City's bank balances of \$1,527,631 (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

# SOUTH WEBER CITY

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 CASH AND INVESTMENTS (Continued)

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.

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, 2022, the City had cash balances of \$12,518,540 deposited in the PTIF. The fair value of the PTIF is \$12,466,821. 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, 2022:

	<u>Carrying Amount</u>
<b>Cash on hand and on deposit:</b>	
Cash on hand	\$ 1,700
Cash on deposit	1,301,530
Utah State Treasurer's investment pool accounts	<u>12,518,540</u>
<b>Total cash on hand and deposit</b>	<b><u>\$ 13,821,770</u></b>

### NOTE 3 RESTRICTED ASSETS

Certain assets are restricted to use for the following purposes as of June 30, 2022:

Performance bonds	\$ 85,106
Class "C" road funds	578,958
Unspent grant	356,591
Developer deposits	574,901
Impact fees	<u>1,149,648</u>
Restricted assets	<b><u>\$ 2,745,204</u></b>

**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, 2022, is as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 5,248,567	\$ 215,644	\$ -	\$ 5,464,211
Construction in process	-	355,193	-	355,193
<b>Total capital assets, not being depreciated</b>	<u>5,248,567</u>	<u>570,837</u>	<u>-</u>	<u>5,819,404</u>
<b>Capital assets, being depreciated</b>				
Buildings	3,075,860	-	-	3,075,860
Improvements other than buildings	15,301,618	1,661,941	-	16,963,559
Equipment	310,238	107,107	-	417,345
Vehicles	1,402,051	892,130	-	2,294,181
<b>Total capital assets, being depreciated</b>	<u>20,089,767</u>	<u>2,661,178</u>	<u>-</u>	<u>22,750,945</u>
<b>Less accumulated depreciation for</b>				
Buildings	(1,248,571)	(61,521)	-	(1,310,092)
Improvements other than buildings	(7,399,695)	(577,891)	-	(7,977,586)
Equipment	(167,843)	(31,860)	-	(199,703)
Vehicles	(620,947)	(135,800)	-	(756,747)
<b>Total accumulated depreciation</b>	<u>(9,437,056)</u>	<u>(807,072)</u>	<u>-</u>	<u>(10,244,128)</u>
<b>Total capital assets, being depreciated, net</b>	<u>10,652,711</u>	<u>1,854,106</u>	<u>-</u>	<u>12,506,817</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 15,901,278</u>	<u>\$ 2,424,943</u>	<u>\$ -</u>	<u>\$ 18,326,221</u>

The Business-type Activities property, plant and equipment consist of the following on June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Construction in process	\$ -	\$ 13,152	\$ -	\$ 13,152
<b>Total capital assets, not being depreciated</b>	<u>-</u>	<u>13,152</u>	<u>-</u>	<u>13,152</u>
<b>Capital assets, being depreciated</b>				
Buildings	298,262	-	-	298,262
Improvements other than buildings	22,049,303	113,298	-	22,162,601
Equipment	356,165	-	-	356,165
Vehicles	22,250	-	-	22,250
<b>Total capital assets, being depreciated</b>	<u>22,725,980</u>	<u>113,298</u>	<u>-</u>	<u>22,839,278</u>
<b>Less accumulated depreciation for</b>				
Buildings	(134,220)	(7,457)	-	(141,677)
Improvements other than buildings	(6,199,849)	(615,150)	-	(6,814,999)
Equipment	(112,420)	(29,820)	-	(142,240)
Vehicles	(20,495)	(1,755)	-	(22,250)
<b>Total accumulated depreciation</b>	<u>(6,466,984)</u>	<u>(654,182)</u>	<u>-</u>	<u>(7,121,166)</u>
<b>Total capital assets, being depreciated, net</b>	<u>16,258,996</u>	<u>(540,884)</u>	<u>-</u>	<u>15,718,112</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 16,258,996</u>	<u>\$ (527,732)</u>	<u>\$ -</u>	<u>\$ 15,731,264</u>

**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, 2022 as follows:

<b>Governmental Activities</b>	
General government	\$ 66,016
Public safety	70,517
Highways and public works	539,189
Parks	93,244
Recreation	<u>38,106</u>
Total depreciation expense - governmental activities	<u>\$ 807,072</u>
<b>Business-type Activities</b>	
Water services	\$ 284,699
Sewer services	148,357
Storm sewer services	<u>221,126</u>
Total depreciation expense - business-type activities	<u>\$ 654,182</u>
Combined depreciation expense	<u>\$ 1,461,254</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 \$44,367 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, 2022:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
<b>Governmental Activities</b>					
Sales Tax Revenue Bond, Series 2012	\$ 589,000	\$ -	\$ (95,000)	\$ 494,000	\$ 93,000
Total governmental bonds payable	589,000			494,000	93,000
Capital Leases	-	892,130	(58,374)	833,756	184,410
Compensated absences	63,222	36,165	(45,515)	53,872	32,323
Net pension liability	19,794	-	(19,794)	-	-
<b>Total governmental long-term liabilities</b>	<u>\$ 672,016</u>	<u>\$ 928,295</u>	<u>\$ (123,683)</u>	<u>\$ 1,381,628</u>	<u>\$ 309,733</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>
<b>Business-type Activities</b>					
Water Revenue Refunding, Series 2017	\$ 2,425,000	\$ -	\$ (100,000)	2,325,000	\$ 100,000
Bond Premium, Series 2017	315,997	-	(17,555)	298,442	-
Total business-type bonds payable	2,740,997			2,623,442	100,000
Compensated absences	18,885	19,625	(18,350)	20,160	12,044
Net pension liability	5,913	-	(5,913)	-	-
<b>Total business-type long-term liabilities</b>	<u>\$ 2,765,795</u>	<u>\$ 19,625</u>	<u>\$ (24,263)</u>	<u>\$ 2,643,602</u>	<u>\$ 112,044</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, 2022 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>
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
<b>Total</b>	<u>\$ 494,000</u>	<u>\$ 44,699</u>	<u>\$ 538,699</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, 2022 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>
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	120,000	106,500	226,500
2028-2032	680,000	445,000	1,125,000
2033-2037	870,000	270,750	1,140,750
2038-2039	230,000	49,250	279,250
<b>Total</b>	<u>\$ 2,325,000</u>	<u>\$ 1,338,400</u>	<u>\$ 3,663,400</u>

Leases

The City utilizes leases when deemed appropriate or necessary. Leased assets are included in capital assets in the appropriate category.

As of June 30, 2022, the City held leased asset balances as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Leases being depreciated:				
Leased vehicles	\$ -	\$ 892,130	\$ -	\$ 892,130
Total leases being depreciated	-	892,130	-	892,130
Less accumulated depreciation for:				
Leased vehicles	-	-	-	-
Total accumulated depreciated	-	-	-	-
<b>Total leaes being depreciated , net</b>	<u>\$ -</u>	<u>\$ 892,130</u>	<u>\$ -</u>	<u>\$ 892,130</u>

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

**NOTE 6 LONG-TERM LIABILITIES (Continued)**

Leases payable outstanding as of June 30, 2022 are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Vehicles	3.35%	\$ 833,756

Leases payable debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 184,410	\$ 25,394	\$ 209,804
2024	112,336	21,753	134,089
2025	116,100	17,990	134,090
2026	119,990	14,100	134,090
2027	300,920	10,081	311,001
<b>Total</b>	<b>\$ 833,756</b>	<b>\$ 89,318</b>	<b>\$ 923,074</b>

**NOTE 7 CONSTRUCTION COMMITMENTS**

The City had the following construction commitment on June 30, 2022.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid to Date</u>	<u>Commitment Outstanding</u>
Construction projects and improvements	\$ 1,888,620	\$ 1,714,920	\$ 173,700
	<u>\$ 1,888,620</u>	<u>\$ 1,714,920</u>	<u>\$ 173,700</u>

# 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, 2022 are as follows:

	<u>Out</u>	<u>In</u>
Governmental funds:		
General fund	\$ 75,000	\$ 6,412
Capital improvements fund	-	855,687
Recreation fund	-	110,971
Park impact fee fund	855,687	-
Recreation impact fee fund	35,971	-
Public safety impact fee fund	6,412	-
Totals	<u>\$ 973,070</u>	<u>\$ 973,070</u>

The purpose of the interfund transfers is as follows:

General Fund transfer to the recreation fund to assist with recreation funding.

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.

### 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](http://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, 2022 are as follows:

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Government Div - Tier 2	N/A	16.07%	0.62%
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, 2022, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 59,445	N/A
Tier 2 Public Employees System	76,653	-
Tier 2 DC Only System	2,764	N/A
Total Contributions	<u>\$ 138,862</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, 2022, we reported a net pension asset of \$277,454 and a net pension liability of \$0.

	(Measurement Date): December 31, 2021				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	\$ 267,484	\$ -	0.0467049%	0.0440812%	0.0026237%
Tier 2 Public Employees System	9,970	-	0.0235571%	0.0215236%	0.0020335%
Total Net Pension Asset / Liability	<u>\$ 277,454</u>	<u>\$ -</u>			

The net pension asset and liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 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, 2022, we recognized pension expense of (\$4,784).

At June 30, 2022, 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	\$ 32,860	\$ 1,285
Changes in assumptions	34,401	1,821
Net difference between projected and actual earnings on pension plan investments	-	384,766
Changes in proportion and differences between contributions and proportionate share of contributions	14,678	-
Contributions subsequent to the measurement date	70,096	-
Total	<u>\$ 152,035</u>	<u>\$ 387,872</u>

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

**NOTE 9 RETIREMENT PLAN (Continued)**

\$ 70,096 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, 2021.

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
2022	\$ (58,567)
2023	(105,016)
2024	(91,169)
2025	(62,304)
2026	1,945
Thereafter	9,178

**Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2022, we recognized pension expense of (\$39,417)).

At June 30, 2022, 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	\$ 28,016	\$ -
Changes in assumptions	25,104	1,727
Net difference between projected and actual earnings on	-	360,131
Changes in proportion and differences between	8,979	-
Contributions subsequent to the measurement date	30,078	-
Total	<u>\$ 92,177</u>	<u>\$ 361,858</u>

\$ 30,078 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, 2021.

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

**NOTE 9 RETIREMENT PLAN (Continued)**

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

Year Ended December 31,	Net Deferred Outflows (inflows) of Resources
2022	\$ (53,950)
2023	(99,094)
2024	(86,877)
2025	(59,877)
2026	-
Thereafter	-

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

For the year ended June 30, 2022, we recognized pension expense of \$34,633).

At June 30, 2022, 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	\$ 4,844	\$ 1,285
Changes in assumptions	9,297	94
Net difference between projected and actual earnings on	-	24,635
Changes in proportion and differences between	5,700	-
Contributions subsequent to the measurement date	40,017	-
Total	<u>\$ 59,858</u>	<u>\$ 26,014</u>

\$ 40,017 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, 2021.

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
2022	\$ (4,616)
2023	(5,922)
2024	(4,292)
2025	(2,466)
2026	1,945
Thereafter	9,178

# SOUTH WEBER CITY

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 9 RETIREMENT PLAN (Continued)

#### Actuarial Assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25 – 9.25 percent, average, including inflation
Investment Rate of Return	6.85 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2021, 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:

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	37%	6.58%	2.43%
Debt securities	20%	-0.28%	-0.06%
Real assets	15%	5.77%	0.87%
Private equity	12%	9.85%	1.18%
Absolute return	16%	2.91%	0.47%
Cash and cash equivalents	0%	-1.01%	0.00%
Totals	100%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return	7.39%

The 6.85% 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.



# SOUTH WEBER CITY

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 9 RETIREMENT PLAN (Continued)

#### Discount Rate

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

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

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 143,834	\$ (267,484)	\$ (610,649)
Tier 2 Public Employees System	59,405	(9,970)	(63,236)
Total	<u>\$ 203,239</u>	<u>\$ (277,454)</u>	<u>\$ (673,885)</u>

#### Pension Plan Fiduciary Net Position

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

#### **Defined Contribution Savings 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:

	2022	2021	2020
401(k) Plan			
Employer Contributions	\$ 47,647	\$ 48,492	\$ 46,061
Employee Contributions	46,954	53,912	53,960
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	2,300	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, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
<b>Revenues</b>				
General property taxes	\$ 973,000	\$ 993,000	\$ 1,044,802	\$ 51,802
Sales, use, and excise taxes	900,000	947,000	1,188,972	241,972
Franchise taxes	412,000	412,000	418,073	6,073
Licenses	398,000	398,000	205,237	(192,763)
Fines	90,000	90,000	117,016	27,016
Charges for services	170,000	170,000	153,269	(16,731)
Interest income	10,000	10,000	10,363	363
Intergovernmental	166,500	169,500	268,572	99,072
Miscellaneous revenue	30,500	40,500	27,318	(13,182)
Total Revenues	<u>3,150,000</u>	<u>3,230,000</u>	<u>3,433,622</u>	<u>203,622</u>
<b>Expenditures</b>				
General government				
Administrative	686,000	691,000	624,543	66,457
Legislative	62,000	70,000	50,747	19,253
Judicial	100,000	100,000	76,516	23,484
Public works				
Building inspection	496,000	502,000	499,354	2,646
Streets	314,000	314,000	230,629	83,371
Public safety				
Police and animal control	333,000	333,000	273,740	59,260
Fire protection	719,000	794,000	760,370	33,630
Parks	345,000	360,000	315,626	44,374
Debt service:				
Principal	27,000	27,000	26,600	400
Interest	5,000	5,000	5,669	(669)
Total Expenditures	<u>3,087,000</u>	<u>3,196,000</u>	<u>2,863,794</u>	<u>332,206</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>63,000</u>	<u>34,000</u>	<u>569,828</u>	<u>535,828</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	12,000	22,000	6,413	(15,587)
Transfer out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(63,000)</u>	<u>(53,000)</u>	<u>(68,587)</u>	<u>(15,587)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (19,000)</u>	<u>501,241</u>	<u>\$ 520,241</u>
Fund Balance, Beginning			<u>1,054,724</u>	
Fund Balance, Ending			<u>\$ 1,555,965</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, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
<b>Revenues</b>				
Charges for services	\$ 156,000	\$ 160,000	\$ 288,818	\$ 128,818
Interest income	4,000	4,000	1,984	(2,016)
Total Revenues	160,000	164,000	290,802	126,802
<b>Expenditures</b>				
Recreation	229,000	236,000	219,724	16,276
Debt service:				
Principal	68,400	68,400	68,400	-
Interest	12,600	12,600	14,575	(1,975)
Total Expenditures	310,000	317,000	302,699	14,301
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,000)	(153,000)	(11,897)	141,103
<b>Other Financing Sources (Uses)</b>				
Transfer in	141,000	141,000	110,971	(30,029)
Total Other Financing Sources (Uses)	141,000	141,000	110,971	(30,029)
Net Change in Fund Balance	<u>\$ (9,000)</u>	<u>\$ (12,000)</u>	99,074	<u>\$ 111,074</u>
Fund Balance, Beginning			475,612	
Fund Balance, Ending			<u>\$ 574,686</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 – TRANSPORTATION SPECIAL REVENUE**  
**FUND**  
**For the Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
<b>Revenues</b>				
Sales tax - local option	\$ 80,000	\$ 80,000	\$ 137,630	\$ 57,630
Intergovernmental	80,000	80,000	80,000	-
Charges for services - road fee	420,000	420,000	440,707	20,707
Interest income	2,000	2,000.00	1,237	(763)
Total Revenues	582,000	582,000	659,574	77,574
<b>Expenditures</b>				
Public safety	892,000	892,000	658,651	233,349
Total Expenditures	892,000	892,000	658,651	233,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	(310,000)	(310,000)	923	310,923
<b>Other Financing Sources (Uses)</b>				
Contributions	10,000	10,000	-	(10,000)
Total Other Financing Sources (Uses)	10,000	10,000	-	(10,000)
Net Change in Fund Balance	\$ (300,000)	\$ (300,000)	923	\$ 300,923
Fund Balance, Beginning			489,527	
Fund Balance, Ending			\$ 490,450	

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, 2021**  
**June 30, 2022**  
**Last 10 Fiscal Years\***

For the year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total pension liability(asset)
<b>Noncontributory Retirement System</b>					
2021	0.0467049%	\$ (267,484)	\$ 305,074	-87.68%	108.7%
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%
<b>Tier 2 Public Employees Retirement System</b>					
2021	0.0235571%	\$ (9,970)	\$ 437,090	-2.28%	103.8%
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%

\* This schedule will be built out prospectively to show a 10-year history.

See notes to required supplementary information

**SOUTH WEBER CITY**  
**SCHEDULE OF CONTRIBUTIONS**  
**UTAH RETIREMENT SYSTEMS**  
**June 30, 2022**  
**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
<b>Noncontributory System</b>					
2022	\$ 59,445	\$ 59,445	\$ -	\$ 321,848	18.47%
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%
<b>Tier 2 Public Employees System*</b>					
2022	\$ 76,653	\$ 76,653	\$ -	\$ 479,827	15.98%
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%
<b>Tier 2 Public Employees DC Only System*</b>					
2022	\$ 2,764	\$ 2,764	\$ -	\$ 41,318	6.69%
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%
2015	534	534	-	87,277	0.61%
2014	-	-	-	83,188	0.00%

\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

\*\* This schedule will be built out prospectively to show a 10-year history. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

See notes to required supplementary information

**SOUTH WEBER CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2022**

URS Pension Plan - Changes in Assumptions

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the total Pension Liability, which is about 1.3% of the total Pension Liability as of December 31, 2020 for all system combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.



## **SUPPLEMENTAL INFORMATION**

**SOUTH WEBER CITY**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

	<b>Park Impact Fee Fund</b>	<b>Road Impact Fee Fund</b>	<b>Recreation Impact Fee Fund</b>	<b>Public Safety Impact Fee Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ 206,014	\$ -	\$ -	\$ 206,014
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 206,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,014</u>
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Assigned for capital improvements	-	206,014	-	-	206,014
<b>Total fund balances</b>	<u>-</u>	<u>206,014</u>	<u>-</u>	<u>-</u>	<u>206,014</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ -</u>	<u>\$ 206,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,014</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, 2022**

	<b>Park Impact Fee Fund</b>	<b>Road Impact Fee Fund</b>	<b>Recreation Impact Fee Fund</b>	<b>Public Safety Impact Fee Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>					
Impact fees	\$ 90,128	\$ 184,817	\$ 35,862	\$ 6,391	\$ 317,198
Interest income	3,833	790	109	21	4,753
Total Revenues	93,961	185,607	35,971	6,412	321,951
<b>Expenditures:</b>					
Public works	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	93,961	185,607	35,971	6,412	321,951
<b>Other Sources (Uses)</b>					
Transfers out	(855,687)	-	(35,971)	(6,412)	(898,070)
Total Other Sources (Uses)	(855,687)	-	(35,971)	(6,412)	(898,070)
Net Change in Fund Balance	(761,726)	185,607	-	-	(576,119)
Fund Balance, Beginning	761,726	20,407	-	-	782,133
Fund Balance, Ending	\$ -	\$ 206,014	\$ -	\$ -	\$ 206,014

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, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
<b>Revenues</b>				
Sales tax	\$ 200,000	\$ 200,000	\$ 300,000	\$ 100,000
Interest income	5,000	5,000	6,467	1,467
Intergovernmental	-	-	107,107	107,107
Contributions	-	68,000	207,783	139,783
Total Revenues	205,000	273,000	621,357	348,357
<b>Expenditures</b>				
Capital outlay	1,920,000	2,341,000	2,232,656	108,344
Total Expenditures	1,920,000	2,341,000	2,232,656	108,344
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,715,000)	(2,068,000)	(1,611,299)	456,701
<b>Other Financing Sources (Uses)</b>				
Transfer in	1,083,000	1,083,000	855,687	(227,313)
Total Other Financing Sources (Uses)	1,083,000	1,083,000	855,687	(227,313)
Net Change in Fund Balance	<u>\$ (632,000)</u>	<u>\$ (985,000)</u>	(755,612)	<u>\$ 229,388</u>
Fund Balance, Beginning			<u>2,147,728</u>	
Fund Balance, Ending			<u>\$ 1,392,116</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>final budget</u>
<b>Revenues</b>				
Impact fees	\$ 165,000	\$ 165,000	\$ 90,128	\$ (74,872)
Interest income	<u>1,000</u>	<u>1,000</u>	<u>3,833</u>	<u>2,833</u>
Total Revenues	<u>166,000</u>	<u>166,000</u>	<u>93,961</u>	<u>(72,039)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>166,000</u>	<u>166,000</u>	<u>93,961</u>	<u>(72,039)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer out	<u>(943,000)</u>	<u>(943,000)</u>	<u>(855,687)</u>	<u>87,313</u>
Total Other Financing Sources (Uses)	<u>(943,000)</u>	<u>(943,000)</u>	<u>(855,687)</u>	<u>87,313</u>
Net Change in Fund Balance	<u>\$ (777,000)</u>	<u>\$ (777,000)</u>	<u>(761,726)</u>	<u>\$ 15,274</u>
Fund Balance, Beginning			<u>761,726</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 ROAD IMPACT FEE FUND**  
**For the Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
<b>Revenues</b>				
Impact fees	\$ 140,000	\$ 140,000	\$ 184,817	\$ 44,817
Interest income	-	-	790	790
Total Revenues	140,000	140,000	185,607	45,607
Excess (Deficiency) of Revenues Over (Under) Expenditures	140,000	140,000	185,607	45,607
<b>Other Financing Sources (Uses)</b>				
Transfer out	(140,000)	(140,000)	-	140,000
Total Other Financing Sources (Uses)	(140,000)	(140,000)	-	140,000
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	185,607	<u>\$ 185,607</u>
Fund Balance, Beginning			20,407	
Fund Balance, Ending			<u>\$ 206,014</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, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
<b>Revenues</b>				
Impact fees	\$ 65,000	\$ 65,000	\$ 35,862	\$ (29,138)
Interest income	1,000	1,000	109	(891)
Total Revenues	66,000	66,000	35,971	(30,029)
Excess (Deficiency) of Revenues Over (Under) Expenditures	66,000	66,000	35,971	(30,029)
<b>Other Financing Sources (Uses)</b>				
Transfer out	(66,000)	(66,000)	(35,971)	30,029
Total Other Financing Sources (Uses)	(66,000)	(66,000)	(35,971)	30,029
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, Beginning			-	
Fund Balance, Ending			\$ -	

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, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
<b>Revenues</b>				
Impact fees	\$ 12,000	\$ 12,000	\$ 6,391	\$ (5,609)
Interest income	-	-	21	21
Total Revenues	12,000	12,000	6,412	(5,588)
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,000	12,000	6,412	(5,588)
<b>Other Financing Sources (Uses)</b>				
Transfer out	(12,000)	(12,000)	(6,412)	5,588
Total Other Financing Sources (Uses)	(12,000)	(12,000)	(6,412)	5,588
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, Beginning			-	
Fund Balance, Ending			\$ -	

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



## **COMPLIANCE REPORTS**



CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, 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, 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 of the City of South Weber City, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise South Weber City's (the City) basic financial statements, and have issued our report thereon dated December 28, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal 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 *material weaknesses*. However, *material weaknesses* may exist that have not been identified.

**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 instance of noncompliance or other matters that is 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.

*K&C, CPAs*

K&C, Certified Public Accountants  
Salt Lake City, Utah  
December 28, 2022



CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, 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 the South Weber City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2022.

State compliance requirements were tested for the year ended June 30, 2022, in the following areas:

Budgetary Compliance  
Restricted Taxes  
Governmental Fees  
Utah Retirement Systems

Fund Balance  
Fraud Risk Assessment  
Justice Court  
Public Treasurer's Bond

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on South Weber City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 of 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 complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

**Other Matters**

The results of our auditing procedures disclosed an area of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings and recommendations. Our opinion on compliance is not modified with respect to this matter.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and recommendations. The City's responses were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **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 auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance with a general state or major state program compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program 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 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.

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying schedule of findings and recommendations.

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.

*K&C, CPAs*

K&C, Certified Public Accountants  
Salt Lake City, Utah  
December 28, 2022

# **SOUTH WEBER CITY**

## **SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

### **Utah State Compliance**

#### **2022-01 Budgetary Compliance**

**Condition:** During our test work, we noted the Storm Sewer Fund's total actual expenses of \$377,679 exceeded the funds final amended budget of \$309,000 by \$68,679

**Criteria** State Code section 10-6-123 say "City officers may not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended. "

**Cause:** This appears to be an oversight of the City.

**Effect:** The Storm Sewer fund expenses were in excess of the final amended budget.

**Recommendation:** We recommend the City monitor more closely the expenses in the Storm Sewer fund to ensure expenses are within the final amended budget.

**Response:** Staff agrees with the auditor determinations. The City underestimated depreciation, a noncash expenditure.