

SOUTH WEBER CITY

FINANCIAL STATEMENTS

For The Year Ended June 30, 2020

Together With Independent Auditor's Report

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FINANCIAL SECTION



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

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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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

December 30, 2020
Salt Lake City, Utah

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

South Weber City's (the City) management presents to the readers of its financial statements this narrative information. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2020. 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 \$37,090,000 (net position). Of this amount, \$8,546,994 (unrestricted position) is available to meet ongoing obligations of citizens and creditors. Net position increased by \$5,381,186 from the prior year.

The City's Governmental activities reported a combined ending net position of \$17,638,932. Of that amount, \$2,627,775 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, 2020, totaled \$638,856 and is 24.4% 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, 2020**

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, Country Fair Days special revenue, recreation impact special revenue, public safety impact special revenue, and transportation fee special revenue funds. The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

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

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

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

OTHER INFORMATION

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

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Comparative Summary of Net Position						Total % Change From Prior Year
	Governmental Activities		Business-type Activities		Total Activities		
	2020	2019	2020	2019	2020	2019	
Current and other assets	\$ 6,422,567	\$ 5,203,828	\$ 7,991,852	\$ 6,197,144	\$ 14,414,419	\$ 11,400,972	26.4%
Capital assets	14,706,154	12,495,528	15,795,044	13,911,990	30,501,198	26,407,518	15.5%
Total assets	21,128,721	17,699,356	23,786,896	20,109,134	44,915,617	37,808,490	18.8%
Total deferred outflows of resources	99,271	145,827	96,799	138,097	196,070	283,924	-30.9%
Long-term liabilities outstanding	857,206	1,017,444	2,915,260	3,094,195	3,772,466	4,111,639	-8.2%
Other liabilities	1,225,359	1,124,802	401,606	404,229	1,626,965	1,529,031	6.4%
Total liabilities	2,082,565	2,142,246	3,316,866	3,498,424	5,399,431	5,640,670	-4.3%
Total deferred inflows of resources	1,506,495	728,255	1,115,761	14,675	2,622,256	742,930	253.0%
Net position:							
Net investment in capital assets	14,054,461	11,760,879	12,936,492	10,940,883	26,990,953	22,701,762	18.9%
Restricted	956,696	1,247,879	595,357	515,595	1,552,053	1,763,474	-12.0%
Unrestricted	2,627,775	1,965,924	5,919,219	5,277,654	8,546,994	7,243,578	18.0%
Total net position	\$ 17,638,932	\$ 14,974,682	\$ 19,451,068	\$ 16,734,132	\$ 37,090,000	\$ 31,708,814	17.0%

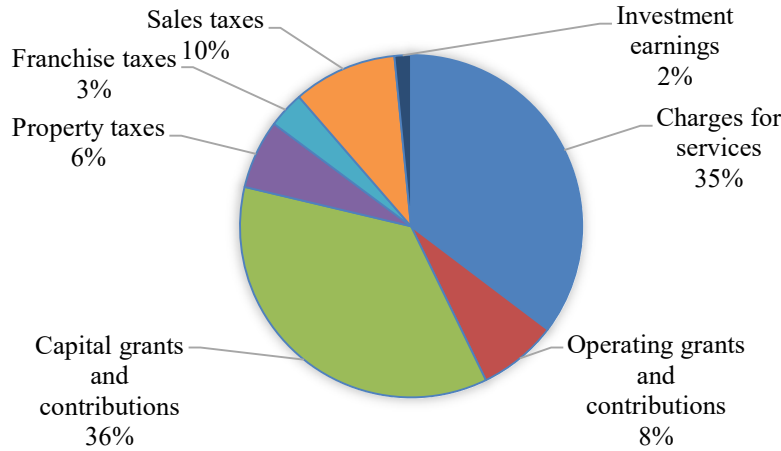
By far the largest component of South Weber City's net position, 73%, is its investment in capital assets. This figure represents the City's investment in land and improvements, buildings, machinery and equipment, roads, streetlights, and bridges, less any related outstanding debt that was used to acquire these assets. South Weber City uses these capital assets to provide services to citizens who live, work, pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.

An additional part of net position, 4%, is assets that are subject to external restrictions on how they may be expended. The remaining 23% 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		
	2020	2019	2020	2019	2020	2019	
Revenues:							
Program revenues:							
Charges for services	\$ 1,211,753	\$ 924,889	\$ 3,145,447	\$ 2,962,881	\$ 4,357,200	\$ 3,887,770	12.1%
Operating grants and contributions	925,410	290,911	-	-	925,410	290,911	218.1%
Capital grants and contributions	2,437,252	521,464	1,991,300	531,838	4,428,552	1,053,302	320.4%
General revenues:							
Property taxes	801,314	375,506	-	-	801,314	375,506	113.4%
Franchise taxes	422,985	386,795	-	-	422,985	386,795	9.4%
Sales taxes	1,211,491	1,047,072	-	-	1,211,491	1,047,072	15.7%
Other revenue	-	-	-	-	-	-	#DIV/0!
Gain on sale of assets	-	1,890	18,050	24,000	18,050	25,890	43.4%
Investment earnings	64,536	103,560	128,190	137,048	192,726	240,608	-19.9%
Total revenues	\$ 7,074,741	\$ 3,652,087	\$ 5,282,987	\$ 3,655,767	\$ 12,357,728	\$ 7,307,854	69.1%

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2020**

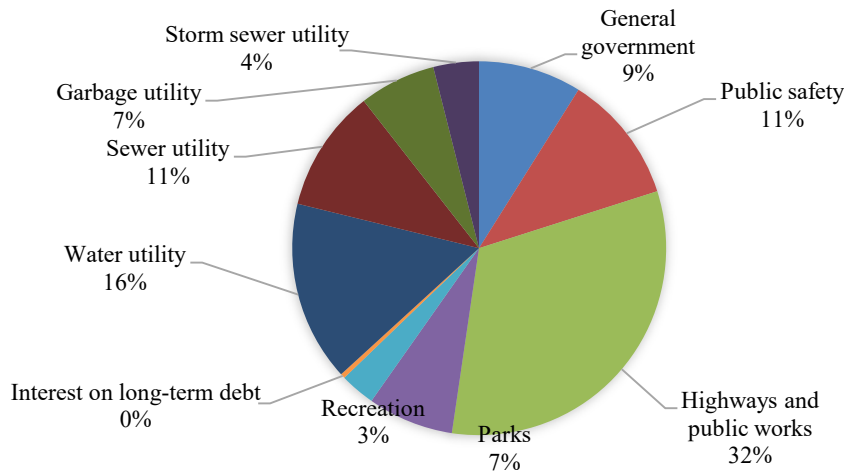
GOVERNMENT TOTAL REVENUES



Comparative Changes in Net Position (Continued)

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2020	2019	2020	2019	2020	2019	
Expenses:							
General government	\$ 621,670	\$ 530,723	\$ -	\$ -	\$ 621,670	\$ 530,723	17.1%
Public safety	778,017	769,084	-	-	778,017	769,084	1.2%
Highways and public works	2,251,759	1,359,146	-	-	2,251,759	1,359,146	65.7%
Parks	518,077	252,354	-	-	518,077	252,354	105.3%
Recreation	212,763	221,649	-	-	212,763	221,649	-4.0%
Interest on long-term debt	28,205	30,842	-	-	28,205	30,842	-8.6%
Water services	-	-	1,087,951	1,006,664	1,087,951	1,006,664	8.1%
Sewer services	-	-	740,054	730,395	740,054	730,395	1.3%
Garbage services	-	-	461,688	359,736	461,688	359,736	28.3%
Storm sewer services	-	-	276,358	236,677	276,358	236,677	16.8%
Total expenses	4,410,491	3,163,798	2,566,051	2,333,472	6,976,542	5,497,270	26.9%
Change in net position before transfers	2,664,250	488,289	2,716,936	1,322,295	5,381,186	1,810,584	-66.4%
Change in net position	2,664,250	488,289	2,716,936	1,322,295	5,381,186	1,810,584	197.2%
Net position - beginning	14,974,682	14,486,393	16,734,132	15,411,837	31,708,814	29,898,230	6.1%
Net position - end of year	\$ 17,638,932	\$ 14,974,682	\$ 19,451,068	\$ 16,734,132	\$ 37,090,000	\$ 31,708,814	17.0%

GOVERNMENT TOTAL EXPENDITURES/EXPENSES



**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2020**

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Governmental activities net position increased by \$2,664,250 for the year ended June 30, 2020. The major reason for the increase resulted from assets contributed to the City from developers, and increases in charges for services.

Business-type activities contributed an increase of \$2,716,936 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 \$192,726 in investment earnings and \$1,038,647 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, 2020.

For the period ended June 30, 2020, the City's governmental funds reported combined fund balances in the amount of \$3,780,439. Of the total balance at year-end, \$638,856 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 \$402,051, an increase of \$66,669 from the prior year mainly due to programs cancelled because of COVID-19 restrictions. The capital projects fund has a fund balance of \$1,447,245, an increase of \$321,643 from the prior year, due to revenues exceeding the current year projects.

The General Fund is the main operating fund for South Weber City. On June 30, 2020, the general fund's unassigned fund balance was \$638,856. Total fund balance of the general fund for South Weber City decreased by \$141,962. 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 23% 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 \$5,919,219. Discussions about the finances of these funds are addressed in the City's business-type activities.

BUDGETARY HIGHLIGHTS

The general fund budget had some significant budget changes in the Fire department that increased from the preliminary budget for officer compensation adjustments and unanticipated high call volume. The general fund was also amended to recognize CARES Act revenue received from the State related to COVID 19. Overall, the general fund was under budgeted expenditures by \$333,330.

The special revenue recreation fund budget was not amended during the year, and actual expenditures were less than budgeted expenditures by \$59,526. The COVID-19 pandemic caused the cancellation of several spring recreation programs.

The capital projects fund budget was increased for additional planned projects, but ultimately the projects did not occur. This resulted in the actual expenditures in this fund to be \$1,144,247 less than the budgeted amounts.

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

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2020**

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 \$30,501,198 (net of \$14,543,189 accumulated depreciation) at June 30, 2020. 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 nearly 73% of total assets.

Major capital asset activities are included in the following table:

Comparative Summary of Capital Assets

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2020	2019	2020	2019	2020	2019	
Land and water rights	\$ 4,154,044	\$ 3,374,977	\$ -	\$ -	\$ 4,154,044	\$ 3,374,977	23.1%
Buildings	3,075,860	3,075,860	298,262	298,262	3,374,122	3,374,122	0.0%
Improvements other than buildings	14,585,552	12,212,628	20,735,423	18,296,220	35,320,975	30,508,848	15.8%
Vehicles	1,352,753	1,206,744	22,250	109,473	1,375,003	1,316,217	4.5%
Machinery and equipment	217,408	217,408	218,705	218,705	436,113	436,113	0.0%
Construction in process	-	469,721	384,130	432,198	384,130	901,919	100.0%
Less: Accumulated Depreciation	(8,679,463)	(8,061,810)	(5,863,726)	(5,442,868)	(14,543,189)	(13,504,678)	7.7%
Net Book Value	\$ 14,706,154	\$ 12,495,528	\$ 15,795,044	\$ 13,911,990	\$ 30,501,198	\$ 26,407,518	15.5%

On June 30, 20120 South Weber City's total debt amounted to \$3,538,552 of which \$2,858,552 was incurred by the City's business-type activities and the remaining \$680,000 was incurred by the City's governmental units. The City's debt consists of revenue bonds and is secured by specific revenue sources (i.e. sales taxes and water).

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

Comparative of Debt Outstanding

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2020	2019	2020	2019	2020	2019	
Debt Outstanding							
Revenue Bonds	\$ 680,000	\$ 767,000	\$ 2,858,552	\$ 2,971,107	\$ 3,538,552	\$ 3,738,107	-5.3%
Total debt outstanding	\$ 680,000	\$ 767,000	\$ 2,858,552	\$ 2,971,107	\$ 3,538,552	\$ 3,738,107	-5.3%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of October 2020, the state unemployment rate was 4.1%, an increase from 3.2% the previous year. This is consistent with the nationwide increase in unemployment rates as the economy struggles with the COVID-19 pandemic. Currently, South Weber City is experiencing moderate economic growth and has not been seriously impacted financially by the pandemic. Sales tax has remained strong during the pandemic as South Weber has benefited from the shift from brick-and-mortar sales to on-line sales. The City is expecting some additional subdivisions that could bring more property taxes into the City in future years since the land was previously farm property subject to the greenbelt provisions. In August 2019, the City held a Truth-in-Taxation hearing. Following the hearing the City Council approved a 99% increase in the property tax rate. South Weber City had not increased its property tax rate in over 40 years. The rates and fees for most services remained constant for fiscal year 2020 compared with fiscal year 2019.

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, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 3,042,710	\$ 5,642,864	\$ 8,685,574
Receivables:			
Property, franchise, and excise taxes	1,774,323	-	1,774,323
Accounts receivable	37,703	280,762	318,465
Other	-	1,272,445	1,272,445
Prepaid expenses	10,075	157,841	167,916
Restricted:			
Cash and cash equivalents	1,508,667	637,940	2,146,607
Receivables - Class "C" road funds	49,089	-	49,089
Capital assets not being depreciated:			
Land and water rights	4,154,044	-	4,154,044
Construction in process	-	384,130	384,130
Capital assets, net of accumulated depreciation:			
Buildings	1,888,810	171,499	2,060,309
Improvements other than buildings	7,718,072	15,107,579	22,825,651
Machinery and equipment	76,313	125,629	201,942
Vehicles	868,915	6,207	875,122
Total Assets	<u>21,128,721</u>	<u>23,786,896</u>	<u>44,915,617</u>
Deferred Outflows of Resources			
Deferred loss on refunding	28,307	73,145	101,452
Deferred outflows relating to pensions	70,964	23,654	94,618
Total Deferred Outflows of Resources	<u>99,271</u>	<u>96,799</u>	<u>196,070</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 21,227,992</u>	<u>\$ 23,883,695</u>	<u>\$ 45,111,687</u>

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

SOUTH WEBER CITY
STATEMENT OF NET POSITION (Continued)
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities:			
Accounts payable	\$ 552,992	\$ 344,271	\$ 897,263
Accrued liabilities	61,209	8,444	69,653
Accrued interest	10,098	6,308	16,406
Unearned revenue	529,143	41,495	570,638
Restricted liabilities:			
Developer and customer deposits	71,917	1,088	73,005
Noncurrent liabilities:			
Due within one year	122,597	109,115	231,712
Due in more than one year	610,065	2,764,629	3,374,694
Net pension liability	124,544	41,516	166,060
Total Liabilities	<u>2,082,565</u>	<u>3,316,866</u>	<u>5,399,431</u>
Deferred Inflows of Resources			
Deferred revenue - property taxes	754,000	-	754,000
Deferred revenue - construction receivables	672,867	1,089,219	1,762,086
Deferred inflows relating to pensions	79,628	26,542	106,170
Total Deferred Inflows of Resources	<u>1,506,495</u>	<u>1,115,761</u>	<u>2,622,256</u>
Net Position			
Net investment in capital assets	14,054,461	12,936,492	26,990,953
Restricted for:			
Impact fees	646,579	595,357	1,241,936
Roads	310,117	-	310,117
Unrestricted	2,627,775	5,919,219	8,546,994
Total Net Position	<u>17,638,932</u>	<u>19,451,068</u>	<u>37,090,000</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 21,227,992</u>	<u>\$ 23,883,695</u>	<u>\$ 45,111,687</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, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Government Activities							
General government	\$ 621,670	\$ 610,996	\$ 368,352	\$ 332,300	\$ 689,978	\$ -	\$ 689,978
Public safety	778,017	69,410	171,115	14,112	(523,380)	-	(523,380)
Highways and public works	2,251,759	407,293	385,943	1,762,680	304,157	-	304,157
Parks	518,077	1,427	-	234,752	(281,898)	-	(281,898)
Recreation	212,763	122,627	-	93,408	3,272	-	3,272
Interest on long-term debt	28,205	-	-	-	(28,205)	-	(28,205)
Total Governmental Activities	4,410,491	1,211,753	925,410	2,437,252	163,924	-	163,924
Business-type Activities							
Water utility	1,087,951	1,521,613	-	470,261	-	903,923	903,923
Sewer utility	740,054	965,254	-	594,112	-	819,312	819,312
Garbage utility	461,688	469,449	-	-	-	7,761	7,761
Storm sewer utility	276,358	189,131	-	926,927	-	839,700	839,700
Total Business-type Activities	2,566,051	3,145,447	-	1,991,300	-	2,570,696	2,570,696
Total Government	\$ 6,976,542	\$ 4,357,200	\$ 925,410	\$ 4,428,552	163,924	2,570,696	2,734,620
General Revenues:							
Property taxes					801,314	-	801,314
Franchise taxes					422,985	-	422,985
Sales taxes					1,211,491	-	1,211,491
Investment earnings					64,536	128,190	192,726
Gain on sale of capital assets					-	18,050	18,050
Transfers					-	-	-
Total General Revenues and Transfers					2,500,326	146,240	2,646,566
Changes in Net Position					2,664,250	2,716,936	5,381,186
Net Position, Beginning					14,974,682	16,734,132	31,708,814
Net Position, Ending					\$ 17,638,932	\$ 19,451,068	\$ 37,090,000

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

SOUTH WEBER CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	General	Special Revenue Recreation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
Assets					
Cash and cash equivalents	\$ 469,384	\$ 406,499	\$ 1,890,570	\$ 276,257	\$ 3,042,710
Accounts receivable	-	-	-	37,703	37,703
Property, franchise, and excise tax receivable	1,047,856	-	-	-	1,047,856
Receivables, other	34,164	-	596,638	95,665	726,467
Prepays	10,075	-	-	-	10,075
Restricted assets:					
Cash and cash equivalents	857,832	-	4,256	646,579	1,508,667
Receivables - Class "C" road monies	49,089	-	-	-	49,089
Total Assets	\$ 2,468,400	\$ 406,499	\$ 2,491,464	\$ 1,056,204	\$ 6,422,567
Liabilities					
Accounts payable	\$ 100,141	\$ 1,646	\$ 443,325	\$ 7,880	\$ 552,992
Accrued liabilities	58,407	2,802	-	-	61,209
Unearned revenue	524,887	-	4,256	-	529,143
Restricted liabilities:					
Developer and customer deposits	71,917	-	-	-	71,917
Total Liabilities	755,352	4,448	447,581	7,880	1,215,261
Deferred Inflows of Resources					
Unavailable revenue - construction receivables	-	-	596,638	76,229	672,867
Unavailable revenue - property taxes	754,000	-	-	-	754,000
Total Deferred Inflows of Resources	754,000	-	596,638	76,229	1,426,867
Fund Balances					
Nonspendable					
Prepays	10,075	-	-	-	10,075
Restricted					
Class "C" roads	310,117	-	-	-	310,117
Impact fees	-	-	-	646,579	646,579
Assigned					
Capital projects	-	402,051	1,447,245	325,516	2,174,812
Unassigned	638,856	-	-	-	638,856
Total Fund Balances	959,048	402,051	1,447,245	972,095	3,780,439
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,468,400	\$ 406,499	\$ 2,491,464	\$ 1,056,204	\$ 6,422,567

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, 2020

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

Total fund balance - governmental funds	\$	3,780,439
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		14,706,154
Deferred outflows of resources relating to refunding are not financial resources and, therefore, are not reported in the funds.		28,307
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.		(732,662)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.		(10,098)
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.		(133,208)
Net position - governmental activities	\$	17,638,932

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, 2020

	General	Special Revenue Recreation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
Revenues					
General property taxes	\$ 801,314	\$ -	\$ -	\$ -	\$ 801,314
Sales, use, and excise taxes	339,002	-	770,000	102,489	1,211,491
Franchise taxes	422,985	-	-	-	422,985
Impact fees	-	-	-	537,376	537,376
Licenses	471,438	-	-	-	471,438
Fines	90,215	-	-	-	90,215
Charges for services	168,052	122,627	-	407,293	697,972
Interest income	24,264	6,198	8,777	25,297	64,536
Intergovernmental	266,615	-	366,852	245,277	878,744
Contributions	-	-	332,300	46,666	378,966
Miscellaneous revenue	22,859	-	-	-	22,859
Total Revenues	2,606,744	128,825	1,477,929	1,364,398	5,577,896
Expenditures					
Current:					
General government	651,517	-	-	-	651,517
Public safety	819,525	-	-	-	819,525
Public works	644,813	-	-	629,547	1,274,360
Parks	247,828	-	-	-	247,828
Recreation	-	172,508	-	-	172,508
Capital expenditures	-	-	1,908,682	-	1,908,682
Debt service:					
Principal	24,360	62,640	-	-	87,000
Interest and fiscal charges	7,127	18,326	-	-	25,453
Total Expenditures	2,395,170	253,474	1,908,682	629,547	5,186,873
Excess (Deficiency) of Revenues Over (Under) Expenditures	211,574	(124,649)	(430,753)	734,851	391,023
Other Financing Sources (Uses)					
Transfer in	14,996	191,318	752,396	36,694	995,404
Transfer out	(368,532)	-	-	(626,872)	(995,404)
Total Other Financing Sources (Uses)	(353,536)	191,318	752,396	(590,178)	-
Net Change in Fund Balances	(141,962)	66,669	321,643	144,673	391,023
Fund Balance, Beginning	1,101,010	335,382	1,125,602	827,422	3,389,416
Fund Balance, Ending	\$ 959,048	\$ 402,051	\$ 1,447,245	\$ 972,095	\$ 3,780,439

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, 2020

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

Net change in fund balances - total governmental funds	\$ 391,023
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.	(617,653)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	2,828,279
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	87,000
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.	1,292
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.	(11,516)
Changes in the pension asset and liability accounts are not recorded in the funds rather they are recorded in the statement of activities	(10,131)
Change in net position - governmental activities	\$ 2,664,250

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

SOUTH WEBER CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2020

	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Garbage Utility Fund</u>	<u>Storm Sewer Utility Fund</u>	<u>Total Proprietary Funds</u>
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 2,089,202	\$ 2,902,934	\$ 426,274	\$ 224,454	\$ 5,642,864
Accounts receivable	147,038	71,080	44,661	17,983	280,762
Other receivables	1,174,540	-	-	97,905	1,272,445
Prepaid expenses	157,841	-	-	-	157,841
Restricted cash and cash equivalents	54,360	541,687	-	41,893	637,940
Total Current Assets	<u>3,622,981</u>	<u>3,515,701</u>	<u>470,935</u>	<u>382,235</u>	<u>7,991,852</u>
Noncurrent Assets:					
Property and equipment					
Construction in process	52,880	-	-	331,250	384,130
Buildings	298,262	-	-	-	298,262
Improvements, other than buildings	8,826,017	6,812,036	-	5,097,370	20,735,423
Machinery and equipment	218,705	-	-	-	218,705
Vehicles	22,250	-	-	-	22,250
Less: Accumulated depreciation	(2,376,104)	(1,990,464)	-	(1,497,158)	(5,863,726)
Total property and equipment	<u>7,042,010</u>	<u>4,821,572</u>	<u>-</u>	<u>3,931,462</u>	<u>15,795,044</u>
Total Assets	<u>10,664,991</u>	<u>8,337,273</u>	<u>470,935</u>	<u>4,313,697</u>	<u>23,786,896</u>
Deferred Outflows of Resources:					
Deferred loss on refunding	73,145	-	-	-	73,145
Deferred outflows relating to pensions	12,300	5,677	946	4,731	23,654
Total Deferred Outflows of Resources	<u>85,445</u>	<u>5,677</u>	<u>946</u>	<u>4,731</u>	<u>96,799</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,750,436</u>	<u>\$ 8,342,950</u>	<u>\$ 471,881</u>	<u>\$ 4,318,428</u>	<u>\$ 23,883,695</u>
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 119,980	\$ 48,704	\$ 69,143	\$ 106,444	\$ 344,271
Accrued liabilities	5,235	1,974	518	717	8,444
Accrued interest	6,308	-	-	-	6,308
Unearned revenue	-	-	-	41,495	41,495
Restricted liabilities:					
Developer and customer deposits	1,088	-	-	-	1,088
Current portion of compensated absences	3,246	4,316	122	1,431	9,115
Current portion of bonds payable	100,000	-	-	-	100,000
Total Current Liabilities	<u>235,857</u>	<u>54,994</u>	<u>69,783</u>	<u>150,087</u>	<u>510,721</u>
Noncurrent Liabilities:					
Compensated absences	2,164	2,877	82	954	6,077
Bonds payable	2,758,552	-	-	-	2,758,552
Net pension liability	21,588	9,964	1,661	8,303	41,516
Total Noncurrent Liabilities	<u>2,782,304</u>	<u>12,841</u>	<u>1,743</u>	<u>9,257</u>	<u>2,806,145</u>
Total Liabilities	<u>3,018,161</u>	<u>67,835</u>	<u>71,526</u>	<u>159,344</u>	<u>3,316,866</u>
Deferred Inflows of Resources:					
Deferred inflows	1,089,219	-	-	-	1,089,219
Deferred inflows relating to pensions	13,802	6,370	1,062	5,308	26,542
	<u>1,103,021</u>	<u>6,370</u>	<u>1,062</u>	<u>5,308</u>	<u>1,115,761</u>
Net Position:					
Net investment in capital assets	4,183,458	4,821,572	-	3,931,462	12,936,492
Restricted:					
Impact fees	53,272	541,687	-	398	595,357
Unrestricted	2,392,524	2,905,486	399,293	221,916	5,919,219
Total Net Position	<u>6,629,254</u>	<u>8,268,745</u>	<u>399,293</u>	<u>4,153,776</u>	<u>19,451,068</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 10,750,436</u>	<u>\$ 8,342,950</u>	<u>\$ 471,881</u>	<u>\$ 4,318,428</u>	<u>\$ 23,883,695</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, 2020

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Funds
Operating Revenues:					
Sales and charges for services	\$ 1,521,613	\$ 965,254	\$ 469,449	\$ 189,131	\$ 3,145,447
Total Operating Revenues	<u>1,521,613</u>	<u>965,254</u>	<u>469,449</u>	<u>189,131</u>	<u>3,145,447</u>
Operating Expenses:					
Personnel services	217,310	102,229	40,584	67,115	427,238
Supplies	516,002	18,441	414,904	8,552	957,899
Purchased services	19,749	489,010	6,200	52,897	567,856
Capital outlay	2,220	-	-	-	2,220
Depreciation and amortization	229,913	130,374	-	147,794	508,081
Total operating expenses	<u>985,194</u>	<u>740,054</u>	<u>461,688</u>	<u>276,358</u>	<u>2,463,294</u>
Operating income	<u>536,419</u>	<u>225,200</u>	<u>7,761</u>	<u>(87,227)</u>	<u>682,153</u>
Nonoperating revenue (expense):					
Interest income	46,908	63,064	8,404	9,814	128,190
Impact fee income	138,860	328,496	-	33,915	501,271
Gain (loss) on disposal of assets	18,050	-	-	-	18,050
Interest expense	(102,757)	-	-	-	(102,757)
Total nonoperating revenues (expenses)	<u>101,061</u>	<u>391,560</u>	<u>8,404</u>	<u>43,729</u>	<u>544,754</u>
Income (loss) before capital contributions and transfers	<u>637,480</u>	<u>616,760</u>	<u>16,165</u>	<u>(43,498)</u>	<u>1,226,907</u>
Capital Contributions:					
Grants and other contributions	331,401	265,616	-	893,012	1,490,029
Total Capital Contributions	<u>331,401</u>	<u>265,616</u>	<u>-</u>	<u>893,012</u>	<u>1,490,029</u>
Change in net position	968,881	882,376	16,165	849,514	2,716,936
Net position, beginning	<u>5,660,373</u>	<u>7,386,369</u>	<u>383,128</u>	<u>3,304,262</u>	<u>16,734,132</u>
Net position, ending	<u>\$ 6,629,254</u>	<u>\$ 8,268,745</u>	<u>\$ 399,293</u>	<u>\$ 4,153,776</u>	<u>\$ 19,451,068</u>

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

SOUTH WEBER CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Funds
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 1,417,292	\$ 965,927	\$ 457,690	\$ 12,383	\$ 2,853,292
Payments to suppliers and service providers	(587,537)	(527,933)	(391,972)	42,737	(1,464,705)
Payments to employees and related benefits	(227,910)	(108,677)	(45,025)	(62,691)	(444,303)
Net cash flows from operating activities	<u>601,845</u>	<u>329,317</u>	<u>20,693</u>	<u>(7,571)</u>	<u>944,284</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	(701,847)	(14,876)	-	(187,244)	(903,967)
Principal paid on bonds and leases	(95,000)	-	-	-	(95,000)
Proceeds from sale of assets	18,050	-	-	-	18,050
Interest Paid	(117,185)	-	-	-	(117,185)
Impact fees received	138,860	328,496	-	33,915	501,271
Net cash flows from capital and related financing activities	<u>(757,122)</u>	<u>313,620</u>	<u>-</u>	<u>(153,329)</u>	<u>(596,831)</u>
Cash Flows From Investing Activities					
Interest on deposits	46,908	63,064	8,404	9,814	128,190
Net cash flows from investing activities	<u>46,908</u>	<u>63,064</u>	<u>8,404</u>	<u>9,814</u>	<u>128,190</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(108,369)	706,001	29,097	(151,086)	475,643
Cash and Cash Equivalents, Beginning	<u>2,251,931</u>	<u>2,738,620</u>	<u>397,177</u>	<u>417,433</u>	<u>5,805,161</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,143,562</u>	<u>\$ 3,444,621</u>	<u>\$ 426,274</u>	<u>\$ 266,347</u>	<u>\$ 6,280,804</u>
Reconciliation of operating income to net cash flows from operating activities					
Operating income (loss)	\$ 536,419	\$ 225,200	\$ 7,761	\$ (87,227)	\$ 682,153
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation expense	229,913	130,374	-	147,794	508,081
(Increase) Decrease in accounts receivables	(19,000)	673	(11,759)	(1,451)	(31,537)
(Increase) Decrease in other accounts receivables	(1,174,540)	-	-	(97,905)	(1,272,445)
(Increase) Decrease in prepaids	(15,083)	-	-	-	(15,083)
(Increase) Decrease in deferred outflows related to pension	19,124	13,527	4,291	506	37,448
Increase (Decrease) in accounts payable	(36,415)	(21,291)	28,944	104,347	75,585
Increase (Decrease) in accrued liabilities	1,932	809	188	(161)	2,768
Increase (Decrease) in unearned revenues	-	-	-	(77,392)	(77,392)
Increase (Decrease) in compensated absences	392	3,723	(537)	1,225	4,803
Increase (Decrease) in net pension liability	(36,371)	(25,456)	(7,999)	(1,357)	(71,183)
Increase (Decrease) in deferred inflows related to pension	6,255	1,758	(196)	4,050	11,867
Increase (Decrease) in deferred inflows	1,089,219	-	-	-	1,089,219
Net cash flows from operating activities	<u>\$ 601,845</u>	<u>\$ 329,317</u>	<u>\$ 20,693</u>	<u>\$ (7,571)</u>	<u>\$ 944,284</u>
Non-cash contribution of assets from developers	\$ 331,401	\$ 265,616	\$ -	\$ 893,012	\$ 1,490,029

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

SOUTH WEBER CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) The Reporting Entity

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

(B) Government-Wide and Fund Financial Statements

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

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

(C) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (generally within sixty days) to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under the accrual method of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded when payment is due.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers of the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgets

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

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

Utah State allows for any undesignated fund balances in excess of 5% of total revenue of the general fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to 25% of the total estimated revenue of the general fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year to determine an appropriate use and then the excess must be included as an available resource in the general fund budget.

(E) Taxes

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

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

(F) Capital Assets

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) Capital Assets (Continued)

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

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

(G) Long-Term Obligation

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

(H) Equity Classifications

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned.

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

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

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) Equity Classifications (Continued)

Assigned fund balance classifications include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Council authorizes such assignments. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

Unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

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

(I) Cash and Cash Equivalents

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

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

(J) Use of Estimates

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

(K) Deferred outflows/inflows of resources

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

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(L) Pensions

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

(M) Prepaid

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

NOTE 2 CASH AND INVESTMENTS

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

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

Custodial credit risk – deposits is the risk that in the event of bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. As of June 30, 2020, \$596,922 of the City's bank balances of \$854,756 (excluding PTIF) was uninsured and uncollateralized.

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

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets.
- *Level 2:* Observable inputs other than quoted market prices.
- *Level 3:* Unobservable inputs.

For the year ended June 30, 2020, the City had cash balances of \$10,150,121 deposited in the PTIF. The fair value of the PTIF is \$10,174,973. 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, 2020:

	Carrying Amount
Cash on hand and on deposit:	
Cash on hand	\$ 4,315
Cash on deposit	677,745
Utah State Treasurer's investment pool accounts	10,150,121
Total cash on hand and deposit	\$ 10,832,181

NOTE 3 RESTRICTED ASSETS

Certain assets are restricted to use for the following purposes as of June 30, 2020:

Performance bonds	\$ 77,261
Class "C" road funds	310,117
Unspent grant	76,722
Developer deposits	489,660
Impact fees	1,241,936
Restricted assets	\$ 2,195,696

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, 2020, is as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 3,374,977	\$ 779,067	\$ -	\$ 4,154,044
Construction in process	469,721	-	(469,721)	-
Total capital assets, not being depreciated	<u>3,844,698</u>	<u>779,067</u>	<u>(469,721)</u>	<u>4,154,044</u>
Capital assets, being depreciated				
Buildings	3,075,860	-	-	3,075,860
Improvements other than buildings	12,212,628	2,372,924	-	14,585,552
Equipment	217,408	-	-	217,408
Vehicles	1,206,744	146,009	-	1,352,753
Total capital assets, being depreciated	<u>16,712,640</u>	<u>2,518,933</u>	<u>-</u>	<u>19,231,573</u>
Less accumulated depreciation for				
Buildings	(1,125,530)	(61,520)	-	(1,187,050)
Improvements other than buildings	(6,457,657)	(409,823)	-	(6,867,480)
Equipment	(119,928)	(21,167)	-	(141,095)
Vehicles	(358,695)	(125,143)	-	(483,838)
Total accumulated depreciation	<u>(8,061,810)</u>	<u>(617,653)</u>	<u>-</u>	<u>(8,679,463)</u>
Total capital assets, being depreciated, net	<u>8,650,830</u>	<u>1,901,280</u>	<u>-</u>	<u>10,552,110</u>
Governmental activities capital assets, net	<u>\$ 12,495,528</u>	<u>\$ 2,680,347</u>	<u>\$ (469,721)</u>	<u>\$ 14,706,154</u>

The Business-type Activities property, plant and equipment consist of the following on June 30, 2020:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Business-type Activities				
Capital assets, not being depreciated				
Construction in process	\$ 432,198	\$ 148,211	\$ (196,279)	\$ 384,130
Total capital assets, not being depreciated	<u>432,198</u>	<u>148,211</u>	<u>(196,279)</u>	<u>384,130</u>
Capital assets, being depreciated				
Buildings	298,262	-	-	298,262
Improvements other than buildings	18,296,220	2,439,203	-	20,735,423
Equipment	218,705	-	-	218,705
Vehicles	109,473	-	(87,223)	22,250
Total capital assets, being depreciated	<u>18,922,660</u>	<u>2,439,203</u>	<u>(87,223)</u>	<u>21,274,640</u>
Less accumulated depreciation for				
Buildings	(119,306)	(7,457)	-	(126,763)
Improvements other than buildings	(5,148,759)	(479,085)	-	(5,627,844)
Equipment	(75,986)	(17,090)	-	(93,076)
Vehicles	(98,817)	(4,449)	87,223	(16,043)
Total accumulated depreciation	<u>(5,442,868)</u>	<u>(508,081)</u>	<u>87,223</u>	<u>(5,863,726)</u>
Total capital assets, being depreciated, net	<u>13,479,792</u>	<u>1,931,122</u>	<u>-</u>	<u>15,410,914</u>
Business-type activities capital assets, net	<u>\$ 13,911,990</u>	<u>\$ 2,079,333</u>	<u>\$ (196,279)</u>	<u>\$ 15,795,044</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, 2020 as follows:

Governmental Activities		
General government	\$	5,338
Public safety		56,723
Highways and public works		420,817
Parks		96,669
Recreation		38,106
		<u>617,653</u>
Total depreciation expense - governmental activities	\$	<u>617,653</u>
Business-type Activities		
Water services	\$	229,913
Sewer services		130,374
Storm sewer services		147,794
		<u>508,081</u>
Total depreciation expense - business-type activities	\$	<u>508,081</u>
Combined depreciation expense	\$	<u>1,125,734</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 \$30,922 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 DEBT NOTE

The following is summary of long-term debt transactions of the City for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
Sales Tax Revenue Bond, Series 2012	\$ 767,000	\$ -	\$ (87,000)	\$ 680,000	\$ 91,000
Total governmental bonds payable	767,000			680,000	91,000
Compensated absences	41,146	36,204	(24,688)	52,662	31,597
Net pension liability	209,298	-	(84,754)	124,544	-
	<u>\$ 1,017,444</u>	<u>\$ 36,204</u>	<u>\$ (109,442)</u>	<u>\$ 857,206</u>	<u>\$ 122,597</u>
Total governmental long-term liabilities					

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

NOTE 6 LONG-TERM DEBT (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type Activities					
Water Revenue Refunding, Series 2017	\$ 2,620,000	\$ -	\$ (95,000)	2,525,000	\$ 100,000
Bond Premium, Series 2017	351,107	-	(17,555)	333,552	-
Total business-type bonds payable	2,971,107			2,858,552	100,000
Compensated absences	10,389	11,037	(6,234)	15,192	9,115
Net pension liability	112,699	-	(71,183)	41,516	-
Total business-type long-term liabilities	\$ 3,094,195	\$ 11,037	\$ (77,417)	\$ 2,915,260	\$ 109,115

The direct placement revenue bonds 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.

The annual debt service requirements to maturity, including principal and interest, for the Sales Tax Revenue Refunding Bonds, Series 2012, as of June 30, 2020 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>
2021	\$ 91,000	\$ 20,196	\$ 111,196
2022	95,000	17,493	112,493
2023	93,000	14,672	107,672
2024	97,000	11,910	108,910
2025	101,000	9,029	110,029
2026-2027	203,000	9,088	212,088
Total	\$ 680,000	\$ 82,388	\$ 762,388

Water Revenue Bonds, Series 2010

The Water Revenue Bonds, Series 2010 were issued in August 2010. The \$3,445,000 revenue bonds carried 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 2040. The proceeds of the bond were used to construct a culinary water storage reservoir, a pump station, and other related infrastructure. In 2017, the City refunded the Series 2010 bonds by issuing Water Revenue Refunding Bonds, Series 2017. The proceeds of the Series 2017 bond were deposited into an escrow which was used to redeem the Series 2010 bonds on June 1, 2020.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM DEBT (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.

The annual debt service requirements to maturity as of June 30, 2020 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>
2021	\$ 100,000	\$ 131,750	\$ 231,750
2022	100,000	127,500	227,500
2023	100,000	123,000	223,000
2024	100,000	118,500	218,500
2025	110,000	114,700	224,700
2026-2030	625,000	502,700	1,127,700
2031-2035	785,000	345,750	1,130,750
2036-2039	605,000	133,750	738,750
Total	<u>\$ 2,525,000</u>	<u>\$ 1,597,650</u>	<u>\$ 4,122,650</u>

NOTE 7 CONSTRUCTION COMMITMENTS

The City did not have any active construction commitments on June 30, 2020

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, 2020 are as follows:

	Out	In
Governmental funds:		
General fund	\$ 368,532	\$ 14,996
Capital improvements fund	-	752,396
Recreation fund	-	191,318
Road impact fee fund	518,058	-
Recreation impact fee fund	93,818	-
Public safety impact fee fund	14,996	-
Transportation fund	-	36,694
	\$ 1,432,477	\$ 1,432,477
Totals		

The purpose of the interfund transfers in Recreation and Public Safety are to make payments on the City's bonds. The other transfers relate to the use of Road Impact Fees and Class "C" Road funds for the construction of South Bench Drive Phase One.

NOTE 9 RETIREMENT PLAN

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S. Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

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

NOTE 9 RETIREMENT PLAN (Continued)

Benefits Provided

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

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

* With actuarial reductions.

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases no met may be carried forward to subsequent years.

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2020 are as follows:

	<u>Employee Paid</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System			
111 - Local Government Div - Tier 2	N/A	15.66%	1.03%
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, 2020, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 56,060	N/A
Tier 2 Public Employees System	51,614	-
Tier 2 DC Only System	2,763	N/A
Total Contributions	<u>\$ 110,437</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, 2020, we reported a net pension asset of \$0 and a net pension liability of \$166,059.

	(Measurement Date): December 31, 2019				Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2018	
Noncontributory System	\$ -	\$ 160,905	0.0426931%	0.0423883%	0.0003048%
Tier 2 Public Employees System	-	5,154	0.0229183%	0.0230247%	-0.0001064%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 166,059</u>			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 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, 2020, we recognized pension expense of \$98,725.

At June 30, 2020, 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	\$ 16,078	\$ 4,080
Changes in assumptions	19,243	148
Net difference between projected and actual earnings on pension plan investments	-	85,333
Changes in proportion and differences between contributions and proportionate share of contributions	4,769	16,609
Contributions subsequent to the measurement date	54,528	-
Total	<u>\$ 94,618</u>	<u>\$ 106,170</u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

\$ 54,528 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, 2019.

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
2020	\$ (18,989)
2021	(21,433)
2022	2,783
2023	32,004
2024	517
Thereafter	3,046

Actuarial Assumptions

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

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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

Asset Class	Expected Return Arithmetic Basis		Long-Term expected portfolio real rate of return
	Target Allocation	Real Return Arithmetic Basis	
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.90%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
		Inflation	2.50%
		Expected arithmetic nominal return	7.25%

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

NOTE 9 RETIREMENT PLAN (Continued)

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

Discount Rate

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

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

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

<u>System</u>	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Noncontributory System	\$ 502,561	\$ 160,905	\$ (124,033)
Tier 2 Public Employees System	44,449	5,154	(25,213)
Total	<u>\$ 547,010</u>	<u>\$ 166,059</u>	<u>\$ (149,246)</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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
401(k) Plan			
Employer Contributions	\$ 46,061	\$ 43,366	\$ 39,838
Employee Contributions	53,960	43,507	39,908
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	-	-	1,313

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General property taxes	\$ 746,000	\$ 746,000	\$ 801,314	\$ 55,314
Sales, use, and excise taxes	701,000	701,000	339,002	(361,998)
Franchise taxes	400,000	400,000	422,985	22,985
Licenses	318,000	398,000	471,438	73,438
Fines	85,000	85,000	90,215	5,215
Charges for services	195,000	290,000	168,052	(121,948)
Interest income	17,000	57,000	24,264	(32,736)
Intergovernmental	103,500	103,500	266,615	163,115
Miscellaneous revenue	5,500	5,500	22,859	17,359
	<u>2,571,000</u>	<u>2,786,000</u>	<u>2,606,744</u>	<u>(179,256)</u>
Expenditures				
General government				
Administrative	660,500	635,500	522,321	113,179
Legislative	60,000	60,000	40,063	19,937
Judicial	100,000	100,000	89,133	10,867
Public works				
Building inspection	328,000	433,000	418,515	14,485
Streets	264,000	334,000	226,298	107,702
Public safety				
Police and animal control	258,000	258,000	247,649	10,351
Fire protection	568,000	608,000	571,876	36,124
Parks	240,000	265,000	247,828	17,172
Debt service:				
Principal	28,000	28,000	24,360	3,640
Interest	7,000	7,000	7,127	(127)
	<u>2,513,500</u>	<u>2,728,500</u>	<u>2,395,170</u>	<u>333,330</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>57,500</u>	<u>57,500</u>	<u>211,574</u>	<u>154,074</u>
Other Financing Sources (Uses)				
Transfer in	40,000	40,000	14,996	(25,004)
Transfer out	(97,500)	(97,500)	(368,532)	(271,032)
	<u>(57,500)</u>	<u>(57,500)</u>	<u>(353,536)</u>	<u>(296,036)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(141,962)</u>	<u>\$ (141,962)</u>
Fund Balance, Beginning			<u>1,101,010</u>	
Fund Balance, Ending			<u>\$ 959,048</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 140,500	\$ 142,500	\$ 122,627	\$ (19,873)
Interest income	3,000	3,000	6,198	3,198
Total Revenues	<u>143,500</u>	<u>145,500</u>	<u>128,825</u>	<u>(16,675)</u>
Expenditures				
Recreation	222,000	224,000	172,508	51,492
Debt service:				
Principal	72,000	72,000	62,640	9,360
Interest	17,000	17,000	18,326	(1,326)
Total Expenditures	<u>311,000</u>	<u>313,000</u>	<u>253,474</u>	<u>59,526</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(167,500)</u>	<u>(167,500)</u>	<u>(124,649)</u>	<u>42,851</u>
Other Financing Sources (Uses)				
Transfer in	163,500	163,500	191,318	27,818
Total Other Financing Sources (Uses)	<u>163,500</u>	<u>163,500</u>	<u>191,318</u>	<u>27,818</u>
Net Change in Fund Balance	<u>\$ (4,000)</u>	<u>\$ (4,000)</u>	66,669	<u>\$ 70,669</u>
Fund Balance, Beginning			<u>335,382</u>	
Fund Balance, Ending			<u>\$ 402,051</u>	

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

SOUTH WEBER CITY
SCHEDULE OF PROPORTIONATE SHARE OF
THE PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
Measurement Date of December 31, 2019
June 30, 2020
Last 10 Fiscal Years*

<u>For the year ended December 31,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of total pension liability(asset)</u>
Noncontributory Retirement System					
2019	0.0426931%	\$ 160,905	\$ 287,168	56.03%	93.7%
2018	0.0423883%	312,136	290,780	107.34%	87.0%
2017	0.0469185%	205,564	352,474	58.32%	91.9%
2016	0.0504895%	324,204	399,151	81.22%	87.3%
2015	0.0572056%	323,697	457,570	70.74%	87.8%
2014	0.0486916%	211,430	384,233	55.03%	90.2%
Tier 2 Public Employees Retirement System					
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.

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

**SOUTH WEBER CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
June 30, 2020
Last 10 Fiscal Years***

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System					
2020	\$ 56,060	\$ 56,060	\$ -	\$ 303,520	18.47%
2019	50,305	50,305	-	272,670	18.45%
2018	62,139	62,139	-	336,430	18.47%
2017	63,880	63,880	-	345,860	18.47%
2016	85,487	85,487	-	467,173	18.30%
2015	76,280	76,280	-	429,160	17.77%
2014	71,335	71,335	-	413,474	17.25%
Tier 2 Public Employees System*					
2020	\$ 51,614	\$ 51,614	\$ -	\$ 330,284	15.63%
2019	46,657	46,657	-	300,889	15.51%
2018	32,651	32,651	-	216,091	15.11%
2017	22,503	22,503	-	150,925	14.91%
2016	21,380	21,380	-	143,386	14.91%
2015	17,885	17,885	-	103,673	17.25%
2014	14,123	14,123	-	76,308	18.51%
Tier 2 Public Employees DC Only System*					
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.

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

SOUTH WEBER CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

URS Pension Plan - Changes in Assumptions

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighters Hybrid System have been modified to be the same as the assumptions used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

SUPPLEMENTAL INFORMATION

SOUTH WEBER CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>Park Impact Fee Fund</u>	<u>Road Impact Fee Fund</u>	<u>Recreation Impact Fee Fund</u>	<u>Public Safety Impact Fee Fund</u>	<u>Transportation Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 642,236	\$ 3,651	\$ 596	\$ 96	\$ 276,257	\$ 922,836
Receivables	-	-	-	-	37,703	37,703
Other Receivable	-	-	-	-	95,665	95,665
Total assets	<u>\$ 642,236</u>	<u>\$ 3,651</u>	<u>\$ 596</u>	<u>\$ 96</u>	<u>\$ 409,625</u>	<u>\$ 1,056,204</u>
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 7,880	\$ 7,880
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,880</u>	<u>7,880</u>
Deferred Inflows of Resources						
Unavaiable revenue - construction receivables	-	-	-	-	76,229	76,229
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,229</u>	<u>76,229</u>
Fund Balances:						
Assigned for capital improvements	642,236	3,651	596	96	325,516	972,095
Total fund balances	<u>642,236</u>	<u>3,651</u>	<u>596</u>	<u>96</u>	<u>325,516</u>	<u>972,095</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 642,236</u>	<u>\$ 3,651</u>	<u>\$ 596</u>	<u>\$ 96</u>	<u>\$ 409,625</u>	<u>\$ 1,056,204</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, 2020

	Park Impact Fee Fund	Road Impact Fee Fund	Recreation Impact Fee Fund	Public Safety Impact Fee Fund	Transportation Fund	Total Nonmajor Governmental Funds
Revenues:						
Sales tax- local option	\$ -	\$ -	\$ -	\$ -	\$ 102,489	\$ 102,489
Impact fees	234,752	195,104	93,408	14,112	-	537,376
Charges for services	-	-	-	-	407,293	407,293
Interest income	10,580	8,502	1,006	168	5,041	25,297
Intergovernmental	-	-	-	-	245,277	245,277
Contributions	-	-	-	-	46,666	46,666
Total Revenues	245,332	203,606	94,414	14,280	806,766	1,364,398
Expenditures:						
Public works	-	-	-	-	629,547	629,547
Total Expenditures	-	-	-	-	629,547	629,547
Excess (Deficiency) of Revenues Over (Under) Expenditures	245,332	203,606	94,414	14,280	177,219	734,851
Other Sources (Uses)						
Transfers in	-	-	-	-	36,694	36,694
Transfers out	-	(518,058)	(93,818)	(14,996)	-	(626,872)
Total Other Sources (Uses)	-	(518,058)	(93,818)	(14,996)	36,694	(590,178)
Net Change in Fund Balance	245,332	(314,452)	596	(716)	213,913	144,673
Fund Balance, Beginning	396,904	318,103	-	812	111,603	827,422
Fund Balance, Ending	<u>\$ 642,236</u>	<u>\$ 3,651</u>	<u>\$ 596</u>	<u>\$ 96</u>	<u>\$ 325,516</u>	<u>\$ 972,095</u>

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax	\$ 200,000	\$ 200,000	\$ 770,000	\$ 570,000
Interest income	8,000	8,000	8,777	777
Intergovernmental	-	-	366,852	366,852
Contributions	827,000	827,000	332,300	(494,700)
Total Revenues	<u>1,035,000</u>	<u>1,035,000</u>	<u>1,477,929</u>	<u>442,929</u>
Expenditures				
Capital outlay	2,610,000	2,610,000	1,908,682	701,318
Total Expenditures	<u>2,610,000</u>	<u>2,610,000</u>	<u>1,908,682</u>	<u>701,318</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,575,000)</u>	<u>(1,575,000)</u>	<u>(430,753)</u>	<u>1,144,247</u>
Other Financing Sources (Uses)				
Transfer in	895,000	895,000	752,396	(142,604)
Total Other Financing Sources (Uses)	<u>895,000</u>	<u>895,000</u>	<u>752,396</u>	<u>(142,604)</u>
Net Change in Fund Balance	<u>\$ (680,000)</u>	<u>\$ (680,000)</u>	321,643	<u>\$ 1,001,643</u>
Fund Balance, Beginning			<u>1,125,602</u>	
Fund Balance, Ending			<u>\$ 1,447,245</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 80,000	\$ 80,000	\$ 234,752	\$ 154,752
Interest income	1,000	1,000	10,580	9,580
Total Revenues	<u>81,000</u>	<u>81,000</u>	<u>245,332</u>	<u>164,332</u>
Expenditures				
Capital outlay	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>160,000</u>
Total Expenditures	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>160,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(79,000)</u>	<u>(79,000)</u>	<u>245,332</u>	<u>324,332</u>
Net Change in Fund Balance	<u>\$ (79,000)</u>	<u>\$ (79,000)</u>	<u>245,332</u>	<u>\$ 324,332</u>
Fund Balance, Beginning			<u>396,904</u>	
Fund Balance, Ending			<u>\$ 642,236</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 40,000	\$ 40,000	\$ 195,104	\$ 155,104
Interest income	-	-	8,502	8,502
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>203,606</u>	<u>163,606</u>
Expenditures				
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>40,000</u>	<u>40,000</u>	<u>203,606</u>	<u>163,606</u>
Other Financing Sources (Uses)				
Transfer out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(518,058)</u>	<u>(268,058)</u>
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(518,058)</u>	<u>(268,058)</u>
Net Change in Fund Balance	<u>\$ (210,000)</u>	<u>\$ (210,000)</u>	<u>(314,452)</u>	<u>\$ (104,452)</u>
Fund Balance, Beginning			<u>318,103</u>	
Fund Balance, Ending			<u>\$ 3,651</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 65,000	\$ 65,000	\$ 93,408	\$ 28,408
Interest income	1,000	1,000	1,006	6
Total Revenues	<u>66,000</u>	<u>66,000</u>	<u>94,414</u>	<u>28,414</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>66,000</u>	<u>66,000</u>	<u>94,414</u>	<u>28,414</u>
Other Financing Sources (Uses)				
Transfer out	<u>(66,000)</u>	<u>(66,000)</u>	<u>(93,818)</u>	<u>(27,818)</u>
Total Other Financing Sources (Uses)	<u>(66,000)</u>	<u>(66,000)</u>	<u>(93,818)</u>	<u>(27,818)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	596	<u>\$ 596</u>
Fund Balance, Beginning			<u>-</u>	
Fund Balance, Ending			<u>\$ 596</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
NONMAJOR PUBLIC SAFETY IMPACT FEE FUND
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 10,000	\$ 10,000	\$ 14,112	\$ 4,112
Interest income	-	-	168	168
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>14,280</u>	<u>4,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,000</u>	<u>10,000</u>	<u>14,280</u>	<u>4,280</u>
Other Financing Sources (Uses)				
Transfer out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(14,996)</u>	<u>(4,996)</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(14,996)</u>	<u>(4,996)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(716)	<u>\$ (716)</u>
Fund Balance, Beginning			<u>812</u>	
Fund Balance, Ending			<u>\$ 96</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
NONMAJOR TRANSPORTATION FUND
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax - local option	\$ 62,000	\$ 62,000	\$ 102,489	\$ 40,489
Intergovernmental	211,500	211,500	245,277	33,777
Charges for services - road fee	380,000	380,000	407,293	27,293
Interest income	1,000	1,000.00	5,041	4,041
	<u>654,500</u>	<u>654,500</u>	<u>760,100</u>	<u>105,600</u>
Expenditures				
Public safety	<u>778,000</u>	<u>778,000</u>	<u>629,547</u>	<u>148,453</u>
	<u>778,000</u>	<u>778,000</u>	<u>629,547</u>	<u>148,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(123,500)</u>	<u>(123,500)</u>	<u>130,553</u>	<u>254,053</u>
Other Financing Sources (Uses)				
Contributions	13,500	13,500	46,666	33,166
Transfer in	-	-	36,694	36,694
Transfer out	-	-	-	-
	<u>13,500</u>	<u>13,500</u>	<u>83,360</u>	<u>69,860</u>
Net Change in Fund Balance	<u>\$ (110,000)</u>	<u>\$ (110,000)</u>	213,913	<u>\$ 323,913</u>
Fund Balance, Beginning			<u>111,603</u>	
Fund Balance, Ending			<u>\$ 325,516</u>	

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

SUPPLEMENTAL REPORTS



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying *Schedule of Findings and Recommendations* that we consider to be material weaknesses.

The City's response to Findings

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

Compliance and Other Matters

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

Purpose of this Report

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

Keddington & Christensen, LLC

December 30, 2020
Salt Lake City, Utah



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

Report on Compliance

We have audited South Weber City, Utah's (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2020.

State compliance requirements were tested for the year ended June 30, 2020 in the following areas:

Budgetary Compliance	Open and Public Meetings Act
Fund Balance	Fraud Risk Assessment
Justice Courts	Cash Management
Restricted Taxes and Related Restricted Revenue	Impact Fees

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Compliance

In our opinion, South Weber City, Utah complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances 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.

South Weber City's response to the noncompliance findings identified in our audit is described in the same accompanying schedule of findings and recommendations as mentioned above. South Weber City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

South Weber City's response to the internal control over compliance findings identified in our audit is described in the same accompanying schedule of findings and recommendations mentioned above. South Weber City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Keddington & Christensen, LLC

December 30, 2020
Salt Lake City, Utah

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

INTERNAL CONTROL OVER FINANCIAL REPORTING

Financial Statement Closing (Material Weakness)

Condition: During the audit we noted the process to properly close the financial statements at year-end was not properly completed. The following financial areas required adjustments during the audit.

- Fund Balances
- Prepaid Expense
- Accrued Leave
- Accrued Payroll
- Cares Act Revenue
- State unemployment
- Job Corps water project
- State liquor funds
- Developer contributions
- Franchise tax revenue
- Accounts payable
- Admin service charges
- Ambulance revenue and receivable
- Allocation of interest income
- Construction In Progress

Criteria: The city is responsible to adjust the year-end financial statements to comply with government accounting standards.

Cause: The review of the financial statements was not properly performed.

Effect: The city financial statements were not materially in accordance with Government accounting standards.

Recommendation: The City should review the financial statements at year-end prior to the audit to ensure all known adjustments are properly completed.

Response: Several changes and adjustments were made to the accounts once the auditors came on site. Most of these related to the large road construction project referred to as South Bench Drive Phase one. To allow more time for final review of the statements in the future, we are setting a deadline of September 15 for all staff end-of-the-year work to be completed. This includes staff reports, reconciliations, EOY JEs, etc. The Finance Director will more thoroughly review staff assignments and EOY work.

STATE COMPLIANCE

2020-001: Open and Public Meetings Act (Significant Deficiency)

Condition: During our test work we noted that the November 19, 2019 City Council Meeting's Minutes were approved on December 10, 2019 and were not posted to the Utah Public Notice Website until January 29, 2020 (55 days after approval).

Criteria: Utah Code Annotated (UCA) 52-4-203(4)(e)(ii)(A) states that a "state public body shall within three business days after approving written minutes of an open meeting, post to the [Utah Public Notice Website] a copy of the approved minutes and any public materials distributed at the meeting."

Cause: The City failed to post the board meeting minutes on the Utah Public Notice website within three days of being approved.

Effect: The City did not comply with the UCA as referenced above.

Recommendation: We recommend the City ensure the minutes for the board meetings be

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

properly noticed on the Utah Public Notice website within three days of being approved.

Response: The city's internal control to ensure our compliance was dropped inadvertently with a change in personnel. When the error was discovered earlier in the year, we reinstated the following policy and trained our new deputy recorder in performing this task. Each Thursday following a city council meeting, the deputy city recorder will review the city website and the Public Notice website and verify that all city council minutes approved that week by the council have been posted.

2020-002 Justice Court (Significant Deficiency)

Condition: During our test work, we noted that attorney fees were improperly recorded as court costs.

Criteria: Per guidance issued by the Utah Administrative Office of the Courts and testing procedures designated by the Office of State Auditor's State Compliance Audit Guide, 'court costs' should be restricted to investigator fees and specially incurred costs.

Cause: The City improperly classified attorney fees as 'court costs' while entering the amounts into CORIS.

Effect: The City did not comply with procedures and guidance issued by the Utah Administrative Office of the Courts.

Recommendation: We recommend the City develop policies and procedures to ensure that the appropriate distribution code is selected when entering fees into CORIS.

Response: This error came through the State's on-line CORUS court system. When discovered the software did not allow us to correct the error, nor have we been able to replicate it in tests. To prevent this in the future, a trust account has been set up in the system for attorney's fees. All receipting and disbursing of attorney's fees are now run through this trust.