

Financial Statements

FY 2024-2025

Mayor
Rod Westbroek

Councilmembers

Jeremy Davis
Joel Dills
Blair Halverson
Angie Petty
Wayne Winsor

Prepared By:

David Larson, City Manager
Brett Baltazar, Finance Director
Tia Jensen, Treasurer

SOUTH WEBER CITY

FINANCIAL STATEMENTS

For The Year Ended June 30, 2025

Together With Independent Auditor's Report

SOUTH WEBER CITY

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GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A. HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
South Weber, Utah

Opinions

We have audited the accompanying financial statements of the governmental activities, 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the South Weber City, as of June 30, 2025 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025 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 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 City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Provo, Utah
December 29, 2025

SOUTH WEBER CITY MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2025

The management team of South Weber City (the City) presents this narrative information on the City's financial statements. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2025. 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 \$50,270,475 (net position). Of this amount, \$15,487,658 (unrestricted position) is available to meet ongoing obligations of citizens and creditors. Net position increased by \$1,808,166 from the prior year.

The City's Governmental activities reported a combined ending net position of \$25,364,456. Of that amount, \$5,519,676 is available for spending at the discretion of the City (unrestricted fund balance).

The unassigned fund balance of the general fund at June 30, 2025, totaled \$1,458,797 and is 30.16% of the general fund total revenues for the year.

During the year, several projects were completed by 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 the financial statements of South Weber City including the Local Building Authority, which is a blended component unit of the City. 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, 2025**

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 five major government funds, which are the general fund, special revenue recreation fund, special revenue local building authority fund, special revenue transportation fund, and capital projects fund. The information on these funds is shown separately. The City has four nonmajor funds which are the park impact special revenue, road impact special revenue, recreation impact special revenue, and public safety impact special revenue fund. The City adopts an annual appropriated budget for all its governmental funds.

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, sanitation(garbage), and storm sewer utility. The internal service fund is to account for the lease of vehicles and large equipment.

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.

FINANCIAL SECTION

SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

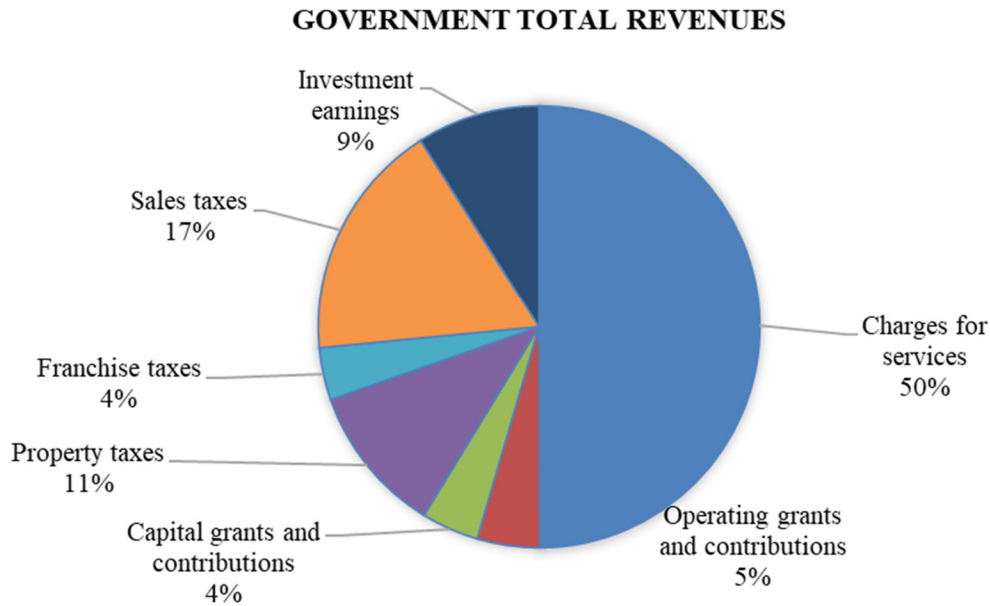
Comparative Summary of Net Position							
	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2025	2024	2025	2024	2025	2024	
Current and other assets	\$ 15,059,540	\$ 17,899,667	\$ 10,813,821	\$ 10,203,494	\$ 25,873,361	\$ 28,103,161	-7.9%
Capital assets	25,116,338	20,051,331	16,734,269	17,145,965	41,850,607	37,197,296	12.5%
Total assets	40,175,878	37,950,998	27,548,090	27,349,459	67,723,968	65,300,457	3.7%
Total deferred outflows of resources	302,293	281,057	141,774	138,074	444,067	419,131	5.9%
Long-term liabilities outstanding	11,088,949	10,626,201	2,366,184	2,461,027	13,455,133	13,087,228	2.8%
Other liabilities	2,734,138	2,386,078	416,279	479,091	3,150,417	2,865,169	10.0%
Total liabilities	13,823,087	13,012,279	2,782,463	2,940,118	16,605,550	15,952,397	4.1%
Total deferred inflows of resources	1,290,627	1,209,519	1,382	753	1,292,009	1,210,272	6.8%
Net position:							
Net investment in capital assets	17,729,218	17,945,798	14,527,388	14,681,161	32,256,606	32,626,959	-1.1%
Restricted	2,191,301	1,548,513	410,649	1,020,530	2,601,950	2,569,043	1.3%
Unrestricted	5,443,937	4,515,946	9,967,982	8,844,971	15,411,919	13,360,917	15.4%
Total net position	\$ 25,364,456	\$ 24,010,257	\$ 24,906,019	\$ 24,546,662	\$ 50,270,475	\$ 48,556,919	3.5%

By far the largest component of South Weber City's net position, 64.2% is its investment in capital assets. This figure represents the City's investment in land and improvements, buildings, machinery and equipment, roads, streetlights, and bridges, less any related outstanding debt that was used to acquire these assets. South Weber City uses these capital assets to provide services to citizens who live, work, pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.

SOUTH WEBER CITY MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) For the Year Ended June 30, 2025

An additional part of net position, 5.3%, is assets that are subject to external restrictions on how they may be expended. The remaining 30.5% of net position can be used to meet the City's ongoing obligations to its creditors and to citizens.

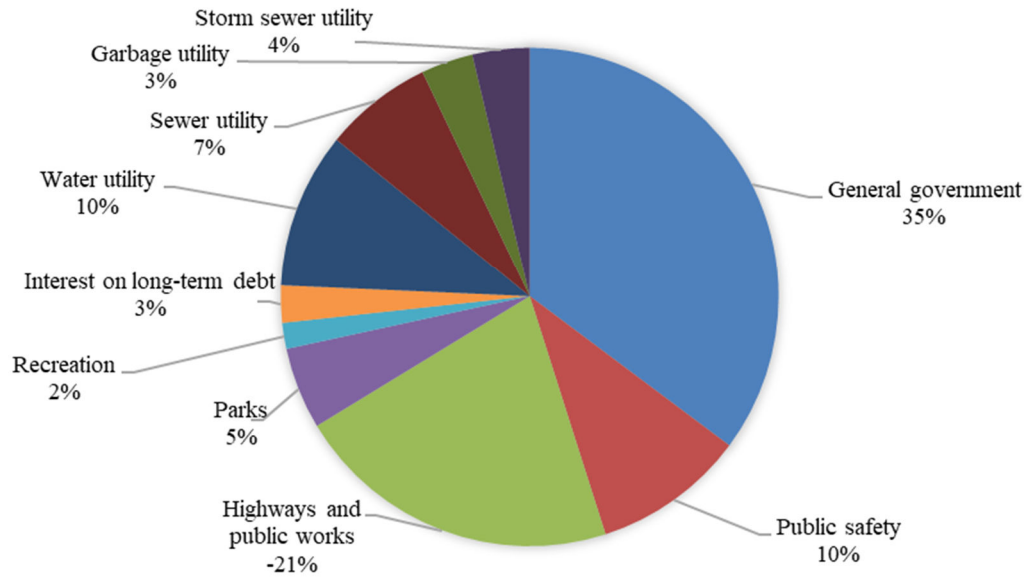
Comparative Changes in Net Position								Total % Change From Prior Year						
Governmental Activities			Business-type Activities		Total Activities									
2025	2024		2025	2024	2025	2024								
Revenues:														
Program revenues:														
Charges for services	\$	1,916,612	\$	1,347,662	\$	4,076,751	\$	4,010,087	\$	5,993,363	\$	5,357,749	11.9%	
Operating grants and contributions		550,855		539,881		-		-		550,855		539,881	2.0%	
Capital grants and contributions		295,375		144,627		208,566		278,686		503,941		423,313	19.0%	
General revenues:														
Property taxes		1,310,833		1,185,868		-		-		1,310,833		1,185,868	10.5%	
Franchise taxes		459,789		479,365		-		-		459,789		479,365	-4.1%	
Sales taxes		2,102,565		2,135,563		-		-		2,102,565		2,135,563	-1.5%	
Other revenue		3,217		85,106		-		-		3,217		85,106	0.0%	
Gain on sale of assets		4,933		-		-		-		4,933		-	0.0%	
Investment earnings		681,990		652,919		399,506		487,496		1,081,496		1,140,415	-5.2%	
Total revenues		\$	7,326,169	\$	6,570,991	\$	4,684,823	\$	4,776,269	\$	12,010,992	\$	11,347,260	5.8%



Comparative Changes in Net Position (Continued)							Total % Change From Prior Year
Governmental Activities		Business-type Activities		Total Activities			
2025	2024	2025	2024	2025	2024		
Expenses:							
General government	\$ 805,624	\$ 654,088	\$ -	\$ -	\$ 805,624	\$ 654,088	23.2%
Public safety	1,753,185	1,494,791	-	-	1,753,185	1,494,791	17.3%
Highways and public works	1,667,706	2,926,484	-	-	1,667,706	2,926,484	-43.0%
Parks	937,863	523,430	-	-	937,863	523,430	79.2%
Recreation	297,775	308,970	-	-	297,775	308,970	-3.6%
Interest on long-term debt	429,170	293,777	-	-	429,170	293,777	46.1%
Water services	-	-	1,804,130	1,740,638	1,804,130	1,740,638	3.6%
Sewer services	-	-	1,250,337	1,092,067	1,250,337	1,092,067	14.5%
Garbage services	-	-	599,021	584,648	599,021	584,648	2.5%
Storm sewer services	-	-	658,015	567,029	658,015	567,029	16.0%
Total expenses	5,891,323	6,201,540	4,311,503	3,984,382	10,202,826	10,185,922	0.2%
Change in net position before transfers	1,434,846	369,451	373,320	791,887	1,808,166	1,161,338	-35.8%
Change in net position	1,434,846	369,451	373,320	791,887	1,808,166	1,161,338	55.7%
Net position - beginning (2025 restated)	23,929,610	23,640,806	24,532,699	23,754,775	48,462,309	47,395,581	2.3%
Net position - end of year	\$ 25,364,456	\$ 24,010,257	\$ 24,906,019	\$ 24,546,662	\$ 50,270,475	\$ 48,556,919	3.5%

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2025**

GOVERNMENT TOTAL EXPENDITURES/EXPENSES



**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2025**

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Governmental activities net position increased by \$1,434,846 for the year ended June 30, 2025. The major reason for the increase resulted from increases in Sales tax and Property tax.

Business-type activities contributed an increase of \$373,320 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 \$1,081,496 in investment earnings during the year between governmental and business-type activities. Investment earnings were down \$58,919 compared to the prior year

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, 2025.

For the period ended June 30, 2025, the City's governmental funds reported combined fund balances in the amount of \$10,195,644. Of the total balance at year-end, \$1,458,797 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 \$311,080 a decrease of \$72,749 from the prior year mainly due to less extraction and mining from the gravel pits. The special revenue transportation fund has a fund balance of \$1,132,571, an increase of \$624,845 for the prior year for the purpose of completing high dollar value projects in fiscal year 2026. The capital projects fund has a fund balance of \$2,041,025, an increase of \$311,468 from the prior year.

The special revenue local building authority fund began operations during the year. In the prior year the authority issued a bond of \$9,000,000 to construct a public works building. At year end the local building authority building has a fund balance of \$3,155,973 a decrease of \$5,073,912 due to the construction of the public works building..

The General Fund is the main operating fund for South Weber City. On June 30, 2025, the general fund's unassigned fund balance was \$1,458,797. Total fund balance of the general fund for South Weber City increased by \$482,134. 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 31.7% of total General Fund expenditures.

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, with exception of combining the proprietary funds portion of the internal service fund, but in more detail. Unrestricted net position of the City's major proprietary funds totaled \$9,810,410. Discussions about the finances of these funds are addressed in the City's business-type activities.

BUDGETARY HIGHLIGHTS

The general fund was amended to recognize additional Sales Tax and miscellaneous revenue received. Overall, the general fund was slightly over budget in expenditures by \$65,734, yet collected revenues exceeding budget amounts by \$563,888.

The special revenue recreation fund budget had minimal amendments during the year, and actual expenditures were less than budgeted expenditures by \$21,963.

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2025**

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 \$41,850,607 (net of \$22,126,307 accumulated depreciation) at June 30, 2025. 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 59% 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
	2025	2024	2025	2024	2025	2024	
Land and water rights	\$ 6,105,317	\$ 6,411,687	\$ -	\$ -	\$ 6,105,317	\$ 6,411,687	-4.8%
Buildings	3,352,789	3,352,789	298,262	298,262	3,651,051	3,651,051	0.0%
Improvements other than buildings	18,299,149	18,136,181	24,903,261	24,903,261	43,202,410	43,039,442	0.4%
Lease right-to-use	1,972,640	1,528,885	-	-	1,972,640	1,528,885	29.0%
Vehicles	1,079,323	1,273,927	-	-	1,079,323	1,273,927	-15.3%
Machinery and equipment	887,961	715,348	379,673	379,673	1,267,634	1,095,021	15.8%
Construction in process	6,336,094	949,435	362,445	38,553	6,698,539	987,988	100.0%
Less: Accumulated Depreciation	(12,916,935)	(12,316,921)	(9,209,372)	(8,473,784)	(22,126,307)	(20,790,705)	6.4%
Net Book Value	\$ 25,116,338	\$ 20,051,331	\$ 16,734,269	\$ 17,145,965	\$ 41,850,607	\$ 37,197,296	12.5%

On June 30, 2025 South Weber City's total debt amounted to \$11,166,776 of which \$2,260,776 was incurred by the City's business-type activities and the remaining \$8,906,000 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., lease revenues, 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.

South Weber City Comparative of Debt Outstanding							
	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2025	2024	2025	2024	2025	2024	
Debt Outstanding							
Revenue Bonds	\$ 8,906,000	\$ 9,304,000	\$ 2,260,776	\$ 2,388,331	\$ 11,166,776	\$ 11,692,331	-4.5%
Total debt outstanding	\$ 8,906,000	\$ 9,304,000	\$ 2,260,776	\$ 2,388,331	\$ 11,166,776	\$ 11,692,331	-4.5%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

South Weber City is experiencing moderate economic growth and has not been seriously impacted by outside economic factors. Sales tax has remained strong as South Weber has benefited from the shift from brick-and-mortar sales to on-line sales. The City has experienced a slight increase in residential building and additional subdivisions that could bring more property taxes into the City in future years since the land was previously farm property subject to the greenbelt provisions.

The rates and fees for most services remained constant for fiscal year 2025 compared with fiscal year 2024. Rates for fiscal year 2026 are set to increase for the Sanitation Fund, due to the addition of the city-wide recycling program.

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, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	683,513	\$ 1,431,720	\$ 2,115,233
Receivables:			
Property, franchise, and excise taxes	1,776,470	-	1,776,470
Accounts receivable	73,875	362,799	436,674
Investments	4,852,169	8,178,628	13,030,797
Prepaid expenses	23,283	230,958	254,241
Internal balances	(157,572)	157,572	-
Restricted:			
Cash and cash equivalents	4,806,351	66,388	4,872,739
Investments	2,884,141	385,756	3,269,897
Receivables - Class "C" road funds	117,310	-	117,310
Capital assets not being depreciated:			
Land and water rights	6,105,317	-	6,105,317
Construction in process	6,336,094	362,445	6,698,539
Capital assets, net of accumulated depreciation:			
Buildings	1,850,783	134,214	1,984,997
Improvements other than buildings	8,148,133	16,081,291	24,229,424
Machinery and equipment	534,202	156,319	690,521
Vehicles	304,596	-	304,596
Leased right-to-use	1,837,213	-	1,837,213
Total Assets	<u>40,175,878</u>	<u>27,548,090</u>	<u>67,723,968</u>
Deferred Outflows of Resources			
Deferred loss on refunding	8,087	53,895	61,982
Deferred outflows relating to pensions	294,206	87,879	382,085
Total Deferred Outflows of Resources	<u>302,293</u>	<u>141,774</u>	<u>444,067</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 40,478,171</u>	<u>\$ 27,689,864</u>	<u>\$ 68,168,035</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, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities:			
Accounts payable	\$ 1,015,050	\$ 353,268	\$ 1,368,318
Accrued liabilities	139,325	13,235	152,560
Accrued interest	97,564	8,281	105,845
Unearned revenue	1,356,521	41,495	1,398,016
Restricted liabilities:			
Developer and customer deposits	125,678	-	125,678
Noncurrent liabilities:			
Due within one year	781,917	140,282	922,199
Due in more than one year	10,095,211	2,162,630	12,257,841
Net pension liability	211,821	63,272	275,093
Total Liabilities	<u>13,823,087</u>	<u>2,782,463</u>	<u>16,605,550</u>
Deferred Inflows of Resources			
Deferred revenue - property taxes	1,286,000	-	1,286,000
Deferred inflows relating to pensions	4,627	1,382	6,009
Total Deferred Inflows of Resources	<u>1,290,627</u>	<u>1,382</u>	<u>1,292,009</u>
Net Position			
Net investment in capital assets	17,729,218	14,527,388	32,256,606
Restricted for:			
Impact fees	484,268	410,649	894,917
Roads	1,562,509	-	1,562,509
Other	144,524	-	144,524
Unrestricted	5,443,937	9,967,982	15,411,919
Total Net Position	<u>25,364,456</u>	<u>24,906,019</u>	<u>50,270,475</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 40,478,171</u>	<u>\$ 27,689,864</u>	<u>\$ 68,168,035</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, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Government Activities							
General government	\$ 805,624	\$ 1,170,096	\$ 11,175	\$ 19,600	\$ 395,247	\$ -	\$ 395,247
Public safety	1,753,185	142,218	18,345	37,181	(1,555,441)	-	(1,555,441)
Highways and public works	1,667,706	475,081	432,548	127,036	(633,041)	-	(633,041)
Parks	937,863	3,829	-	79,890	(854,144)	-	(854,144)
Recreation	297,775	125,388	88,787	31,668	(51,932)	-	(51,932)
Interest on long-term debt	429,170	-	-	-	(429,170)	-	(429,170)
Total Governmental Activities	5,891,323	1,916,612	550,855	295,375	(3,128,481)	-	(3,128,481)
Business-type Activities							
Water utility	1,804,130	1,705,498	-	49,090	-	(49,542)	(49,542)
Sewer utility	1,250,337	1,188,458	-	108,522	-	46,643	46,643
Garbage utility	599,021	578,155	-	-	-	(20,866)	(20,866)
Storm sewer utility	658,015	604,640	-	50,954	-	(2,421)	(2,421)
Total Business-type Activities	4,311,503	4,076,751	-	208,566	-	(26,186)	(26,186)
Total Government	<u>\$ 10,202,826</u>	<u>\$ 5,993,363</u>	<u>\$ 550,855</u>	<u>\$ 503,941</u>	<u>(3,128,481)</u>	<u>(26,186)</u>	<u>(3,154,667)</u>
General Revenues:							
Property taxes					1,310,833	-	1,310,833
Franchise taxes					459,789	-	459,789
Sales taxes					2,102,565	-	2,102,565
Other taxes					3,217	-	3,217
Investment earnings					681,990	399,506	1,081,496
Gain on sale of capital assets					4,933	-	4,933
Total General Revenues and Transfers					4,563,327	399,506	4,962,833
Changes in Net Position					1,434,846	373,320	1,808,166
Net Position, Beginning					24,010,257	24,546,662	48,556,919
Prior Period Adjustment					(80,647)	(13,963)	(94,610)
Net Position, Ending					<u>\$ 25,364,456</u>	<u>\$ 24,906,019</u>	<u>\$ 50,270,475</u>

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

SOUTH WEBER CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	Special Revenue Funds					Nonmajor Governmental Funds	Totals
	General Fund	Recreation Fund	Transportation Fund	Local Building Authority Fund	Capital Projects Fund		
Assets							
Cash and cash equivalents	\$ 166,544	\$ 46,273	\$ 143,826	\$ -	\$ 290,111	\$ -	\$ 646,754
Accounts receivable	-	-	46,421	-	-	-	46,421
Due from other governmental units	1,776,470	-	-	-	-	-	1,776,470
Receivables, other	27,454	-	-	-	-	-	27,454
Investments	944,015	265,701	824,060	-	1,756,259	-	3,790,035
Prepays	23,203	80	-	-	-	-	23,283
Due from other funds	155,859	-	-	-	-	-	155,859
Restricted assets:							
Cash and cash equivalents	374,841	-	13,219	4,134,301	46,714	71,861	4,640,936
Investments	2,143,337	-	75,739	-	159,072	412,407	2,790,555
Receivables	87,962	-	29,348	-	-	-	117,310
Total Assets	\$ 5,699,685	\$ 312,054	\$ 1,132,613	\$ 4,134,301	\$ 2,252,156	\$ 484,268	\$ 14,015,077

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

SOUTH WEBER CITY
BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)
June 30, 2025

	Special Revenue Funds					Nonmajor Governmental Funds	Totals
	General Fund	Recreation Fund	Transportation Fund	Local Building Authority Fund	Capital Projects Fund		
Liabilities							
Accounts payable	\$ 186,220	\$ 974	\$ 42	\$ 533,263	\$ 5,345	\$ -	\$ 725,844
Accrued liabilities	139,325	-	-	-	-	-	139,325
Due to other funds	-	-	-	155,859	-	-	155,859
Unearned revenue	891,735	-	-	-	205,786	-	1,097,521
Restricted liabilities:							
Retainage payable	-	-	-	289,206	-	-	289,206
Developer and customer deposits	125,678	-	-	-	-	-	125,678
Total Liabilities	1,342,958	974	42	978,328	211,131	-	2,533,433
Deferred Inflows of Resources							
Unavailable revenue - property taxes	1,286,000	-	-	-	-	-	1,286,000
Total Deferred Inflows of Resources	1,286,000	-	-	-	-	-	1,286,000
Fund Balances							
Nonspendable							
Prepays	23,203	80	-	-	-	-	23,283
Restricted							
Class "C" roads	1,444,203	-	118,306	-	-	-	1,562,509
Impact fees	-	-	-	-	-	484,268	484,268
RAP Tax	106,124	-	-	-	-	-	106,124
Future projects	38,400			3,155,973			3,194,373
Assigned							
Recreation	-	311,000	-	-	-	-	311,000
Transportation	-	-	1,014,265	-	-	-	1,014,265
Recreation							
Capital improvements	-	-	-	-	2,041,025	-	2,041,025
Unassigned	1,458,797	-	-	-	-	-	1,458,797
Total Fund Balances	3,070,727	311,080	1,132,571	3,155,973	2,041,025	484,268	10,195,644
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,699,685	\$ 312,054	\$ 1,132,613	\$ 4,134,301	\$ 2,252,156	\$ 484,268	\$ 14,015,077

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, 2025

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

Total fund balance - governmental funds	\$ 10,195,644
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,974,529
Deferred outflows of resources relating to refunding are not financial resources and, therefore, are not reported in the funds.	8,087
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.	
Bonds payable	(8,906,000)
Accrued compensated absences	(170,092)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(70,499)
The internal service fund is used by management to charge costs for leased vehicles . The assets and liabilities are of the internal service fund are included in the governmental activities in the Statement of Net Position	1,255,030
Pension assets and liabilities along with the corresponding deferred inflows and outflows are not collectable or payable in the current period and therefore are not recorded in the funds.	<u>77,758</u>
Net position - governmental activities	<u><u>\$ 25,364,457</u></u>

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

SOUTH WEBER CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	Special Revenue Funds				Capital Projects Fund	Nonmajor Governmental Funds	Totals
	General Fund	Recreation Fund	Transportation Fund	Local Building Authority Fund			
Revenues							
General property taxes	\$ 1,310,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,310,860
Sales, use, and excise taxes	1,747,962	-	157,820	-	200,000	-	2,105,782
Franchise taxes	459,789	-	-	-	-	-	459,789
Impact fees	-	-	-	-	-	243,268	243,268
Licenses	258,847	-	-	-	-	-	258,847
Fines	156,160	-	-	-	-	-	156,160
Charges for services	269,555	125,388	475,081	705,758	-	-	1,575,782
Interest income	123,905	12,274	31,459	368,006	83,383	29,395	648,422
Intergovernmental	462,068	7,417	-	-	113,877	-	583,362
Miscellaneous revenue	48,242	-	-	-	321,553	-	369,795
Total Revenues	4,837,388	145,079	664,360	1,073,764	718,813	272,663	7,712,067
Expenditures							
Current:							
General government	801,060	-	-	-	-	-	801,060
Public safety	1,738,872	-	-	-	-	-	1,738,872
Public works	1,069,393	-	39,515	-	-	-	1,108,908
Parks	656,182	-	-	-	-	-	656,182
Recreation	-	152,554	-	-	-	-	152,554
Capital expenditures	-	-	-	-	217,921	-	217,921
General government	42,757	-	-	-	-	-	42,757
Public works	-	-	-	5,437,370	-	-	5,437,370
Parks	44,991	-	-	-	-	-	44,991
Recreation	-	147,968	-	-	-	-	147,968
Debt service:							
Principal	28,280	72,720	-	297,000	-	-	398,000
Interest and fiscal charges	4,198	10,795	-	413,306	-	-	428,299
Total Expenditures	4,385,733	384,037	39,515	6,147,676	217,921	-	11,174,882
Excess (Deficiency) of Revenues Over (Under) Expenditures	451,655	(238,958)	624,845	(5,073,912)	500,892	272,663	(3,462,815)
Other Financing Sources (Uses)							
Transfer in	239,762	166,209	-	-	156,576	-	562,547
Transfer out	(209,283)	-	-	-	(326,000)	(118,264)	(653,547)
Total Other Financing Sources (Uses)	30,479	166,209	-	-	(169,424)	(118,264)	(91,000)
Net Change in Fund Balances	482,134	(72,749)	624,845	(5,073,912)	331,468	154,399	(3,553,815)
Fund Balance, Beginning	2,588,593	383,829	507,726	8,229,885	1,709,557	329,869	13,749,459
Fund Balance, Ending	\$ 3,070,727	\$ 311,080	\$ 1,132,571	\$ 3,155,973	\$ 2,041,025	\$ 484,268	\$ 10,195,644

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, 2025

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

Net change in fund balances - total governmental funds	\$ (3,553,815)
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.	(850,846)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	5,732,490
Government funds have proceeds from the sale of assets as revenue. However, in the statement activities it reports the gain or loss on the sale of assets.	(316,620)
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	398,000
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.	3,173
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.	(27,267)
The internal service fund had current year gains. These funds are eliminated at the government wide level and their associated gains are reallocated to applicable functional expenses.	95,294
Changes in the pension asset and liability accounts are not recorded in the funds rather they are recorded in the statement of activities	(41,518)
Change in net position - governmental activities	\$ 1,434,847

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, 2025

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise	
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 303,921	\$ 853,958	\$ 83,185	\$ 190,656	\$ 1,431,720	\$ 36,760
Accounts receivable	163,509	85,843	53,333	60,114	362,799	-
Investments	1,737,654	4,878,798	477,610	1,084,566	8,178,628	1,062,134
Prepaid expenses	226,210	2,374	-	2,374	230,958	-
Restricted assets:						
Cash and cash equivalents	19,787	40,397	-	6,204	66,388	165,415
Investments	115,735	234,730	-	35,291	385,756	93,585
Total Current Assets	<u>2,566,816</u>	<u>6,096,100</u>	<u>614,128</u>	<u>1,379,205</u>	<u>10,656,249</u>	<u>1,357,894</u>
Noncurrent Assets:						
Property and equipment						
Construction in process	350,347	12,098	-	-	362,445	-
Buildings	298,262	-	-	-	298,262	-
Improvements, other than buildings	11,415,128	7,245,129	-	6,243,004	24,903,261	-
Machinery and equipment	340,676	38,997	-	-	379,673	-
Vehicles	-	-	-	-	-	3,051,963
Less: Accumulated depreciation	<u>(3,822,731)</u>	<u>(2,779,482)</u>	<u>-</u>	<u>(2,607,159)</u>	<u>(9,209,372)</u>	<u>(910,154)</u>
Total property and equipment	<u>8,581,682</u>	<u>4,516,742</u>	<u>-</u>	<u>3,635,845</u>	<u>16,734,269</u>	<u>2,141,809</u>
Total Noncurrent Assets	<u>8,581,682</u>	<u>4,516,742</u>	<u>-</u>	<u>3,635,845</u>	<u>16,734,269</u>	<u>2,141,809</u>
Total Assets	<u>11,148,498</u>	<u>10,612,842</u>	<u>614,128</u>	<u>5,015,050</u>	<u>27,390,518</u>	<u>3,499,703</u>
Deferred Outflows of Resources:						
Deferred loss on refunding	53,895	-	-	-	53,895	-
Deferred outflows relating to pensions	<u>45,850</u>	<u>22,925</u>	<u>-</u>	<u>19,104</u>	<u>87,879</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>99,745</u>	<u>22,925</u>	<u>-</u>	<u>19,104</u>	<u>141,774</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,248,243</u>	<u>\$ 10,635,767</u>	<u>\$ 614,128</u>	<u>\$ 5,034,154</u>	<u>\$ 27,532,292</u>	<u>\$ 3,499,703</u>

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

SOUTH WEBER CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)
June 30, 2025

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise	
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 144,495	\$ 137,334	\$ 63,703	\$ 7,736	\$ 353,268	\$ -
Accrued liabilities	6,918	3,303	-	3,014	13,235	-
Accrued interest	8,281	-	-	-	8,281	27,065
Unearned revenue	-	-	-	41,495	41,495	259,000
Current portion of compensated absences	11,434	7,942	-	5,906	25,282	-
Current portion of bonds payable	115,000	-	-	-	115,000	-
Current portion of lease payable	-	-	-	-	-	272,859
Total Current Liabilities	286,128	148,579	63,703	58,151	556,561	558,924
Noncurrent Liabilities:						
Compensated absences	7,623	5,294	-	3,937	16,854	-
Bonds payable	2,145,776	-	-	-	2,145,776	-
Lease payable	-	-	-	-	-	1,528,175
Net pension liability	33,011	16,506	-	13,755	63,272	-
Total Noncurrent Liabilities	2,186,410	21,800	-	17,692	2,225,902	1,528,175
Total Liabilities	2,472,538	170,379	63,703	75,843	2,782,463	2,087,099
Deferred Inflows of Resources:						
Deferred inflows relating to pensions	721	361	-	300	1,382	-
	721	361	-	300	1,382	-
Net Position:						
Net investment in capital assets	6,374,801	4,516,742	-	3,635,845	14,527,388	340,775
Restricted:						
Impact fees	135,522	275,127	-	-	410,649	-
Unrestricted	2,264,661	5,673,158	550,425	1,322,166	9,810,410	1,071,829
Total Net Position	8,774,984	10,465,027	550,425	4,958,011	24,748,447	1,412,604
Total Liabilities, Deferred Inflows, and Net Position	\$ 11,248,243	\$ 10,635,767	\$ 614,128	\$ 5,034,154	\$ 27,532,292	\$ 3,499,703
Net Position Reconciliation from Proprietary Funds to Business-type Activities on the Statement of Net Position:					\$ 24,748,447	
Adjustment for the cumulative internal balance from the net activity between internal service funds and enterprise funds					157,572	
					<u>\$ 24,906,019</u>	
					Net Position of Business-type activities	

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, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise
Operating Revenues:					
Sales and charges for services	\$ 1,689,237	\$ 1,188,458	\$ 578,155	\$ 604,640	\$ 4,060,490
Miscellaneous	-	-	-	-	-
Total Operating Revenues	1,689,237	1,188,458	578,155	604,640	4,060,490
Operating Expenses:					
Personnel services	334,684	189,601	38,000	165,618	727,903
Supplies	775,045	32,708	467,657	142,665	1,418,075
Purchased services	259,937	860,295	93,364	113,803	1,327,399
Depreciation and amortization	334,046	166,726	-	234,816	735,588
Total operating expenses	1,703,712	1,249,330	599,021	656,902	4,208,965
Operating income	(14,475)	(60,872)	(20,866)	(52,262)	(148,475)
Nonoperating revenue (expense):					
Interest income	102,248	221,674	24,560	51,024	399,506
Gain (loss) on disposal of assets	-	-	-	-	-
Interest expense	(87,536)	-	-	-	(87,536)
Total nonoperating revenues (expenses)	14,712	221,674	24,560	51,024	311,970
Income (loss) before capital contributions and transfers	237	160,802	3,694	(1,238)	163,495
Capital Contributions:					
Impact fee income	49,090	108,522	-	50,954	208,566
Transfers in	-	-	-	-	-
Total Capital Contributions	49,090	108,522	-	50,954	208,566
Change in net position	49,327	269,324	3,694	49,716	372,061
Net position, beginning	8,737,215	10,196,550	546,731	4,909,853	24,390,349
Prior period adjustment	(11,558)	(847)	-	(1,558)	(13,963)
Net position, ending	\$ 8,774,984	\$ 10,465,027	\$ 550,425	\$ 4,958,011	\$ 24,748,447
Reconciliation from Proprietary Funds to Business-type Activities on the Statement of Activities:					\$ 372,061
Adjustment to eliminate the current fiscal year's internal service funds net income from internal customer applicable to business-type activities					1,259
Changes in Net Position of Business-type activities					<u>\$ 373,320</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, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 1,686,071	\$ 1,186,470	\$ 575,594	\$ 594,633	\$ 4,042,768
Receipts from interfund services provided	-	-	-	-	-
Payments to suppliers and service providers	(1,057,289)	(783,585)	(583,013)	(210,790)	(2,634,677)
Payments to employees and related benefits	(329,157)	(186,909)	(38,000)	(162,010)	(716,076)
Payments to other funds for services provided	(104,000)	(61,000)	-	(43,000)	(208,000)
Net cash flows from operating activities	195,625	154,976	(45,419)	178,833	484,015
Cash Flows From Non-Capital Financing Activities					
Purchase of investments	(1,853,389)	(5,113,528)	(477,611)	(1,119,857)	(8,564,385)
Contribution from other funds	-	-	-	-	-
Transfers in	-	-	-	-	-
Net cash flows from non-capital financing activities	(1,853,389)	(5,113,528)	(477,611)	(1,119,857)	(8,564,385)
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	(323,892)	-	-	-	(323,892)
Principal paid on bonds and leases	(110,000)	-	-	-	(110,000)
Proceeds from debt issuance	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Interest Paid	(102,800)	-	-	-	(102,800)
Impact fees received	49,090	108,522	-	50,954	208,566
Net cash flows from capital and related financing activities	(487,602)	108,522	-	50,954	(328,126)
Cash Flows From Investing Activities					
Interest income	102,248	221,674	24,560	51,024	399,506
Net cash flows from investing activities	102,248	221,674	24,560	51,024	399,506
Net Increase (Decrease) In Cash and Cash Equivalents	(2,043,118)	(4,628,356)	(498,470)	(839,046)	(8,008,990)
Cash and Cash Equivalents, Beginning	2,366,826	5,522,711	581,655	1,035,906	9,507,098
Cash and Cash Equivalents, Ending	\$ 323,708	\$ 894,355	\$ 83,185	\$ 196,860	\$ 1,498,108

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

SOUTH WEBER CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise	
Reconciliation of operating income to net cash flows from operating activities						
Operating income (loss)	\$ (14,475)	\$ (60,872)	\$ (20,866)	\$ (52,262)	\$ (148,475)	\$ 80,940
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation expense	334,046	166,726	-	234,816	735,588	381,060
(Increase) Decrease in accounts receivables	(3,166)	(1,988)	(2,561)	(10,007)	(17,722)	-
(Increase) Decrease in prepaids	(31,204)	(2,374)	-	(2,374)	(35,952)	-
(Increase) Decrease in deferred outflows related to pension	(3,940)	(1,970)	-	(1,641)	(7,551)	-
Increase (Decrease) in accounts payable	(95,799)	50,449	(21,992)	4,788	(62,554)	-
Increase (Decrease) in accrued liabilities	696	343	-	264	1,303	-
Increase (Decrease) in compensated absences	(943)	(544)	-	912	(575)	-
Increase (Decrease) in net pension liability	10,082	5,041	-	4,201	19,324	-
Increase (Decrease) in deferred inflows related to pension	328	165	-	136	629	-
Net cash flows from operating activities	<u>\$ 195,625</u>	<u>\$ 154,976</u>	<u>\$ (45,419)</u>	<u>\$ 178,833</u>	<u>\$ 484,015</u>	<u>\$ 462,000</u>

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

SOUTH WEBER CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) The Reporting Entity

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

(B) Government-Wide and Fund Financial Statements

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

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

(C) Measurement Focus and Basis of Accounting

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

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

SOUTH WEBER CITY NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

Local Building Authority - Special Revenue fund is used to account for the activity of the Local Building Authority. (A blended component unit 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.

In addition, the City reports the following fund type.

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

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

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgets

Annual budgets are prepared and adopted before June 23 for the fiscal year commencing the following July 1, in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required, prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

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

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

(E) Taxes

In connection with budget adoption, an annual tax ordinance establishing the tax rate is adopted before June 23 and the City Recorder is to certify the tax rate to the County Auditor before June 23. 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) Leases

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life or lease term.

(N) 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 DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. The pooled cash and investment concept is used to maximize the City's investment program. 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. Investments are stated at fair value. Each fund's portion of this pool is displayed on the combined balance sheet and 'cash and cash equivalents' and 'investments' which also includes cash accounts that are separately held by several of the City's funds. Investment income from the internal pooling is allocated to the respective funds based on the sources of funds invested.

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").

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.

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, 2025, \$1,166,706 of the City's bank balances of \$908,194 (excluding PTIF) was uninsured and uncollateralized.

SOUTH WEBER CITY NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk – investments is the risk that in the of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2025 16,050,695 of the City's 16,300,695 in investments was exposed to custodial credit risk because it 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.

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 deposits and investment in the PTIF, qualified institutions, and varied holdings that are sufficiently diversified, as such the City has no significant concentration of credit risk..

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 adhering to the Mondy 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.

Fair value of 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.

The City's investments are carried at fair value and changes in fair value affect the amount of investment income reported even if the change is unrealized. The calculation of an investment's realized gains and losses is entirely separate from the net change in the fair value. Unrealized gains or losses reflect the variance between the investment's carrying value and its value if it were to be sold.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Following are the City's cash on hand, on deposit and investments at June 30, 2025:

	Carrying Value	Fair Value Factor	Fair Value	Credit Rating	Ave. Maturity (Years)
Cash on hand and on deposit:					
Cash on hand	\$ 1,450	1	\$ 1,450	NA	NA
Cash on deposit	1,106,461	1	1,106,461	NA	NA
Utah State Treasurer's investment pool accounts	5,880,061	1.00198542	5,891,735	NA	0.18
Total cash on hand and deposit	\$ 6,987,972		\$ 6,999,646		
Investments:					
Money Market	\$ 6,131,648	1	\$ 6,131,648	NA	NA
Corporate securities	4,608,549	1	4,608,549	A- to A+	1.95
U.S. Agency bonds	576,651	1	576,651	A+	1.78
U.S. Obligations	2,994,429	1	2,994,429	A+	4.35
U.S. Treasury notes & bonds	1,989,417	1	1,989,417	NA	4.34
Total investments	\$ 16,300,694		\$ 16,300,694		

NOTE 3 RESTRICTED ASSETS

Certain assets are restricted to use for the following purposes as of June 30, 2025:

Performance bonds	\$ 125,678
Class "C" road funds	1,444,203
Developer deposits	860,904
Rstricted Contribution	38,400
Unspent RAP tax	106,123
Unspent grant	537,111
Unspent bond proceeds	4,134,301
Transportation tax	118,306
Impact fees	894,920
Restricted assets	\$ 8,259,946

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, 2025, is as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 6,411,687	\$ 10,250	\$ (316,620)	\$ 6,105,317
Construction in process	949,435	5,386,659	-	6,336,094
Total capital assets, not being depreciated	7,361,122	5,396,909	(316,620)	12,441,411
Capital assets, being depreciated				
Buildings	3,352,789	-	-	3,352,789
Improvements other than buildings	18,136,181	162,968	-	18,299,149
Equipment	715,348	172,613	-	887,961
Leased right-to-use assets	1,528,885	2,089,767	(1,646,012)	1,972,640
Vehicles	1,273,927	-	(194,604)	1,079,323
Total capital assets, being depreciated	25,007,130	2,425,348	(1,840,616)	25,591,862
Less accumulated depreciation for				
Buildings	(1,437,962)	(64,044)	-	(1,502,006)
Improvements other than buildings	(9,427,916)	(723,100)	-	(10,151,016)
Equipment	(290,057)	(63,702)	-	(353,759)
Leased right-to-use assets	(321,786)	(303,502)	489,861	(135,427)
Vehicles	(839,199)	(77,559)	142,031	(774,727)
Total accumulated depreciation	(12,316,920)	(1,231,907)	631,892	(12,916,935)
Total capital assets, being depreciated, net	12,690,210	1,193,441	(1,208,724)	12,674,927
Governmental activities capital assets, net	<u>\$ 20,051,332</u>	<u>\$ 6,590,350</u>	<u>\$ (1,525,344)</u>	<u>\$ 25,116,338</u>

The Business-type Activities property, plant and equipment consist of the following on June 30, 2025:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Business-type Activities				
Capital assets, not being depreciated				
Construction in process	\$ 38,553	\$ 323,892	\$ -	\$ 362,445
Total capital assets, not being depreciated	38,553	323,892	-	362,445
Capital assets, being depreciated				
Buildings	298,262	-	-	298,262
Improvements other than buildings	24,903,261	-	-	24,903,261
Equipment	379,673	-	-	379,673
Total capital assets, being depreciated	25,581,196	-	-	25,581,196
Less accumulated depreciation for				
Buildings	(156,591)	(7,457)	-	(164,048)
Improvements other than buildings	(8,126,258)	(695,712)	-	(8,821,970)
Equipment	(190,935)	(32,419)	-	(223,354)
Total accumulated depreciation	(8,473,784)	(735,588)	-	(9,209,372)
Total capital assets, being depreciated, net	17,107,412	(735,588)	-	16,371,824
Business-type activities capital assets, net	<u>\$ 17,145,965</u>	<u>\$ (411,696)</u>	<u>\$ -</u>	<u>\$ 16,734,269</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, 2025 as follows:

Governmental Activities	
General government	\$ 98,152
Public safety	80,486
Highways and public works	848,847
Parks	64,408
Recreation	<u>140,014</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,231,907</u></u>
Business-type Activities	
Water services	\$ 334,046
Sewer services	166,726
Storm sewer services	<u>234,816</u>
Total depreciation expense - business-type activities	<u><u>\$ 735,588</u></u>
Combined depreciation expense	<u><u>\$ 1,967,495</u></u>

NOTE 5 LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities					
Direct Placement					
Sales Tax Revenue Bond, Series 2012	\$ 304,000	\$ -	\$ (101,000)	\$ 203,000	\$ 100,000
Local Building Authority , Series 2023	<u>9,000,000</u>	<u>-</u>	<u>(297,000)</u>	<u>8,703,000</u>	<u>307,000</u>
Total governmental bonds payable	9,304,000	-	(398,000)	8,906,000	407,000
Other					
Leases - Internal Service Fund	1,112,890	2,088,639	(1,400,493)	1,801,036	272,859
Compensated absences *	142,829	27,263		170,092	102,058
Net pension liability	<u>147,131</u>	<u>64,690</u>	<u>-</u>	<u>211,821</u>	<u>-</u>
Total governmental long-term liabilities	<u><u>\$ 9,593,960</u></u>	<u><u>\$ 2,180,592</u></u>	<u><u>\$ (1,798,493)</u></u>	<u><u>\$ 11,088,949</u></u>	<u><u>\$ 781,917</u></u>

SOUTH WEBER CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 LONG-TERM LIABILITIES (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type Activities					
Direct Placement					
Water Revenue Refunding, Series 2017	\$ 2,125,000	\$ -	\$ (110,000)	2,015,000	\$ 115,000
Bond Premium, Series 2017	263,331	-	(17,555)	245,776	-
Total business-type bonds payable	2,388,331	-	(127,555)	2,260,776	115,000
Other					
Compensated absences *	42,710	-	(574)	42,136	25,282
Net pension liability	43,948	19,324	-	63,272	-
Total business-type long-term liabilities	\$ 2,474,989	\$ 19,324	\$ (128,129)	\$ 2,366,184	\$ 140,282

- Beginning balances have been restated. The change in compensated absences is net of the change.

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

The City does not have any unused lines of credit.

Sales Tax Revenue Refunding Bonds, Series 2012

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

Water Revenue Refunding Bonds, Series 2017

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

Local Building Authority Lease Revenue Bonds, Series 2023

The Local Building Authority Lease Revenue Bonds, Series 2023 were issued in November 2023 to construct a public works building. Original issuance amount of \$9,000,000 and carry interest from 3.30% to 5.70%. Interest payments are due semi-annually in November and February, with principal payments due annually in November, and mature in November 2043. Bonds are secured by the lease revenues of the Local Building Authority.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 LONG-TERM LIABILITIES (Continued)

The annual debt service requirements to maturity as of June 30, 2025 are as follows:

Year Ending June 30,	Sales Tax Refunding Bonds, Series 2012			Water Revenue Bonds, Series 2017			Local Building Authority Revenue Bonds, Series 2023		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 100,000	\$ 6,029	\$ 106,029	\$ 115,000	\$ 98,400	\$ 213,400	\$ 307,000	\$ 399,686	\$ 706,686
2027	103,000	3,059	106,059	120,000	93,800	213,800	318,000	388,903	706,903
2028	-	-	-	125,000	89,000	214,000	329,000	377,415	706,415
2029	-	-	-	130,000	82,750	212,750	342,000	365,167	707,167
2030	-	-	-	135,000	76,250	211,250	355,000	352,094	707,094
2031	-	-	-	140,000	69,500	209,500	369,000	338,154	707,154
2032	-	-	-	150,000	62,500	212,500	384,000	323,087	707,087
2033	-	-	-	155,000	55,000	210,000	400,000	306,814	706,814
2034	-	-	-	165,000	47,250	212,250	417,000	289,449	706,449
2035	-	-	-	175,000	39,000	214,000	436,000	270,892	706,892
2036	-	-	-	185,000	30,250	215,250	456,000	251,039	707,039
2037	-	-	-	190,000	21,000	211,000	477,000	229,689	706,689
2038	-	-	-	200,000	11,500	211,500	500,000	206,474	706,474
2039	-	-	-	30,000	1,500	31,500	525,000	181,224	706,224
2040	-	-	-	-	-	-	553,000	153,721	706,721
2041	-	-	-	-	-	-	583,000	123,894	706,894
2042	-	-	-	-	-	-	615,000	91,839	706,839
2043	-	-	-	-	-	-	650,000	57,196	707,196
2044	-	-	-	-	-	-	687,000	19,580	706,580
Total	<u>\$ 203,000</u>	<u>\$ 9,088</u>	<u>\$ 212,088</u>	<u>\$ 2,015,000</u>	<u>\$ 777,700</u>	<u>\$ 2,792,700</u>	<u>\$ 8,703,000</u>	<u>\$ 4,726,317</u>	<u>\$ 13,429,317</u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 LONG-TERM LIABILITIES (Continued)

Leases

The City utilizes leases when deemed appropriate or necessary to finance equipment needs. Leased assets are included in capital assets in the Lease right-to-use category. Interest rates at vary from 3.35% to 7.47%.

As of June 30, 2025, the City held leased asset balances as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities				
Leases being depreciated:				
Leased vehicles	\$ 1,528,885	\$ 2,089,767	\$ (1,646,013)	\$ 1,972,639
Total leases being depreciated	<u>1,528,885</u>	<u>2,089,767</u>	<u>(1,646,013)</u>	<u>1,972,639</u>
Less accumulated depreciation for:				
Leased vehicles	<u>321,786</u>	<u>303,501</u>	<u>(489,861)</u>	<u>135,426</u>
Total accumulated depreciated	<u>321,786</u>	<u>303,501</u>	<u>(489,861)</u>	<u>135,426</u>
Total leases being depreciated, net	<u>\$ 1,850,671</u>	<u>\$ 2,696,769</u>	<u>\$ (2,625,735)</u>	<u>\$ 2,243,491</u>

Leases payable outstanding as of June 30, 2025 are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Vehicles	Various	\$ 1,801,036

Leases payable debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 272,859	\$ 101,333	\$ 374,192
2027	289,336	84,856	374,192
2028	402,667	67,245	469,912
2029	465,559	41,657	507,216
2030	277,357	14,346	291,703
2031	<u>93,258</u>	<u>4,525</u>	<u>97,783</u>
Total	<u>\$ 1,801,036</u>	<u>\$ 313,962</u>	<u>\$ 2,114,998</u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CONSTRUCTION COMMITMENTS

The City had the following construction commitment on June 30, 2025.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid to Date</u>	<u>Commitment Outstanding</u>
Construction projects and improvements	\$ 5,495,959	\$ 434,797	\$ 5,061,162
	<u>\$ 5,495,959</u>	<u>\$ 434,797</u>	<u>\$ 5,061,162</u>

NOTE 7 TRANSFERS

During the year transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2025 are as follows:

	<u>Out</u>	<u>In</u>
Governmental funds:		
General fund	\$ 209,283	\$ 239,762
Capital improvements fund	326,000	156,576
Recreation fund	-	166,209
Park impact fee fund	81,293	-
Recreation impact fee fund	32,209	-
Public safety impact fee fund	4,762	-
Internal service fund	-	91,000
	<u>\$ 653,547</u>	<u>\$ 653,547</u>
Totals		

The purpose of the interfund transfers is as follows:

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

Public Safety impact fees transferred to the General Fund to fund the bond payment on the fire station.

Recreation impact fees transferred to the Recreation Fund to fund the bond payment on the Family Activity Center.

Park Impact fees and General Fund revenue transferred to the Capital Projects Fund to assist with park upgrades and expansions.

Local Building Authority transferred purchase of equipment to the General Fund.

Capital projects fund transferred to Internal Service to fund future purchases.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 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.
- Firefighters Retirement system (Firefighters System) is a multiple-employer, cost sharing, retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Safety and Firefighters Contributory Retirement System (Tier 2 Public Safety and Firefighters 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 8 RETIREMENT PLAN (Continued)

Summary of Benefits by System

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%
Firefighter System	Highest 3 Years	20 years any age 10 years age 60 4 years age 65	2.50% per year up to 20 years 2.0% per year over 20 years	Up to 2.5% 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	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age 20 years age 60 * 10 years age 62 * 4 years age 65	1.50% per year to June 30, 2020 2.00% per year to July 1, 2020 to Present	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 for 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 not 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, 2025 are as follows:

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Employee	Employer	ER 401(k)	Fund	Employee	Employer	ER 401(k)	Fund	Employee	Employer	ER 401(k)
Noncontributory System											
15 Local Government	-	16.97	-	111	0.70	15.19	-	211	-	5.19	10.00
Firefighters Retirement System											
31 Other Div A	15.05	1.61	-	132	4.73	14.08	-	232	-	0.08	14.00

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 8 RETIREMENT PLAN (Continued)

Contribution Summary

For fiscal year ended June 30, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 63,877	\$ -
Tier 2 Public Employees System	\$ 127,704	\$ 5,885
Tier 2 Public Safety and Firefighters System	\$ 16,791	\$ 5,641
Tier 2 DC Public Employees Plan	\$ 9,733	\$ -
Total Contributions	\$ 218,105	\$ 11,526

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.

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SOUTH WEBER CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 RETIREMENT PLAN (Continued)

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

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$275,092.

<u>(Measurement Date): December 31, 2024</u>					
<u>System</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share December 31, 2023</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$ 186,035	0.0586654%	0.0576076%	0.0010578%
Tier 2 Employees System	\$ -	\$ 77,468	0.0259753%	0.0293063%	-0.0033310%
Tier 2 Public Safety and Firefighters	\$ -	\$ 11,589	0.0256229%	0.0010963%	0.0245266%
	<u>\$ -</u>	<u>\$ 275,092</u>			

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 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, 2025, we recognized pension expense of \$271,847.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 151,356	\$ 1,143
Change in assumptions	47,761	190
Net difference between projected and actual earnings on pension plan investments	61,739	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,137	4,676
Contributions subsequent to the measurement date	109,091	-
Total	<u>\$ 382,084</u>	<u>\$ 6,009</u>

\$ 109,091 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, 2024.

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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflow) of Resources</u>
2025	\$ 115,230
2026	117,702
2027	(16,257)
2028	4,007
2029	19,633
Thereafter	26,671

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 RETIREMENT PLAN (Continued)

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

For the year ended June 30, 2025, we recognized pension expense of \$170,724.

At June 30, 2025, 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	\$ 110,850	\$ -
Change in assumptions	15,389	-
Net difference between projected and actual earnings on pension plan investments	56,037	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,850
Contributions subsequent to the measurement date	31,633	-
Total	<u>\$ 213,909</u>	<u>\$ 1,850</u>

\$ 31,633 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, 2024.

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,	Deferred Outflows (inflow) of Resources
2025	\$ 105,217
2026	102,098
2027	(22,738)
2028	(4,152)
2029	-
Thereafter	-

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 RETIREMENT PLAN (Continued)

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

For the year ended June 30, 2025, we recognized pension expense of \$84,589.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,490	\$ 534
Change in assumptions	25,873	8
Net difference between projected and actual earnings on pension plan investments	4,951	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,137	937
Contributions subsequent to the measurement date	69,321	-
Total	<u>\$ 145,772</u>	<u>\$ 1,479</u>

\$ 69,321 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, 2024.

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,	Deferred Outflows (inflow) of Resources
2025	\$ 8,910
2026	13,776
2027	5,938
2028	7,332
2029	17,361
Thereafter	21,658

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 RETIREMENT PLAN (Continued)

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$16,535.

At June 30, 2025, 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	\$ 7,016	\$ 609
Change in assumptions	6,499	182
Net difference between projected and actual earnings on pension plan investments	751	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,889
Contributions subsequent to the measurement date	8,137	-
	<hr/>	<hr/>
Total	\$ 22,403	\$ 2,680

\$ 8,137 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, 2024.

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,	Deferred Outflows (inflow) of Resources
2025	\$ 1,104
2026	1,827
2027	543
2028	827
2029	2,272
Thereafter	5,014

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.5 – 9.5 percent, average, including inflation
Investment Rate of Return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively

SOUTH WEBER CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 RETIREMENT PLAN (Continued)

The actuarial assumptions used in the January 1, 2023, valuation were based on an experience study for the period ending December 31, 2022.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	0.49%	0.00%
Totals	100%		5.80%
Inflation			2.50%
Expected Arithmetic Nominal Return			8.30%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount Rate

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

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

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 786,774	\$ 186,035	\$ (317,791)
Tier 2 Public Employees System	\$ 231,380	\$ 77,468	\$ (42,259)
Tier 2 Public Safety and Firefighters	\$ 39,517	\$ 11,589	\$ (10,740)
Total	\$ 1,057,671	\$ 275,092	\$ (370,790)

SOUTH WEBER CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 RETIREMENT PLAN (Continued)

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
- 457(b) Plan
- Roth IRA Plan

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

	2025	2024	2023
401 (k) Plan			
Employer Contributions	\$61,234	\$86,551	\$50,406
Employee Contributions	66,924	64,476	47,564
457 Plan			
Employer Contributions	1,914	-	-
Employee Contributions	14,056	11,748	2,950
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	6,375	2,475	2,950

NOTE 9 PRIOR PERIOD ADJUSTMENT

During the year the city implemented GASB 101 related to the calculation of compensated absences. The standard required the city to determine the amount of the compensated absences using this new standard as of the end of the prior year and then adjust the current year for the current year activity. The result of implementing GASB101 resulted in adjustment to the following:

<u>Fund/ Statement</u>	<u>Decrease in Fund Balance or Net Position</u>
Statement of Net Position	
Governmental Activities	\$ (80,647)
Business-type Activities	(13,963)
Proprietary funds	
Water Fund	(11,558)
Sewer Fund	(847)
Storm Sewer Fund	(1,558)

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
Revenues				
General property taxes	\$ 1,269,500	\$ 1,269,500	\$ 1,310,860	\$ 41,360
Sales, use, and excise taxes	1,697,000	1,697,000	1,747,962	50,962
Franchise taxes	468,000	468,000	459,789	(8,211)
Licenses	93,000	93,000	258,847	165,847
Fines	135,000	135,000	156,160	21,160
Charges for services	114,000	247,000	269,555	22,555
Interest income	40,000	40,000	123,905	83,905
Intergovernmental	257,500	292,000	462,068	170,068
Miscellaneous revenue	22,000	32,000	48,242	16,242
Total Revenues	4,096,000	4,273,500	4,837,388	563,888
Expenditures				
General government				
Administrative	811,000	811,000	736,966	74,034
Legislative	66,000	66,000	58,198	7,802
Judicial	54,000	54,000	48,653	5,347
Public works				
Building inspection	532,000	567,000	530,878	36,122
Streets	514,000	542,000	538,515	3,485
Public safety				
Police and animal control	373,000	373,000	359,726	13,274
Fire protection	1,129,900	1,232,900	1,379,146	(146,246)
Parks	585,000	642,500	701,173	(58,673)
Debt service:				
Principal	28,500	31,000	28,280	2,720
Interest	2,600	2,600	4,199	(1,599)
Total Expenditures	4,096,000	4,322,000	4,385,734	(63,734)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	-	(48,500)	451,654	500,154
Other Financing Sources (Uses)				
Transfer in	3,000	5,500	239,763	234,263
Transfer out	-	(134,000)	(209,283)	(75,283)
Total Other Financing Sources (Uses)	3,000	(128,500)	30,480	158,980
Net Change in Fund Balance	\$ 3,000	\$ (177,000)	482,134	\$ 659,134
Fund Balance, Beginning			2,588,593	
Fund Balance, Ending			\$ 3,070,727	

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
Revenues				
Charges for services	\$ 129,750	\$ 130,750	\$ 125,388	\$ (5,362)
Taxes	-	7,500	7,417	(83)
Interest income	2,000	2,000	12,274	10,274
Total Revenues	131,750	140,250	145,079	4,829
Expenditures				
Recreation	317,500	326,000	300,522	25,478
Debt service:				
Principal	73,000	73,000	72,720	280
Interest	7,000	7,000	10,795	(3,795)
Total Expenditures	397,500	406,000	384,037	21,963
Excess (Deficiency) of Revenues Over (Under) Expenditures	(265,750)	(265,750)	(238,958)	26,792
Other Financing Sources (Uses)				
Transfer in	144,000	144,000	166,209	22,209
Total Other Financing Sources (Uses)	144,000	144,000	166,209	22,209
Net Change in Fund Balance	\$ (121,750)	\$ (121,750)	(72,749)	\$ 49,001
Fund Balance, Beginning			383,829	
Fund Balance, Ending			\$ 311,080	

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 – LOCAL BUILDING AUTHORITY FUND
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
Revenues				
Charges for services	\$ 707,000	\$ 707,000	\$ 705,758	\$ (1,242)
Interest income	250,000	250,000	368,006	118,006
Total Revenues	957,000	957,000	1,073,764	116,764
Expenditures				
Capital outlay	8,688,000	8,688,000	5,437,370	3,250,630
Debt service:				
Principal	297,000	297,000	297,000	-
Interest and fiscal charges	410,000	410,000	413,306	(3,306)
Total Expenditures	9,395,000	9,395,000	6,147,676	3,247,324
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,438,000)	(8,438,000)	(5,073,912)	3,364,088
Other Financing Sources (Uses)				
Transfer out	-	-	-	-
Issuance of debt	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	<u>\$ (8,438,000)</u>	<u>\$ (8,438,000)</u>	(5,073,912)	<u>\$ 3,364,088</u>
Fund Balance, Beginning			8,229,885	
Fund Balance, Ending			<u>\$ 3,155,973</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – TRANSPORTATION SPECIAL REVENUE
FUND
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
Revenues				
Sales tax - local option	\$ 100,000	\$ 100,000	\$ 157,820	\$ 57,820
Intergovernmental	80,000	80,000	-	(80,000)
Charges for services - road fee	460,000	460,000	475,081	15,081
Interest income	15,000	15,000	31,459	16,459
Total Revenues	655,000	655,000	664,360	9,360
Expenditures				
Public works	217,000	217,000	39,515	177,485
Total Expenditures	217,000	217,000	39,515	177,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	438,000	438,000	624,845	186,845
Other Financing Sources (Uses)				
Contributions	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	<u>\$ 438,000</u>	<u>\$ 438,000</u>	624,845	<u>\$ 186,845</u>
Fund Balance, Beginning			507,726	
Fund Balance, Ending			<u>\$ 1,132,571</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, 2024
June 30, 2025
Last 10 Fiscal Years*

For the year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total pension liability(asset)
Noncontributory Retirement System					
2024	0.0586654%	\$ 188,035	\$ 373,963	49.75%	96.0%
2023	0.0576076%	133,625	367,538	36.36%	96.9%
2022	0.0527693%	90,381	346,627	26.07%	97.5%
2021	0.0467049%	(267,484)	305,074	-87.68%	108.7%
2020	0.0440812%	22,611	301,378	7.50%	99.2%
2019	0.0426931%	160,905	287,168	56.03%	93.7%
2018	0.0423883%	312,136	290,780	107.34%	87.0%
2017	0.0469185%	205,564	352,474	58.32%	91.9%
2016	0.0504895%	324,204	399,151	81.22%	87.3%
2015	0.0572056%	323,697	457,570	70.74%	87.8%
Tier 2 Public Employees Retirement System					
2024	0.0259753%	\$ 77,468	\$ 769,233	10.07%	87.4%
2023	0.0293063%	57,041	757,669	7.53%	89.6%
2022	0.0278107%	30,283	604,512	5.01%	92.3%
2021	0.0235571%	(9,970)	437,090	-2.28%	103.8%
2020	0.0215236%	3,096	344,029	0.90%	98.3%
2019	0.0229183%	5,154	318,488	1.62%	96.5%
2018	0.0230247%	9,861	268,358	3.67%	90.8%
2017	0.0183092%	1,614	179,039	0.90%	97.4%
2016	0.0180146%	2,010	147,733	1.36%	95.1%
2015	0.0206238%	(45)	133,243	-0.03%	100.2%
Tier 2 Public Safety and Firefighters System					
2024	0.0025623%	\$ 11,589	\$ 116,962	9.91%	90.1%
2023	0.0010963%	413	4,154	9.94%	89.1%

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

See notes to required supplementary information

SOUTH WEBER CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
June 30, 2025
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					
2025	\$ 63,877	\$ 63,877	\$ -	\$ 376,409	16.97%
2024	69,271	69,271	-	385,481	17.97%
2023	62,858	62,858	-	349,792	17.97%
2022	59,445	59,445	-	321,848	18.47%
2021	54,368	54,368	-	294,359	18.47%
2020	56,060	56,060	-	303,520	18.47%
2019	50,305	50,305	-	272,670	18.45%
2018	62,139	62,139	-	336,430	18.47%
2017	63,880	63,880	-	345,860	18.47%
2016	85,487	85,487	-	467,173	18.30%
Tier 2 Public Safety and Firefighters System*					
2025	\$ 16,791	\$ 16,791	\$ -	\$ 59,654	14.08%
2024	8,399	8,399	-	59,654	14.08%
Tier 2 Public Employees System*					
2025	\$ 127,704	\$ 127,704	\$ -	\$ 840,713	15.19%
2024	120,017	120,017	-	749,638	16.01%
2023	116,374	116,374	-	726,884	16.01%
2022	76,653	76,653	-	479,827	15.98%
2021	60,716	60,716	-	384,278	15.80%
2020	51,614	51,614	-	330,284	15.63%
2019	46,657	46,657	-	300,889	15.51%
2018	32,651	32,651	-	216,091	15.11%
2017	22,503	22,503	-	150,925	14.91%
2016	21,380	21,380	-	143,386	14.91%
Tier 2 Public Employees DC Only System*					
2025	\$ 9,733	\$ 9,733	\$ -	\$ 187,544	5.19%
2024	12,700	12,700	-	205,166	6.19%
2023	3,517	3,517	-	56,818	6.19%
2022	2,764	2,764	-	41,318	6.69%
2021	2,583	2,583	-	38,617	6.69%
2020	2,763	2,763	-	41,294	6.69%
2019	2,817	2,817	-	42,110	6.69%
2018	2,760	2,760	-	41,251	6.69%
2017	4,040	4,040	-	60,469	6.68%
2016	949	949	-	92,255	1.03%

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

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

See notes to required supplementary information

SOUTH WEBER CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

URS Pension Plan - Changes in Assumptions

There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

SUPPLEMENTAL INFORMATION

SOUTH WEBER CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	Park Impact Fee Fund	Road Impact Fee Fund	Recreation Impact Fee Fund	Public Safety Impact Fee Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and cash equivalents	\$ -	71,861	\$ -	\$ -	\$ 71,861
Investments	-	412,407	-	-	412,407
Receivables	-	-	-	-	-
Other Receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 484,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,268</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Assigned for capital improvements	-	484,268	-	-	484,268
Total fund balances	<u>-</u>	<u>484,268</u>	<u>-</u>	<u>-</u>	<u>484,268</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 484,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,268</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, 2025

	Park Impact Fee Fund	Road Impact Fee Fund	Recreation Impact Fee Fund	Public Safety Impact Fee Fund	Total Nonmajor Governmental Funds
Revenues:					
Impact fees	\$ 79,890	\$ 127,036	\$ 31,668	\$ 4,674	\$ 243,268
Interest income	1,403	27,363	541	88	29,395
Total Revenues	81,293	154,399	32,209	4,762	272,663
Expenditures:					
Public works	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	81,293	154,399	32,209	4,762	272,663
Other Sources (Uses)					
Transfers out	(81,293)	-	(32,209)	(4,762)	(118,264)
Total Other Sources (Uses)	(81,293)	-	(32,209)	(4,762)	(118,264)
Net Change in Fund Balance	-	154,399	-	-	154,399
Fund Balance, Beginning	-	329,869	-	-	329,869
Fund Balance, Ending	\$ -	\$ 484,268	\$ -	\$ -	\$ 484,268

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

COMPLIANCE REPORTS



GILBERT & STEWART
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ESTABLISHED 1974

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BEN H PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City (the City), as of and for the year ended June 30, 2025, 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 29, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Weber 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.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2025-1 to be a significant deficiency.

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 which might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Gilbert & Stewart

GILBERT & STEWART, CPA PC
Provo, Utah
December 29, 2025



GILBERT & STEWART

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

Honorable Mayor and City Council
South Weber City

REPORT ON COMPLIANCE

We have audited South Weber City's compliance with the applicable state requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor for the year ended June 30, 2025.

State compliance requirements were tested for the year ended June 30, 2025, in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Court
- Fraud Risk Assessment
- Restricted Taxes and Related Revenues
- Government Fees
- Utah Retirement Systems
- Crime Insurance for Public Treasurers

Opinion on Compliance

In our opinion, South Weber City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide), issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of South Weber City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of South Weber City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, provisions of contracts or grant agreements applicable to South Weber City's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on South Weber City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore there is not a guarantee that an audit will be conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about South Weber City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding South Weber City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the South Weber City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of South Weber City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in our letter to management dated December 29, 2025 as item 25-1. Our opinion on compliance is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on South Weber City's response to the noncompliance finding identified in our audit described in our letter to management dated December 29, 2025 as item 25-1. South Weber City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
Provo, UT
December 29, 2025

SOUTH WEBER CITY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

1. Monthly close and reconciliation

Condition: While performing our auditing procedures we noted that there is a lack of controls necessary to detect and prevent misstatements of the financial information during the year.

Criteria: Effective internal control requires management to establish procedures to ensure that financial records are accurate, complete, and prepared in a timely manner.

Cause: The deficiency appears to be the result of insufficient staffing resources and training, lack of formalized policies and procedures over the monthly close process, and limited supervisory review of financial reconciliations.

Effect: As a result of these deficiencies, errors or irregularities in account balances may not be detected or corrected in a timely manner. This increases the risk that the Entity's financial statements could be misstated and that financial information used by management and governing bodies may be inaccurate or incomplete. The outside accountant is required to make significant adjustments to the financial information to bring them into compliance with accounting standards.

Recommendation: We recommend that management implement formalized policies and procedures over the monthly close process, including the timely preparation and independent review of all significant account reconciliations. Management should also ensure that reconciling items are properly investigated and resolved, and that documentation is maintained to evidence review and approval. We further recommend that the outside accountant be onsite throughout the year to provide services in reviewing financial information and training rather than adjusting the financial information after year end.

Management's Response: We concur with the auditor's recommendation and plan to implement internal controls for monthly close and reconciliation. Management will also enhance outside review procedures and provide additional training for accounting staff.

**SOUTH WEBER CITY
CORRESPONDENCE WITH THOSE
CHARGED WITH GOVERNANCE**

JUNE 30, 2025



GILBERT & STEWART

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SIDNEY S. GILBERT, CPA
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December 29, 2025

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

We have audited the financial statements of South Weber City (the City) for the year ended June 30, 2025 and have issued our report thereon dated February 7, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 30, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. We noted no transactions entered by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the entity's financial statements was:

Management's estimate of the useful lives of depreciable assets, and the applicable depreciation amounts are based on estimated usefulness of the assets in question and the related wear and tear on those assets. We evaluated the key factors and assumptions used to develop these amounts in determining that they were reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, like obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Utah State Legal Compliance Findings – Current Year

25-1 Budgetary Compliance

Finding: **State** law requires that a city's actual expenditures in any given fund do not exceed the budgeted expenditures for that fund. During our audit we noted that the City's General Fund Public Safety department was overbudget by \$132,972. The General Fund Parks department was also over budget by \$58,673. Finally, the Storm Sewer fund was over budget by \$44,902.

Recommendation: It is recommended that near year-end the City reviews year-to-date expenditures by fund and compares them against budgeted amounts to determine if an amended budget should be proposed and approved.

City's Response: The City will make the necessary changes to ensure actual expenditures by fund do not exceed budgeted amounts.

Utah State Legal Compliance Findings – Prior Year

- No findings in the prior year.

This information is intended solely for the use of the city Management and is not intended to be and should not be used by anyone other than these specified parties. If you have any questions concerning the above items, we will be happy to discuss them with you.

Sincerely,

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
December 29, 2025