



FINANCIAL STATEMENTS

For the year ended June 30, 2023

Together with independent Auditor's Report

Prepared By:

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Mark McRae, Finance Director
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Mayor

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SOUTH WEBER CITY

FINANCIAL STATEMENTS

For The Year Ended June 30, 2023

Together With Independent Auditor's Report

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FINANCIAL SECTION



CERTIFIED PUBLIC
ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

K&C, CPAs

K&C, CPA's
Woods Cross City, Utah
December 26, 2023

**SOUTH WEBER CITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

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, 2023. 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 \$47,395,581 (net position). Of this amount, \$12,882,600 (unrestricted position) is available to meet ongoing obligations of citizens and creditors. Net position increased by \$4,064,438 from the prior year.

The City’s Governmental activities reported a combined ending net position of \$23,640,806. Of that amount, \$4,362,396 is available for spending at the discretion of the City (unrestricted and undesignated fund balance).

The unassigned fund balance of the general fund at June 30, 2023, totaled \$1,317,908 and is 33% of the general fund total revenues for the year.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2023**

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 four major government funds, which are the general fund, special revenue recreation 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. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

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

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Comparative Summary of Net Position

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2023	2022	2023	2022	2023	2022	
Current and other assets	\$ 8,178,319	\$ 7,339,870	\$ 9,594,381	\$ 9,035,915	\$ 17,772,700	\$ 16,375,785	8.5%
Capital assets	19,304,688	18,326,221	16,855,573	15,731,264	36,160,261	34,057,485	6.2%
Total assets	27,483,007	25,666,091	26,449,954	24,767,179	53,932,961	50,433,270	6.9%
Total deferred outflows of resources	200,791	141,847	116,740	95,852	317,531	237,699	33.6%
Long-term liabilities outstanding	1,387,029	1,381,628	2,563,413	2,643,602	3,950,442	4,025,230	-1.9%
Other liabilities	1,533,882	1,684,283	247,864	164,440	1,781,746	1,848,723	-3.6%
Total liabilities	2,920,911	3,065,911	2,811,277	2,808,042	5,732,188	5,873,953	-2.4%
Total deferred inflows of resources	1,122,081	1,388,298	642	77,575	1,122,723	1,465,873	-23.4%
Net position:							
Net investment in capital assets	18,101,653	17,910,814	14,273,214	13,107,822	32,374,867	31,018,636	4.4%
Restricted	1,176,757	784,972	961,357	943,634	2,138,114	1,728,606	23.7%
Unrestricted	4,362,396	2,657,943	8,520,204	7,925,958	12,882,600	10,583,901	21.7%
Total net position	\$ 23,640,806	\$ 21,353,729	\$ 23,754,775	\$ 21,977,414	\$ 47,395,581	\$ 43,331,143	9.4%

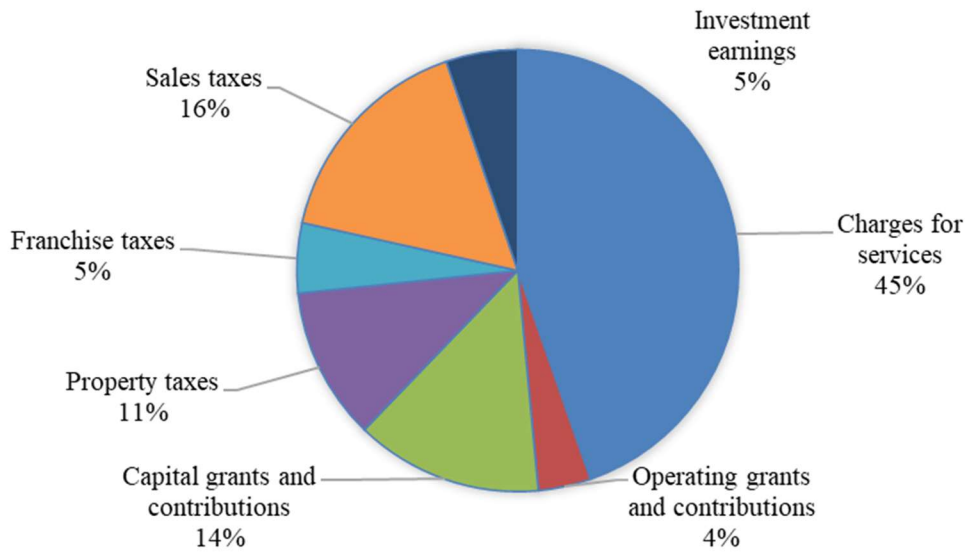
By far the largest component of South Weber City's net position, 68.3% is its investment in capital assets. This figure represents the City's investment in land and improvements, buildings, machinery and equipment, roads, streetlights, and bridges, less any related outstanding debt that was used to acquire 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, 2023**

An additional part of net position, 4.5%, is assets that are subject to external restrictions on how they may be expended. The remaining 27.2% 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		
	2023	2022	2023	2022	2023	2022	
Revenues:							
Program revenues:							
Charges for services	\$ 952,908	\$ 1,140,368	\$ 3,795,033	\$ 3,390,858	\$ 4,747,941	\$ 4,531,226	4.8%
Operating grants and contributions	410,373	419,142	-	-	410,373	419,142	-2.1%
Capital grants and contributions	409,259	561,518	1,046,070	342,784	1,455,329	904,302	60.9%
General revenues:							
Property taxes	1,186,453	1,044,803	-	-	1,186,453	1,044,803	13.6%
Franchise taxes	544,359	418,073	-	-	544,359	418,073	30.2%
Sales taxes	1,729,969	1,608,842	-	-	1,729,969	1,608,842	7.5%
Other revenue	75,323	17,760	-	-	75,323	17,760	0.0%
Gain on sale of assets	101,293	4,500	23,407	-	124,700	4,500	0.0%
Investment earnings	212,112	25,406	346,175	35,278	558,287	60,684	820.0%
Total revenues	\$ 5,622,049	\$ 5,240,412	\$ 5,210,685	\$ 3,768,920	\$ 10,832,734	\$ 9,009,332	20.2%

GOVERNMENT TOTAL REVENUES

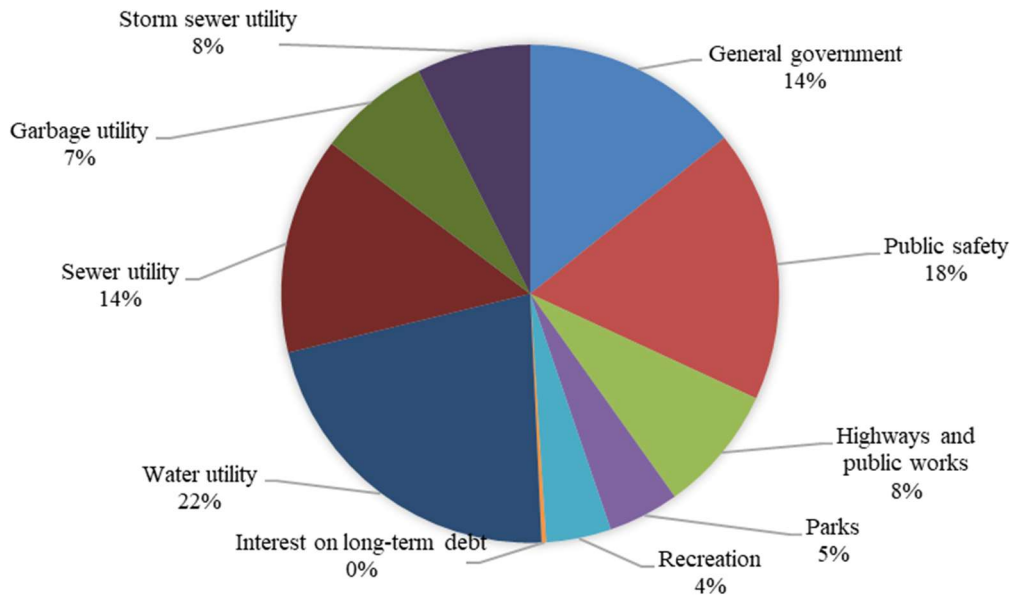


**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2023**

Comparative Changes in Net Position (Continued)

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2023	2022	2023	2022	2023	2022	
Expenses:							
General government	\$ 963,587	\$ 642,223	\$ -	\$ -	\$ 963,587	\$ 642,223	50.0%
Public safety	1,194,938	1,051,597	-	-	1,194,938	1,051,597	13.6%
Highways and public works	558,283	1,653,351	-	-	558,283	1,653,351	-66.2%
Parks	312,170	406,570	-	-	312,170	406,570	-23.2%
Recreation	285,712	245,736	-	-	285,712	245,736	16.3%
Interest on long-term debt	20,282	22,876	-	-	20,282	22,876	-11.3%
Water services	-	-	1,483,905	1,229,846	1,483,905	1,229,846	20.7%
Sewer services	-	-	954,725	833,195	954,725	833,195	14.6%
Garbage services	-	-	493,844	528,704	493,844	528,704	-6.6%
Storm sewer services	-	-	500,850	371,679	500,850	371,679	34.8%
Total expenses	3,334,972	4,022,353	3,433,324	2,963,424	6,768,296	6,985,777	-3.1%
Change in net position before transfers	2,287,077	1,218,059	1,777,361	805,496	4,064,438	2,023,555	-50.2%
Change in net position	2,287,077	1,218,059	1,777,361	805,496	4,064,438	2,023,555	100.9%
Net position - beginning	21,353,729	20,135,670	21,977,414	21,171,918	43,331,143	41,307,588	4.9%
Net position - end of year	<u>\$ 23,640,806</u>	<u>\$ 21,353,729</u>	<u>\$ 23,754,775</u>	<u>\$ 21,977,414</u>	<u>\$ 47,395,581</u>	<u>\$ 43,331,143</u>	<u>9.4%</u>

GOVERNMENT TOTAL EXPENDITURES/EXPENSES



**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2023**

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Governmental activities net position increased by \$2,287,077 for the year ended June 30, 2023. The major reason for the increase resulted from assets contributed to the City from developers, increases in Sales tax and Property tax, and a decrease in expenses resulting from capital projects being delayed a year.

Business-type activities contributed an increase of \$1,777,361 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 \$558,287 in investment earnings and \$121,166 in impact fees during the year between governmental and business-type activities. Investment earnings were up 919% over the prior year. Impact fees were down and only 22% of the prior year total.

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, 2023.

For the period ended June 30, 2023, the City's governmental funds reported combined fund balances in the amount of \$5,093,134. Of the total balance at year-end, \$1,317,908 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 \$537,177 a decrease of \$37,509 from the prior year mainly due to programs being resumed that had been cancelled because of COVID-19 restrictions in 2021. The special revenue transportation fund has a fund balance of \$873,198, an increase of \$382,748 from the prior year due to several projects being postponed a year. The capital projects fund has a fund balance of \$1,188,094, a decrease of \$204,022 from the prior year.

The General Fund is the main operating fund for South Weber City. On June 30, 2023, the general fund's unassigned fund balance was \$1,317,908. Total fund balance of the general fund for South Weber City increased by \$675,443. 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 41.4% of total 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 \$8,403,176. Discussions about the finances of these funds are addressed in the City's business-type activities.

BUDGETARY HIGHLIGHTS

The general fund was amended to recognize additional Sales Tax and miscellaneous revenue received. Overall, the general fund was under budgeted expenditures by \$264,987.

The special revenue recreation fund budget was amended by \$85,000 during the year, and actual expenditures were less than budgeted expenditures by \$145,764. The COVID-19 pandemic caused the cancellation of some recreation programs.

The capital projects fund budget was amended for additional planned projects. Most significant was the Fire auxillary building & driveway and the new public works facility. The actual expenditures in this fund were \$491,313 less than the budgeted amounts due to delays in the public works project.

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2023**

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

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 \$36,160,261 (net of \$18,980,559 accumulated depreciation) at June 30, 2023. 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 67% of total assets.

Major capital asset activities are included in the following table:

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2023	2022	2023	2022	2023	2022	
Land and water rights	\$ 6,229,087	\$ 5,464,211	\$ -	\$ -	\$ 6,229,087	\$ 5,464,211	14.0%
Buildings	3,352,789	3,075,860	298,262	298,262	3,651,051	3,374,122	8.2%
Improvements other than buildings	17,965,169	16,963,559	23,310,752	22,162,601	41,275,921	39,126,160	5.5%
Vehicles	2,331,851	2,294,181	-	22,250	2,331,851	2,316,431	0.7%
Machinery and equipment	493,669	417,345	379,673	356,165	873,342	773,510	12.9%
Construction in process	146,639	355,193	632,929	13,152	779,568	368,345	100.0%
Less: Accumulated Depreciation	(11,214,516)	(10,244,128)	(7,766,043)	(7,121,166)	(18,980,559)	(17,365,294)	9.3%
Net Book Value	\$ 19,304,688	\$ 18,326,221	\$ 16,855,573	\$ 15,731,264	\$ 36,160,261	\$ 34,057,485	6.2%

On June 30, 2023 South Weber City's total debt amounted to \$2,906,887 of which \$2,505,887 was incurred by the City's business-type activities and the remaining \$401,000 was incurred by the City's governmental units. The City's debt consists of revenue bonds and is secured by specific revenue sources (i.e., sales taxes and water).

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

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2023	2022	2023	2022	2023	2022	
Debt Outstanding							
Revenue Bonds	\$ 401,000	\$ 494,000	\$ 2,505,887	\$ 2,623,442	\$ 2,906,887	\$ 3,117,442	-6.8%
Total debt outstanding	\$ 401,000	\$ 494,000	\$ 2,505,887	\$ 2,623,442	\$ 2,906,887	\$ 3,117,442	-6.8%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of October 2023, the state unemployment rate was 2.7%, a slight increase from 2.1% the previous year. Currently, South Weber City is experiencing moderate economic growth and has not been seriously impacted financially by the pandemic. Sales tax has remained strong during the pandemic as South Weber has benefited from the shift from brick-and-mortar sales to on-line sales. The City has experienced a significant slowing of residential building and additional subdivisions that could bring more property taxes into the City in future years since the land was previously farm property subject to the greenbelt provisions.

The rates and fees for most services remained constant for fiscal year 2023 compared with fiscal year 2022. The exception was a 100% increase in Storm Drain utility fees.

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, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 4,377,839	\$ 7,965,772	\$ 12,343,611
Receivables:			
Property, franchise, and excise taxes	1,560,204	-	1,560,204
Accounts receivable	40,592	320,531	361,123
Prepaid expenses	-	188,197	188,197
Internal balances	(117,029)	117,029	-
Restricted:			
Cash and cash equivalents	2,232,345	1,002,852	3,235,197
Receivables - Class "C" road funds	84,368	-	84,368
Capital assets not being depreciated:			
Land and water rights	6,229,087	-	6,229,087
Construction in process	146,639	632,929	779,568
Capital assets, net of accumulated depreciation:			
Buildings	1,978,871	149,128	2,127,999
Improvements other than buildings	9,263,853	15,852,359	25,116,212
Machinery and equipment	254,355	221,157	475,512
Vehicles	1,431,883	-	1,431,883
Total Assets	<u>27,483,007</u>	<u>26,449,954</u>	<u>53,932,961</u>
Deferred Outflows of Resources			
Deferred loss on refunding	16,175	61,595	77,770
Deferred outflows relating to pensions	184,616	55,145	239,761
Total Deferred Outflows of Resources	<u>200,791</u>	<u>116,740</u>	<u>317,531</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 27,683,798</u>	<u>\$ 26,566,694</u>	<u>\$ 54,250,492</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, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities:			
Accounts payable	\$ 254,319	\$ 197,766	\$ 452,085
Accrued liabilities	118,222	-	118,222
Accrued interest	21,385	8,603	29,988
Unearned revenue	1,042,736	41,495	1,084,231
Restricted liabilities:			
Developer and customer deposits	97,220	-	97,220
Noncurrent liabilities:			
Due within one year	331,155	117,863	449,018
Due in more than one year	962,963	2,417,797	3,380,760
Net pension liability	92,911	27,753	120,664
Total Liabilities	<u>2,920,911</u>	<u>2,811,277</u>	<u>5,732,188</u>
Deferred Inflows of Resources			
Deferred revenue - property taxes	1,119,933	-	1,119,933
Deferred inflows relating to pensions	2,148	642	2,790
Total Deferred Inflows of Resources	<u>1,122,081</u>	<u>642</u>	<u>1,122,723</u>
Net Position			
Net investment in capital assets	18,101,653	14,273,214	32,374,867
Restricted for:			
Impact fees	263,258	961,357	1,224,615
Roads	801,216	-	801,216
Other	112,283	-	112,283
Unrestricted	4,362,396	8,520,204	12,882,600
Total Net Position	<u>23,640,806</u>	<u>23,754,775</u>	<u>47,395,581</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 27,683,798</u>	<u>\$ 26,566,694</u>	<u>\$ 54,250,492</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, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Government Activities							
General government	\$ 963,587	\$ 236,663	\$ 49,809	\$ 9,600	\$ (667,515)	\$ -	\$ (667,515)
Public safety	1,194,938	68,083	-	323,219	(803,636)	-	(803,636)
Highways and public works	558,283	460,185	360,564	61,790	324,256	-	324,256
Parks	312,170	3,035	-	10,480	(298,655)	-	(298,655)
Recreation	285,712	184,942	-	4,170	(96,600)	-	(96,600)
Interest on long-term debt	20,282	-	-	-	(20,282)	-	(20,282)
Total Governmental Activities	3,334,972	952,908	410,373	409,259	(1,562,432)	-	(1,562,432)
Business-type Activities							
Water utility	1,483,905	1,658,716	-	417,379	-	592,190	592,190
Sewer utility	954,725	1,073,842	-	307,016	-	426,133	426,133
Garbage utility	493,844	540,026	-	-	-	46,182	46,182
Storm sewer utility	500,850	522,449	-	321,675	-	343,274	343,274
Total Business-type Activities	3,433,324	3,795,033	-	1,046,070	-	1,407,779	1,407,779
Total Government	\$ 6,768,296	\$ 4,747,941	\$ 410,373	\$ 1,455,329	(1,562,432)	1,407,779	(154,653)
General Revenues:							
					1,186,453	-	1,186,453
					544,359	-	544,359
					1,729,969	-	1,729,969
					75,323	-	75,323
					212,112	346,175	558,287
					101,293	23,407	124,700
					-	-	-
Total General Revenues and Transfers					3,849,509	369,582	4,219,091
Changes in Net Position					2,287,077	1,777,361	4,064,438
Net Position, Beginning					21,353,729	21,977,414	43,331,143
Net Position, Ending					\$ 23,640,806	\$ 23,754,775	\$ 47,395,581

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

SOUTH WEBER CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Special Revenue Funds		Capital Projects Fund	Nonmajor Governmental Funds	Totals
		Recreation Fund	Transportation Fund			
Assets						
Cash and cash equivalents	\$ 1,125,583	\$ 528,797	\$ 921,450	\$ 1,232,226	\$ -	\$ 3,808,056
Accounts receivable	-	-	40,592	-	-	40,592
Property, franchise, and excise tax receivable	1,457,507	-	-	-	-	1,457,507
Receivables, other	59,049	17,010	26,638	-	-	102,697
Restricted assets:						
Cash and cash equivalents	1,470,623	-	-	498,464	263,258	2,232,345
Receivables - Class "C" road monies	84,368	-	-	-	-	84,368
Total Assets	\$ 4,197,130	\$ 545,807	\$ 988,680	\$ 1,730,690	\$ 263,258	\$ 7,725,565
Liabilities						
Accounts payable	\$ 86,076	\$ 8,630	\$ 115,482	\$ 44,132	\$ -	\$ 254,320
Accrued liabilities	118,222	-	-	-	-	118,222
Unearned revenue	544,272	-	-	498,464	-	1,042,736
Restricted liabilities:						
Developer and customer deposits	97,220	-	-	-	-	97,220
Total Liabilities	845,790	8,630	115,482	542,596	-	1,512,498
Deferred Inflows of Resources						
Unavaible revenue - construction receivables	48,433	-	-	-	-	48,433
Unavailable revenue - property taxes	1,071,500	-	-	-	-	1,071,500
Total Deferred Inflows of Resources	1,119,933	-	-	-	-	1,119,933
Fund Balances						
Restricted						
Class "C" roads	801,216	-	-	-	-	801,216
Impact fees	-	-	-	-	263,258	263,258
RAP Tax	93,083	-	-	-	-	93,083
Future projects	19,200	-	-	-	-	19,200
Assigned						
Recreation	-	537,177	-	-	-	537,177
Transportation	-	-	873,198	-	-	873,198
Capital improvements	-	-	-	1,188,094	-	1,188,094
Unassigned	1,317,908	-	-	-	-	1,317,908
Total Fund Balances	2,231,407	537,177	873,198	1,188,094	263,258	5,093,134
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,197,130	\$ 545,807	\$ 988,680	\$ 1,730,690	\$ 263,258	\$ 7,725,565

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, 2023

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

Total fund balance - governmental funds	\$	5,093,134
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		17,872,805
Deferred outflows of resources relating to refunding are not financial resources and, therefore, are not reported in the funds.		16,175
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		(401,000)
Accrued compensated absences		(74,908)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.		(5,954)
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		1,050,997
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>89,557</u>
Net position - governmental activities	\$	<u><u>23,640,806</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, 2023

	General Fund	Special Revenue Funds		Capital Projects Fund	Nonmajor Governmental Funds	Totals
		Recreation Fund	Transportation Fund			
Revenues						
General property taxes	\$ 1,186,480	\$ -	-	\$ -	\$ -	\$ 1,186,480
Sales, use, and excise taxes	1,382,142	-	148,150	275,000	-	1,805,292
Franchise taxes	544,359	-	-	-	-	544,359
Impact fees	-	-	-	-	77,834	77,834
Licenses	77,842	-	-	-	-	77,842
Fines	135,047	-	-	-	-	135,047
Charges for services	96,361	184,942	460,185	-	-	741,488
Interest income	73,834	21,472	25,629	71,214	10,792	202,941
Intergovernmental	410,373	-	-	321,825	-	732,198
Contributions	-	-	-	-	-	-
Miscellaneous revenue	33,374	-	-	-	-	33,374
Total Revenues	3,939,812	206,414	633,964	668,039	88,626	5,536,855
Expenditures						
Current:						
General government	721,124	-	-	-	-	721,124
Public safety	1,261,286	-	-	-	-	1,261,286
Public works	934,720	-	251,216	-	-	1,185,936
Parks	231,481	-	-	-	-	231,481
Recreation	-	254,818	-	-	-	254,818
Capital expenditures	-	-	-	897,687	-	897,687
Debt service:						
Principal	26,040	66,960	-	-	-	93,000
Interest and fiscal charges	8,161	9,458	-	-	-	17,619
Total Expenditures	3,182,812	331,236	251,216	897,687	-	4,662,951
Excess (Deficiency) of Revenues Over (Under) Expenditures	757,000	(124,822)	382,748	(229,648)	88,626	873,904
Other Financing Sources (Uses)						
Transfer in	1,443	87,313	-	25,626	-	114,382
Transfer out	(83,000)	-	-	-	(31,382)	(114,382)
Total Other Financing Sources (Uses)	(81,557)	87,313	-	25,626	(31,382)	-
Net Change in Fund Balances	675,443	(37,509)	382,748	(204,022)	57,244	873,904
Fund Balance, Beginning	1,555,964	574,686	490,450	1,392,116	206,014	4,219,230
Fund Balance, Ending	\$ 2,231,407	\$ 537,177	\$ 873,198	\$ 1,188,094	\$ 263,258	\$ 5,093,134

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, 2023

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

Net change in fund balances - total governmental funds	\$ 873,904
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.	1,911,212
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	(827,167)
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.	
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	93,000
The amortization of deferred outflows relating to bond refunding loss is not recorded in the governmental funds.	(4,044)
In the statement of activities, accrued interest on debt is recorded.	1,381
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.	(21,036)
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.	203,564
Changes in the pension asset and liability accounts are not recorded in the funds rather they are recorded in the statement of activities	56,263
Change in net position - governmental activities	<u><u>\$ 2,287,077</u></u>

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

SOUTH WEBER CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2023

	Business-type Activities - Enterprise Funds				Total Enterprise	Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer		
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 2,725,749	\$ 4,030,443	\$ 532,225	\$ 677,355	\$ 7,965,772	\$ 569,783
Accounts receivable	151,476	73,493	48,161	47,401	320,531	-
Prepaid expenses	188,197	-	-	-	188,197	-
Restricted cash and cash equivalents	120,182	841,175	-	41,495	1,002,852	-
Total Current Assets	3,185,604	4,945,111	580,386	766,251	9,477,352	569,783
Noncurrent Assets:						
Property and equipment						
Construction in process	632,929	-	-	-	632,929	-
Buildings	298,262	-	-	-	298,262	-
Improvements, other than buildings	9,897,403	7,194,185	-	6,219,164	23,310,752	-
Machinery and equipment	340,676	38,997	-	-	379,673	-
Vehicles	-	-	-	-	-	2,331,850
Less: Accumulated depreciation	(3,181,889)	(2,446,437)	-	(2,137,717)	(7,766,043)	(899,967)
Total property and equipment	7,987,381	4,786,745	-	4,081,447	16,855,573	1,431,883
Net pension asset	-	-	-	-	-	-
Total Noncurrent Assets	7,987,381	4,786,745	-	4,081,447	16,855,573	1,431,883
Total Assets	11,172,985	9,731,856	580,386	4,847,698	26,332,925	2,001,666
Deferred Outflows of Resources:						
Deferred loss on refunding	61,595	-	-	-	61,595	-
Deferred outflows relating to pensions	28,771	14,386	-	11,988	55,145	-
Total Deferred Outflows of Resources	90,366	14,386	-	11,988	116,740	-
Total Assets and Deferred Outflows of Resources	\$ 11,263,351	\$ 9,746,242	\$ 580,386	\$ 4,859,686	\$ 26,449,665	\$ 2,001,666

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, 2023

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise	
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 157,573	\$ 2,123	\$ 37,029	\$ 1,040	\$ 197,765	\$ -
Accrued interest	8,603	-	-	-	8,603	15,430
Unearned revenue	-	-	-	41,495	41,495	-
Current portion of compensated absences	7,341	7,238	-	3,284	17,863	-
Current portion of bonds payable	100,000	-	-	-	100,000	-
Current portion of lease payable	-	-	-	-	-	189,210
Total Current Liabilities	273,517	9,361	37,029	45,819	365,726	204,640
Noncurrent Liabilities:						
Compensated absences	4,894	4,826	-	2,190	11,910	-
Bonds payable	2,405,887	-	-	-	2,405,887	-
Lease payable	-	-	-	-	-	629,000
Net pension liability	14,480	7,240	-	6,033	27,753	-
Total Noncurrent Liabilities	2,425,261	12,066	-	8,223	2,445,550	629,000
Total Liabilities	2,698,778	21,427	37,029	54,042	2,811,276	833,640
Deferred Inflows of Resources:						
Deferred inflows relating to pensions	335	167	-	140	642	-
	335	167	-	140	642	-
Net Position:						
Net investment in capital assets	5,405,022	4,786,745	-	4,081,447	14,273,214	613,673
Restricted:						
Impact fees	120,182	841,175	-	-	961,357	-
Unrestricted	3,039,034	4,096,728	543,357	724,057	8,403,176	554,353
Total Net Position	8,564,238	9,724,648	543,357	4,805,504	23,637,747	1,168,026
Total Liabilities, Deferred Inflows, and Net Position	\$ 11,263,351	\$ 9,746,242	\$ 580,386	\$ 4,859,686	\$ 26,449,665	\$ 2,001,666
Net Position Reconciliation from Proprietary Funds to Business-type Activities on the Statement of Net Position:					\$ 23,637,747	
Adjustment for the cumulative internal balance from the net activity between internal service funds and enterprise funds					117,028	
					\$ 23,754,775	

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, 2023

	Business-type Activities - Enterprise Funds				Total Enterprise	Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer		
Operating Revenues:						
Sales and charges for services	\$ 1,658,716	\$ 1,073,842	\$ 540,026	\$ 522,449	\$ 3,795,033	\$ 373,000
Total Operating Revenues	1,658,716	1,073,842	540,026	522,449	3,795,033	373,000
Operating Expenses:						
Personnel services	269,818	164,257	38,000	142,717	614,792	-
Supplies	730,147	21,457	448,670	101,100	1,301,374	-
Purchased services	47,873	579,777	7,174	28,430	663,254	-
Capital outlay	64,401	30,260	-	-	94,661	-
Depreciation and amortization	291,359	160,814	-	230,443	682,616	232,984
Total operating expenses	1,403,598	956,565	493,844	502,690	3,356,697	232,984
Operating income	255,118	117,277	46,182	19,759	438,336	140,016
Nonoperating revenue (expense):						
Interest income	125,273	176,507	19,507	22,769	344,056	11,291
Gain (loss) on disposal of assets	-	-	-	-	-	124,700
Interest expense	(98,129)	-	-	-	(98,129)	(25,394)
Total nonoperating revenues (expenses)	27,144	176,507	19,507	22,769	245,927	110,597
Income (loss) before capital contributions and transfers	282,262	293,784	65,689	42,528	684,263	250,613
Capital Contributions:						
Grants and other contributions	408,786	287,951	-	306,001	1,002,738	645,311
Impact fee income	8,593	19,065	-	15,674	43,332	-
Transfers in	8,025	9,365	-	-	17,390	-
Transfers out	(8,025)	(9,365)	-	-	(17,390)	-
Total Capital Contributions	417,379	307,016	-	321,675	1,046,070	645,311
Change in net position	699,641	600,800	65,689	364,203	1,730,333	895,924
Net position, beginning	7,864,597	9,123,848	477,668	4,441,301	21,907,414	272,102
Net position, ending	\$ 8,564,238	\$ 9,724,648	\$ 543,357	\$ 4,805,504	\$ 23,637,747	\$ 1,168,026
Reconciliation from Proprietary Funds to Business-type Activities on the Statement of Activities:					\$ 1,730,333	
Adjustment to eliminate the current fiscal year's internal service funds net income from internal customer applicable to business-type activities					47,028	
Changes in Net Position of Business-type activities					<u>\$ 1,777,361</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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund	
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise	Service Fund
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 1,650,948	\$ 1,071,400	\$ 539,954	\$ 494,345	\$ 3,756,647	\$ -
Receipts from interfund services provided	-	-	-	-	-	373,000
Payments to suppliers and service providers	(683,147)	(642,659)	(456,184)	(128,357)	(1,910,347)	-
Payments to suppliers and service providers - DOL	-	-	-	-	-	-
Payments to employees and related benefits	(277,369)	(163,237)	(38,154)	(144,847)	(623,607)	-
Payments to other funds for services provided	(58,000)	(6,000)	-	(6,000)	(70,000)	-
Net cash flows from operating activities	632,432	259,504	45,616	215,141	1,152,693	373,000
Cash Flows From Non-Capital Financing Activities						
Transfers in	8,025	9,365	-	-	17,390	-
Transfers out	(8,025)	(9,365)	-	-	(17,390)	-
Net cash flows from non-capital financing activities	-	-	-	-	-	-
Cash Flows From Capital and Related Financing Activities						
Acquisition and construction of capital assets	(763,115)	(38,997)	-	-	(802,112)	(149,196)
Principal paid on bonds and leases	(100,000)	-	-	-	(100,000)	(147,617)
Proceeds from debt issuance	-	-	-	-	-	132,071
Proceeds from sale of assets	-	-	-	-	-	146,470
Interest Paid	(115,054)	-	-	-	(115,054)	(9,964)
Impact fees received	8,593	19,065	-	15,673	43,331	-
Net cash flows from capital and related financing activities	(969,576)	(19,932)	-	15,673	(973,835)	(28,236)
Cash Flows From Investing Activities						
Interest income	125,273	176,507	19,507	22,769	344,056	11,291
Net cash flows from investing activities	125,273	176,507	19,507	22,769	344,056	11,291
Net Increase (Decrease) In Cash and Cash Equivalents	(211,871)	416,079	65,123	253,583	522,914	356,055
Cash and Cash Equivalents, Beginning	3,057,802	4,455,539	467,102	465,267	8,445,710	213,728
Cash and Cash Equivalents, Ending	\$ 2,845,931	\$ 4,871,618	\$ 532,225	\$ 718,850	\$ 8,968,624	\$ 569,783
As reported in the Statement of Net Position - Proprietary Funds						
Cash and Cash Equivalents	\$ 2,725,749	\$ 4,030,443	\$ 532,225	\$ 677,355	\$ 7,965,772	\$ 569,783
Restricted Cash and Cash Equivalents	120,182	841,175	-	41,495	1,002,852	-
Total Cash and Cash Equivalents	\$ 2,845,931	\$ 4,871,618	\$ 532,225	\$ 718,850	\$ 8,968,624	\$ 569,783

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, 2023

	<u>Business-type Activities - Enterprise Funds</u>					<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Storm Sewer</u>	<u>Total</u> <u>Enterprise</u>	<u>Activities -</u> <u>Internal</u> <u>Service Fund</u>
Reconciliation of operating income to net cash flows from operating activities						
Operating income (loss)	\$ 255,118	\$ 117,277	\$ 46,182	\$ 19,759	\$ 438,336	\$ 140,016
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation expense	291,359	160,814	-	230,443	682,616	232,984
(Increase) Decrease in accounts receivables	(7,768)	(2,442)	(72)	(28,104)	(38,386)	-
(Increase) Decrease in prepaids	(5,628)	-	-	-	(5,628)	-
(Increase) Decrease in net pension asset	22,196	22,196	-	11,098	55,490	-
(Increase) Decrease in deferred outflows related to pension	(16,608)	(2,223)	-	(5,907)	(24,738)	-
Increase (Decrease) in accounts payable	106,902	(17,165)	(340)	(4,827)	84,570	-
Increase (Decrease) in compensated absences	3,076	4,670	(154)	2,021	9,613	-
Increase (Decrease) in net pension liability	14,480	7,240	-	6,033	27,753	-
Increase (Decrease) in deferred inflows related to pension	(30,695)	(30,863)	-	(15,375)	(76,933)	-
Net cash flows from operating activities	<u>\$ 632,432</u>	<u>\$ 259,504</u>	<u>\$ 45,616</u>	<u>\$ 215,141</u>	<u>\$ 1,152,693</u>	<u>\$ 373,000</u>
Schedule of Non-cash capital and Related Financing Activity:						
Non-cash contribution of assets from developers	\$ 408,786	\$ 287,951	\$ -	\$ 306,001	\$ 1,002,738	\$ 645,311

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

SOUTH WEBER CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) The Reporting Entity

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

(B) Government-Wide and Fund Financial Statements

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

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

(C) Measurement Focus and Basis of Accounting

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

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

In addition, the City reports the following fund type.

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

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

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgets

Annual budgets are prepared and adopted before June 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 CASH AND INVESTMENTS

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

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

Custodial credit risk – deposits is the risk that in the event of bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. As of June 30, 2023, \$207,967 of the City's bank balances of \$470,395 (excluding PTIF) was uninsured and uncollateralized.

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

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

NOTE 2 CASH AND INVESTMENTS (Continued)

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.

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

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

For the year ended June 30, 2022, the City had cash balances of \$15,160,706 deposited in the PTIF. The fair value of the PTIF is \$15,161,845. The City has elected to report the PTIF balances at cost as it approximates fair value.

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

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

Following are the City’s cash on hand and on deposit at June 30, 2023:

	<u>Carrying Amount</u>
Cash on hand and on deposit:	
Cash on hand	\$ 1,700
Cash on deposit	416,402
Utah State Treasurer's investment pool accounts	<u>15,160,706</u>
Total cash on hand and deposit	<u><u>\$ 15,578,808</u></u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 RESTRICTED ASSETS

Certain assets are restricted to use for the following purposes as of June 30, 2023:

Performance bonds	\$ 97,220
Class "C" road funds	801,216
Developer deposits	585,767
Rstricted Contribution	19,200
Unspent RAP tax	93,083
Unspent grant	498,464
Impact fees	<u>1,224,615</u>
Restricted assets	<u>\$ 3,319,565</u>

NOTE 4 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2023, is as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 5,464,211	\$ 764,876	\$ -	\$ 6,229,087
Construction in process	355,193	64,656	(273,210)	146,639
Total capital assets, not being depreciated	<u>5,819,404</u>	<u>829,532</u>	<u>(273,210)</u>	<u>6,375,726</u>
Capital assets, being depreciated				
Buildings	3,075,860	276,929	-	3,352,789
Improvements other than buildings	16,963,559	1,001,610	-	17,965,169
Equipment	417,318	76,351	-	493,669
Vehicles	2,294,183	149,196	(111,528)	2,331,851
Total capital assets, being depreciated	<u>22,750,920</u>	<u>1,504,086</u>	<u>(111,528)</u>	<u>24,143,478</u>
Less accumulated deprecation for				
Buildings	(1,310,092)	(63,826)	-	(1,373,918)
Improvements other than buildings	(7,977,586)	(723,730)	-	(8,701,316)
Equipment	(199,703)	(39,611)	-	(239,314)
Vehicles	(756,747)	(232,984)	89,763	(899,968)
Total accumulated depreciation	<u>(10,244,128)</u>	<u>(1,060,151)</u>	<u>89,763</u>	<u>(11,214,516)</u>
Total capital assets, being depreciated, net	<u>12,506,792</u>	<u>443,935</u>	<u>(21,765)</u>	<u>12,928,962</u>
Governmental activities capital assets, net	<u>\$ 18,326,196</u>	<u>\$ 1,273,467</u>	<u>\$ (294,975)</u>	<u>\$ 19,304,688</u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following on June 30, 2023:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-type Activities				
Capital assets, not being depreciated				
Construction in process	\$ 13,152	\$ 625,586	\$ (5,809)	\$ 632,929
Total capital assets, not being depreciated	<u>13,152</u>	<u>625,586</u>	<u>(5,809)</u>	<u>632,929</u>
Capital assets, being depreciated				
Buildings	298,262	-	-	298,262
Improvements other than buildings	22,162,601	1,148,151	-	23,310,752
Equipment	356,165	38,997	(15,489)	379,673
Vehicles	22,250	-	(22,250)	-
Total capital assets, being depreciated	<u>22,839,278</u>	<u>1,187,148</u>	<u>(37,739)</u>	<u>23,988,687</u>
Less accumulated depreciation for				
Buildings	(141,677)	(7,457)	-	(149,134)
Improvements other than buildings	(6,814,999)	(643,394)	-	(7,458,393)
Equipment	(142,240)	(31,765)	15,489	(158,516)
Vehicles	(22,250)	-	22,250	-
Total accumulated depreciation	<u>(7,121,166)</u>	<u>(682,616)</u>	<u>37,739</u>	<u>(7,766,043)</u>
Total capital assets, being depreciated, net	<u>15,718,112</u>	<u>504,532</u>	<u>-</u>	<u>16,222,644</u>
Business-type activities capital assets, net	<u>\$ 15,731,264</u>	<u>\$ 1,130,118</u>	<u>\$ (5,809)</u>	<u>\$ 16,855,573</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, 2023 as follows:

Governmental Activities	
General government	\$ 177,387
Public safety	269,239
Highways and public works	517,690
Parks	57,729
Recreation	<u>38,106</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,060,151</u></u>
Business-type Activities	
Water services	\$ 291,359
Sewer services	160,814
Storm sewer services	<u>230,443</u>
Total depreciation expense - business-type activities	<u><u>\$ 682,616</u></u>
Combined depreciation expense	<u><u>\$ 1,742,767</u></u>

NOTE 5 COMPENSATED ABSENCES

Accumulated unpaid vacation, compensatory leave pay and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). The total compensated absences liability is reported in the government wide financial statements as long-term debt in accordance with the Governmental Accounting Standards. Based on historical estimates, the City estimates that \$44,945 of the compensated absences balance will be due in the next year. The General fund and the Proprietary funds typically liquidates the liability for compensated absences.

NOTE 6 LONG-TERM LIABILITIES

The following is summary of long-term debt transactions of the City for the year ended June 30, 2023:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities					
Sales Tax Revenue Bond, Series 2012	\$ 494,000	\$ -	\$ (93,000)	\$ 401,000	\$ 97,000
Total governmental bonds payable	494,000	-	(93,000)	401,000	97,000
Capital Leases	833,756	132,071	(147,617)	818,210	189,210
Compensated absences	53,872	26,357	(5,321)	74,908	44,945
Net pension liability	<u>-</u>	<u>92,911</u>	<u>-</u>	<u>92,911</u>	<u>-</u>
Total governmental long-term liabilities	<u><u>\$ 547,872</u></u>	<u><u>\$ 251,339</u></u>	<u><u>\$ (245,938)</u></u>	<u><u>\$ 1,387,029</u></u>	<u><u>\$ 331,155</u></u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM LIABILITIES (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type Activities					
Water Revenue Refunding, Series 2017	\$ 2,325,000	\$ -	\$ (100,000)	2,225,000	\$ 100,000
Bond Premium, Series 2017	298,442	-	(17,555)	280,887	-
Total business-type bonds payable	2,623,442			2,505,887	100,000
Compensated absences	20,160	26,801	(17,188)	29,773	17,863
Net pension liability	-	27,753	-	27,753	-
Total business-type long-term liabilities	\$ 2,643,602	\$ 54,554	\$ (17,188)	\$ 2,563,413	\$ 117,863

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

The City does not have any unused lines of credit.

Sales Tax Revenue Refunding Bonds, Series 2012

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

The annual debt service requirements to maturity, including principal and interest, for the Sales Tax Revenue Refunding Bonds, Series 2012, as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Sales Tax Refunding Bonds, Series 2012</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 97,000	\$ 11,910	\$ 108,910
2025	101,000	9,029	110,029
2026	100,000	6,029	106,029
2027	103,000	3,059	106,059
Total	\$ 401,000	\$ 30,027	\$ 431,027

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM LIABILITIES (Continued)

Water Revenue Refunding Bonds, Series 2017

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

The annual debt service requirements to maturity as of June 30, 2023 are as follows:

Year Ending June 30,	Water Revenue Bonds, Series 2017		
	Principal	Interest	Total
2024	\$ 100,000	\$ 118,500	\$ 218,500
2025	110,000	114,700	224,700
2026	115,000	110,700	225,700
2027	120,000	106,500	226,500
2028	125,000	101,000	226,000
2029-2033	710,000	413,500	1,123,500
2034-2038	915,000	230,500	1,145,500
2039	30,000	20,000	50,000
Total	\$ 2,225,000	\$ 1,215,400	\$ 3,440,400

Leases

The City utilizes leases when deemed appropriate or necessary to finance equipment needs. Leased assets are included in capital assets in the appropriate category. Current lease activities in the right-to-use of vehicles and equipment. Interest rates at vary from 3.35% to 7.23%.

As of June 30, 2023, the City held leased asset balances as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Leases being depreciated:				
Leased vehicles	\$ 892,130.00	\$ 1,551,248	\$ (111,528)	\$ 2,331,850
Total leases being depreciated	892,130	1,551,248	(111,528)	2,331,850
Less accumulated depreciation for:				
Leased vehicles	-	989,730	(89,763)	899,967
Total accumulated depreciated	-	989,730	(89,763)	899,967
Total leases being depreciated, net	\$ 892,130	\$ 3,530,708	\$ (291,054)	\$ 4,131,784

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

NOTE 6 LONG-TERM LIABILITIES (Continued)

Leases payable outstanding as of June 30, 2023 are as follows:

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

Leases payable debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 189,210	\$ 44,086	\$ 233,296
2025	133,776	23,805	157,581
2026	138,826	18,756	157,582
2027	320,994	13,499	334,493
2028	35,404	2,099	37,503
Total	<u>\$ 818,210</u>	<u>\$ 102,245</u>	<u>\$ 920,455</u>

NOTE 7 CONSTRUCTION COMMITMENTS

The City had the following construction commitment on June 30, 2023.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid to Date</u>	<u>Commitment Outstanding</u>
Construction projects and improvements	\$ 1,392,678	\$ 521,734	\$ 870,944
	<u>\$ 1,392,678</u>	<u>\$ 521,734</u>	<u>\$ 870,944</u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 TRANSFERS

During the year transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2023 are as follows:

	Out	In
Governmental funds:		
General fund	\$ 83,000	\$ 1,443
Capital improvements fund	-	25,626
Recreation fund	-	87,313
Park impact fee fund	10,838	-
Road impact fee fund	14,788	-
Recreation impact fee fund	4,313	-
Public safety impact fee fund	1,443	-
Transportation fund	-	-
Business-type		
Water utility fund	8,025	8,025
Sewer utility fund	9,365	9,365
Totals	\$ 131,772	\$ 131,772

The purpose of the interfund transfers is as follows:

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

NOTE 9 RETIREMENT PLAN

Plan Description

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

Defined Benefit Plans

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

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

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

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

NOTE 9 RETIREMENT PLAN (Continued)

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.

Benefits Provided

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

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

* With actuarial reductions.

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

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2022 are as follows:

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Government Div - Tier 2	-	16.01	0.18
Noncontributory System			
15 - Local Government Div - Tier 1	-	17.97	-
Firefighters Retirement System			
31 - Other Division A	15.05	3.61	-
132 - Tier 2 DB Hybrid Firefighters	2.59	14.08	-
Tier 2 DC Only			
211 - Local Government	-	6.19	10.00
232 - Firefighters	-	0.08	14.00

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

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

For fiscal year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 62,858	-
Tier 2 Public Employees System	116,374	-
Tier 2 DC Only System	3,517	-
Total Contributions	<u>\$ 182,749</u>	<u>\$ -</u>

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

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

At June 30, 2023, we reported a net pension asset of \$0 and a net pension liability of \$120,664.

	(Measurement Date): December 31, 2022				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2021	Change (Decrease)
Noncontributory System	\$ -	\$ 90,381	0.0527693%	0.0467049%	0.0060644%
Tier 2 Public Employees System	-	30,283	0.0278107%	0.0235571%	0.0042536%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 120,664</u>			

The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 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, 2023, we recognized pension expense of \$107,757.

At June 30, 2023, 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	\$ 40,884	\$ 1,201
Changes in assumptions	24,643	438
Net difference between projected and actual earnings on pension plan investments	71,825	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,686	1,151
Contributions subsequent to the measurement date	89,723	-
Total	<u>\$ 239,761</u>	<u>\$ 2,790</u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

\$ 89,723 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, 2022.

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

Year Ended December 31,	Net Deferred Outflows (inflows) of Resources
2023	\$ (6,098)
2024	8,255
2025	29,705
2026	102,524
2027	2,583
Thereafter	10,280

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

For the year ended June 30, 2023, we recognized pension expense of \$49,759.

At June 30, 2023, 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	\$ 30,656	\$ -
Changes in assumptions	14,812	361
Net difference between projected and actual earnings on	59,616	-
Changes in proportion and differences between	7,647	-
Contributions subsequent to the measurement date	29,833	-
Total	<u>\$ 142,564</u>	<u>\$ 361</u>

\$ 29,833 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

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

Year Ended December 31,	Net Deferred Outflows (inflows) of Resources
2023	\$ (7,779)
2024	4,651
2025	23,945
2026	91,553
2027	-
Thereafter	-

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

For the year ended June 30, 2023, we recognized pension expense of \$57,998.

At June 30, 2023, 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	\$ 10,228	\$ 1,201
Changes in assumptions	9,831	77
Net difference between projected and actual earnings on	12,209	-
Changes in proportion and differences between	5,039	1,151
Contributions subsequent to the measurement date	59,890	-
Total	<u>\$ 97,197</u>	<u>\$ 2,429</u>

\$ 59,890 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, 2022.

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

Year Ended December 31,	Net Deferred Outflows (inflows) of Resources
2023	\$ 1,681
2024	3,604
2025	5,760
2026	10,971
2027	2,583
Thereafter	10,280

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of demographic assumptions as of January 1, 2022 and a review of economic assumptions as of January 1, 2021.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	35%	6.58%	2.30%
Debt securities	20%	1.08%	0.22%
Real assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute return	15%	2.91%	0.44%
Cash and cash equivalents	0%	-0.11%	0.00%
Totals	100%		5.17%
		Inflation	2.50%
		Expected arithmetic nominal return	7.67%

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.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

Discount Rate

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

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	\$ 569,609	\$ 90,381	\$ (310,040)
Tier 2 Public Employees System	132,320	30,283	(48,323)
Total	<u>\$ 701,929</u>	<u>\$ 120,664</u>	<u>\$ (358,363)</u>

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

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

- 401(k) Plan
- Roth IRA Plan

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
401(k) Plan			
Employer Contributions	\$ 50,406	\$ 47,647	\$ 48,492
Employee Contributions	47,564	46,954	53,912
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	2,950	-	-
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	2,050	2,300	5,980
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	800	-	-

NOTE 10 SUBSEQUENT EVENTS

Subsequent to year end the City issued the Local Building Authority Lease Revenue Bonds, Series 2023 for \$9,000,000 to construct a new public works building. The bond carries interest rates from 3.3% to 5.37% and matures in November 2043. Principal payments are from \$297,000 to \$687,000 over the life of the bond.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
Revenues				
General property taxes	\$ 1,138,000	\$ 1,138,000	\$ 1,186,480	\$ 48,480
Sales, use, and excise taxes	1,120,000	1,120,000	1,382,142	262,142
Franchise taxes	420,000	420,000	544,359	124,359
Licenses	292,000	292,000	77,842	(214,158)
Fines	100,000	100,000	135,047	35,047
Charges for services	143,000	143,000	96,361	(46,639)
Interest income	11,000	11,000	73,834	62,834
Intergovernmental	415,500	415,500	410,373	(5,127)
Miscellaneous revenue	31,500	45,300	33,374	(11,926)
Total Revenues	<u>3,671,000</u>	<u>3,684,800</u>	<u>3,939,812</u>	<u>255,012</u>
Expenditures				
General government				
Administrative	681,000	686,000	624,845	61,155
Legislative	66,000	73,000	57,449	15,551
Judicial	46,000	46,000	38,830	7,170
Public works				
Building inspection	703,000	703,000	646,037	56,963
Streets	313,000	313,000	288,683	24,317
Public safety				
Police and animal control	355,000	355,000	342,165	12,835
Fire protection	1,012,000	1,014,700	919,121	95,579
Parks	221,000	225,100	231,481	(6,381)
Debt service:				
Principal	27,000	27,000	26,040	960
Interest	5,000	5,000	8,162	(3,162)
Total Expenditures	<u>3,429,000</u>	<u>3,447,800</u>	<u>3,182,813</u>	<u>264,987</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>242,000</u>	<u>237,000</u>	<u>756,999</u>	<u>519,999</u>
Other Financing Sources (Uses)				
Transfer in	12,000	12,000	1,444	(10,556)
Transfer out	(145,000)	(145,000)	(83,000)	62,000
Total Other Financing Sources (Uses)	<u>(133,000)</u>	<u>(133,000)</u>	<u>(81,556)</u>	<u>51,444</u>
Net Change in Fund Balance	<u>\$ 109,000</u>	<u>\$ 104,000</u>	675,443	<u>\$ 571,443</u>
Fund Balance, Beginning			<u>1,555,964</u>	
Fund Balance, Ending			<u>\$ 2,231,407</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – RECREATION SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 191,000	\$ 191,000	\$ 184,942	\$ (6,058)
Interest income	4,000	4,000	21,472	17,472
Total Revenues	<u>195,000</u>	<u>195,000</u>	<u>206,414</u>	<u>11,414</u>
Expenditures				
Recreation	311,000	396,000	254,818	141,182
Debt service:				
Principal	65,000	65,000	66,960	(1,960)
Interest	16,000	16,000	9,458	6,542
Total Expenditures	<u>392,000</u>	<u>477,000</u>	<u>331,236</u>	<u>145,764</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(197,000)</u>	<u>(282,000)</u>	<u>(124,822)</u>	<u>157,178</u>
Other Financing Sources (Uses)				
Transfer in	<u>131,000</u>	<u>131,000</u>	<u>87,313</u>	<u>(43,687)</u>
Total Other Financing Sources (Uses)	<u>131,000</u>	<u>131,000</u>	<u>87,313</u>	<u>(43,687)</u>
Net Change in Fund Balance	<u>\$ (66,000)</u>	<u>\$ (151,000)</u>	<u>(37,509)</u>	<u>\$ 113,491</u>
Fund Balance, Beginning			<u>574,686</u>	
Fund Balance, Ending			<u>\$ 537,177</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax - local option	\$ 110,000	\$ 110,000	\$ 148,150	\$ 38,150
Intergovernmental	80,000	80,000	-	(80,000)
Charges for services - road fee	430,000	430,000	460,185	30,185
Interest income	2,000	2,000.00	25,629	23,629
Total Revenues	<u>622,000</u>	<u>622,000</u>	<u>633,964</u>	<u>11,964</u>
Expenditures				
Public works	296,000	296,000	251,216	44,784
Total Expenditures	<u>296,000</u>	<u>296,000</u>	<u>251,216</u>	<u>44,784</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>326,000</u>	<u>326,000</u>	<u>382,748</u>	<u>56,748</u>
Other Financing Sources (Uses)				
Contributions	10,000	10,000	-	(10,000)
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net Change in Fund Balance	<u>\$ 336,000</u>	<u>\$ 336,000</u>	382,748	<u>\$ 46,748</u>
Fund Balance, Beginning			<u>490,450</u>	
Fund Balance, Ending			<u>\$ 873,198</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, 2022
June 30, 2023
Last 10 Fiscal Years*

<u>For the year ended December 31,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of total pension liability(asset)</u>
Noncontributory Retirement System					
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%
2014	0.0486916%	211,430	384,233	55.03%	90.2%
Tier 2 Public Employees Retirement System					
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%
2014	0.2582740%	(783)	126,524	-0.62%	103.5%

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

See notes to required supplementary information

SOUTH WEBER CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
June 30, 2023
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					
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%
2015	76,280	76,280	-	429,160	17.77%
2014	71,335	71,335	-	413,474	17.25%
Tier 2 Public Employees System*					
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%
2015	17,885	17,885	-	103,673	17.25%
2014	14,123	14,123	-	76,308	18.51%
Tier 2 Public Employees DC Only System*					
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%
2015	534	534	-	87,277	0.61%
2014	-	-	-	83,188	0.00%

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

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

See notes to required supplementary information

SOUTH WEBER CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

URS Pension Plan - Changes in Assumptions

No changes were made in actuarial assumptions from prior year's valuation.

SUPPLEMENTAL INFORMATION

SOUTH WEBER CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	<u>Park Impact Fee Fund</u>	<u>Road Impact Fee Fund</u>	<u>Recreation Impact Fee Fund</u>	<u>Public Safety Impact Fee Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ -	\$ 263,258	\$ -	\$ -	\$ 263,258
Total assets	<u>\$ -</u>	<u>\$ 263,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,258</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Assigned for capital improvements	-	263,258	-	-	263,258
Total fund balances	<u>-</u>	<u>263,258</u>	<u>-</u>	<u>-</u>	<u>263,258</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 263,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,258</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, 2023

	<u>Park Impact Fee Fund</u>	<u>Road Impact Fee Fund</u>	<u>Recreation Impact Fee Fund</u>	<u>Public Safety Impact Fee Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:					
Impact fees	\$ 10,480	\$ 61,790	\$ 4,170	\$ 1,394	\$ 77,834
Interest income	358	10,242	143	49	10,792
Total Revenues	<u>10,838</u>	<u>72,032</u>	<u>4,313</u>	<u>1,443</u>	<u>88,626</u>
Expenditures:					
Public works	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,838</u>	<u>72,032</u>	<u>4,313</u>	<u>1,443</u>	<u>88,626</u>
Other Sources (Uses)					
Transfers out	<u>(10,838)</u>	<u>(14,788)</u>	<u>(4,313)</u>	<u>(1,443)</u>	<u>(31,382)</u>
Total Other Sources (Uses)	<u>(10,838)</u>	<u>(14,788)</u>	<u>(4,313)</u>	<u>(1,443)</u>	<u>(31,382)</u>
Net Change in Fund Balance	-	57,244	-	-	57,244
Fund Balance, Beginning	-	206,014	-	-	206,014
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 263,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,258</u>

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax	\$ 275,000	\$ 275,000	\$ 275,000	\$ -
Interest income	5,000	10,000	71,214	61,214
Intergovernmental	230,000	571,000	321,825	(249,175)
Contributions	-	85,000	-	(85,000)
Total Revenues	<u>510,000</u>	<u>941,000</u>	<u>668,039</u>	<u>(272,961)</u>
Expenditures				
Capital outlay	<u>773,000</u>	<u>1,389,000</u>	<u>897,687</u>	<u>491,313</u>
Total Expenditures	<u>773,000</u>	<u>1,389,000</u>	<u>897,687</u>	<u>491,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(263,000)</u>	<u>(448,000)</u>	<u>(229,648)</u>	<u>218,352</u>
Other Financing Sources (Uses)				
Transfer in	<u>191,000</u>	<u>341,000</u>	<u>25,626</u>	<u>(315,374)</u>
Total Other Financing Sources (Uses)	<u>191,000</u>	<u>341,000</u>	<u>25,626</u>	<u>(315,374)</u>
Net Change in Fund Balance	<u>\$ (72,000)</u>	<u>\$ (107,000)</u>	<u>(204,022)</u>	<u>\$ (97,022)</u>
Fund Balance, Beginning			<u>1,392,116</u>	
Fund Balance, Ending			<u>\$ 1,188,094</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR PARK IMPACT FEE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 120,000	\$ 120,000	\$ 10,480	\$ (109,520)
Interest income	1,000	1,000	358	(642)
Total Revenues	<u>121,000</u>	<u>121,000</u>	<u>10,838</u>	<u>(110,162)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>121,000</u>	<u>121,000</u>	<u>10,838</u>	<u>(110,162)</u>
Other Financing Sources (Uses)				
Transfer out	<u>(121,000)</u>	<u>(121,000)</u>	<u>(10,838)</u>	<u>110,162</u>
Total Other Financing Sources (Uses)	<u>(121,000)</u>	<u>(121,000)</u>	<u>(10,838)</u>	<u>110,162</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, Beginning			<u>-</u>	
Fund Balance, Ending			<u>\$ -</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR ROAD IMPACT FEE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 140,000	\$ 140,000	\$ 61,790	\$ (78,210)
Interest income	-	-	10,242	10,242
Total Revenues	<u>140,000</u>	<u>140,000</u>	<u>72,032</u>	<u>(67,968)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>140,000</u>	<u>140,000</u>	<u>72,032</u>	<u>(67,968)</u>
Other Financing Sources (Uses)				
Transfer out	<u>(140,000)</u>	<u>(140,000)</u>	<u>(14,788)</u>	<u>125,212</u>
Total Other Financing Sources (Uses)	<u>(140,000)</u>	<u>(140,000)</u>	<u>(14,788)</u>	<u>125,212</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>57,244</u>	<u>\$ 57,244</u>
Fund Balance, Beginning			<u>206,014</u>	
Fund Balance, Ending			<u>\$ 263,258</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
NONMAJOR RECREATION IMPACT FEE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 48,000	\$ 48,000	\$ 4,170	\$ (43,830)
Interest income	-	-	143	143
Total Revenues	<u>48,000</u>	<u>48,000</u>	<u>4,313</u>	<u>(43,687)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>48,000</u>	<u>48,000</u>	<u>4,313</u>	<u>(43,687)</u>
Other Financing Sources (Uses)				
Transfer out	(48,000)	(48,000)	(4,313)	43,687
Total Other Financing Sources (Uses)	<u>(48,000)</u>	<u>(48,000)</u>	<u>(4,313)</u>	<u>43,687</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, Beginning			<u>-</u>	
Fund Balance, Ending			<u>\$ -</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
NONMAJOR PUBLIC SAFETY IMPACT FEE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 12,000	\$ 12,000	\$ 1,394	\$ (10,606)
Interest income	-	-	49	49
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>1,443</u>	<u>(10,557)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,000</u>	<u>12,000</u>	<u>1,443</u>	<u>(10,557)</u>
Other Financing Sources (Uses)				
Transfer out	<u>(12,000)</u>	<u>(12,000)</u>	<u>(1,443)</u>	<u>10,557</u>
Total Other Financing Sources (Uses)	<u>(12,000)</u>	<u>(12,000)</u>	<u>(1,443)</u>	<u>10,557</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning			<u>-</u>	
Fund Balance, Ending			<u>\$ -</u>	

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

COMPLIANCE REPORTS



CERTIFIED PUBLIC
ACCOUNTANTS

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise South Weber City's (the City) basic financial statements, and have issued our report thereon dated December 26, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

K&C, CPAs

K&C, CPA's
Woods Cross City, Utah
December 26, 2023



CERTIFIED PUBLIC
ACCOUNTANTS

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

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

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

Report on Compliance

We have audited the South Weber City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2023.

State compliance requirements were tested for the year ended June 30, 2023, in the following areas:

Budgetary Compliance	Fund Balance
Restricted Taxes	Fraud Risk Assessment
Governmental Fees	Justice Court
Cash Management	Impact Fees
Open and Public Meetings Act	

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, 2023.

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). 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, and 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 is not a guarantee that an audit 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 for 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 *State Compliance Audit 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.

Report On Internal Control over Compliance

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 or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 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.

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.

K&C, CPAs

K&C, CPA's
Woods Cross City, Utah
December 26, 2023