

Financial Statements

FY 2023-2024

Mayor

Rod Westbroek

Councilmembers

Jeremy Davis

Joel Dills

Blair Halverson

Angie Petty

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Prepared By:

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SOUTH WEBER CITY

FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

Together With Independent Auditor's Report

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FINANCIAL SECTION



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A HEATON, CPA
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
South Weber, Utah

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the South Weber City, as of June 30, 2024 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Provo, Utah
February 7, 2025

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

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, 2024. 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 \$48,556,919 (net position). Of this amount, \$13,360,917 (unrestricted position) is available to meet ongoing obligations of citizens and creditors. Net position increased by \$1,161,338 from the prior year.

The City's Governmental activities reported a combined ending net position of \$24,010,257. Of that amount, \$4,515,946 is available for spending at the discretion of the City (unrestricted fund balance).

The unassigned fund balance of the general fund at June 30, 2024, totaled \$1,369,950 and is 33.5% 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 the financial statements of South Weber City including the Local Building Authority, which is a blended component unit of the City. The government-wide financial statements are found immediately following this discussion and analysis.

**SOUTH WEBER CITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2024**

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

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

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

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

Within the proprietary funds are the enterprise funds. The enterprise funds report the same functions as the business-type activities in the government-wide financial statements. The enterprise funds maintained by South Weber City are the water, sewer, sanitation(garbage), and storm sewer utility. The internal service fund is to account for the lease of vehicles and large equipment.

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

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

OTHER INFORMATION

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

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Comparative Summary of Net Position						Total % Change From Prior Year
	Governmental Activities		Business-type Activities		Total Activities		
	2024	2023	2024	2023	2024	2023	
Current and other assets	\$ 17,899,667	\$ 8,178,319	\$ 10,203,494	\$ 9,594,381	\$ 28,103,161	\$ 17,772,700	58.1%
Capital assets	20,051,331	19,304,688	17,145,965	16,855,573	37,197,296	36,160,261	2.9%
Total assets	37,950,998	27,483,007	27,349,459	26,449,954	65,300,457	53,932,961	21.1%
Total deferred outflows of resources	281,057	200,791	138,074	116,740	419,131	317,531	32.0%
Long-term liabilities outstanding	10,626,201	1,387,029	2,461,027	2,563,413	13,087,228	3,950,442	231.3%
Other liabilities	2,386,078	1,533,882	479,091	247,864	2,865,169	1,781,746	60.8%
Total liabilities	13,012,279	2,920,911	2,940,118	2,811,277	15,952,397	5,732,188	178.3%
Total deferred inflows of resources	1,209,519	1,122,081	753	642	1,210,272	1,122,723	7.8%
Net position:							
Net investment in capital assets	17,945,798	18,101,653	14,681,161	14,273,214	32,626,959	32,374,867	0.8%
Restricted	1,548,513	1,176,757	1,020,530	961,357	2,569,043	2,138,114	20.2%
Unrestricted	4,515,946	4,362,396	8,844,971	8,520,204	13,360,917	12,882,600	3.7%
Total net position	\$ 24,010,257	\$ 23,640,806	\$ 24,546,662	\$ 23,754,775	\$ 48,556,919	\$ 47,395,581	2.5%

By far the largest component of South Weber City's net position, 67.2% is its investment in capital assets. This figure represents the City's investment in land and improvements, buildings, machinery and equipment, roads, streetlights, and bridges, less any related outstanding debt that was used to acquire these assets. South Weber City uses these capital assets to provide services to citizens who live, work, pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.

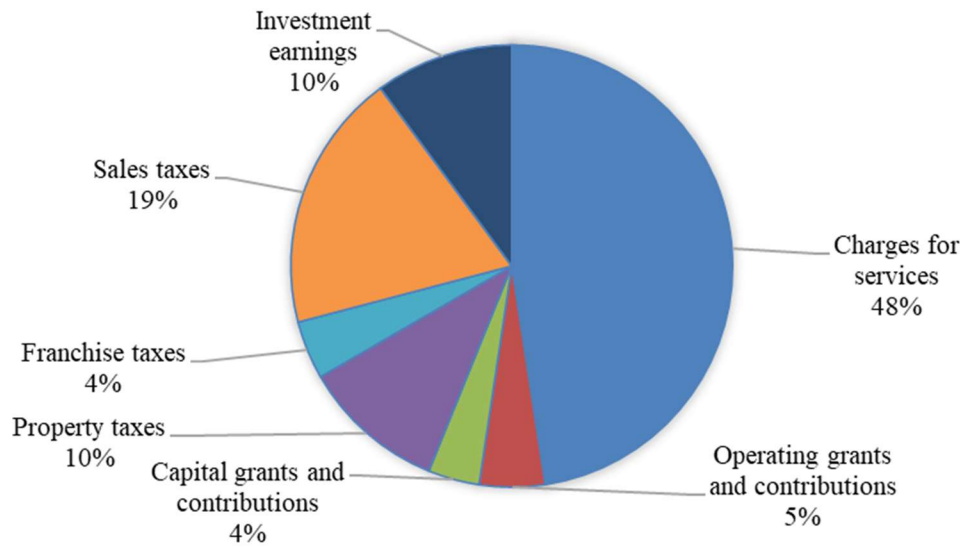
**SOUTH WEBER CITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2024**

An additional part of net position, 5.3%, is assets that are subject to external restrictions on how they may be expended. The remaining 27.5% of net position can be used to meet the City’s ongoing obligations to its creditors and to citizens.

Comparative Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>		<u>Total % Change From Prior Year</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	
Revenues:							
Program revenues:							
Charges for services	\$ 1,347,662	\$ 952,908	\$ 4,010,087	\$ 3,795,033	\$ 5,357,749	\$ 4,747,941	12.8%
Operating grants and contributions	539,881	410,373	-	-	539,881	410,373	31.6%
Capital grants and contributions	144,627	409,259	278,686	1,046,070	423,313	1,455,329	-70.9%
General revenues:							
Property taxes	1,185,868	1,186,453	-	-	1,185,868	1,186,453	0.0%
Franchise taxes	479,365	544,359	-	-	479,365	544,359	-11.9%
Sales taxes	2,135,563	1,729,969	-	-	2,135,563	1,729,969	23.4%
Other revenue	85,106	75,323	-	-	85,106	75,323	0.0%
Gain on sale of assets	-	101,293	-	23,407	-	124,700	0.0%
Investment earnings	652,919	212,112	487,496	346,175	1,140,415	558,287	104.3%
Total revenues	\$ 6,570,991	\$ 5,622,049	\$ 4,776,269	\$ 5,210,685	\$ 11,347,260	\$ 10,832,734	4.7%

GOVERNMENT TOTAL REVENUES

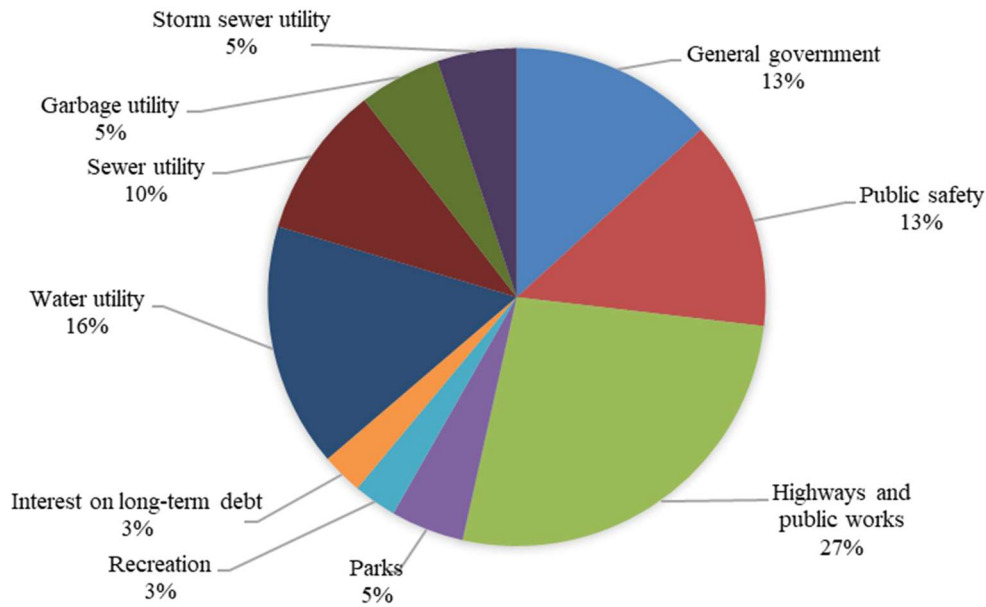


**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2024**

Comparative Changes in Net Position (Continued)

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2024	2023	2024	2023	2024	2023	
Expenses:							
General government	\$ 654,088	\$ 963,587	\$ -	\$ -	\$ 654,088	\$ 963,587	-32.1%
Public safety	1,494,791	1,194,938	-	-	1,494,791	1,194,938	25.1%
Highways and public works	2,926,484	558,283	-	-	2,926,484	558,283	424.2%
Parks	523,430	312,170	-	-	523,430	312,170	67.7%
Recreation	308,970	285,712	-	-	308,970	285,712	8.1%
Interest on long-term debt	293,777	20,282	-	-	293,777	20,282	1348.5%
Water services	-	-	1,740,638	1,483,905	1,740,638	1,483,905	17.3%
Sewer services	-	-	1,092,067	954,725	1,092,067	954,725	14.4%
Garbage services	-	-	584,648	493,844	584,648	493,844	18.4%
Storm sewer services	-	-	567,029	500,850	567,029	500,850	13.2%
Total expenses	6,201,540	3,334,972	3,984,382	3,433,324	10,185,922	6,768,296	50.5%
Change in net position before transfers	369,451	2,287,077	791,887	1,777,361	1,161,338	4,064,438	250.0%
Change in net position	369,451	2,287,077	791,887	1,777,361	1,161,338	4,064,438	-71.4%
Net position - beginning	23,640,806	21,353,729	23,754,775	21,977,414	47,395,581	43,331,143	9.4%
Net position - end of year	\$ 24,010,257	\$ 23,640,806	\$ 24,546,662	\$ 23,754,775	\$ 48,556,919	\$ 47,395,581	2.5%

GOVERNMENT TOTAL EXPENDITURES/EXPENSES



**SOUTH WEBER CITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2024**

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Governmental activities net position increased by \$369,451 for the year ended June 30, 2024. 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 \$791,887 in net position. The most significant reason for this increase in business-type activities is contributed assets from developers, and charges from services for water, sewer, and garbage utilities.

The City received \$1,140,415 in investment earnings during the year between governmental and business-type activities. Investment earnings were up 104% over the prior year

FINANCIAL ANALYSIS OF SOUTH WEBER CITY’S FUNDS

South Weber City’s governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources. The unrestricted portion of this total fund balance is a measure of the available spendable resources on June 30, 2024.

For the period ended June 30, 2024, the City’s governmental funds reported combined fund balances in the amount of \$13,749,460. Of the total balance at year-end, \$1,300,609 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 \$383,829 a decrease of \$153,348 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 \$507,726, a decrease of \$365,472 from the prior year due to several projects being postponed in the prior year and completed in the current year. The capital projects fund has a fund balance of \$1,709,557, an increase of \$521,463 from the prior year.

The special revenue local building authority fund began operations during the year. The authority issued a bond of \$9,000,000 to construct a public works building. At year end the local building authority building has a fund balance of \$8,229,885.

The General Fund is the main operating fund for South Weber City. On June 30, 2024, the general fund’s unassigned fund balance was \$1,369,950. Total fund balance of the general fund for South Weber City increased by \$357,188. 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 36.6% of total General Fund expenditures.

The City’s proprietary funds statements provide the same type of information found in the government-wide financial statements, with exception of combining the proprietary funds portion of the internal service fund, but in more detail. Unrestricted net position of the City’s major proprietary funds totaled \$8,688,659. Discussions about the finances of these funds are addressed in the City’s business-type activities.

BUDGETARY HIGHLIGHTS

The general fund was amended to recognize additional Sales Tax and miscellaneous revenue received. Overall, the general fund was under budgeted expenditures by \$348,467.

The special revenue recreation fund budget had minimal amendments during the year, and actual expenditures were less than budgeted expenditures by \$17,710.

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2024**

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 \$37,197,296 (net of \$20,790,705 accumulated depreciation) at June 30, 2024. 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 57% of total assets.

Major capital asset activities are included in the following table:

	Comparative Summary of Capital Assets						Total % Change From Prior Year
	Governmental Activities		Business-type Activities		Total Activities		
	2024	2023	2024	2023	2024	2023	
Land and water rights	\$ 6,411,687	\$ 6,229,087	\$ -	\$ -	\$ 6,411,687	\$ 6,229,087	2.9%
Buildings	3,352,789	3,352,789	298,262	298,262	3,651,051	3,651,051	0.0%
Improvements other than buildings	18,136,181	17,965,169	24,903,261	23,310,752	43,039,442	41,275,921	4.3%
Lease right-to-use	1,528,885	1,024,199	-	-	1,528,885	1,024,199	49.3%
Vehicles	1,273,927	1,307,652	-	-	1,273,927	1,307,652	-2.6%
Machinery and equipment	715,348	493,669	379,673	379,673	1,095,021	873,342	25.4%
Construction in process	949,435	146,639	38,553	632,929	987,988	779,568	100.0%
Less: Accumulated Depreciation	(12,316,921)	(11,214,516)	(8,473,784)	(7,766,043)	(20,790,705)	(18,980,559)	9.5%
Net Book Value	\$ 20,051,331	\$ 19,304,688	\$ 17,145,965	\$ 16,855,573	\$ 37,197,296	\$ 36,160,261	2.9%

On June 30, 2024 South Weber City's total debt amounted to \$11,692,332 of which \$2,388,332 was incurred by the City's business-type activities and the remaining \$9,304,000 was incurred by the City's governmental units. The City's debt consists of revenue bonds and is secured by specific revenue sources (i.e., lease revenues, sales taxes, and water).

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

	South Weber City Comparative of Debt Outstanding						Total % Change From Prior Year
	Governmental Activities		Business-type Activities		Total Activities		
	2024	2023	2024	2023	2024	2023	
Debt Outstanding							
Revenue Bonds	\$ 9,304,000	\$ 401,000	\$ 2,388,332	\$ 2,505,887	\$ 11,692,332	\$ 2,906,887	302.2%
Total debt outstanding	\$ 9,304,000	\$ 401,000	\$ 2,388,332	\$ 2,505,887	\$ 11,692,332	\$ 2,906,887	302.2%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

South Weber City is experiencing moderate economic growth and has not been seriously impacted by outside economic factors. Sales tax has remained strong 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 2024 compared with fiscal year 2023.

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, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 4,526,417	\$ 8,445,073	\$ 12,971,490
Receivables:			
Property, franchise, and excise taxes	1,726,941	-	1,726,941
Accounts receivable	42,037	345,077	387,114
Prepaid expenses	-	195,006	195,006
Internal balances	(156,313)	156,313	-
Restricted:			
Cash and cash equivalents	11,667,973	1,062,025	12,729,998
Receivables - Class "C" road funds	92,612	-	92,612
Capital assets not being depreciated:			
Land and water rights	6,411,687	-	6,411,687
Construction in process	949,435	38,553	987,988
Capital assets, net of accumulated depreciation:			
Buildings	1,914,827	141,672	2,056,499
Improvements other than buildings	8,708,265	16,777,003	25,485,268
Machinery and equipment	425,291	188,737	614,028
Vehicles	370,379	-	370,379
Leased right-to-use	1,271,447	-	1,271,447
Total Assets	<u>37,950,998</u>	<u>27,349,459</u>	<u>65,300,457</u>
Deferred Outflows of Resources			
Deferred loss on refunding	12,131	57,746	69,877
Deferred outflows relating to pensions	268,926	80,328	349,254
Total Deferred Outflows of Resources	<u>281,057</u>	<u>138,074</u>	<u>419,131</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 38,232,055</u>	<u>\$ 27,487,533</u>	<u>\$ 65,719,588</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, 2024

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 944,983	\$ 415,824	\$ 1,360,807
Accrued liabilities	146,580	11,932	158,512
Accrued interest	84,995	9,840	94,835
Unearned revenue	1,069,322	41,495	1,110,817
Restricted liabilities:			
Developer and customer deposits	140,198	-	140,198
Noncurrent liabilities:			
Due within one year	619,464	127,248	746,712
Due in more than one year	9,859,606	2,289,831	12,149,437
Net pension liability	147,131	43,948	191,079
Total Liabilities	13,012,279	2,940,118	15,952,397
Deferred Inflows of Resources			
Deferred revenue - property taxes	1,207,000	-	1,207,000
Deferred inflows relating to pensions	2,519	753	3,272
Total Deferred Inflows of Resources	1,209,519	753	1,210,272
Net Position			
Net investment in capital assets	17,945,798	14,681,161	32,626,959
Restricted for:			
Impact fees	329,869	1,020,530	1,350,399
Roads	1,011,655	-	1,011,655
Other	206,989	-	206,989
Unrestricted	4,515,946	8,844,971	13,360,917
Total Net Position	24,010,257	24,546,662	48,556,919
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 38,232,055	\$ 27,487,533	\$ 65,719,588

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, 2024

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	\$ 654,088	\$ 646,983	\$ -	\$ 7,389	\$ 284	\$ -	\$ 284
Public safety	1,494,791	74,103	39,413	4,881	(1,376,394)	-	(1,376,394)
Highways and public works	2,926,484	465,342	500,468	56,177	(1,904,497)	-	(1,904,497)
Parks	523,430	4,857	-	54,496	(464,077)	-	(464,077)
Recreation	308,970	156,377	-	21,684	(130,909)	-	(130,909)
Interest on long-term debt	293,777	-	-	-	(293,777)	-	(293,777)
Total Governmental Activities	6,201,540	1,347,662	539,881	144,627	(4,169,370)	-	(4,169,370)
Business-type Activities							
Water utility	1,740,638	1,727,343	-	85,397	-	72,102	72,102
Sewer utility	1,092,067	1,162,705	-	130,135	-	200,773	200,773
Garbage utility	584,648	558,087	-	-	-	(26,561)	(26,561)
Storm sewer utility	567,029	561,952	-	63,154	-	58,077	58,077
Total Business-type Activities	3,984,382	4,010,087	-	278,686	-	304,391	304,391
Total Government	<u>\$ 10,185,922</u>	<u>\$ 5,357,749</u>	<u>\$ 539,881</u>	<u>\$ 423,313</u>	<u>(4,169,370)</u>	<u>304,391</u>	<u>(3,864,979)</u>
General Revenues:							
					1,185,868	-	1,185,868
					479,365	-	479,365
					2,135,563	-	2,135,563
					85,106	-	85,106
					652,919	487,496	1,140,415
Total General Revenues and Transfers					4,538,821	487,496	5,026,317
Changes in Net Position					369,451	791,887	1,161,338
Net Position, Beginning					23,640,806	23,754,775	47,395,581
Net Position, Ending					<u>\$ 24,010,257</u>	<u>\$ 24,546,662</u>	<u>\$ 48,556,919</u>

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

SOUTH WEBER CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	<u>Special Revenue Funds</u>						Totals
	General Fund	Recreation Fund	Transportation Fund	Local Building Authority Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Assets							
Cash and cash equivalents	\$ 1,042,327	\$ 392,241	\$ 583,856	\$ -	\$ 1,709,557	\$ -	\$ 3,727,981
Accounts receivable	-	-	42,037	-	-	-	42,037
Property, franchise, and excise tax receivable	1,595,146	-	-	-	-	-	1,595,146
Receivables, other	124,536	7,259	26,087	-	-	-	157,882
Due from other funds	69,341	-	-	-	-	-	69,341
Restricted assets:							
Cash and cash equivalents	1,863,176	-	-	8,976,465	498,463	329,869	11,667,973
Receivables - Class "C" road monies	66,525	-	-	-	-	-	66,525
Total Assets	\$ 4,761,051	\$ 399,500	\$ 651,980	\$ 8,976,465	\$ 2,208,020	\$ 329,869	\$ 17,326,885
Liabilities							
Accounts payable	\$ 115,391	\$ 8,100	\$ 144,254	\$ 646,700	\$ -	\$ -	\$ 914,445
Accrued liabilities	139,009	7,571	-	-	-	-	146,580
Due to other funds	-	-	-	69,341	-	-	69,341
Unearned revenue	570,859	-	-	-	498,463	-	1,069,322
Restricted liabilities:							
Retainage payable	-	-	-	30,539	-	-	30,539
Developer and customer deposits	140,198	-	-	-	-	-	140,198
Total Liabilities	965,457	15,671	144,254	746,580	498,463	-	2,370,425
Deferred Inflows of Resources							
Unavailable revenue - property taxes	1,207,000	-	-	-	-	-	1,207,000
Total Deferred Inflows of Resources	1,207,000	-	-	-	-	-	1,207,000
Fund Balances							
Restricted							
Class "C" roads	1,011,655	-	-	-	-	-	1,011,655
Impact fees	-	-	-	-	-	329,869	329,869
RAP Tax	178,189	-	-	-	-	-	178,189
Future projects	28,800	-	-	8,229,885	-	-	8,258,685
Assigned							
Recreation	-	383,829	-	-	-	-	383,829
Transportation	-	-	507,726	-	-	-	507,726
Recreation							
Capital improvements	-	-	-	-	1,709,557	-	1,709,557
Unassigned	1,369,950	-	-	-	-	-	1,369,950
Total Fund Balances	2,588,594	383,829	507,726	8,229,885	1,709,557	329,869	13,749,460
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,761,051	\$ 399,500	\$ 651,980	\$ 8,976,465	\$ 2,208,020	\$ 329,869	\$ 17,326,885

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, 2024

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

Total fund balance - governmental funds	\$ 13,749,460
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,409,505
Deferred outflows of resources relating to refunding are not financial resources and, therefore, are not reported in the funds.	12,131
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	(9,304,000)
Accrued compensated absences	(62,180)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(73,672)
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	1,159,737
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>119,276</u>
Net position - governmental activities	<u><u>\$ 24,010,257</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, 2024

	Special Revenue Funds					Capital Projects Fund	Nonmajor Governmental Funds	Totals
	General Fund	Recreation Fund	Transportation Fund	Local Building Authority Fund				
Revenues								
General property taxes	\$ 1,185,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,185,895
Sales, use, and excise taxes	1,217,636	-	153,033	-	850,000	-	-	2,220,669
Franchise taxes	479,365	-	-	-	-	-	-	479,365
Impact fees	-	-	-	-	-	-	137,238	137,238
Licenses	237,188	-	-	-	-	-	-	237,188
Fines	147,911	-	-	-	-	-	-	147,911
Charges for services	239,139	156,377	465,342	207,353	-	-	-	1,068,211
Interest income	171,923	24,354	23,014	323,068	75,135	17,433	-	634,927
Intergovernmental	329,852	-	80,000	-	-	-	-	409,852
Contributions	-	-	130,029	-	7,389	-	-	137,418
Miscellaneous revenue	81,186	-	-	-	-	-	-	81,186
Total Revenues	4,090,095	180,731	851,418	530,421	932,524	154,671		6,739,860
Expenditures								
Current:								
General government	854,406	-	-	-	-	-	-	854,406
Public safety	1,322,196	-	-	-	-	-	-	1,322,196
Public works	831,276	-	1,216,890	-	-	-	-	2,048,166
Parks	478,742	-	-	-	-	-	-	478,742
Recreation	-	275,864	-	-	-	-	-	275,864
Capital expenditures	221,835	-	-	802,796	691,919	-	-	1,716,550
Debt service:								
Principal	27,160	69,840	-	-	-	-	-	97,000
Interest and fiscal charges	4,117	10,586	-	207,353	-	-	-	222,056
Bond issuance costs	-	-	-	68,552	-	-	-	68,552
Total Expenditures	3,739,732	356,290	1,216,890	1,078,701	691,919	-		7,083,532
Excess (Deficiency) of Revenues Over (Under) Expenditures	350,363	(175,559)	(365,472)	(548,280)	240,605	154,671		(343,672)
Other Financing Sources (Uses)								
Transfer in	6,825	22,211	-	-	280,858	-	-	309,894
Transfer out	-	-	-	(221,835)	-	(88,060)	-	(309,895)
Issuance of debt	-	-	-	9,000,000	-	-	-	9,000,000
Total Other Financing Sources (Uses)	6,825	22,211	-	8,778,165	280,858	(88,060)		8,999,999
Net Change in Fund Balances	357,188	(153,348)	(365,472)	8,229,885	521,463	66,611		8,656,327
Fund Balance, Beginning	2,231,406	537,177	873,198	-	1,188,094	263,258		5,093,133
Fund Balance, Ending	\$ 2,588,594	\$ 383,829	\$ 507,726	\$ 8,229,885	\$ 1,709,557	\$ 329,869		\$ 13,749,460

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, 2024

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

Net change in fund balances - total governmental funds	\$ 8,656,327
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.	(842,732)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	1,406,059
Government funds have proceeds from the sale of assets as revenue. However, in the statement of activities it reports the gain or loss on the sale of assets.	(26,655)
Bond proceeds are revenues in the the funds. However, for the statement of net position these are liabilities	(9,000,000)
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	97,000
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.	(67,677)
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.	12,728
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.	108,726
Changes in the pension asset and liability accounts are not recorded in the funds rather they are recorded in the statement of activities	<u>29,719</u>
Change in net position - governmental activities	<u><u>\$ 369,451</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, 2024

	<u>Business-type Activities - Enterprise Funds</u>				<u>Total Enterprise</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Storm Sewer</u>		
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 2,254,799	\$ 4,614,208	\$ 581,655	\$ 994,411	\$ 8,445,073	\$ 798,436
Accounts receivable	160,343	83,855	50,772	50,107	345,077	-
Prepaid expenses	195,006	-	-	-	195,006	-
Restricted cash and cash equivalents	112,027	908,503	-	41,495	1,062,025	-
Total Current Assets	<u>2,722,175</u>	<u>5,606,566</u>	<u>632,427</u>	<u>1,086,013</u>	<u>10,047,181</u>	<u>798,436</u>
Noncurrent Assets:						
Property and equipment						
Construction in process	26,455	12,098	-	-	38,553	-
Buildings	298,262	-	-	-	298,262	-
Improvements, other than buildings	11,415,128	7,245,129	-	6,243,004	24,903,261	-
Machinery and equipment	340,676	38,997	-	-	379,673	-
Vehicles	-	-	-	-	-	2,802,811
Less: Accumulated depreciation	<u>(3,488,685)</u>	<u>(2,612,756)</u>	<u>-</u>	<u>(2,372,343)</u>	<u>(8,473,784)</u>	<u>(1,160,985)</u>
Total property and equipment	<u>8,591,836</u>	<u>4,683,468</u>	<u>-</u>	<u>3,870,661</u>	<u>17,145,965</u>	<u>1,641,826</u>
Net pension asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>8,591,836</u>	<u>4,683,468</u>	<u>-</u>	<u>3,870,661</u>	<u>17,145,965</u>	<u>1,641,826</u>
Total Assets	<u>11,314,011</u>	<u>10,290,034</u>	<u>632,427</u>	<u>4,956,674</u>	<u>27,193,146</u>	<u>2,440,262</u>
Deferred Outflows of Resources:						
Deferred loss on refunding	57,746	-	-	-	57,746	-
Deferred outflows relating to pensions	41,910	20,955	-	17,463	80,328	-
Total Deferred Outflows of Resources	<u>99,656</u>	<u>20,955</u>	<u>-</u>	<u>17,463</u>	<u>138,074</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,413,667</u>	<u>\$ 10,310,989</u>	<u>\$ 632,427</u>	<u>\$ 4,974,137</u>	<u>\$ 27,331,220</u>	<u>\$ 2,440,262</u>

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

SOUTH WEBER CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)
June 30, 2024

	Business-type Activities - Enterprise Funds				Total Enterprise	Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer		
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 240,294	\$ 86,885	\$ 85,696	\$ 2,948	\$ 415,823	\$ -
Accrued liabilities	6,222	2,960	-	2,750	11,932	-
Accrued interest	9,840	-	-	-	9,840	11,323
Unearned revenue	-	-	-	41,495	41,495	-
Current portion of compensated absences	5,065	7,759	-	4,424	17,248	-
Current portion of bonds payable	110,000	-	-	-	110,000	-
Current portion of lease payable	-	-	-	-	-	184,155
Total Current Liabilities	<u>371,421</u>	<u>97,604</u>	<u>85,696</u>	<u>51,617</u>	<u>606,338</u>	<u>195,478</u>
Noncurrent Liabilities:						
Compensated absences	3,377	5,173	-	2,949	11,499	-
Bonds payable	2,278,332	-	-	-	2,278,332	-
Lease payable	-	-	-	-	-	928,733
Net pension liability	22,929	11,465	-	9,554	43,948	-
Total Noncurrent Liabilities	<u>2,304,638</u>	<u>16,638</u>	<u>-</u>	<u>12,503</u>	<u>2,333,779</u>	<u>928,733</u>
Total Liabilities	<u>2,676,059</u>	<u>114,242</u>	<u>85,696</u>	<u>64,120</u>	<u>2,940,117</u>	<u>1,124,211</u>
Deferred Inflows of Resources:						
Deferred inflows relating to pensions	393	196	-	164	753	-
	<u>393</u>	<u>196</u>	<u>-</u>	<u>164</u>	<u>753</u>	<u>-</u>
Net Position:						
Net investment in capital assets	6,127,032	4,683,468	-	3,870,661	14,681,161	528,938
Restricted:						
Impact fees	112,027	908,503	-	-	1,020,530	-
Unrestricted	2,498,156	4,604,580	546,731	1,039,192	8,688,659	787,113
Total Net Position	<u>8,737,215</u>	<u>10,196,551</u>	<u>546,731</u>	<u>4,909,853</u>	<u>24,390,350</u>	<u>1,316,051</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 11,413,667</u>	<u>\$ 10,310,989</u>	<u>\$ 632,427</u>	<u>\$ 4,974,137</u>	<u>\$ 27,331,220</u>	<u>\$ 2,440,262</u>
Net Position Reconciliation from Proprietary Funds to Business-type Activities on the Statement of Net Position:					\$ 24,390,350	
Adjustment for the cumulative internal balance from the net activity between internal service funds and enterprise funds					<u>156,313</u>	
					<u>\$ 24,546,663</u>	

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

SOUTH WEBER CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION – PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Total Enterprise	Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Storm Sewer		
Operating Revenues:						
Sales and charges for services	\$ 1,654,439	\$ 1,162,705	\$ 558,087	\$ 561,952	\$ 3,937,183	\$ 441,000
Miscellaneous	68,751	-	-	-	68,751	-
Total Operating Revenues	<u>1,723,190</u>	<u>1,162,705</u>	<u>558,087</u>	<u>561,952</u>	<u>4,005,934</u>	<u>441,000</u>
Operating Expenses:						
Personnel services	294,928	186,795	38,000	154,461	674,184	-
Supplies	933,140	32,366	513,444	117,710	1,596,660	-
Purchased services	107,063	699,637	33,204	63,153	903,057	-
Capital outlay	32,885	9,306	-	-	42,191	-
Depreciation and amortization	306,796	166,319	-	234,626	707,741	285,276
Total operating expenses	<u>1,674,812</u>	<u>1,094,423</u>	<u>584,648</u>	<u>569,950</u>	<u>3,923,833</u>	<u>285,276</u>
Operating income	<u>48,378</u>	<u>68,282</u>	<u>(26,561)</u>	<u>(7,998)</u>	<u>82,101</u>	<u>155,724</u>
Nonoperating revenue (expense):						
Interest income	134,882	273,486	29,935	49,193	487,496	22,132
Gain (loss) on disposal of assets	-	-	-	-	-	(3,262)
Interest expense	(95,680)	-	-	-	(95,680)	(26,569)
Total nonoperating revenues (expenses)	<u>39,202</u>	<u>273,486</u>	<u>29,935</u>	<u>49,193</u>	<u>391,816</u>	<u>(7,699)</u>
Income (loss) before capital contributions and transfers	<u>87,580</u>	<u>341,768</u>	<u>3,374</u>	<u>41,195</u>	<u>473,917</u>	<u>148,025</u>
Capital Contributions:						
Grants and other contributions	48,920	50,944	-	23,840	123,704	-
Impact fee income	36,477	79,191	-	39,314	154,982	-
Transfers in	52,028	-	-	-	52,028	-
Transfers out	(52,028)	-	-	-	(52,028)	-
Total Capital Contributions	<u>85,397</u>	<u>130,135</u>	<u>-</u>	<u>63,154</u>	<u>278,686</u>	<u>-</u>
Change in net position	172,977	471,903	3,374	104,349	752,603	148,025
Net position, beginning	8,564,238	9,724,648	543,357	4,805,504	23,637,747	1,168,026
Net position, ending	<u>\$ 8,737,215</u>	<u>\$ 10,196,551</u>	<u>\$ 546,731</u>	<u>\$ 4,909,853</u>	<u>\$ 24,390,350</u>	<u>\$ 1,316,051</u>
Reconciliation from Proprietary Funds to Business-type Activities on the Statement of Activities:					\$ 752,603	
Adjustment to eliminate the current fiscal year's internal service funds net income from internal customer applicable to business-type activities					<u>39,284</u>	
Changes in Net Position of Business-type activities					<u>\$ 791,887</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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal	
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise	Service Fund
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 1,645,572	\$ 1,152,343	\$ 555,475	\$ 559,246	\$ 3,912,636	\$ -
Receipts from interfund services provided	68,751	-	-	-	68,751	441,000
Payments to suppliers and service providers	(886,954)	(645,587)	(497,980)	(166,205)	(2,196,726)	-
Payments to employees and related benefits	(303,353)	(188,242)	(38,000)	(154,492)	(684,087)	-
Payments to other funds for services provided	(104,000)	(8,000)	-	(10,000)	(122,000)	-
Net cash flows from operating activities	420,016	310,514	19,495	228,549	978,574	441,000
Cash Flows From Non-Capital Financing Activities						
Transfers in	52,028	-	-	-	52,028	-
Transfers out	(52,028)	-	-	-	(52,028)	-
Net cash flows from non-capital financing activities	-	-	-	-	-	-
Cash Flows From Capital and Related Financing Activities						
Acquisition and construction of capital assets	(862,331)	(12,098)	-	-	(874,429)	(504,686)
Principal paid on bonds and leases	(100,000)	-	-	-	(100,000)	(210,006)
Proceeds from debt issuance	-	-	-	-	-	504,686
Proceeds from sale of assets	-	-	-	-	-	6,205
Interest Paid	(108,149)	-	-	-	(108,149)	(30,678)
Impact fees received	36,477	79,191	-	39,314	154,982	-
Net cash flows from capital and related financing activities	(1,034,003)	67,093	-	39,314	(927,596)	(234,479)
Cash Flows From Investing Activities						
Interest income	134,882	273,486	29,935	49,193	487,496	22,132
Net cash flows from investing activities	134,882	273,486	29,935	49,193	487,496	22,132
Net Increase (Decrease) In Cash and Cash Equivalents	(479,105)	651,093	49,430	317,056	538,474	228,653
Cash and Cash Equivalents, Beginning	2,845,931	4,871,618	532,225	718,850	8,968,624	569,783
Cash and Cash Equivalents, Ending	\$ 2,366,826	\$ 5,522,711	\$ 581,655	\$ 1,035,906	\$ 9,507,098	\$ 798,436
As reported in the Statement of Net Position - Proprietary Funds						
Cash and Cash Equivalents	\$ 2,254,799	\$ 4,614,208	\$ 581,655	\$ 994,411	\$ 8,445,073	\$ 798,436
Restricted Cash and Cash Equivalents	112,027	908,503	-	41,495	1,062,025	-
Total Cash and Cash Equivalents	\$ 2,366,826	\$ 5,522,711	\$ 581,655	\$ 1,035,906	\$ 9,507,098	\$ 798,436

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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund	
	Water	Sewer	Garbage	Storm Sewer	Total Enterprise	Service Fund
Reconciliation of operating income to net cash flows from operating activities						
Operating income (loss)	\$ 48,378	\$ 68,282	\$ (26,561)	\$ (7,998)	\$ 82,101	\$ 155,724
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation expense	306,796	166,319	-	234,626	707,741	285,276
(Increase) Decrease in accounts receivables	(8,867)	(10,362)	(2,612)	(2,706)	(24,547)	-
(Increase) Decrease in prepaids	(6,809)	-	-	-	(6,809)	-
(Increase) Decrease in deferred outflows related to pension	(13,139)	(6,569)	-	(5,475)	(25,183)	-
Increase (Decrease) in accounts payable	82,721	84,762	48,668	1,908	218,059	-
Increase (Decrease) in accrued liabilities	6,222	2,960	-	2,750	11,932	-
Increase (Decrease) in compensated absences	(3,793)	868	-	1,899	(1,026)	-
Increase (Decrease) in net pension liability	8,449	4,225	-	3,521	16,195	-
Increase (Decrease) in deferred inflows related to pension	58	29	-	24	111	-
Net cash flows from operating activities	<u>\$ 420,016</u>	<u>\$ 310,514</u>	<u>\$ 19,495</u>	<u>\$ 228,549</u>	<u>\$ 978,574</u>	<u>\$ 441,000</u>
Schedule of Non-cash capital and Related Financing Activity:						
Non-cash contribution of assets from developers	\$ 48,920	\$ 50,944	\$ -	\$ 23,840	\$ 123,704	\$ -

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

SOUTH WEBER CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) The Reporting Entity

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

(B) Government-Wide and Fund Financial Statements

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

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

(C) Measurement Focus and Basis of Accounting

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

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

In addition, the City reports the following fund type.

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

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

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgets

Annual budgets are prepared and adopted before June 30 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 30 and the City Budget Officer is to certify the tax rate to the County Auditor before June 30.

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 Public Treasurer's Investment Fund (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, 2024, \$491,913 of the City's bank balances of \$752,927 (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, 2024, the City had cash balances of \$25,039,252 deposited in the PTIF. The fair value of the PTIF is \$25,076,898. 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, 2024:

	Carrying Amount
Cash on hand and on deposit:	
Cash on hand	\$ 1,641
Cash on deposit	660,595
Utah State Treasurer's investment pool accounts	25,039,252
Total cash on hand and deposit	\$ 25,701,488

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, 2024:

Performance bonds	\$ 140,198
Class "C" road funds	1,011,655
Developer deposits	612,354
Rstricted Contribution	28,800
Unspent RAP tax	178,189
Unspent grant	498,464
Unspent bond proceeds	8,976,465
Transportation tax	26,086
Impact fees	<u>1,350,399</u>
Restricted assets	<u>\$ 12,822,610</u>

NOTE 4 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2024, is as follows:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 6,229,087	\$ 182,600	\$ -	\$ 6,411,687
Construction in process	<u>146,639</u>	<u>802,796</u>	<u>-</u>	<u>949,435</u>
Total capital assets, not being depreciated	<u>6,375,726</u>	<u>985,396</u>	<u>-</u>	<u>7,361,122</u>
Capital assets, being depreciated				
Buildings	3,352,789	-	-	3,352,789
Improvements other than buildings	17,965,170	199,011	(28,000)	18,136,181
Equipment	493,696	221,652	-	715,348
Leased right-to-use assets	1,024,199	504,686	-	1,528,885
Vehicles	<u>1,307,652</u>	<u>-</u>	<u>(33,725)</u>	<u>1,273,927</u>
Total capital assets, being depreciated	<u>24,143,506</u>	<u>925,349</u>	<u>(61,725)</u>	<u>25,007,130</u>
Less accumulated depreciation for				
Buildings	(1,373,918)	(64,044)	-	(1,437,962)
Improvements other than buildings	(8,701,316)	(727,945)	1,345	(9,427,916)
Equipment	(239,314)	(50,743)	-	(290,057)
Leased right-to-use assets	(123,899)	(133,539)	-	(257,438)
Vehicles	<u>(776,069)</u>	<u>(151,736)</u>	<u>24,257</u>	<u>(903,548)</u>
Total accumulated depreciation	<u>(11,214,516)</u>	<u>(1,128,007)</u>	<u>25,602</u>	<u>(12,316,921)</u>
Total capital assets, being depreciated, net	<u>12,928,990</u>	<u>(202,658)</u>	<u>(36,123)</u>	<u>12,690,209</u>
Governmental activities capital assets, net	<u>\$19,304,716</u>	<u>\$ 782,738</u>	<u>\$ (36,123)</u>	<u>\$20,051,331</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, 2024:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Business-type Activities				
Capital assets, not being depreciated				
Construction in process	\$ 632,929	\$ 786,468	\$ (1,380,844)	\$ 38,553
Total capital assets, not being depreciated	<u>632,929</u>	<u>786,468</u>	<u>(1,380,844)</u>	<u>38,553</u>
Capital assets, being depreciated				
Buildings	298,262	-	-	298,262
Improvements other than buildings	23,310,752	1,592,509	-	24,903,261
Equipment	379,673	-	-	379,673
Total capital assets, being depreciated	<u>23,988,687</u>	<u>1,592,509</u>	<u>-</u>	<u>25,581,196</u>
Less accumulated depreciation for				
Buildings	(149,134)	(7,457)	-	(156,591)
Improvements other than buildings	(7,458,393)	(667,865)	-	(8,126,258)
Equipment	(158,516)	(32,419)	-	(190,935)
Total accumulated depreciation	<u>(7,766,043)</u>	<u>(707,741)</u>	<u>-</u>	<u>(8,473,784)</u>
Total capital assets, being depreciated, net	<u>16,222,644</u>	<u>884,768</u>	<u>-</u>	<u>17,107,412</u>
Business-type activities capital assets, net	<u>\$16,855,573</u>	<u>\$ 1,671,236</u>	<u>\$ (1,380,844)</u>	<u>\$17,145,965</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, 2024 as follows:

Governmental Activities	
General government	\$ 190,655
Public safety	329,094
Highways and public works	512,674
Parks	57,479
Recreation	<u>38,105</u>
Total depreciation expense - governmental activities	<u>\$ 1,128,007</u>
Business-type Activities	
Water services	\$ 306,796
Sewer services	166,319
Storm sewer services	<u>234,626</u>
Total depreciation expense - business-type activities	<u>\$ 707,741</u>
Combined depreciation expense	<u>\$ 1,835,748</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 \$54,557 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 a summary of long-term debt transactions of the City for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
Direct Placement					
Sales Tax Revenue Bond, Series 2012	\$ 401,000	\$ -	\$ (97,000)	\$ 304,000	\$ 101,000
Local Building Authority , Series 2023	-	<u>9,000,000</u>	-	<u>9,000,000</u>	<u>297,000</u>
Total governmental bonds payable	401,000	-	(97,000)	9,304,000	398,000
Other					
Leases	818,210	504,686	(210,006)	1,112,890	184,155
Compensated absences	74,908	32,219	(44,947)	62,180	37,309
Net pension liability	<u>92,911</u>	<u>54,220</u>	-	<u>147,131</u>	-
Total governmental long-term liabilities	<u>\$ 568,819</u>	<u>\$ 591,125</u>	<u>\$ (351,953)</u>	<u>\$10,626,201</u>	<u>\$ 619,464</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					
Direct Placement					
Water Revenue Refunding, Series 2017	\$ 2,225,000	\$ -	\$ (100,000)	2,125,000	\$ 110,000
Bond Premium, Series 2017	280,887	-	(17,555)	263,332	-
Total business-type bonds payable	2,505,887			2,388,332	110,000
Other					
Compensated absences	29,773	16,837	(17,863)	28,747	17,248
Net pension liability	27,753	16,195	-	43,948	-
Total business-type long-term liabilities	<u>\$ 2,563,413</u>	<u>\$ 33,032</u>	<u>\$ (17,863)</u>	<u>\$ 2,461,027</u>	<u>\$ 127,248</u>

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

The City does not have any unused lines of credit.

Sales Tax Revenue Refunding Bonds, Series 2012

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

Water Revenue Refunding Bonds, Series 2017

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

Local Building Authority Lease Revenue Bonds, Series 2023

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM LIABILITIES (Continued)

The annual debt service requirements to maturity as of June 30, 2024 are as follows:

Year Ending June 30,	Sales Tax Refunding Bonds, Series 2012			Water Revenue Bonds, Series 2017			Local Building Authority Revenue Bonds, Series 2023		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 101,000	\$ 9,029	\$ 110,029	\$ 110,000	\$ 102,800	\$ 212,800	\$ 297,000	\$ 409,806	\$ 706,806
2026	100,000	6,029	106,029	115,000	98,400	213,400	307,000	399,686	706,686
2027	103,000	3,059	106,059	120,000	93,800	213,800	318,000	388,903	706,903
2028	-	-	-	125,000	89,000	214,000	329,000	377,415	706,415
2029	-	-	-	130,000	82,750	212,750	342,000	365,167	707,167
2030	-	-	-	135,000	76,250	211,250	355,000	352,094	707,094
2031	-	-	-	140,000	69,500	209,500	369,000	338,154	707,154
2032	-	-	-	150,000	62,500	212,500	384,000	323,087	707,087
2033	-	-	-	155,000	55,000	210,000	400,000	306,814	706,814
2034	-	-	-	165,000	47,250	212,250	417,000	289,449	706,449
2035	-	-	-	175,000	39,000	214,000	436,000	270,892	706,892
2036	-	-	-	185,000	30,250	215,250	456,000	251,039	707,039
2037	-	-	-	190,000	21,000	211,000	477,000	229,689	706,689
2038	-	-	-	200,000	11,500	211,500	500,000	206,474	706,474
2039	-	-	-	30,000	1,500	31,500	525,000	181,224	706,224
2040	-	-	-	-	-	-	553,000	153,721	706,721
2041	-	-	-	-	-	-	583,000	123,894	706,894
2042	-	-	-	-	-	-	615,000	91,839	706,839
2043	-	-	-	-	-	-	650,000	57,196	707,196
2044	-	-	-	-	-	-	687,000	19,580	706,580
Total	\$ 304,000	\$ 18,117	\$ 322,117	\$ 2,125,000	\$ 880,500	\$ 3,005,500	\$ 9,000,000	\$ 5,136,123	\$ 14,136,123

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM LIABILITIES (Continued)

Leases

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

As of June 30, 2024, the City held leased asset balances as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities				
Leases being depreciated:				
Leased vehicles	\$ 1,024,199	\$ 504,686	\$ -	\$ 1,528,885
Total leases being depreciated	1,024,199	504,686	-	1,528,885
Less accumulated depreciation for:				
Leased vehicles	123,899	133,539	-	257,438
Total accumulated depreciated	123,899	133,539	-	257,438
Total leaes being depreciated , net	<u>\$ 1,148,098</u>	<u>\$ 771,764</u>	<u>\$ -</u>	<u>\$ 2,043,761</u>

NOTE 6 LONG-TERM LIABILITIES (Continued)

Leases payable outstanding as of June 30, 2024 are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Vehicles	Various	\$ 1,112,890

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>
2025	\$ 184,155	\$ 56,528	\$ 240,683
2026	193,433	47,000	240,433
2027	428,215	37,114	465,329
2028	157,760	31,557	189,317
2029	149,327	10,788	160,115
Total	<u>\$ 1,112,890</u>	<u>\$ 182,987</u>	<u>\$ 1,295,877</u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 CONSTRUCTION COMMITMENTS

The City had the following construction commitment on June 30, 2024.

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

NOTE 8 TRANSFERS

During the year transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2024 are as follows:

	<u>Out</u>	<u>In</u>
Governmental funds:		
General fund	\$ -	\$ 6,825
Capital improvements fund	-	280,858
Recreation fund	-	22,211
Local building authority	221,835	-
Park impact fee fund	55,820	-
Road impact fee fund	5,018	-
Recreation impact fee fund	22,211	-
Public safety impact fee fund	5,010	-
Business-type		
Water utility fund	52,028	52,028
Totals	<u>\$ 361,922</u>	<u>\$ 361,922</u>

The purpose of the interfund transfers is as follows:

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

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

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

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

Local Building Authority transferred purchase of equipment to the General Fund

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

NOTE 9 RETIREMENT PLAN (Continued)

Summary of Benefits by System

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

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 Years	30 years any age 25 years any age * 20 years age 60 * 10 years age 62 * 4 years age 65	2.0% per year all years	Up to 4%
Firefighter System	Highest 3 Years	20 years any age 10 years age 60 4 years age 65	2.50% per year up to 20 years 2.0% per year over 20 years	Up to 2.5% to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years age 60 * 10 years age 62 * 4 years age 65	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age 20 years age 60 * 10 years age 62 * 4 years age 65	.50% per year to June 30, 2020 2.00% per year to July 1, 2020 to Present	Up to 2.5%

* with actuarial reductions

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2024 are as follows:

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Employee	Employer	ER 401(k)	Fund	Employee	Employer	ER 401(k)	Fund	Employee	Employer	ER 401(k)
Noncontributory System 15 Local Government	-	17.97	-	111	-	16.01	0.18	211	-	6.19	10.00
Firefighters Retirement System 31 Other Div A	15.05	3.61	-	132	2.59	14.08	-	232	-	0.08	14.00

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

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

NOTE 9 RETIREMENT PLAN (Continued)

(Measurement Date): December 31, 2023

<u>System</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share December 31, 2022</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$ 133,625	0.0576076%	0.0527693%	0.0048383%
Tier 2 Eomployees System	\$ -	\$ 57,041	0.0293063%	0.0278107%	0.0014956%
Tier 2 Public Safety and Firefighters	\$ -	\$ 413	0.0010963%	0.0000000%	0.0010963%
	<u>\$ -</u>	<u>\$ 191,079</u>			

Contribution Summary

For fiscal year ended June 30, 2024, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 69,271	\$ -
Tier 2 Public Employees System	\$ 120,017	\$ -
Tier 2 Public Safety and Firefighters System	\$ 8,399	\$ -
Tier 2 DC Public Empolyees Plan	\$ 12,700	\$ -
Total Contributions	<u>\$ 210,387</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.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

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

At June 30, 2024, we reported a net pension asset of \$0 and a net pension liability of \$191,079.

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 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, 2024, we recognized pension expense of \$171,702.

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 112,056	\$ 962
Change in assumptions	73,049	54
Net difference between projected and actual earnings on pension plan investments	49,938	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,962	2,256
Contributions subsequent to the measurement date	105,249	-
Total	\$ 349,254	\$ 3,272

\$ 105,249 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, 2023.

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

Year Ended December 31,	Deferred Outflows (inflow) of Resources
2024	\$ 65,168
2025	62,351
2026	94,830
2027	(14,008)
2028	5,836
Thereafter	26,556

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

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

For the year ended June 30, 2024, we recognized pension expense of \$96,768.

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 93,566	\$ -
Change in assumptions	40,098	-
Net difference between projected and actual earnings on pension plan investments	43,454	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,067	1,160
Contributions subsequent to the measurement date	33,057	-
Total	\$ 212,242	\$ 1,160

\$ 33,057 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, 2023.

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

Year Ended December 31,	Deferred Outflows (inflow) of Resources
2024	\$ 59,839
2025	54,739
2026	81,696
2027	(18,251)
2028	-
Thereafter	-

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

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

For the year ended June 30, 2024, we recognized pension expense of \$74,413.

At June 30, 2024, 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	\$ 18,270	\$ 934
Change in assumptions	32,650	45
Net difference between projected and actual earnings on pension plan investments	6,441	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,895	1,044
Contributions subsequent to the measurement date	64,377	-
Total	\$ 128,633	\$ 2,023

\$ 64,377 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, 2023.

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

Year Ended December 31,	Deferred Outflows (inflow) of Resources
2024	\$ 5,295
2025	7,566
2026	13,059
2027	4,222
2028	5,804
Thereafter	26,288

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

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

For the year ended June 30, 2024, we recognized pension expense of \$521.

At June 30, 2024, 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	\$ 221	\$ 28
Change in assumptions	301	8
Net difference between projected and actual earnings on pension plan investments	43	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	52
Contributions subsequent to the measurement date	7,814	-
Total	\$ 8,379	\$ 88

\$ 7,814 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, 2023.

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

Year Ended December 31,	Deferred Outflows (inflow) of Resources
2024	\$ 34
2025	45
2026	76
2027	21
2028	33
Thereafter	269

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

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

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35%	6.87%	2.40%
Debt securities	20%	1.54%	0.31%
Real assets	18%	5.43%	0.98%
Private equity	12%	9.80%	1.18%
Absolute return	15%	3.86%	0.58%
Cash and cash equivalents	0%	0.24%	0.00%
Totals	100%		5.45%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.95%

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

Discount Rate

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

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

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 693,505	\$ 133,625	\$ (335,237)
Tier 2 Public Employees System	\$ 195,986	\$ 57,041	\$ (50,710)
Tier 2 Public Safety and Firefighters	\$ 1,331	\$ 413	\$ (321)
Total	\$ 890,822	\$ 191,079	\$ (386,268)

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

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

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

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

401 (k) Plan	2024	2023	2022
Employer Contributions	\$86,551	\$50,406	\$47,647
Employee Contributions	\$64,476	\$47,564	\$46,954
457 Plan			
Employer Contributions	\$0	\$0	\$0
Employee Contributions	\$11,748	\$2,950	\$0
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$2,475	\$2,050	\$2,300
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$700	\$800	\$0

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, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General property taxes	\$ 1,128,000	\$ 1,128,000	\$ 1,185,895	\$ 57,895
Sales, use, and excise taxes	1,310,000	1,657,000	1,217,636	(439,364)
Franchise taxes	468,000	468,000	479,365	11,365
Licenses	80,000	80,000	237,188	157,188
Fines	135,000	136,500	147,911	11,411
Charges for services	93,000	153,000	239,139	86,139
Interest income	40,000	35,000	171,923	136,923
Intergovernmental	371,500	257,500	329,852	72,352
Miscellaneous revenue	9,500	9,500	81,186	71,686
Total Revenues	<u>3,635,000</u>	<u>3,924,500</u>	<u>4,090,095</u>	<u>165,595</u>
Expenditures				
General government				
Administrative	743,000	797,000	751,264	45,736
Legislative	68,000	68,000	53,345	14,655
Judicial	48,000	55,500	49,797	5,703
Public works				
Building inspection	667,000	570,500	550,712	19,788
Streets	310,000	533,200	502,399	30,801
Public safety				
Police and animal control	331,000	331,000	315,866	15,134
Fire protection	1,105,000	1,105,000	1,006,330	98,670
Parks	333,000	596,000	478,742	117,258
Debt service:				
Principal	27,000	27,000	27,160	(160)
Interest	5,000	5,000	4,118	882
Total Expenditures	<u>3,637,000</u>	<u>4,088,200</u>	<u>3,739,733</u>	<u>348,467</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(2,000)</u>	<u>(163,700)</u>	<u>350,362</u>	<u>514,062</u>
Other Financing Sources (Uses)				
Transfer in	2,000	2,000	6,826	4,826
Total Other Financing Sources (Uses)	<u>2,000</u>	<u>2,000</u>	<u>6,826</u>	<u>4,826</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (161,700)</u>	357,188	<u>\$ 518,888</u>
Fund Balance, Beginning			<u>2,231,406</u>	
Fund Balance, Ending			<u>\$ 2,588,594</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 197,000	\$ 173,000	\$ 156,377	\$ (16,623)
Interest income	2,000	2,000	24,354	22,354
Total Revenues	<u>199,000</u>	<u>175,000</u>	<u>180,731</u>	<u>5,731</u>
Expenditures				
Recreation	287,000	293,000	275,864	17,136
Debt service:				
Principal	65,000	65,000	69,840	(4,840)
Interest	16,000	16,000	10,586	5,414
Total Expenditures	<u>368,000</u>	<u>374,000</u>	<u>356,290</u>	<u>17,710</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(169,000)</u>	<u>(199,000)</u>	<u>(175,559)</u>	<u>23,441</u>
Other Financing Sources (Uses)				
Transfer in	<u>10,000</u>	<u>10,000</u>	<u>22,211</u>	<u>12,211</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>22,211</u>	<u>12,211</u>
Net Change in Fund Balance	<u>\$ (159,000)</u>	<u>\$ (189,000)</u>	<u>(153,348)</u>	<u>\$ 35,652</u>
Fund Balance, Beginning			<u>537,177</u>	
Fund Balance, Ending			<u>\$ 383,829</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 – LOCAL BUILDING AUTHORITY FUND
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 208,000	\$ 208,000	\$ 207,353	\$ (647)
Interest income	-	-	323,068	323,068
Total Revenues	<u>208,000</u>	<u>208,000</u>	<u>530,421</u>	<u>322,421</u>
Expenditures				
Capital outlay	8,930,000	8,930,000	802,796	8,127,204
Debt service:				
Interest and fiscal charges	208,000	208,000	207,353	647
Bond issuance costs	70,000	70,000	68,552	1,448
Total Expenditures	<u>9,208,000</u>	<u>9,208,000</u>	<u>1,078,701</u>	<u>8,129,299</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,000,000)</u>	<u>(9,000,000)</u>	<u>(548,280)</u>	<u>8,451,720</u>
Other Financing Sources (Uses)				
Transfer out	-	-	(221,835)	(221,835)
Issuance of debt	9,000,000	9,000,000	9,000,000	-
Total Other Financing Sources (Uses)	<u>9,000,000</u>	<u>9,000,000</u>	<u>8,778,165</u>	<u>(221,835)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>8,229,885</u>	<u>\$ 8,229,885</u>
Fund Balance, Beginning			<u>-</u>	
Fund Balance, Ending			<u>\$ 8,229,885</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax - local option	\$ 110,000	\$ 110,000	\$ 153,033	\$ 43,033
Intergovernmental	80,000	80,000	80,000	-
Charges for services - road fee	450,000	450,000	465,342	15,342
Interest income	8,000	8,000.00	23,014	15,014
Total Revenues	<u>648,000</u>	<u>648,000</u>	<u>721,389</u>	<u>73,389</u>
Expenditures				
Public works	1,467,000	1,467,000	1,216,890	250,110
Total Expenditures	<u>1,467,000</u>	<u>1,467,000</u>	<u>1,216,890</u>	<u>250,110</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(819,000)</u>	<u>(819,000)</u>	<u>(495,501)</u>	<u>323,499</u>
Other Financing Sources (Uses)				
Contributions	186,000	186,000	130,029	(55,971)
Total Other Financing Sources (Uses)	<u>186,000</u>	<u>186,000</u>	<u>130,029</u>	<u>(55,971)</u>
Net Change in Fund Balance	<u>\$ (633,000)</u>	<u>\$ (633,000)</u>	<u>(365,472)</u>	<u>\$ 267,528</u>
Fund Balance, Beginning			<u>873,198</u>	
Fund Balance, Ending			<u>\$ 507,726</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, 2023
June 30, 2024
Last 10 Fiscal Years*

<u>For the year ended December 31,</u>	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total pension liability (asset)
Noncontributory Retirement System					
2023	0.0576076%	\$ 133,625	\$ 367,538	36.36%	96.9%
2022	0.0527693%	90,381	346,627	26.07%	97.5%
2021	0.0467049%	(267,484)	305,074	-87.68%	108.7%
2020	0.0440812%	22,611	301,378	7.50%	99.2%
2019	0.0426931%	160,905	287,168	56.03%	93.7%
2018	0.0423883%	312,136	290,780	107.34%	87.0%
2017	0.0469185%	205,564	352,474	58.32%	91.9%
2016	0.0504895%	324,204	399,151	81.22%	87.3%
2015	0.0572056%	323,697	457,570	70.74%	87.8%
2014	0.0486916%	211,430	384,233	55.03%	90.2%
Tier 2 Public Employees Retirement System					
2023	0.0293063%	\$ 57,041	\$ 757,669	7.53%	89.6%
2022	0.0278107%	30,283	604,512	5.01%	92.3%
2021	0.0235571%	(9,970)	437,090	-2.28%	103.8%
2020	0.0215236%	3,096	344,029	0.90%	98.3%
2019	0.0229183%	5,154	318,488	1.62%	96.5%
2018	0.0230247%	9,861	268,358	3.67%	90.8%
2017	0.0183092%	1,614	179,039	0.90%	97.4%
2016	0.0180146%	2,010	147,733	1.36%	95.1%
2015	0.0206238%	(45)	133,243	-0.03%	100.2%
2014	0.2582740%	(783)	126,524	-0.62%	103.5%
Tier 2 Public Safety and Firefighters System					
2023	0.0010963%	\$ 413	\$ 4,154	9.94%	89.1%

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

See notes to required supplementary information

SOUTH WEBER CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
June 30, 2024
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					
2024	\$ 69,271	\$ 69,271	\$ -	\$ 385,481	17.97%
2023	62,858	62,858	-	349,792	17.97%
2022	59,445	59,445	-	321,848	18.47%
2021	54,368	54,368	-	294,359	18.47%
2020	56,060	56,060	-	303,520	18.47%
2019	50,305	50,305	-	272,670	18.45%
2018	62,139	62,139	-	336,430	18.47%
2017	63,880	63,880	-	345,860	18.47%
2016	85,487	85,487	-	467,173	18.30%
2015	76,280	76,280	-	429,160	17.77%
Tier 2 Public Employees System*					
2024	\$ 8,399	\$ 8,399	\$ -	\$ 59,654	14.08%
Tier 2 Public Employees System*					
2024	\$ 120,017	\$ 120,017	\$ -	\$ 749,638	16.01%
2023	116,374	116,374	-	726,884	16.01%
2022	76,653	76,653	-	479,827	15.98%
2021	60,716	60,716	-	384,278	15.80%
2020	51,614	51,614	-	330,284	15.63%
2019	46,657	46,657	-	300,889	15.51%
2018	32,651	32,651	-	216,091	15.11%
2017	22,503	22,503	-	150,925	14.91%
2016	21,380	21,380	-	143,386	14.91%
2015	17,885	17,885	-	103,673	17.25%
Tier 2 Public Employees DC Only System*					
2024	\$ 12,700	\$ 12,700	\$ -	\$ 205,166	6.19%
2023	3,517	3,517	-	56,818	6.19%
2022	2,764	2,764	-	41,318	6.69%
2021	2,583	2,583	-	38,617	6.69%
2020	2,763	2,763	-	41,294	6.69%
2019	2,817	2,817	-	42,110	6.69%
2018	2,760	2,760	-	41,251	6.69%
2017	4,040	4,040	-	60,469	6.68%
2016	949	949	-	92,255	1.03%
2015	534	534	-	87,277	0.61%

* 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, 2024

URS Pension Plan - Changes in Assumptions

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023, actuarial experience study

SUPPLEMENTAL INFORMATION

SOUTH WEBER CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	<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	\$ -	\$ 329,869	\$ -	\$ -	\$ 329,869
Total assets	<u>\$ -</u>	<u>\$ 329,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,869</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Assigned for capital improvements	-	329,869	-	-	329,869
Total fund balances	<u>-</u>	<u>329,869</u>	<u>-</u>	<u>-</u>	<u>329,869</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 329,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,869</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, 2024

	Park Impact Fee Fund	Road Impact Fee Fund	Recreation Impact Fee Fund	Public Safety Impact Fee Fund	Total Nonmajor Governmental Funds
Revenues:					
Impact fees	\$ 54,496	\$ 56,177	\$ 21,684	\$ 4,881	\$ 137,238
Interest income	1,324	15,452	527	130	17,433
Total Revenues	<u>55,820</u>	<u>71,629</u>	<u>22,211</u>	<u>5,011</u>	<u>154,671</u>
Expenditures:					
Public works	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>55,820</u>	<u>71,629</u>	<u>22,211</u>	<u>5,011</u>	<u>154,671</u>
Other Sources (Uses)					
Transfers out	<u>(55,820)</u>	<u>(5,018)</u>	<u>(22,211)</u>	<u>(5,011)</u>	<u>(88,060)</u>
Total Other Sources (Uses)	<u>(55,820)</u>	<u>(5,018)</u>	<u>(22,211)</u>	<u>(5,011)</u>	<u>(88,060)</u>
Net Change in Fund Balance	-	66,611	-	-	66,611
Fund Balance, Beginning	<u>-</u>	<u>263,258</u>	<u>-</u>	<u>-</u>	<u>263,258</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 329,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,869</u>

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

COMPLIANCE REPORTS



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 7, 2025.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gilbert & Stewart

GILBERT & STEWART, CPA PC
Provo, Utah
February 7, 2025



**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, Utah

Report On Compliance with General State Compliance Requirements

Report On Compliance

We have audited South Weber City’s (“the City”) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2024.

State compliance requirements were tested for the year ended June 30, 2024 in the following areas:

Budgetary Compliance
Fund Balance
Justice Court
Fraud Risk Assessment
Restricted Taxes and Related Revenues
Government Fees
Enterprise Fund Transfers

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Compliance

In our opinion, South Weber City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2024.

Report On Internal Control Over Compliance

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

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

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

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

Gilbert & Stewart

GILBERT & STEWART, CPA PC
Provo, Utah
February 7, 2025