CENTRAL WEBER SEWER IMPROVEMENT DISTRICT

BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORTS FOR THE YEAR ENDED JUNE 30, 2024

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT

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CHILD RICHARDS
— CPAs & ADVISORS —

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Central Weber Sewer Improvement District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Central Weber Sewer Improvement District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Central Weber Sewer Improvement District'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 business-type activities of Central Weber Sewer Improvement District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Central Weber Sewer Improvement District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

ROYCE J. RICHARDS, J.D., CPA | RYAN R. CHILD, CPA

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 Central Weber Sewer Improvement District'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, schedule of contributions, schedule of the proportionate share of net pension liability, and notes to the required supplementary information on pages 3-10 and 41-43 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2024, on our consideration of Central Weber Sewer Improvement District'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Weber Sewer Improvement District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Weber Sewer Improvement District's internal control over financial reporting and compliance.

Child Richards CPAs & Advisors

Ogden, Utah
November 8, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2024

Introduction

The purpose of this document is to discuss and analyze the financial performance and activities of Central Weber Sewer Improvement District for the fiscal year ended June 30, 2024. The District previously changed from a calendar year ending on December 31, 2021 to a fiscal year ending on June 30, 2022. The purpose of the change was to match the District with most of the entities served and provide better budgeting information to those entities.

The District provides sewer treatment service for approximately 224,000 people with an estimated 76,200 residential connections in Weber and Davis Counties, plus business connections. The cities of Farr West, Harrisville, North Ogden, Ogden, Pleasant View, Riverdale, South Ogden, South Weber, Washington Terrace and West Haven, along with Uintah Highlands Special Service District are completely serviced by the District. Parts of Hooper, Marriott-Slaterville, Plain City, Roy, Uintah and unincorporated Weber County are also serviced by the District.

The District currently has approximately 56 miles of outfall sewer lines and eight lift stations. The District averaged 37.90 million gallons of water treated per day (MGD) in 2023. This compares to an average daily flow of 30.65 MGD in 2022 and 30.62 MGD in 2021.

Overview of the Financial Statements

Central Weber Sewer Improvement District has one Proprietary Fund known as an Enterprise Fund. An Enterprise Fund may be used to report any activity for which a fee is charged to external users for goods or services. An Enterprise Fund is used to report the financial information of business-type activities provided by government.

The Statement of Net Position provides information regarding all assets of the District, such as cash, accounts receivable, prepaid items, and capital assets as well as the liabilities of the District, such as accounts payable and long-term debt. The difference between the assets and liabilities is reported as net position.

The Statement of Revenues, Expenses and Changes in Fund Net Position shows all revenue received during the year broken down by charges for service, impact fees, property taxes, interest, and other miscellaneous revenue. The expenses are summarized by salaries and benefit expenses, maintenance supplies and materials, utilities, general insurance, engineering and professional fees, interest, and depreciation. This statement also shows the net position at the beginning of the year and at the end of the year.

The Statement of Cash Flows summarizes the flow of cash from operating activities, investment activities as well as capital and related financing activities and provides a reconciliation of operating income to the net cash provided by the operating activities.

Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2024

The Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior year.

Highlights

The District reduced existing bond principal by $8,798,528 during FY 2024.

A total of $38,542,340 was spent on capital projects in FY 2024. Of that total amount, $31,402,000 was spent on the Nutrient Removal & UV System Project, $244,000 on the Hooper Pipeline Rehab Phase I Project, and $4,856,000 on the Hooper Pipeline Rehab Phase II Project. $20,000 was spent on engineering work to complete the Impact Fee Study. Major items of construction also included $529,000 for the Industrial Park Lift Station Rehabilitation Project. Work started on the 1900 W. Pipeline Upgrade project with $259,000 being spent in FY 2024.

The District approved a financial plan during 2021. This plan included fee increases of 2% in FY 2024. The purpose of this plan is to help maintain the District's "AAA" bond rating and to pay a portion of future capital expenditures with cash.

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Financial Analysis of the District

Capital Assets

The District spent $38,542,340 on capital projects and equipment during 2024. $25,244,485 was spent on construction in progress. Depreciation for the year was $7,729,350 which is an increase of $256,084 from 2023.

Listed below is a summary of the Capital Assets as of June 30, 2024.

Capital Assets
Net of Depreciation

	2024	2023	Increase (Decrease)	% Change
Land	$ 1,364,714	$ 1,364,714	$ -	0%
Buildings & Structure	87,440,296	89,993,399	(2,553,103)	-3%
Treatment Facilities	45,343,490	48,180,622	(2,837,132)	-6%
Outfall Lines	50,496,761	39,495,434	11,001,327	28%
Equipment	7,250	17,576	(10,326)	-59%
Vehicles	465,686	500,283	(34,597)	-7%
Construction in Progress	52,149,699	26,905,214	25,244,485	94%
Total Assets	$ 237,267,896	$ 206,457,242	$ 30,810,654	15%

New Assets	$ 38,542,340
Depreciation	(7,729,350)
Net Disposals	(2,336)
Net Change	$ 30,810,654

Debt

At the year ended, the District had $137,235,845 of outstanding debt including bonds, compensated absences, net pension liability, and premiums and discounts on outstanding bonds. This is an increase of $27,798,759 and represents the amount of principal paid in 2024 on existing bonds and bonds refunded along with other reductions in long-term debt.

Outstanding Debt at Year End

	2024	2023	Increase (Decrease)	% Change
Bonds Payable - Zions Bank	$ 119,045,000	$ 92,230,000	$ 26,815,000	29%
Bond Payable - DWQ	4,058,200	4,671,728	(613,528)	-13%
Compensated Absences	254,803	229,791	25,012	11%
Net Pension Liability	469,367	340,100	129,267	100%
Premiums and (Discounts)	13,408,475	12,005,467	1,403,008	12%
Total	$ 137,235,845	$ 109,477,086	$ 27,758,759	25%

Accrued compensated absences represents the total obligation of the District to employees for accrued leave time as of June 30, 2024.

For more detail about the outstanding bonds, see note 7 in the footnotes to the financial statements.

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Net Position

A summary of the Net Position is listed below. The summary lists the balances for 2024 and 2023. It also includes a column showing the increase or decrease between the years ending June 30, 2024 and 2023.

Net Position

	2024	2023	Increase (Decrease)	% Change
ASSETS				
Current Assets	$ 74,871,373	$ 67,794,420	$ 7,076,953	10%
Noncurrent Restricted Cash & Investments	22,079,047	11,625,984	10,453,063	90%
Lease Receivable	20,934	26,848	(5,914)	-22%
Net Pension Asset	-	-	-	0%
Capital Assets	237,267,896	206,457,242	30,810,654	15%
Total Assets	334,239,250	285,904,494	48,334,756	17%
Deferred Outflows of Resources	2,284,759	2,243,088	41,671	2%
Total Assets & Deferred Outflows	336,524,009	288,147,582	48,376,427	17%
LIABILITIES				
Current Liabilities	15,115,616	12,391,585	2,724,031	22%
Noncurrent Liabilities:	129,027,317	102,658,558	26,368,759	26%
Total Liabilities	144,142,933	115,050,143	29,092,790	25%
Deferred Inflows of Resources	13,334,635	11,813,514	1,521,121	13%
Total Liabilities & Deferred Inflows	157,477,568	126,863,657	30,613,911	24%
NET POSITION				
Net Investment in Capital Assets	112,399,962	102,020,840	10,379,122	10%
Restricted	22,079,047	11,625,984	10,453,063	90%
Unrestricted	44,567,432	47,637,101	(3,069,669)	-6%
Total Net Position	$ 179,046,441	$ 161,283,925	$ 17,762,516	11%

The Statement of Net Position (Balance Sheet) is the basic statement for all the District's permanent accounts, such as assets, liabilities and equity as of June 30, 2024.

During 2024, total assets and deferred outflows increased by $48,376,427 and liabilities and deferred inflows increased by $30,613,911. District noncurrent assets had an increase of $41,257,803 and included a $5,566,169 increase in net depreciable assets and a net increase of $25,244,485 in non-depreciable assets.

Net Position, Continued

Current liabilities increased $2,724,031 which included an increase in accounts payable of $852,736 and an increase in the current portion of long-term debt of $1,390,000. Noncurrent Liabilities increased $26,368,759 and included an increase to non-current bonds payable of $26,214,480.

Change in Net Position

This report compares revenues and expenses between the years ending June 30, 2024 and 2023. The report concludes by showing the increase or decrease in net position.

Change in Net Position

	2024	2023	Increase (Decrease)	% Change
Revenues				
Property Taxes & Vehicle Fees	$ 12,950,533	$ 11,458,807	$ 1,491,726	13%
RDA Property Taxes	402,128	356,643	45,485	13%
Charges for Services	16,335,445	15,376,638	958,807	6%
Sewer Impact Fees	4,232,086	4,603,169	(371,083)	-8%
Investment Earnings	4,599,389	2,706,387	1,893,002	70%
Rentals	6,977	9,427	(2,450)	-26%
Gain on Sale of Assets	36,164	46,000	(9,836)	-21%
Miscellaneous	27,043	22,912	4,131	18%
Total Revenues	38,589,765	34,579,983	4,009,782	12%
Expenses				
Payroll & Benefits	4,347,132	3,915,013	432,119	11%
Utilities & Services	2,042,913	1,897,346	145,567	8%
Depreciation & Amortization	7,729,350	7,473,266	256,084	3%
Operation & Maintenance	1,929,285	1,722,475	206,810	12%
Pretreatment	377,328	350,201	27,127	8%
Interest Expense	3,819,888	2,827,228	992,660	35%
Contribution to Other Governments	402,128	356,643	45,485	13%
Bond Issuance Cost	175,825	-	175,825	100%
Other Expenses	3,400	2,754	646	23%
Total Expenses	20,827,249	18,544,926	2,282,323	12%
Change in Net Position	17,762,516	16,035,057	1,727,459	11%
Net Position-Beginning of Year	161,283,925	145,248,868	16,035,057	11%
Net Position-End of Year	$ 179,046,441	$ 161,283,925	$ 17,762,516	11%

Total revenues increased by $4,009,782 or 12% during 2024. The major increases were $1,491,726 or 13% from property taxes & vehicle fees, $958,807 or 6% in charges for services, and $1,893,002 or 70% in investment earnings.

Total expenses increased by $2,282,323 or 12%. A major increase in expenses was $432,119 or 11% in payroll and benefits, and $992,660 or 35% in interest expense.

Economic Factors and Next Year's Budget

Utah was named the top-ranked state for economic outlook for the 17th year in a row by the American Legislative Exchange Council in its 17th edition of Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index.

As of June 30, 2024, the District had a balance of $59,216,894 deposited with the Utah Public Treasurer's Investment Fund. The money will be used to pay for continuing and new capital projects along with maintaining a minimum cash balance of $15,000,000 as of December 31st of each year as approved in 2021. In addition, the District has $16,298,518 of available funds from the 2023 Series A Bonds available for capital projects. The FY 2025 Approved Budget for Capital Projects is $61,762,000, which includes major treatment plant and collection system projects.

In July of 2022 the Board approved a construction bid from Gerber Construction to build the Phase II Expansion Project and UV Disinfection System at a cost of $87,599,747. The Board also approved a task order with Carollo Engineers to provide engineering services for the Phase II and UV Project not to exceed $5,391,960.

In Spring 2023, the District completed a master plan which outlined required projects for the collection system to handle future growth needs. The first of these planned projects is to replace the existing trunkline along 1900 W. between Midland Dr. and approximately 1700 S. In September 2023, the Board approved an engineering services task order, not to exceed $709,000 with the engineering firm Bowen Collins & Associates.

These are the two major projects continuing into FY 2025. The 1900 W. pipeline upgrade project design is estimated to be completed in Spring 2025 with bidding to follow. The Phase II Expansion and UV Project is estimated to be completed in Spring 2026.

Future demands and project needs were evaluated during the master planning effort. The District's process capabilities are well positioned to meet future Utah Division of Water Quality nutrient requirements at current demands. However, projected population growth within the service area will increase demands on the system. Existing facilities will no longer be sufficient to meet the demands of new growth. The District approved a new Master Plan that will be implemented in phases of construction. The District also has plans to increase hydraulic capacity of its collection system through a sequence of rehabilitation or replacement of pipelines.

Request for information

This financial report is designed to provide taxpayers, customers, creditors and management with a general overview of the District's finances and to show the District's accountability for money received. If you have any questions about the report or need additional financial information, please contact:

Central Weber Sewer Improvement District
Attention: Camille Cook
2618 W. Pioneer Road
Ogden, UT 84404

camillec@centralweberut.gov
(801) 731-3011

BASIC FINANCIAL STATEMENTS

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

	Sewer
ASSETS	
CURRENT ASSETS:	
Checking - Bank of Utah	$ 2,542,162
Public Treasurers' Investment Fund (PTIF)	58,544,074
Petty Cash	200
Owner's Escrow - House Rental	250
Accounts Receivable	13,760,791
Prepaid Expenses	23,896
Total Current Assets	74,871,373
NONCURRENT ASSETS:	
Restricted Cash- Zion's Bond Reserves	21,697,297
Restricted Cash- PTIF Bond Reserves	381,750
Lease Receivable	20,934
Net Pension Asset	-
Capital Assets	
Land	1,364,714
Construction in Progress	52,149,699
Net Depreciable Assets	183,753,483
Total Noncurrent Assets	259,367,877
Total Assets	334,239,250
Deferred Outflows of Resources	2,284,759
Total Assets & Deferred Outflows	$ 336,524,009

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

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION (Continued)
AS OF JUNE 30, 2024

	Sewer
LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable - General	$ 4,973,303
Accrued Expenses	90,793
Accrued Interest	1,842,992
Current Portion Long Term Debt	8,208,528
Total Current Liabilities	15,115,616
NONCURRENT LIABILITIES:	
Accrued - Compensated Absences	254,803
Net Pension Liability	469,367
Bonds Payable - Zions	124,858,475
Bonds Payable - DWQ	3,444,672
Total Noncurrent Liabilities	129,027,317
Total Liabilities	144,142,933
Deferred Inflows of Resources - Pensions	5,264
Deferred Inflows of Resources - Leases	19,371
Deferred Inflows of Resources - Property Taxes	13,310,000
Total Liabilities & Deferred Inflows	157,477,568
NET POSITION	
Net Investment in Capital Assets	112,399,962
Restricted for Bond Reserves	22,079,047
Unrestricted	44,567,432
Total Net Position	$ 179,046,441

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

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Sewer
REVENUES	
Property Taxes	$ 12,045,326
Redemptions	245,972
Fee in Lieu - Vehicles	659,235
RDA Property Taxes	402,128
Treatment Fees - Cities	14,499,004
Treatment Fees - District	498,718
Treatment Fees - Bona Vista	262,849
Treatment Fees - Septic Hauler	100,312
Treatment Fees - Surcharges	591,979
Lagoon Management	11,510
Pretreatment Fees - Cities	298,000
Pretreatment Fees - Inspection	73,073
Total Operating Revenues	29,688,106
EXPENSES	
Payroll & Benefits	4,347,132
Utilities & Services	2,042,913
Depreciation & Amortization	7,729,350
Operation & Maintenance	1,929,285
Pretreatment	377,328
Total Operating Expenses	16,426,008
Net Operating Income	13,262,098
NON-OPERATING REVENUES (EXPENSES)	
Sewer Impact Fees	4,232,086
Interest Revenue	3,171,316
Bond Interest Revenue	1,421,616
Rental Income	6,977
Rental Expense	(3,400)
Contribution to Other Governments	(402,128)
Gain on Sale of Assets	36,164
Miscellaneous	27,043
Lease Income	6,457
Bond Issuance Cost	(175,825)
Interest Expense	(3,819,888)
Total Non-Operating Revenues	4,500,418
Change in Net Position	17,762,516
Net Position - Beginning of Year	161,283,925
Net Position - End of Year	$ 179,046,441

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

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	2024
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from intergovernmental revenue - property taxes	$ 12,913,158
Receipts from customers and users	17,913,758
Payments to employees	(4,381,661)
Payments to suppliers	(3,493,694)
Net cash provided (used) by operating activities	22,951,561
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contribution to other governments	(402,128)
Net cash provided (used) by noncapital financing activities	(402,128)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Other non-operating income	27,043
Impact fees	4,232,086
Proceeds from the sale of assets	23,500
Purchases of capital assets	(6,539,323)
Acquisition and construction of capital assets	(31,988,016)
Interest paid	(4,932,048)
Proceeds from issuance of debt	37,964,351
Principal paid on capital debt	(8,798,528)
Net cash provided (used) by capital and related financing activities	(10,010,935)
CASH FLOWS FROM INVESTING ACTIVITIES	
Lease and rental income	12,892
Rental expense	(3,400)
Interest and dividends	4,592,932
Net cash provided (used) by investing activities	4,602,424
Net increase (decrease) in cash and cash equivalents	17,140,922
Balances - beginning of the year	66,024,811
Balances - end of the year	$ 83,165,733
Cash, including time deposits	$ 61,086,686
Restricted cash, including time deposits	22,079,047
Total cash and cash equivalents, end of year	$ 83,165,733

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

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2024

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2024
Operating income (loss)	$ 13,262,098
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	7,729,350
(Increase) decrease in prepaid expenses	3,096
(Increase) decrease in accounts receivable	1,176,185
(Increase) decrease in intergovernmental receivables	(1,568,375)
Increase (decrease) in deferred inflows - property taxes	1,531,000
Increase (decrease) in accounts payable	1,486,243
Increase (decrease) in capital accounts payable	(633,507)
Increase (decrease) in accrued expenses	31,161
Increase (decrease) in compensated absences payable	25,012
Increase (decrease) in net pension liability	(90,702)
Total adjustments	9,689,463
Net cash provided by operating activities	$ 22,951,561

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Central Weber Sewer Improvement District conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The District has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The Central Weber Sewer Improvement District is a special district organized for the purpose of providing sewage treatment services to cities in Weber and Davis Counties. The District operates under a Board of Trustees form of government.

The criteria set forth by generally accepted accounting principles (GAAP) were used to determine which entities to include in this report. GASB Concepts Statement-1 (Objectives of Financial Reporting) concludes that the basic foundation for governmental financial reporting is accountability. The Concepts Statement asserts that accountability requires governments to answer to the citizenry – to justify the raising of public resources and the purposes for which they are used. In turn, the concept of accountability becomes the basis for defining the financial reporting entity. Under GASB-61 (The Financial Reporting Entity) the financial reporting entity consists of the primary government.

The District has no component units.

B. Fund Financial Statements

The financial transactions of the District are recorded in an individual fund. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The District reports the following major proprietary fund:

Sewer Fund – The sewer fund is used to account for operations of the sewer system, that are (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District generally uses restricted resources first, then unrestricted resources.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenues for the proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative overhead expenses, and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

The District has adopted GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance. Accordingly, the District has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB.

D. Assets, Liabilities, and Fund Balance/Net Position

The following are the District's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Cash & Cash Equivalents and Investments
Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Inventories
No significant inventories are maintained by the District; therefore, none are reflected in these statements.

Bond Issue Costs
The District has adopted GASB Statement No. 65, which has redefined the definition of an asset and provided a new categorization for deferred outflows. According to this standard, bond issuance costs no longer meet the criteria of an asset and have been expensed as an outflow of resources. Prior to 2012, the issuance costs were amortized using the straight-line method in the statement of net assets for the term of the bonds from which the costs were incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balance/Net Position (Continued)

Restricted Assets
Certain resources set aside as reserves in accordance with District resolutions and State statutes are classified as restricted assets on the Statement of Net Position because their use is limited.

Capital Assets
All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capital assets are defined as assets with an initial, individual cost of more than $10,000.

Infrastructure capital assets which are newly constructed or contributed are capitalized.

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	30-50 years	Equipment	5-15 years
Improvements	10-50 years	Infrastructure	25-40 years

Long-term Obligations
In the proprietary fund financial statements, long-term debt obligations are reported as liabilities.

Net Position/Fund Balances
The difference between assets and liabilities is *net position* on the financial statements. The District's net position is classified as follows:

> *Net investment in capital assets* – This component of net position consists of the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations and deferred inflows of resources related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of the net investment in capital assets.
>
> *Restricted for bond reserves* – This component of net position consists of various reserves required by the bond purchaser and trustee.
>
> *Unrestricted* – This component of net position consists of the portion of net position that does not meet the definition of "restricted" or "net investment in capital assets."

In fiscal year 2021, the District adopted a minimum cash balance policy for the Public Treasurer's Investment Fund. The policy requires the cash balance at fiscal year end to be at least equal to $15,000,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balance/Net Position (Continued)

Net Position/Fund Balances, Continued

The calculations on the net investment in capital assets balance are as follows:

	2024
Capital Assets, Net of Depreciation	
Land	$ 1,364,714
Construction in progress	52,149,699
Net depreciable assets	183,753,483
	237,267,896
Less Related Outstanding Debt	
Current portion long term debt	(8,208,528)
Noncurrent portion long term debt	(114,894,672)
	(123,103,200)
Less Unamortized Bond Premium	(13,408,475)
Add Unspent Bond Proceeds	16,305,472
Less Capital Related Liabilities	
Construction-related accounts payable	(2,341,645)
Retainage payable	(2,320,086)
	(4,661,731)
Net Investment in Capital Assets	$ 112,399,962

E. Revenues and Expenditures

The following are the District's significant policies related to recognition and reporting of certain revenues and expenditures.

Revenue Availability
Statement of Governmental Accounting Standards (SGAS) No. 33, Accounting and Financial Reporting for Non-exchange Transactions, defined a non-exchange transaction as one in which "a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. For property taxes, at January 1 of each year (the assessment date), the District has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred inflows or resources for the assessed amount of those property taxes as of January 1 of the current year.

Expenditure Recognition
When an expenditure is incurred for the purpose for which both restricted and unrestricted resources are available, the District generally uses restricted resources first, then unrestricted resources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Contributions

Certain proprietary fund types receive contributions for aid in construction from various sources. With the adoption of GASB No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue.

G. Compensated Absences

District policy provides for vested or accumulated vacation leave. All compensated absences are accrued when incurred in the proprietary financial statements.

H. Use of Estimates

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

I. Receivables

Receivables include amounts due from customers primarily for services. These receivables are due within one month of billing. An allowance for doubtful accounts is maintained as an estimate of collectability. At year end, the balance of this account was $0. When an amount is deemed to be uncollectible, the receivable will be written off at that time.

J. 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 at fair value.

K. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred contributions and differences between projected and actual earnings on its pension plan assets as well as the difference between the reacquisition price of refunded bonds and the net carrying amount of the refunded bonds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. *Deferred inflows related to pensions* represents the differences between expected and actual experience and changes in assumptions as a participant in the Utah Retirement Systems. *Deferred infows related to property tax* are the assessed amount of property taxes recognized as receivables before the period for which the taxes are levied. *Deferred inflows related to leases* represents the value of the lease receivable (present value of lease payments expected to be received during the lease term) plus any payments received at or before the commencement of the lease term that relate to future periods.

M. Leases

The District has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. The statement establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Deposits are not collateralized nor are they required to be by State statute.

The District follows the requirements of the Utah Money Management Act (*Utah Code,* Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of district funds in a “qualified depository”.

The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2024, \$4,492,554 of the District’s bank balances of \$4,742,554 was uninsured and uncollateralized.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (*Utah Code,* Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National

Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code,* Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value of Investments

The District 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; and,
- *Level 3:* Unobservable inputs.

At June 30, 2024, the District had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	$ 59,216,894	$ -	$ 59,216,894	$ -
PTIF Investments held at Zions Bank	21,406,227	-	21,406,227	-
Total debt securities	$ 80,623,121	$ -	$ 80,623,121	$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2024 fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the Fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2024 the District's investments had the following maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
PTIF Investments	59,216,894	59,216,894	-	-	-
PTIF Investments held at Zions Bank	21,406,227	21,406,227	-	-	-
	80,623,121	80,623,121	-	-	-

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At June 30, 2024 the District's investments had the following quality ratings:

		Quality Ratings			
Investment Type	Fair Value	AAA	AA	A	Unrated
PTIF Investments	59,216,894	-	-	-	59,216,894
PTIF Investments held at Zions Bank	21,406,227	-	-	-	21,406,227
	80,623,121	-	-	-	80,623,121

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

The District's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Cash on hand and on deposit:	
Cash on deposit	$ 2,542,162
Petty cash	200
Owner's Escrow	250
PTIF investment	59,216,894
PTIF held at Zions Bank	21,406,227
Total cash and investments	$ 83,165,733

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and investments are included in the accompanying combined statement of net position as follows:

Checking - Bank of Utah	$ 2,542,162
Public Treasurers' Investment Fund	58,544,074
Petty Cash	200
Owner's Escrow - House Rental	250
Restricted Cash - Zion's Bond Reserves	21,697,297
Restricted Cash - PTIF Bond Reserves	381,750
Total cash and investments	$ 83,165,733

NOTE 3 – CAPITAL ASSETS

The District has no leased assets reported in their proprietary activities. Capital assets activity for the year ended June 30, 2024, was as follows:

BUSINESS-TYPE ACTIVITIES	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Nondepreciable Assets				
Land	$ 1,364,714	$ -	$ -	$ 1,364,714
Construction in progress	26,905,214	31,988,017	(6,743,532)	52,149,699
Total nondepreciable assets	28,269,928	31,988,017	(6,743,532)	53,514,413
Depreciable Assets				
Buildings and structures	126,641,637	49,195	-	126,690,832
Treatment facilities	104,496,078	721,587	-	105,217,665
Outfall lines	59,117,115	12,431,836	-	71,548,951
Equipment	996,082	-	-	996,082
Vehicles	2,316,834	95,237	(81,391)	2,330,680
Total depreciable assets	293,567,746	13,297,855	(81,391)	306,784,210
Less Accumulated Depreciation				
Buildings and structures	(36,648,238)	(2,602,298)	-	(39,250,536)
Treatment facilities	(56,315,456)	(3,558,719)	-	(59,874,175)
Outfall lines	(19,621,681)	(1,430,509)	-	(21,052,190)
Equipment	(978,506)	(10,326)	-	(988,832)
Vehicles	(1,816,551)	(127,498)	79,055	(1,864,994)
Total accumulated depreciation	(115,380,432)	(7,729,350)	79,055	(123,030,727)
Net depreciable assets	178,187,314	5,568,505	(2,336)	183,753,483
Business-type activities - net	$ 206,457,242	$ 37,556,522	$ (6,745,868)	$237,267,896

Depreciation Expense:

June 30, 2024	$ 7,729,350

NOTE 4 – LEASES RECEIVABLE

The District is reporting Lease Receivables of $20,934 at June 30, 2024. For 2024, the District reported lease income of $6,457 and interest revenue of $1,476 related to lease payments received. Leases are summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Hodson property lease	$ 17,543	$ 5,383	$ 1,234
Kinsey property lease	3,391	1,074	242
Total lease agreements:	$ 20,934	$ 6,457	$ 1,476

Hodson Lease – On September 15, 2022, the District entered into a five-year lease agreement with Shane Hodson for the lease of real property for the purpose of agricultural uses, including livestock grazing. Based on this agreement, the District is receiving monthly payments through 2027.

Kinsey Lease – On September 15, 2022, the District entered into a five-year lease agreement with Shan Kinsey for the lease of real property for the purpose of agricultural uses, including livestock grazing. Based on this agreement, the District is receiving monthly payments through 2027.

NOTE 5 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2024 consist of the following:

Property taxes	$ 13,310,000
Customers	279,172
Intergovernmental	171,619
	$ 13,760,791

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES

The District's deferred outflows of resources is comprised of two separate accounts. They are the deferred contributions and differences between projected and actual earnings on its pension plan assets as well as the difference between the reacquisition price of refunded bonds and the net carrying amount of the refunded bonds. The deferred outflow of resource in relation to the pension plan at year end was $852,311.

When the 2017A Bonds were issued the reacquisition price of the 2010A Bonds exceeded the net carrying amount of the 2010A Bonds by $3,644,755. This amount has been reported as a deferred outflow of resource and is being amortized in a systematic and rational manner as a component of interest expense over the life of the new debt. The balance of deferred outflows related to the 2017A bonds as of June 30, 2024 is $1,207,996.

When the 2019A Bonds were issued the reacquisition price of the 2010A Bonds exceeded the net carrying amount of the 2010C Bonds by $106,065. This amount has been reported as a deferred outflow of resource and is being amortized in a systematic and rational manner as a component of interest expense over the life of the new debt. The balance of deferred outflows related to the 2019A bonds as of June 30, 2024 is $83,398.

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES (CONTINUED)

When the 2021A Bonds were issued the purchase price of the 2021A Bonds was reduced by a discount of $45,990. This amount has been reported as a deferred outflow of resource and is being amortized in a systematic and rational manner as a component of interest expense over the life of the new debt. The balance of deferred outflows related to the 2021A bonds as of June 30, 2024 is $35,032.

When the 2023A Bonds were issued the purchase price of the 2023A Bonds was reduced by a discount of

$110,250. This amount has been reported as a deferred outflow of resource and is being amortized in a systematic and rational manner as a component of interest expense over the life of the new debt. The balance of deferred outflows related to the 2023A bonds as of June 30, 2024 is $106,022.

NOTE 7 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2024, was as follows:

Description	Outstanding 6/30/2023	Additions	Subtractions	Outstanding 6/30/2024	Current Portion
Series 2000 $10,180,000	$ 4,671,728	$ -	$ (613,528)	$ 4,058,200	$ 613,528
Series 2017-A $32,360,000	26,570,000	-	(2,130,000)	24,440,000	2,240,000
Series 2017-C $32,980,000	26,245,000	-	(1,855,000)	24,390,000	1,950,000
Series 2019-A $23,575,000	20,160,000	-	(1,255,000)	18,905,000	1,320,000
Series 2021-A $21,000,000	19,255,000	-	(965,000)	18,290,000	1,005,000
Series 2023-A $35,000,000	-	35,000,000	(1,980,000)	33,020,000	1,080,000
Premium 2017-A	3,186,770	-	(570,009)	2,616,761	-
Premium 2017-C	2,522,747	-	(400,103)	2,122,644	-
Premium 2019-A	2,631,245	-	(370,950)	2,260,295	-
Premium 2021-A	3,664,705	-	(381,705)	3,283,000	-
Premium 2023-A	-	3,250,426	(124,651)	3,125,775	-
	108,907,195	38,250,426	(10,645,946)	136,511,675	8,208,528
Compensated absences	229,791	25,012	-	254,803	-
Net pension liability	340,100	129,267	-	469,367	-
	$ 109,477,086	$ 38,404,705	$ (10,645,946)	$ 137,235,845	$ 8,208,528

The District's Long-Term Debt has been reported on the statement of net position in the following categories:

Current Portion of Long-Term Debt	$ 8,208,528
Bonds Payable - Zions	124,858,475
Bonds Payable - DWQ	3,444,672
	136,511,675
Accrued - Compensated Absences	254,803
Net Pension Liability	469,367
	$ 137,235,845

NOTE 7 – LONG-TERM DEBT (CONTINUED)

For the year ended June 30, 2024, $3,819,888 in interest was charged to expense. No interest was capitalized in 2024.

Series 2000 Sewer Revenue Bonds – On February 13, 2001, the District Trustees, by resolution 2000-1, entered into an agreement authorizing the issuance and confirming the sale of non-interest-bearing, taxable sewer revenue bonds, Series 2000, of Central Weber Sewer Improvement District, Weber County, Utah, in an amount not to exceed $10,180,000. The purpose of the bond issue was defraying a portion of the cost of constructing sewage collection and treatment facilities and related improvements. As of June 30, 2024, $10,180,000 has been issued and $4,058,200 is outstanding. The annual requirement to amortize this debt is as follows:

June 30,	Principal	Total
2025	$ 613,528	$ 613,528
2026	631,934	631,934
2027	650,892	650,892
2028	670,419	670,419
2029	690,531	690,531
2030-2031	800,896	800,896
	$ 4,058,200	$ 4,058,200

Series 2017 A Bonds – On July 20, 2017, the District issued interest-bearing Sewer Revenue Refunding Bonds with a par amount of $32,360,000 and a premium of $5,097,524. These bonds are tax exempt, and yield an average coupon rate of 4.37%. The purpose of the bond issue was to refund the 2010A Bonds in the amount of $34,105,000. This refunding resulted in a net present value benefit of $3,536,204. As of June 30, 2024, $32,360,000 had been issued and $24,440,000 is outstanding. The annual requirement to amortize this debt is as follows:

June 30,	Principal	Interest	Total
2025	$ 2,240,000	$ 1,074,300	$ 3,314,300
2026	2,355,000	962,300	3,317,300
2027	2,475,000	844,500	3,319,500
2028	2,600,000	720,800	3,320,800
2029	2,730,000	590,800	3,320,800
2030-2033	12,040,000	1,228,000	13,268,000
	$ 24,440,000	$ 5,420,700	$ 29,860,700

Series 2017 C Bonds – On May 15, 2017, the District Trustees authorized the issuance of interest-bearing Crossover Sewer Revenue Refunding Bonds in an amount not to exceed $32,980,000. These bonds are tax exempt, and yield an average coupon rate of 4.52%. The purpose of the bond issue was refund the 2009B Bonds in the amount of $46,700,000. As of June 30, 2024, $32,980,000 had been issued and $24,390,000 is outstanding. The annual requirement to amortize this debt is as follows:

NOTE 7 – LONG-TERM DEBT (CONTINUED)

June 30,	Principal	Interest	Total
2025	$ 1,950,000	$ 1,126,825	$ 3,076,825
2026	2,050,000	1,029,325	3,079,325
2027	2,160,000	926,825	3,086,825
2028	2,270,000	818,825	3,088,825
2029	2,385,000	705,325	3,090,325
2030-2034	13,575,000	1,863,025	15,438,025
	$ 24,390,000	$ 6,470,150	$ 30,860,150

Series 2019 A Bonds – On March 1, 2019, the District Trustees authorized the issuance of interest-bearing Sewer Revenue Refunding Bonds in an amount not to exceed $23,575,000. These bonds are tax exempt, and yield an average coupon rate of 5.0%. The purpose of the bond issue was to refund the 2010C Bonds in the amount of $26,795,000. As of June 30, 2024, $23,575,000 had been issued and $18,905,000 is outstanding. The annual requirement to amortize this debt is as follows:

June 30,	Principal	Interest	Total
2025	$ 1,320,000	$ 945,250	$ 2,265,250
2026	1,390,000	879,250	2,269,250
2027	1,460,000	809,750	2,269,750
2028	1,535,000	735,750	2,270,750
2029	1,615,000	660,000	2,275,000
2030-2034	9,410,000	2,002,250	11,412,250
2035	2,175,000	108,750	2,283,750
	$ 18,905,000	$ 6,141,000	$ 25,046,000

Series 2021 A Bonds – On July 29, 2021, the District Trustees authorized the issuance of interest-bearing Sewer Revenue Refunding Bonds in an amount not to exceed $21,000,000. These bonds are tax exempt, and yield an average coupon rate of 4.0%. The purpose of the bond issue was to fund various upcoming construction projects and refund a portion of the 2008 Series B Bonds. As of June 30, 2024, $21,000,000 had been issued and $18,290,000 is outstanding. The annual requirement to amortize this debt is as follows:

June 30,	Principal	Interest	Total
2025	$ 1,005,000	$ 731,600	$ 1,736,600
2026	1,040,000	691,400	1,731,400
2027	1,095,000	649,800	1,744,800
2028	1,140,000	606,000	1,746,000
2029	1,180,000	560,400	1,740,400
2030-2034	5,180,000	2,111,600	7,291,600
2035-2039	5,240,000	1,128,000	6,368,000
2040-2041	2,410,000	145,600	2,555,600
	$ 18,290,000	$ 6,624,400	$ 24,914,400

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Series 2023 A Bonds – On September 26, 2023, the District Trustees authorized the issuance of interest-bearing Sewer Revenue Refunding Bonds in an amount not to exceed $35,000,000. These bonds are tax exempt, and yield an average coupon rate of 5.0%. The purpose of the bond issue was to finance capital facilities upgrades that will increase the District's treatment capacity and reliability in response to a growing service area population. As of June 30, 2024, $35,000,000 had been issued and $33,020,000 is outstanding. The annual requirement to amortize this debt is as follows:

June 30,	Principal	Interest	Total
2025	$ 1,080,000	$ 1,651,000	$ 2,731,000
2026	1,135,000	1,597,000	2,732,000
2027	1,190,000	1,540,250	2,730,250
2028	1,250,000	1,480,750	2,730,750
2029	1,315,000	1,418,250	2,733,250
2030-2034	7,630,000	6,037,000	13,667,000
2035-2039	9,730,000	3,929,500	13,659,500
2040-2043	9,690,000	1,240,500	10,930,500
	$ 33,020,000	$ 18,894,250	$ 51,914,250

Compensated Absences – This amount represents the accumulated unpaid vacation and compensatory time which would be paid if employees had terminated employment at June 30, 2024. The balance in this account at June 30, 2024 was $254,803.

NOTE 8 – BOND RESOLUTION COMPLIANCE

<u>**Series 2000 Sewer Revenue Bonds**</u>

The Series 2000 Sewer Revenue Bonds issuance provides for the establishment of the following funds:

1) Beginning January 10, 2002, and on or before the 10th day of each subsequent month, the District is required to reserve one-twelfth (1/12) of the annual principal payment due on the sewer revenue bond. This Bond Account will then be used to make the annual payment. The balance in this account at June 30, 2024 was $291,070.

2) Beginning January 10, 2002, and on or before the 10th day of each subsequent month, the District is required to reserve $3,535 until such time as the aggregate reserve equals $254,500. This Reserve Account shall be used to fund the sewer revenue bond redemption fund in the event it is in a deficit position. The balance in this account at June 30, 2024 was $254,500.

3) Beginning January 10, 2002, and on or before the 10th day of each subsequent month, the District is required to reserve $1,767 until such time as the aggregate reserve equals $127,250. This Emergency Repair and Replacement Account shall be used to make such emergency repairs of, or replacements to, the system to ensure its continued operation. The balance in this account at June 30, 2024 was $127,250.

NOTE 8 – BOND RESOLUTION COMPLIANCE (CONTINUED)

Deposits with Trustee

The District is required to make monthly deposits into a trust account sufficient to service the upcoming debt requirements. This money is used to pay the semi-annual obligations on the bonds. At year end, the amount that had been included in those trust accounts totaled $5,100,755.

Below is a table illustrating the reserves of the District and the method of funding the reserves:

	Cash Reserve Reported in Net Assets	Cash Reserve Offset by Debt	Reserve Funded with Insurance Policy
2000 Bonds - Reserve Account	$ 254,500	$ -	$ -
2000 Bonds - Repair & Replacement	127,250	-	-
2000 Bonds - Sinking Fund	291,070	-	-
2023A Bonds - Reserve Account	16,298,518	-	-
2021A Bonds - Reserve Account	6,954	-	-
Deposits with Trustee	5,100,755	-	-
	$ 22,079,047	$ -	$ -

NOTE 9 – RISK MANAGEMENT

Central Weber Sewer Improvement District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include automobile, general liability, property, bond (employee dishonesty), treasurer, public officials, excess liability, and workman's compensation. As of June 30, 2024, there is no anticipation of unpaid insurance claims with the exception of the contingency disclosed in Note 11.

A list of insurance policies in force at June 30, 2024 is as follows:

Coverage	Policy Limits	Insurer	Expiration Date
Earthquake	220,000,000	Utah Local Governments Trust	6/30/2025
Flood	110,000,000	Utah Local Governments Trust	6/30/2025
Business Interruption	100,000,000	Utah Local Governments Trust	6/30/2025
Employee Benefits	5,000,000	Utah Local Governments Trust	6/30/2025
General Liability	5,000,000	Utah Local Governments Trust	6/30/2025
Automobile Liability	5,000,000	Utah Local Governments Trust	6/30/2025
Workers Compensation	500,000	Workers Comp Fund	6/30/2025
Public Officials' Errors and Omissions	5,000,000	Utah Local Governments Trust	6/30/2025

NOTE 10 – LEGAL COMPLIANCE BUDGETS

The budget for the fiscal year ending June 30, 2024, was approved and adopted by resolution or ordinance dated August 8, 2023. A public hearing, meeting the requirements specified in the Utah Code 11-35-113/114, was held on August 8, 2023. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the enterprise fund. All annual appropriations lapse at fiscal year end. Encumbrance accounting is not used by the District.

NOTE 11 – PROPERTY TAX CALENDAR

Lien date	Jan. 1
Taxing districts notify the county of date, time and place of public hearing	Mar. 1
County auditor sends valuation certified tax rate and levy Worksheets to each taxing district	June 8
Taxing district must adopt a proposed tax rate, certify the rate and levy, and submit it to the county auditor	Before June 22
Taxing district adopts a final tax rate if there is no increase in the certified tax rate	June 22
Due date for property taxes	Nov. 30
Taxing district adopts the final budget prior to beginning of the ensuing year	
Copy of the budget is submitted to the state auditor within 30 days of its adoption	

NOTE 12 – CONTINGENCIES

The Sewer District is involved in various legal actions in which claims of varying amounts are being asserted against the District. The District follows the practice of providing for these claims when a loss is probable and a loss becomes fixed or determinable in amount. In the opinion of District management, these actions will not result in a significant effect on the District’s financial position.

NOTE 13 - COMMITMENTS

The District continued work on construction contracts entered into in prior years for the Nutrient Removal & UV System capital project. As of June 30, 2024, the District had outstanding construction contracts totaling $47,540,374 as follows:

Project	Contract Amount	Completed	Remaining
Nutrient Removal & UV System	$ 92,991,707	$ 45,901,386	$ 47,090,321
1900 W Pipeline Upgrade	709,000	258,947	450,053
	$ 93,700,707	$ 46,160,333	$ 47,540,374

NOTE 14 – TAX ABATEMENTS

The District participates in redevelopment activities that qualify as tax abatements, according to GASB 77 as authorized under the Interlocal Cooperation Act, Title 11, Chapter 13 of the Utah Code Annotated. The District assists redevelopment projects by providing a share of the tax increment from the project area.

For the fiscal year ended June 30, 2024, the District provided tax increment funding totaling $402,128 under these agreements, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 100 percent property tax abatement to North Ogden Redevelopment CBD. The abatement amounted to $57,261.
- A 100 percent property tax abatement to Ogden City Redevelopment CBD Mall #1. The abatement amounted to $48,183.
- A 100 percent property tax abatement to Ogden City Redevelopment Fairmount #15. The abatement amounted to $54,348.
- A 90 percent property tax abatement to Pleasant View Redevelopment Business Park #1. The abatement amounted to $51,146.
- An 80 percent property tax abatement to South Goden City Center. The abatement amounted to $45,599.

NOTE 15 – PENSION PLAN

General Information about the Pension Plan

Plan Description

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

Defined Benefit Plans

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems’ 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 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 District, Utah 84102 or visiting the website: www.urs.org/general/publications.

NOTE 15 – PENSION PLAN (CONTINUED)

Benefits Provided:

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

Summary of Benefits by System

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

*with actuarial reductions
**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the 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 URS 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:

	Employee	Employer	Employer 401(k)
Contributory System			
111 - Local Government Division Tier 2	N/A	16.01	0.18
Noncontributory System			
15 - Local Government Division Tier 1	N/A	17.97	-
Tier 2 DC Only			
211 - Local Government	N/A	6.19	10.00

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

NOTE 15 – PENSION PLAN (CONTINUED)

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

System		Employer Contributions		Employee Contributions
Noncontributory System	$	201,092	$	-
Tier 2 Public Employees System		289,681		-
Total Contributions	$	490,773	$	-

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.

<u>Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At June 30, 2024, we reported a net pension asset of $0 and a net pension liability of $469,367.

	(Measurement Date): December 31, 2023				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2022	Change (Decrease)
Noncontributory System	$ -	$ 343,250	0.1479801%	0.1581809%	- 0.0102008%
Tier 2 Public Employees System	-	126,117	0.0647959%	0.0635289%	0.0012670%
	$ -	$ 469,367			

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.

At June 30, 2024, we recognized pension expense of $401,249. 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	$	280,742	$	2,065
Changes in assumptions		175,192		100
Net difference between projected and actual earnings on pension plan investments		125,863		-
Changes in proportion and differences between contributions and proportionate share of contributions		18,277		3,099
Contributions subsequent to the measurement date		252,237		-
Total	$	852,311	$	5,264

NOTE 15 – PENSION PLAN (CONTINUED)

$252,237 reported as deferred outflows of resources related to pensions resulting 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,	Net Deferred Outflows (Inflows) of Resources	
2024	$	163,613
2025		159,053
2026		238,922
2027		(37,437)
2028		12,814
Thereafter	$	57,843

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

For the year ended June 30, 2024, we recognized pension expense of $236,502.

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	$	240,347	$	-
Changes in assumptions		103,003		-
Net difference between projected and actual earnings on pension plan investments		111,621		-
Changes in proportion and differences between contributions and proportionate share of contributions		1,885		92
Contributions subsequent to the measurement date		104,595		-
Total	$	561,451	$	92

$104,595 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:

NOTE 15 – PENSION PLAN (CONTINUED)

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	$ 151,686
2025	142,103
2026	209,856
2027	(46,882)
2028	-
Thereafter	$ -

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 $164,747.

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	$ 40,395	$ 2,065
Changes in assumptions	72,189	100
Net difference between projected and actual earnings on pension plan investments	14,242	-
Changes in proportion and differences between contributions and proportionate share of contributions	16,392	3,007
Contributions subsequent to the measurement date	147,642	-
Total	$ 290,860	$ 5,172

$147,642 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,	Net Deferred Outflows (Inflows) of Resources
2024	$ 11,927
2025	16,950
2026	29,066
2027	9,445
2028	12,814
Thereafter	$ 57,843

NOTE 15 – PENSION PLAN (CONTINUED)

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-2020 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 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:

	Expected Return Arithmetic Basis		
Asset Class	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

NOTE 15 – PENSION PLAN (CONTINUED)

Discount Rate (Continued):

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 used 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	$ 1,781,447	$ 343,250	$ (861,143)
Tier 2 Public Employees System	433,322	126,117	(112,119)
Total	$ 2,214,769	$ 469,367	$ (973,262)

Pension plan fiduciary net position: Detailed information about the pension plans 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.

Central Weber Sewer District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

NOTE 15 – PENSION PLAN (CONTINUED)

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

401(k) Plan	**2024**	**2023**	**2022**
Employer Contributions	$ 101,137	$ 93,393	$ 90,846
Employee Contributions	76,033	92,775	88,753
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	72,319	61,446	70,871
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	60,309	47,883	35,850

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2024
with a measurement date of December 31, 2023
Last 10 fiscal years*

		Noncontributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	2024	0.1479801%	0.6479590%
	2023	0.1581809%	0.0635289%
	2022	0.1561265%	0.0630928%
	2021	0.1569391%	0.0665309%
	2020	0.1572941%	0.0590862%
	2019	0.1554333%	0.0661088%
	2018	0.1601348%	0.0762534%
	2017	0.1573167%	0.0694657%
	2016	0.1464277%	0.0732342%
	2015	0.1589579%	0.0768205%
Proportion share of the net pension liability (asset)	2024	$ 343,250	$ 126,118
	2023	$ 270,924	$ 69,176
	2022	$ (894,153)	$ (26,703)
	2021	$ 80,501	$ 9,569
	2020	$ 592,821	$ 13,289
	2019	$ 1,144,568	$ 28,313
	2018	$ 701,599	$ 6,723
	2017	$ 1,010,166	$ 7,749
	2016	$ 828,559	$ (160)
	2015	$ 690,233	$ (2,328)
Covered employee payroll	2024	$ 1,134,020	$ 1,675,199
	2023	$ 1,228,212	$ 1,386,065
	2022	$ 1,171,172	$ 1,171,501
	2021	$ 1,179,555	$ 1,063,611
	2020	$ 1,242,466	$ 821,220
	2019	$ 1,196,482	$ 772,602
	2018	$ 1,219,311	$ 746,013
	2017	$ 1,250,153	$ 569,676
	2016	$ 1,134,951	$ 473,170
	2015	$ 1,270,036	$ 376,767
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2024	30.27%	7.53%
	2023	22.06%	4.99%
	2022	-76.35%	-2.28%
	2021	6.82%	0.90%
	2020	47.7%	1.62%
	2019	95.7%	3.66%
	2018	57.5%	0.90%
	2017	80.8%	1.36%
	2016	73.0%	-0.03%
	2015	54.3%	-0.60%
Plan fiduciary net position as apercentage of the total pension liability	2024	96.9%	89.6%
	2023	97.5%	92.3%
	2022	108.7%	103.8%
	2021	99.2%	98.3%
	2020	93.7%	96.5%
	2019	87.0%	90.8%
	2018	91.9%	97.4%
	2017	87.3%	95.1%
	2016	87.8%	100.2%
	2015	90.2%	103.5%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The schedule above discloses a 10-year history and will be built prospectively.

See accompanying notes to required supplementary information

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
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 employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2015	$ 210,174	$ 210,174	$ -	$ 1,137,919	18.47%
	2016	230,903	230,903	-	1,250,153	18.47%
	2017	225,207	225,207	-	1,219,311	18.47%
	2018	220,990	220,990	-	1,196,482	18.47%
	2019	229,390	229,390	-	1,241,961	18.47%
	2020	225,830	225,830	-	1,222,686	18.47%
	2021	216,015	216,015	-	1,169,545	18.47%
	2022	224,429	224,429	-	1,215,099	18.47%
	2023	215,553	215,553	-	1,199,515	17.97%
	2024	201,092	201,092	-	1,120,234	17.95%
Tier 2 Public Employees System*	2015	$ 70,614	$ 70,614	$ -	$ 473,170	14.92%
	2016	84,939	84,939	-	571,510	14.86%
	2017	111,984	111,984	-	746,013	15.01%
	2018	118,287	118,287	-	772,602	15.31%
	2019	127,893	127,893	-	819,724	15.60%
	2020	146,391	146,391	-	934,805	15.66%
	2021	177,146	177,146	-	1,121,636	15.79%
	2022	202,962	202,962	-	1,262,963	16.07%
	2023	241,483	241,483	-	1,508,586	16.01%
	2024	289,681	289,681	-	1,811,858	15.99%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

**Paragraph 81.b. of GASB 68 requires employees to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

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.

AUDITOR'S REPORTS

CHILD RICHARDS
CPAs & ADVISORS

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

To the Board of Trustees of
Central Weber Sewer Improvement District

Report On Compliance

We have audited Central Weber Sewer Improvement District's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, 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	Tax Levy Revenue Recognition
Fraud Risk Assessment	Special and Local Service District Board Members

Opinion on Compliance

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central Weber Sewer Improvement District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Central Weber Sewer Improvement District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide* but not for the purpose of expressing an opinion on the effectiveness of Central Weber Sewer Improvement District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report On Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. We noted other matters that we reported to management of the District in a separate letter dated November 8, 2024.

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

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

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

Child Richards CPAs & Advisors

Ogden, Utah
November 8, 2024

CHILD RICHARDS
— CPAs & ADVISORS —

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*

To the Board of Trustees of
Central Weber Sewer Improvement District

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 business-type activities of Central Weber Sewer Improvement District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Central Weber Sewer Improvement District's basic financial statements, and have issued our report thereon dated November 8, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matter

As part of obtaining reasonable assurance about whether Central Weber Sewer Improvement District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted other matters that we reported to management of the District in a separate letter dated November 8, 2024.

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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.

Child Richards CPAs & Advisors

Ogden, Utah
November 8, 2024